

# Financial Results for the Six Months Ended September 30, 2013 [Japanese Accounting Standards] (Consolidated)

November 1, 2013

NTN Corporation

Security Code: 6472

Listings: Tokyo Stock Exchange

URL: <http://www.ntn.co.jp/>

Representative: Shigeyoshi Takagi, President

Contact: Itsuji Gotou, Director, General Manager, Finance Headquarters

Telephone: +81-6-6443-5001

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Supplementary material of the financial results: Prepared

Investor meeting: Scheduled

## 1. Consolidated Financial Results for the Six Months Ended September 30, 2013 (April 1, 2013 to September 30, 2013)

(Amounts rounded down to the nearest million yen)  
(Percentage figures represent quarter-on-quarter changes)

### (1) Operating Results

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended September 30, 2013	307,183	15.2	13,020	508.0	10,333	—	3,421	—
Six months ended September 30, 2012	266,599	0.2	2,141	-80.0	-1,546	—	-1,734	—

Note: comprehensive income: Six months ended September 30, 2013: 16,299 million yen (—%)  
Six months ended September 30, 2012: -13,048 million yen (—%)

	Net income per share	Diluted net income per share
	yen	yen
Six months ended September 30, 2013	6.43	—
Six months ended September 30, 2012	-3.26	—

### (2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
Six months ended September 30, 2013	810,937	228,202	26.6
Year ended March 31, 2013	768,461	211,742	26.0

Note: Shareholders' equity Six months ended September 30, 2013: 215,334 million yen  
Year ended March 31, 2013: 199,903 million yen

## 2. Dividends

(Record date)	Dividends per share				
	at 1st quarter end	at 2nd quarter end	at 3rd quarter end	at fiscal year end	Total
	yen	yen	yen	yen	yen
Year ended March 31, 2013	—	0.00	—	0.00	0.00
Year ending March 31, 2014	—	0.00	—	—	—
Year ending March 31, 2014 (forecast)	—	—	—	—	—

Notes: Adjustment from the previously published forecast of dividends: None  
.A decision has yet to be made regarding dividends in the Year ending March 31, 2014.

## 3. Forecast of Consolidated Earnings for the Year Ending March 31, 2014 (April 1, 2013 to March 31, 2014)

(% figure represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	600,000	11.2	30,000	312.2	23,000	815.6	10,000	—	18.80

Notes: Adjustment from the previously published forecast of earnings: None

\* Notes

(1) Significant changes in subsidiaries during the period (Scope of consolidation): None

(2) Adoption of accounting method specific to the preparation of consolidated quarterly financial statements:  
Adopted

(Note) For further details, please refer to "2. Information regarding Summary Information(Other Information)" on page 4 of Attached Documents.

(3) Changes in accounting policy, changes in accounting estimates and retrospective restatements

- |   |      |
|---|------|
| 1) Changes in accounting principles due to amendment to accounting standards: | None |
| 2) Changes other than above:  | None |
| 3) Changes in accounting estimates:   | None |
| 4) Retrospective restatement:   | None |

(4) Number of shares issued and outstanding (Common stock)

1) Number of shares issued and outstanding at end of the period (treasury stock included):

Six months ended September 30, 2013: 532,463,527 shares

Year ended March 31, 2013: 532,463,527 shares

2) Number of treasury stock at end of the period:

Six months ended September 30, 2013: 591,430 shares

Year ended March 31, 2013: 576,643 shares

3) Average number of shares outstanding during the quarter:

Six months ended September 30, 2013: 531,878,454 shares

Six months ended September 30, 2012: 531,894,016 shares

\* Presentations related to implementation of quarterly review process

This financial results report for the Second Quarter is exempt from quarterly review under the Financial Instruments and Exchange Act of Japan. As of the date of disclosure, the quarterly review process for the financial statements under the Financial Instruments and Exchange Act has not been completed.

\* Notes

All descriptions about the future of the Company contained herein including earnings forecasts are prepared on the basis of data and information currently in our possession as well as certain assumptions that are deemed reasonable, and therefore are not meant to have us committed to their achievement. Various factors may cause actual results to substantially differ from those described herein. For matters related to the above forecast, see "1. Qualitative Information of Consolidated Financial Statements for the Six Months ended September 30, 2013 - (3) Explanation regarding Information on Future Forecast, including Forecast of Consolidated Earnings" on page 3 of Attached Documents.

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## 1. Qualitative Information of Consolidated Financial Statements for the Six Months ended September 30, 2013

### (1) Explanation regarding Consolidated Operating Results

During the first half (April 1 - September 30, 2013), a continuing downward revision of the yen helped to underpin a recovery in the Japanese economy. In the overseas economy, an ongoing moderate recovery was seen in the U.S. economy and the European economy began to improve, but economic growth in China and newly-emerging economies showed signs of slowing down.

Under those circumstances, the NTN Group is promoting various measures by pursuing the "Reform business structure to generate profit" set forth in the 2-year Medium-term Management Plan "Revival 2014" started this April.

During the first half, the Group achieved sales of 307,183 million yen (up 15.2% year on year). In terms of income, the Group posted operating income of 13,020 million yen (up 508.0% year on year) and ordinary income of 10,333 million yen (against ordinary loss of 1,546 million yen booked in the same period in the previous year). However, as a result of posting extraordinary losses of 1,285 million yen in business restructuring expenses and 288 million yen structural reform expenses, net quarterly income of 3,421 million yen was posted (against net quarterly loss of 1,734 million yen in the same period in the previous year).

Sales by geographical segment were as follows:

#### 1) Japan

Sales decreased in automotive applications due to last year's reaction effects of eco-car subsidies. Regarding industrial machinery applications, sales of products for use in construction machinery etc. decreased due to contraction of customer demand for sales to China and Asia, and sales in aftermarket applications also decreased. As a result, sales were 155,531 million yen (down 6.9% year on year). Segment income increased to 11,575 million yen (up 177.6% year on year) supported by cuts in fixed expenses, such as personnel expenses, achieved through the implementation of an early retirement system and the effect of favorable exchange rates.

#### 2) Americas

Sales increased against the same period of the previous year in automotive applications thanks to an increase in customer demand, but regarding industrial machinery applications, sales decreased, particularly in products for use in construction machinery. Sales in aftermarket applications grew reflecting an increase of customer demand for auto parts and other factors. As a whole, sales were 83,752 million yen thanks in part to favorable exchange rates (up 26.5% year on year). Segment income amounted to 1,503 million yen (against a segment loss of 3,850 million yen booked in the same period in the previous year) primarily due to the elimination of temporary costs resulting from an additional burden imposed on production lines in coping with increased sales to the automotive market in the previous period.

#### 3) Europe

Sales increased in automotive applications on the back of an increase in customer demand and other factors. Sales in industrial machinery applications were similar year on year, and sales in aftermarket applications increased as a result of a recovery in demand from automotive customers. Sales as a whole were 87,600 million yen (up 35.7% year on year) partly due to the effect of favorable exchange rates. Segment income was 397 million yen (down 5.9% year on year) as a result of changes in sales composition principally resulting from increased sales in the automotive market.

#### 4) Asia and other areas

Sales increased as a whole due to the recovery of sales to Japanese manufacturers in China and mass production of products for new projects in automotive applications despite contraction of demand from customers in other Asian regions, but increased as a whole. Sales in industrial machinery applications grew reflecting increased demand for products for wind turbines in China, but sales in aftermarket applications fell. As a whole, sales were 54,470 million yen (up 31.8% year on year) due to favorable exchange rates and segment income amounted to 1,944 million yen (up 201.4% year on year) due to the effect of increased sales.

Operating results by business application are as follows:

1) Automotive applications

Sales decreased in Japan, but overall sales were 209,344 million yen (up 19.9% year on year) backed by the recovery of overseas customer demand and the effect of favorable exchange rates. Operating income of 3,501 million yen was posted (against an operating loss of 6,171 million yen booked in the same period in the previous year) thanks to a reduction in fixed expenses such as personnel expenses in Japan and the elimination of temporary costs resulting from an additional burden imposed on production lines in coping with increased sales to the Americas, as well as the effects of favorable exchange rates.

2) Industrial machinery applications

Sales were 48,283 million yen (up 1.5% year on year), thanks to a partial recovery of demand in China and favorable exchange rates. Operating income was 1,355 million yen (up 40.7% year on year).

3) Aftermarket applications

Sales fell in Japan, Asia and other areas due to a contraction of customer demand, but sales as a whole were 49,555 million yen (up 11.7% year on year) thanks to favorable exchange rates. Operating income was 8,162 million yen (up 11.1% year on year).

(2) Explanation regarding Consolidated Financial Position  
(Assets, Liabilities, and Net assets)

Total current assets increased 30,657 million yen from the end of the previous consolidated fiscal year end (up 7.6%) to 431,978 million yen, due principally to an increase of 23,853 million yen in cash and bank deposits, an increase of 4,722 million yen in short-term loans receivable, and an increase of 2,200 million yen in notes receivable and accounts receivable. Total fixed assets increased 11,819 million yen from the previous consolidated fiscal year end (up 3.2%) to 378,959 million yen. The major factor was an increase of 7,745 million yen in tangible fixed assets. As a result, total assets increased 42,476 million yen against the previous consolidated fiscal year end (up 5.5%) to 810,937 million yen.

Total current liabilities decreased 10,310 million yen from the previous consolidated fiscal year end (down 3.3%) to 305,051 million yen, due principally to a decrease of 10,000 million yen in current portion of bonds. Total long-term liabilities increased 36,327 million yen from the previous consolidated fiscal year end (up 15.1%) to 277,684 million yen, due principally to an increase of 29,091 million yen in long-term loans. As a result, total liabilities increased 26,016 million yen against the previous consolidated fiscal year end (up 4.7%) to 582,735 million yen.

Total net assets increased 16,460 million yen against the previous consolidated fiscal year end (up 7.8%) to 228,202 million yen. This was mainly due to an increase of 8,023 million yen in translation adjustments, an increase of 4,265 million yen in net unrealized holding gain on other securities, and an increase of 3,421 million yen in retained earnings.

(Cash Flows)

Net cash provided by operating activities was 39,089 million yen (year-on-year increase of 28,685 million yen, or 275.7%). This was mainly due to depreciation expenses of 18,945 million yen, an increase of 10,917 million yen in trade payables and income before income taxes and equity in earnings of affiliated companies of 8,759 million yen, while surcharge payments under the antimonopoly act were 7,231 million yen.

Net cash used in investment activities was 18,336 million yen (year-on-year decrease of 14,459 million yen, or 44.1%). This was mainly due to purchase of tangible fixed assets of 17,680 million yen.

Net cash provided by financing activities was 8,055 million yen (year-on-year decrease of 38,924 million yen, or 82.9%). This was mainly due to 40,957 million yen in proceeds from long-term loans, against 13,075 million yen in repayment of long-term loans and payment for redemption of bonds of 10,000 million yen.

After adding an increase of 1,016 million yen in translation adjustments to these increases and decreases, cash and cash equivalents as of the end of the current six months of the year increased 29,824 million yen from the end of the previous consolidated fiscal year (up 34.6%) to 115,925 million yen.

(3) Explanation regarding Information on Future Forecast, including Forecast of Consolidated Earnings

During the first half, the most recent earnings forecast was exceeded as a result of positive sales in automotive applications, reductions in variable costs and personnel expenses achieved through the implementation of measures under the Medium-term Management Plan "Revival 2014" and the impact of favorable exchange rates.

Regarding the earnings forecast for the full year, efforts to promote measures under the Medium-term Management Plan "Revival 2014" will continue to be promoted, but no revision has been made to the most recently announced forecast because of the uncertainty about future market trends and other factors. Progress in earnings will be closely watched and a prompt announcement will be made if a revision becomes necessary.

2. Information regarding Summary Information (Other Information)

(1) Adoption of accounting method specific to the preparation of quarterly consolidated financial statements

(Calculation of tax expenses)

Tax expenses are calculated by multiplying quarterly income before income taxes by an effective tax rate reasonably estimated based on income before income taxes for the full fiscal year, including the six months ended September 30, 2013, after the application of tax effect accounting. However, in cases where calculating tax expenses using a reasonably estimated effective tax rate yields a result that is notably lacking rationality, then, tax expenses are calculated using the statutory effective tax rate. Moreover, income taxes adjustments are shown in income and other taxes.

### 3. Consolidated Financial Statements for the Six Months

#### (1) Balance Sheets

(In million yen)

	As of March 31, 2013	As of September 30, 2013
<b>Assets</b>		
<b>Current assets</b>		
Cash and bank deposits	52,792	76,645
Notes and accounts receivable-trade	118,611	120,811
Securities	34,000	36,000
Finished goods & purchased goods	92,770	90,625
Work in process	41,996	43,620
Raw materials & supplies	28,520	30,240
Deferred tax assets	7,377	5,725
Short-term loans receivable	309	5,031
Other	25,880	24,336
Allowance for doubtful accounts	-937	-1,058
<b>Total current assets</b>	<b>401,321</b>	<b>431,978</b>
<b>Fixed assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	77,909	84,211
Machinery, equipment and vehicles, net	153,496	159,937
Other, net	66,745	61,748
<b>Total property, plant and equipment</b>	<b>298,152</b>	<b>305,897</b>
<b>Intangible fixed assets</b>		
Goodwill	272	273
Other	4,578	4,789
<b>Total intangible fixed assets</b>	<b>4,850</b>	<b>5,063</b>
<b>Investments and other assets</b>		
Investment securities	41,290	47,784
Deferred tax assets	20,903	18,132
Other	2,116	2,270
Allowance for doubtful accounts	-174	-188
<b>Total investments and other assets</b>	<b>64,136</b>	<b>67,999</b>
<b>Total fixed assets</b>	<b>367,140</b>	<b>378,959</b>
<b>Total assets</b>	<b>768,461</b>	<b>810,937</b>

(In million yen)

	As of March 31, 2013	As of September 30, 2013
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	88,458	100,636
Short-term loan	160,420	156,452
Current portion of bonds	10,000	—
Accrued income taxes	1,484	2,202
Accrued bonuses for directors and statutory auditors	19	8
Reserve for loss related to antimonopoly act	7,231	—
Reserve for early retirement expenses	5,923	—
Other	41,823	45,750
Total current liabilities	315,361	305,051
Long-term liabilities		
Long-term loans	190,380	219,471
Accrued retirement benefits for employees	37,880	45,100
Reserve for product defect compensation	1,164	1,159
Other	11,931	11,953
Total long-term liabilities	241,357	277,684
Total liabilities	556,719	582,735
<b>Net assets</b>		
Shareholders' equity		
Common stock	54,346	54,346
Additional paid-in capital	67,369	67,369
Retained earnings	96,739	100,161
Treasury stock	-516	-521
Total shareholders' equity	217,939	221,356
Accumulated other comprehensive income		
Net unrealized holding gain on other securities	5,210	9,475
Translation adjustments	-18,127	-10,104
Accrued retirement benefits adjustments	-5,119	-5,393
Total accumulated other comprehensive income	-18,035	-6,022
Minority interests	11,838	12,867
Total net assets	211,742	228,202
<b>Total liabilities and net assets</b>	<b>768,461</b>	<b>810,937</b>



(2) Consolidated Statement of Operation and Consolidated Statement of Comprehensive Income  
(Consolidated Statement of Operation)

(In million yen)

	Six months ended September 30, 2012 (April 1, 2012 – September 30, 2012)	Six months ended September 30, 2013 (April 1, 2013 – September 30, 2013)
Net sales	266,599	307,183
Cost of sales	229,041	255,108
Gross profit	37,557	52,074
Selling, general and administrative expenses	35,416	39,054
Operating income	2,141	13,020
Non-operating income		
Interest income	243	196
Dividend income	268	262
Equity in earnings of unconsolidated subsidiaries	329	365
Other	1,232	1,567
Total non-operating income	2,073	2,391
Non-operating expenses		
Interest expenses	1,902	2,425
Foreign exchange loss	1,786	644
Other	2,073	2,008
Total non-operating expenses	5,761	5,078
Ordinary income (loss)	-1,546	10,333
Extraordinary income		
Gain on the sale of investment securities	1,593	
Total extraordinary income	1,593	
Extraordinary losses		
Business restructuring expenses	—	*1 1,285
Structure reform expenses	—	*2 288
Valuation loss on investment securities	2,280	—
Total extraordinary losses	2,280	1,573
Income (loss) before income taxes and equity in earnings of affiliated companies	-2,233	8,759
Income and other taxes	-849	5,052
Income (loss) before minority interests	-1,383	3,707
Minority interests in subsidiaries	351	285
Net income (loss)	-1,734	3,421

## (Consolidated Statement of Comprehensive Income)

(In million yen)

	Six months ended September 30, 2012 (April 1, 2012 – September 30, 2012)	Six months ended September 30, 2013 (April 1, 2013 – September 30, 2013)
Net income (loss) before minority interests	-1,383	3,707
Other comprehensive income		
Net unrealized holding gain on securities	-2,209	4,264
Translation adjustments	-10,203	7,472
Accrued retirement benefits adjustments	224	-277
Equity in equity-method affiliates	523	1,133
Total other comprehensive income	-11,665	12,592
Comprehensive income	-13,048	16,299
(Breakdown)		
Comprehensive income attributable to owners of parent company	-12,347	15,435
Comprehensive income attributable to minority interests	-701	864

## (3) Statements of Cash Flows

(In million yen)

	Six months ended September 30, 2012 (April 1, 2012 – September 30, 2012)	Six months ended September 30, 2013 (April 1, 2013 – September 30, 2013)
Net cash provided by operating activities		
Income before income taxes and equity in earnings of affiliated companies	-2,233	8,759
Depreciation and amortization	16,443	18,945
Impairment loss	—	197
Goodwill depreciation	78	106
Increase/decrease in reserve for loss related to antimonopoly act	—	-7,231
Increase/decrease related to reserve for early retirement expenses	—	-5,813
Increase/decrease allowance for doubtful accounts	-16	58
Increase/decrease in accrued retirement benefits for directors and statutory auditors	-82	-10
Increase/decrease in accrued retirement benefits for employees	197	6,300
Increase/decrease in reserve for product defect compensation	271	-20
Payment of employee's retirement benefits under employee's early retirement system	—	10,465
Surcharge payments under the antimonopoly act	—	7,231
Increase/decrease in other current liabilities for reorganization expenses	—	1,004
Increase/decrease in accrued payments due to the change in retirement benefit plan	-123	-170
Interest and dividend income	-511	-459
Interest expenses	1,902	2,425
Foreign currency translation adjustments / Foreign exchange losses/gains	-899	-1,488
Equity in earnings/losses of non-consolidated subsidiaries	-329	-365
Gains or loss on sale of investment securities	-1,589	—
Gains or loss on revaluation of investment securities	2,280	—
Decrease/increase in trade receivables	11,403	1,990
Decrease/increase in inventories	-10,100	4,626
Increase/decrease in trade payables	-5,892	10,917
Other	1,420	3,692
Subtotal	12,219	61,161
Interest and dividend income received	1,147	1,025
Interest paid	-1,839	-2,407
Payment of employee's retirement benefits under employee's early retirement system	—	-10,465
Surcharge payments under the antimonopoly act	—	-7,231
Income taxes paid	-1,124	-2,992
Net cash provided by operating activities	10,404	39,089
Net cash used in investing activities		
Increase in time deposits	-1,644	-359
Decrease in time deposits	1,690	348
Purchase of property, plant and equipment	-33,453	-17,680
Purchase of intangible fixed assets	-1,291	-803
Proceeds from sale of investment securities	1,701	—
Payment for purchase of subsidiaries stock	-305	-31
Decrease/increase in short-term loans receivable, net	384	278
Other	122	-87
Net cash used in investing activities	-32,795	-18,336

(In million yen)

	Six months ended September 30, 2012 (April 1, 2012 – September 30, 2012)	Six months ended September 30, 2013 (April 1, 2013 – September 30, 2013)
Net cash provided by financing activities		
Increase/decrease in short-term loans, net	735	-9,834
Proceeds from long-term loans	53,316	40,957
Repayment of long-term loans	-4,197	-13,075
Payment for redemption of bonds	—	-10,000
Proceeds from issuance of shares of minority shareholders	230	240
Dividend payment	-2,659	—
Repayment of lease payable	-124	-127
Other	-321	-104
Net cash provided by financing activities	46,979	8,055
Effect of exchange rate changes on cash and cash equivalents	1,511	1,016
Increase/decrease in cash and cash equivalents	26,099	29,824
Cash and cash equivalents, at beginning of the year	52,605	86,100
Increase in cash and cash equivalents from newly consolidated subsidiaries	214	—
Cash and cash equivalents, at end of the year	78,919	115,925

(4) Notes to consolidated financial statements

(Notes to Going Concern Assumption)

None

(Balance Sheet)

1. Contingent liabilities

In November 2012, arbitral proceedings demanding payment of 57,774 thousand U.S. dollars (5,647 million yen equivalent at the rate as of the end of the first half of this consolidated fiscal year) were launched by an automotive applications customer of NTN-SNR ROULEMENTS (hereinafter "NTN-SNR"), a consolidated subsidiary of the Group, for alleged damages suffered as a result of nonconforming bearings supplied by NTN-SNR.

There is a possibility of the Group incurring future losses as a result of the above arbitration proceedings. However, it is difficult to reasonably estimate any impact at this moment and we cannot tell how or to what extent such potential losses will affect the operating results and financial positions of the Group.

(Notes Related to Consolidated Statement of Operations)

- \*1 In the first half, an extraordinary loss of 1,285 million yen in business restructuring expenses was recorded. These expenses are related to production restructuring at consolidated subsidiaries (including 197 million yen in impairment losses).
- \*2 In the first half, an extraordinary loss of 288 million yen in structure reform expenses was recorded. These expenses are related to the implementation of employee's early retirement system.

(Notes Related to Significant Changes in Shareholder's Equity)

None

## (Segment Information)

## I. Six months ended September 30, 2012 (April 1, 2012 – September 30, 2012)

## 1. Information related to sales, income or losses, assets, liabilities and other items for individual reporting segments

(In million yen)

	Reporting segment					Adjustments (Note) 1	Balance sheet amount
	Japan	Americas	Europe	Asia and other areas	Total		
Net sales							
Sales to external customers	101,530	64,675	62,581	37,812	266,599	—	266,599
Inter-segment sales or transfers	65,526	1,555	1,977	3,521	72,580	-72,580	—
Total	167,056	66,230	64,559	41,333	339,180	-72,580	266,599
Segment income (operating income or loss)	4,170	-3,850	422	645	1,387	753	2,141

Notes: 1. "Adjustments" refers to elimination of all inter-segment transactions.

2. Major countries or regions in each segment:

Americas: U.S.A., Canada, South and Central America

Europe: Germany, France, United Kingdom, and others

Asia and other areas: China, Thailand, India, and others

## II. Six months ended September 30, 2013 (April 1, 2013 – September 30, 2013)

## 1. Information related to sales, income or losses, assets, liabilities and other items for individual reporting segments

(In million yen)

	Reporting segment					Adjustments (Note) 1	Balance sheet amount
	Japan	Americas	Europe	Asia and other areas	Total		
Net sales							
Sales to external customers	90,805	82,065	84,068	50,243	307,183	—	307,183
Inter-segment sales or transfers	64,726	1,687	3,531	4,227	74,172	-74,172	—
Total	155,531	83,752	87,600	54,470	381,356	-74,172	307,183
Segment income (operating income)	11,575	1,503	397	1,944	15,419	-2,399	13,020

Notes: 1. "Adjustments" refers to elimination of all inter-segment transactions.

2. Major countries or regions in each segment:

Americas: U.S.A., Canada, South and Central America

Europe: Germany, France, United Kingdom, and others

Asia and other areas: China, Thailand, India, and others

## 2. Information related to impairment loss on fixed assets and goodwill for individual reporting segments (significant impairment loss related to fixed assets)

(In million yen)

	Japan	Americas	Europe	Asia and other areas	Adjustments	Total
Impairment loss	—	—	197	—	—	197

(Significant Subsequent Events)

1. Assignment of Fixed Assets

NTN Corporation (hereafter, NTN) announces that its Board of Directors approved on October 22, 2013, a resolution to assign part of our fixed assets as follows:

(1) The reason for assignment

For more efficient utilization of assets and a higher asset efficiency ratio we have been planning to sell the former site of now-defunct Takarazuka Works after its soil is ameliorated. Recently we have selected the assignee, with whom we have agreed on the terms of sale.

(2) Specifics of the assets being assigned

Specifics and location of the assets	Profit from sale*	Current status of assets
Land located at 1-1 Toyo-cho, Takarazuka-shi, Hyogo Prefecture, covering an area of 86,800.02 square meters	About 6.5 billion yen	Unused (former site of Takarazuka Works)

Under the confidentiality obligation owed to the assignee we are required not to disclose the assets' assignment price or book value.

\* Profit from sale represents an estimated amount obtained by deducting estimated expenses to be incurred in the assignment from the price of assignment.

(3) Outline of the assignee

The assignees are the Municipality of Takarazuka and a business entity operating in Japan. We are required not to disclose the name of the business entity under our confidentiality obligation owed to the entity. There exists no capital-based, personal, or business relationship between NTN and the business entity.

(4) Assignment schedule

October 22, 2013: The Board of Director's resolution  
November 2013: (Planned) Execution of an asset sale agreement with the Municipality of Takarazuka  
August 2015: (Planned) Delivery of the assets

(5) Earnings forecast for future years

By the assignment of the subject assets we expect to have a special profit of some 6.5 billion yen as a gain on sales of fixed assets; however, such special profit will not affect our consolidated earnings for the fiscal year ending in March 2014 because the profit will be recorded in the fiscal year ending in March 2016 following the assets' delivery scheduled for August 2015.

#### 4. Supplemental Information

##### (1) Earnings by business segment

Six months (from April 1, 2012 to September 30, 2012)

(In million yen)

	Automotive applications	Industrial machinery applications	Aftermarket applications	Total
Sales to external customers	174,665	47,577	44,356	266,599
Operating income or loss	-6,171	963	7,349	2,141

Six months (from April 1, 2013 to September 30, 2013)

(In million yen)

	Automotive applications	Industrial machinery applications	Aftermarket applications	Total
Sales to external customers	209,344	48,283	49,555	307,183
Operating income	3,501	1,355	8,162	13,020

##### (2) Sales by geographic segment

Six months (from April 1, 2012 to September 30, 2012)

(In million yen)

Japan	Americas	Europe	Asia and other areas	Total
93,283	67,775	59,274	46,266	266,599

Six months (from April 1, 2013 to September 30, 2013)

(In million yen)

Japan	Americas	Europe	Asia and other areas	Total
85,098	85,384	79,788	56,912	307,183

- Notes:
1. Sales are reported based on customers' locations based on country or region
  2. Segmentation into country or region is done according to geographic proximity
  3. Major countries or regions in each segment:  
Americas: U.S.A., Canada, South and Central America  
Europe: Germany, France, United Kingdom, and others  
Asia and other areas: China, Thailand, India, and others

##### (3) Lawsuits, etc.

- 1) In June 2012, the Company and former executives received an indictment filed by the Tokyo District Prosecutors Office ("TDPO") on suspicion of having violated the Japan Antimonopoly Act in relation to the domestic sale of bearings. In March 2013, the Company received a cease and desist order and surcharge payment order (for 7,231 million yen) from the Japan Fair Trade Commission ("JFTC"). Because the assertions by the JFTC and TDPO are greatly different from the Company's view of the facts, in April 2013, the Company appealed the JFTC's orders and we intend to assert our defense in upcoming criminal proceedings. Hearing proceedings for the JFTC's orders were commenced in September 2013. The Company paid provisionally the penalty in full before the deadline of payment to avoid a risk of overdue charges. Overseas, investigations, etc. by related authorities are continuing at our consolidated subsidiaries in Europe, the U.S., South Korea, and Singapore.
- 2) The Company and its subsidiaries in the U.S. and Canada are defendants in a number of class action suits.