

Financial Results For the Year Ended March 31, 2014 [Japanese Accounting Standards] (Consolidated)

May 14, 2014

NTN Corporation
 Security Code: 6472
 Listings: Tokyo Stock Exchange
 URL: <http://www.ntn.co.jp>
 Representative: Shigeyoshi Takagi, President
 Contact: Itsuji Gotou, Director and Corporate General Manager, Finance Headquarters
 Telephone: +81-6-6443-5001
 Scheduled date of annual shareholders' meeting: June 25, 2014
 Scheduled commencement date of dividend payment: June 26, 2014
 Scheduled submission date of financial statements: June 26, 2014
 Supplementary material of the financial results: Prepared
 Investor meeting: Scheduled

1. Consolidated Financial Results for the Year Ended March 31, 2014 (April 1, 2013 to March 31, 2014)

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

(1) Operating Results

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2014	638,970	18.4	33,003	353.5	28,670	—	-14,648	—
Year ended March 31, 2013	539,594	-0.7	7,278	-64.9	2,512	-86.6	-14,195	—

Note: comprehensive income: Year ended March 31, 2014: 7,960 million yen (-1.6%)
 Year ended March 31, 2013: 8,087 million yen (171.8%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income/ Total assets	Operating income/ Net sales
	yen	yen	%	%	%
Year ended March 31, 2014	-27.54	—	-7.3	3.5	5.2
Year ended March 31, 2013	-26.69	—	-7.2	0.3	1.3

Note: Equity method investment gains or losses: Year ended March 31, 2014: 705 million yen
 Year ended March 31, 2013: 553 million yen

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 31, 2014	848,037	213,368	23.5	374.68
Year ended March 31, 2013	768,461	211,742	26.0	375.84

Note: Shareholders' equity: Year ended March 31, 2014: 199,272 million yen
 Year ended March 31, 2013: 199,903 million yen

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Year ended March 31, 2014	69,058	-34,132	6,595	129,670
Year ended March 31, 2013	20,505	-56,604	69,586	86,100

2. Dividends

	Dividends per share					Total dividends paid (full year) million yen	Dividend payout ratio (consolidated) %	Dividends on net assets (consolidated) %
	at 1st quarter end yen	at 2nd quarter end yen	at 3rd quarter end yen	at fiscal year end yen	Total yen			
Year ended March 31, 2013	—	0.00	—	0.00	0.00	0	—	—
Year ended March 31, 2014	—	0.00	—	2.00	2.00	1,063	—	0.5
Year ended March 31, 2015 (forecast)	—	2.50	—	2.50	5.00		13.3	

3. Forecast of Consolidated Earnings for the Year Ending March 31, 2015 (April 1, 2014 to March 31, 2015)

(For full year figures, percentage figures represent year-on-year changes.

For quarterly figures, percentage figures represent changes against the same period in the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
First half (cumulative)	323,000	5.1	16,000	22.9	12,500	21.0	7,500	119.2	14.10
Full year	660,000	3.3	40,000	21.2	33,000	15.1	20,000	-	37.61

*Notes

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

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

1) Changes in accounting policy caused by revisions to accounting standards etc.: Yes

2) Changes in accounting policy other than 1): None

3) Changes in accounting estimates: None

4) Retrospective restatements: None

(Note) For details see P.22 of the attached document "4. Consolidated Financial Statements, (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)".

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

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

Year ended March 31, 2014: 532,463,527 shares

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

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

Year ended March 31, 2014: 619,746 shares

Year ended March 31, 2013: 576,643 shares

3) Average number of shares outstanding:

Year ended March 31, 2014: 531,868,045 shares

Year ended March 31, 2013: 531,892,376 shares

Reference: Overview of Financial Results on Non-Consolidated basis

For the Year Ended March 31, 2014 – Non-consolidated

1. Financial Results for the Year Ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(1) Operating Results

(Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2014	321,358	0.9	15,456	349.1	21,751	147.2	5,001	—
Year ended March 31, 2013	318,406	-6.1	3,441	—	8,800	91.1	-14,502	—

[Contents of the Attached Documents]

1. Operating Results and Analysis of Financial Position	2
(1) Analysis of Operating Results	2
(2) Analysis of Financial Position	5
(3) Dividend Policy and Dividends for the Current and Next Fiscal Year	6
2. The Group Overview	7
3. Management policy	9
(1) Basic Management Policy	9
(2) Goals and Objectives	9
(3) Medium to Long Term Management Strategy	9
(4) Management Issues to be Addressed	9
4. Consolidated Financial Statements	13
(1) Balance Sheets	13
(2) Consolidated Statement of Operation and Consolidated Statement of Comprehensive Income	15
(Consolidated Statement of Operation)	15
(Consolidated Statement of Comprehensive Income)	16
(3) Statement of Changes in Shareholders' Equity	17
(4) Statements of Cash Flows	19
(5) Notes to Consolidated Financial Statements	22
(Going Concern Assumption)	22
(Changes in Accounting Policies)	22
(Changes in Presentation Methods for Consolidated Financial Statements)	22
(Consolidated Balance Sheet)	22
(Consolidated Statement of Operation)	23
(Matters Related to Consolidated Statement of Comprehensive Income)	26
(Consolidated Statements of Changes in Shareholders' Equity)	26
(Cash flows)	27
(Segment Information, etc.)	28
(Per share data)	31
(Significant Subsequent Events)	31
(Additional information)	31

1. Operating Results and Analysis of Financial Position

(1) Analysis of Operating Results

(Operating Results for the Fiscal Year Ended March 31, 2014)

During the fiscal year under review, the Japanese economy saw a moderate recovery reflecting the downward revision of the yen and other factors. Looking at overseas economy, the U.S. economy continued a moderate recovery, the European economy was also picking up gradually, and the Chinese economy achieved a stable economic expansion, while other emerging countries saw a trend in a continuing slump in their economic condition.

In such environment, the NTN Group is promoting various measures, with the aim of the "Reform business structure to generate profit" as defined in the two-year Medium-term Management Plan "Revival 2014" started last April.

The Group's net sales for the period were 638,970 million yen (a year on year increase of 18.4%). In terms of income, operating income was 33,003 million yen (a year on year increase of 353.5%) and ordinary income was 28,670 million yen (ordinary loss of 2,512 million yen was recorded in the period in the previous year). A current net loss of 14,648 million yen was recorded (net loss of 14,195 million yen was recorded in the previous year) as a result of posting extraordinary gains composed of gains on securities contributed to employees' retirement benefit trust of 1,272 million yen, and extraordinary losses composed of reserve for loss related to Antimonopoly Act of 27,023 million yen, impairment loss of 2,013 million yen, provision of 1,600 million for reserves for loss on supporting affiliated companies, and reorganization expenses of 1,420 million yen.

Sales by geographical segment were as follows:

(1) Japan

In terms of sales, looking at aftermarket applications, there was a decrease in the industrial machinery aftermarket applications, and sales of industrial machinery applications also decreased in construction machinery, etc. due to a decline in customer demand in sales to China and Asian markets. Regarding automotive applications, sales as a whole grew reflecting the expansion of customer demand and other factors, despite the end of the eco-car subsidies. As a whole, sales were 323,582 million yen (up 2.4% from the same period in the previous year). Segment income rose to 25,593 million yen (up 160.2% from the same period in the previous year) as a result of the effect of favorable exchange rates and a curtailment in fixed costs such as personnel expenses due to the implementation of an early retirement system and other factors.

(2) Americas

In terms of sales, there was an increase in aftermarket applications thanks to an increase in demand of automotive aftermarket applications customers. Regarding industrial machinery applications, sales decreased centering on construction machinery, but sales of automotive applications rose as a whole on the back of an expansion in customer demand and other factors. Overall, sales were 171,843 million yen (up 24.1% from the same period in the previous year) due partly to the effects of favorable exchange rates. Segment income recorded 2,644 million yen (against the loss of 3,218 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 automobile market in the previous year.

(3) Europe

In terms of sales, there was an increase in aftermarket applications thanks to a recovery in customer demand of automotive aftermarket applications customers and other factors. Regarding industrial machinery applications, sales were at a similar level to the same period in the previous year, but sales of automotive applications grew backed by a recovery in customer demand and other factors. As a result, overall sales were 182,350 million yen (up 33.5% from the same period in the previous year), partially affected by favorable exchange rates. Segment income of 2,139 million yen was posted (against the segment loss of 214 million yen booked in the same period in the previous year) due partly to the effects of increased sales.

(4) Asia and other areas

In terms of sales, looking at aftermarket applications, there was a decrease in industrial machinery aftermarket applications. Sales of industrial machinery applications increased thanks to an increase in demand for wind turbine in China and other factors, but fell in other Asian regions due mainly to decreased customer demand. Regarding automotive applications, although sales decreased due to a

drop in customer demand and other factors in other Asian regions, overall sales increased reflecting a recovery in sales to Japanese manufacturers in China and mass production in new projects. Sales as a whole were 113,806 million yen (up 32.7% from the same period in the previous year) due partly to the effects of favorable exchange rates. Segment income recorded 4,405 million yen (up 517.8% from the same period in the previous year) thanks to the effects of increased sales and other factors.

Results by business application were as follows.

Year ended March 31, 2013 (April 1, 2012 - March 31, 2013)

(In million yen)

	Aftermarket applications	Industrial machinery applications	Automotive applications	Total
Sales to external customers	89,222	93,746	356,626	539,594
Operating income or operating loss (-)	14,725	1,534	-8,981	7,278

Year ended March 31, 2014 (April 1, 2013 - March 31, 2014)

(In million yen)

	Aftermarket applications	Industrial machinery applications	Automotive applications	Total
Sales to external customers	103,844	101,181	433,944	638,970
Operating income	17,725	3,279	11,999	33,003

(1) Aftermarket applications

Despite a decline in Asia and other areas, the Group saw sales of 103,844 million yen (up 16.4% from the same period in the previous year) thanks to a recovery in customer demand for automotive aftermarket applications in the Americas and Europe and the effects of favorable exchange rates. Operating income was 17,725 million yen (up 20.4% from the same period in the previous year), thanks to the effects of favorable exchange rates and other factors.

(2) Industrial machinery applications

Backed by increased demand in a part of China and the effects of favorable exchange rates, the Group marked sales of 101,181 million yen (up 7.9% from the same period in the previous year). Operating income was 3,279 million yen (up 113.8% from the same period in the previous year), reflecting a slash in fixed expenses, including personnel expenses, the effects of favorable exchange rates, and other factors.

(3) Automotive applications

The Group posted sales of 433,944 million yen (up 21.7% from the same period in the previous year) thanks mainly to an expansion in customer demand and the effects of favorable exchange rates. Operating income of 11,999 million yen was posted (against the operating loss of 8,981 million yen booked in the same period in the previous year) as a result of the effects of increased sales, a curtailment in proportional expenses, elimination of temporary costs resulting from an additional burden imposed on production lines in coping with increased sales in Americas, and the effects of favorable exchange rates.

(Forecast for the Year Ending March 31, 2015)

Regarding the future forecast, while a moderate recovery in the U.S and European economy is expected, there is a concern about an increase in consumption tax in the Japanese economy and the future of emerging economies is expected to remain uncertain.

Under these circumstances, the Company will develop various measures as the second year of the Medium-term Management Plan "Revival 2014." (For details, see P.9 of the attached documents "3. Management Policy, (4) Management Issues to be Addressed".) For the full year ending March 31, 2015, the Company forecasts consolidated net sales of 660 billion yen, operating income of 40 billion yen, ordinary income of 33 billion yen and net income of 20 billion yen. These forecasts are based on foreign exchange rate assumptions of ¥100/US\$1.00 and ¥130/EUR1.00.

Consolidated subsidiaries of the Company in the United States and South Korea have been investigated by the respective authorities in relation to competition law, and multiple civil action lawsuits (class action lawsuits) have been launched against the Company and its American and Canadian consolidated subsidiaries. As such, this situation has not been taken into consideration in the above forecast.

(2) Analysis of Financial Position
(Assets, Liabilities, and Net assets)

Total current assets at March 31, 2014 amounted to 467,748 million yen, a year-on year increase of 66,427 million yen, or 16.6%. Major factors included a 32,954 million yen increase in cash and bank deposits, a 16,747 million yen increase in notes and accounts receivable and a 9,719 million yen in short-term loans receivable. Total fixed assets at the fiscal year-end amounted to 380,288 million yen, a year-on-year increase of 13,148 million yen, or 3.6 %. This was largely the result of an increase of 11,238 million yen in property, plant and equipment. As a result, total assets were 848,037 million yen, an increase of 79,576 million yen, or 10.4% from a year earlier.

Current liabilities were 315,218 million yen, the same level as in the previous year. Total long-term liabilities at the fiscal year-end amounted to 319,450 million yen, a year-on-year increase of 78,093 million yen, or 32.4%. This is mainly due to a 61,638 million yen increase in long-term loans payable. As a result, total liabilities were 634,668 million yen, an increase of 77,949 million yen, or 14.0 % from a year earlier.

Total net assets increased 1,626 million yen (up 0.8%) compared with the end of the previous year, to 213,368 million yen, due principally to an increase of 16,400 million yen in translation adjustments and a decrease of 13,884 million yen in retained earnings.

(Cash Flows)

Net cash provided by operating activities was 69,058 million yen (a year-on-year increase of 48,553 million yen, or 236.8%). Major items included proceeds of 39,315 million yen from depreciation and amortization, 27,023 million yen from increased accrued liabilities related to a loss pertaining to Antimonopoly Act, 14,803 million yen from increased trade payables, and 9,105 million yen from decreased inventories. Compared with these items, payment included 7,231 million yen of Antimonopoly Act-related payment and 7,197 million yen of increased trade receivables.

Net cash used in investment activities was 34,132 million yen (year-on-year decrease of 22,472 million yen, or 39.7 %). This was mainly due to expenditure of 33,350 million yen in the purchase of property.

Net cash provided by in financing activities was 6,595 million yen (year-on-year decrease of 62,991 million yen, or 90.5%). Major factors included proceeds of 83,693 million yen in long-term loans payable and compared with this item, payment of 55,710 million yen for the repayment of long-term loans payable, net decrease of 11,594 million yen in short-term bank loans payable, and payment of 10,000 million yen for redemption of bonds.

After adding to these changes an increase of 1,515 million yen in translation adjustments and an increase of 533 million yen in cash and cash equivalents following new consolidation, cash and cash equivalents as of the end of the current fiscal year were 129,670 million yen, an increase of 43,570 million yen (up 50.6%) from the previous consolidated fiscal year end.

(Reference) Cash flow indicators

	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2014
Shareholders' equity ratio (%)	31.6	28.4	26.0	23.5
Shareholders' equity ratio based on current market value (%)	33.6	26.9	17.0	22.0
Cash flows to interest-bearing debt ratio (annual)	5.0	15.9	17.6	5.5
Interest coverage ratio (times)	13.9	5.1	5.2	14.1

Notes: Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio based on current market value: Market capitalization / Total assets

Cash flows to interest-bearing debt ratio: Interest-bearing debt / Operating cash flows

Interest coverage ratio: Operating cash flows / Interest payments

- Each of these was calculated based on the consolidated statements.
- Market value on the stock is calculated based on the closing stock price at the end of the respective accounting period above multiplied by the number of shares issued and outstanding as of the end of the respective accounting period above (after deducting treasury stock).
- Operating cash flow is taken from the cash flows from operating activities in the consolidated statements of cash flows. Interest-bearing debt refers to all debts included in the consolidated

balance sheets for which interest is paid. The amount for Interest payments was taken from interest expenses paid in the consolidated statements of cash flows.

(3) Dividend Policy and Dividends for the Current and Next Fiscal Year

The Company considers rewarding its shareholders an issue of foremost importance. Regarding dividends, from a medium- and long-term perspective, the Company's goal is to provide a steady and sustainable dividend, which it will determine on the basis of its consolidated performance, dividend payout ratio, and business environment.

Dividends for the fiscal year, which was not decided, will be 2 yen per share to resume the payment of dividends, comprehensively considering trends in financial performance, and business environment. Dividends for the following fiscal year will be 5 yen per share (interim dividends of 2.5 yen and year-end dividends of 2.5 yen).

2. The Group Overview

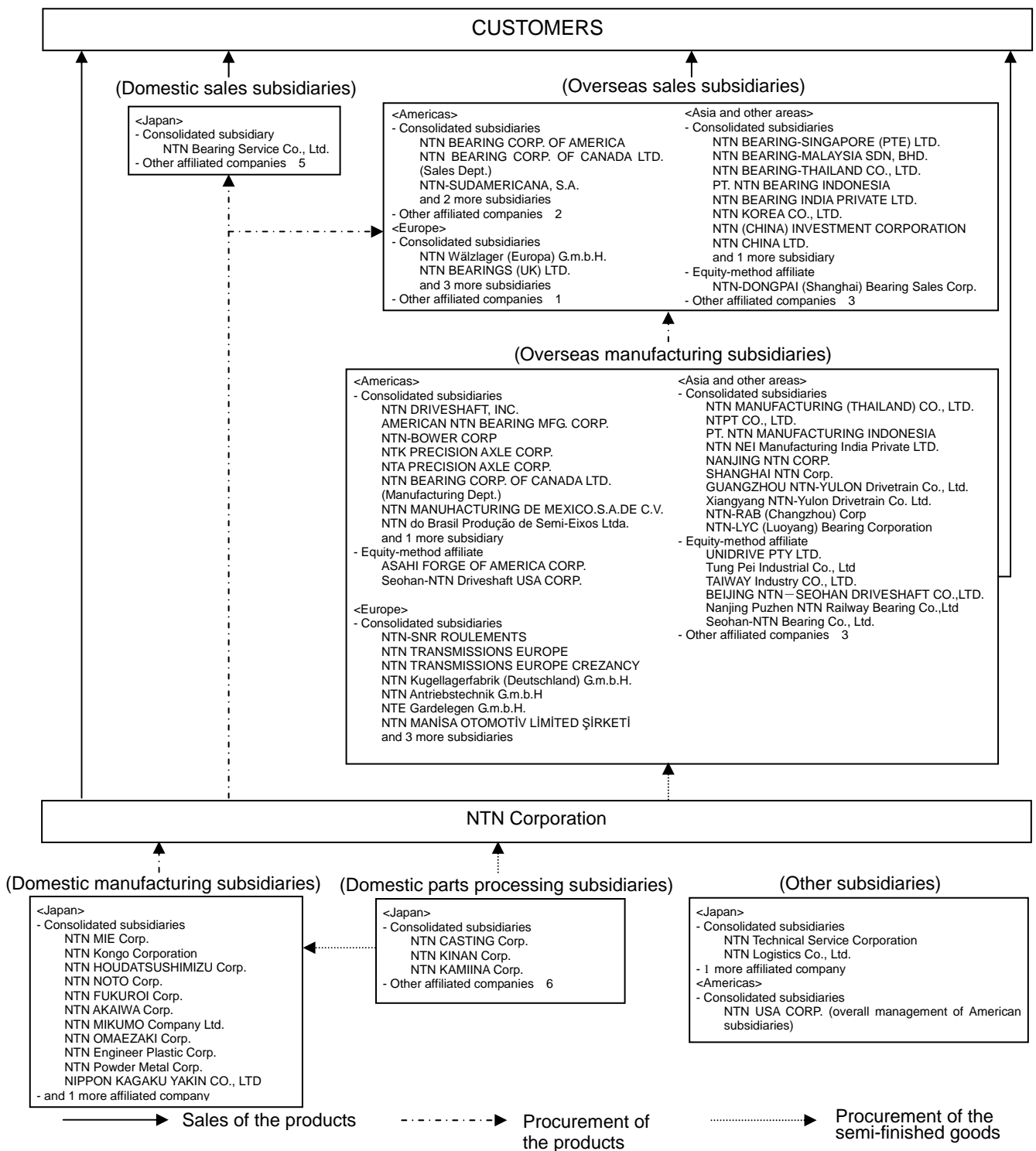
The NTN Group consists of NTN Corporation (the Company), 76 subsidiaries, and 20 affiliated companies (as of March 31, 2014). The Group's main business is the manufacturing and sale of bearings, constant velocity joints and precision equipment for aftermarket applications, industrial machinery applications, and automotive applications. Business activities in Japan are controlled by the Company and overseas the activities of each region are controlled by the general managers' department allocated to each region. Overseas subsidiaries in each region formulate independent business strategies and business plans and develop business activities while analyzing profitability and investment efficiency.

Accordingly, the NTN Group consists of the Head Office and business segments in different regions based on general managers' departments. Its four reporting segments are "Japan", "Americas", "Europe" and "Asia and other areas".

The main roles of each company within the Group are as follows in all segments.

- Domestic manufacturing is mainly handled by the Company, but some production is consigned to domestic affiliated companies, from whom the Company purchases products. Part of the Company's parts processing operation is also consigned to domestic affiliated companies.
- Domestic sales is mainly handled by the Company, but is also partly made through domestic affiliated companies.
- Overseas manufacturing is handled by the Company's overseas affiliates, with some semi-finished goods supplied by the Company.
- Overseas sales are conducted by the Company, by its overseas sales subsidiaries which procure goods from the Company or from its overseas manufacturing subsidiaries, and by its overseas manufacturing subsidiaries directly.

NTN MANUFACTURING DE MEXICO, S.A.DE C.V, and XIANGYANG NTN-YULON DRIVETRAIN CO. LTD. were newly established in April 2013 and in January 2014, respectively, which became our consolidated subsidiaries. In addition, NTN Technical Service Corporation and NTN Logistics Corporation, which were nonconsolidated subsidiaries, became our consolidated subsidiaries in the current fiscal year because of their increased importance.



3. Management policy

(1) Basic Management Policy

The NTN Group's basic management policy is "to contribute to international society through creating new technologies and developing new products". Based on compliance with laws and regulations, fairness and honesty, the Group carries out business activities appropriate for an international company by creating unique technologies, improving customer satisfaction and promoting globalization as well as aiming to reduce its burden on the environment and construct a resources recycling society.

(2) Goals and Objectives

The Company attaches great importance to operating income margin as a measure of profitability, return on assets (ROA) as a measure of the overall return on assets, and return on equity (ROE), and continuously strives to improve operating performance by these measures. At the same time, the Company aims to increase cash flow, and to further reinforce its management structure.

(3) Medium to Long Term Management Strategy

In response to environmental changes surrounding the Company, the Company launched a new medium-term management plan "Revival 2014" for the two-year period starting in April 2013. Under "Revival 2014", the basic policy is to "reform business structure to generate profit" and the Company is implementing the following priority policies.

- (i) As "Emergency Measures" to generate profit, reductions in personnel expenses and other expenses and inventories and capital expenditure controls shall be promoted.
- (ii) As part of the "Centralization of Management Resources", resources shall be concentrated in priority areas, including sales expansion in the highly profitable aftermarket business, global strengthening of the industrial machinery business, and greater profits in the automotive business.
- (iii) As part of "Structural Reform" efforts, the personnel expenses structure shall be reformed, overseas production shall be accelerated and business selection shall be implemented.
- (iv) As part of efforts in the "Expansion of New Product and New Business" towards further growth, the Company shall promote stronger development of module products and system products, full operation of the EV system products business and development of composite material products and market deployment.

(4) Management Issues to be Addressed

(1) Strengthening systems to promote compliance with laws and regulations

The NTN Group has made compliance a top priority and is striving to strengthen its systems for complying with laws and regulations.

<Progress of regulatory authorities' investigations, and other>

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 billion 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. As a result, hearing proceedings for the JFTC's orders were commenced in September 2013. In addition, a criminal trial was commenced in December 2013, and we are presenting a defense of the Company during the trial. The Company paid provisionally the penalty in full before the deadline of payment to avoid a risk of overdue charges.

In March 2014, the relevant subsidiaries and the Company, the parent company of the subsidiaries, received a notification from the European Commission to the effect that it imposes fines of 201,354 thousand euros (yen equivalent of 27,023 million yen at the average rate during the current consolidated fiscal year) on suspicion that our European consolidated subsidiaries, including NTN-SNR ROULEMENTS (France), violated the EU Competition Law in connection with automobile bearing business in Europe. Following this notification, the Company included such amount in extraordinary loss for the current consolidated fiscal year. The European Commission's decision was adopted following the settlement procedures under EU competition law.

The Company and its consolidated subsidiary in Singapore are facing an investigation of the

Competition Commission of Singapore on suspicion of having violated the Competition Law in relation to transactions of bearings with customers in Singapore. With the progress of the investigation, the Company estimated a loss expected to occur in the future and included 35 million yen in the extraordinary loss in the current consolidated fiscal year.

There are ongoing investigations of the bearing industry by the United States Department of Justice and the Korea Fair Trade Commission but no charges against the company or its subsidiaries have been filed in those jurisdictions.

The Company and its subsidiaries in the U.S. and Canada are defendants in a number of class action suits.

NTN management expresses gratitude to all relevant personnel including the shareholders for their understandings and their professional efforts during the past period.

The NTN Group will continuously strengthen a system to thoroughly comply with laws and regulations, social norms, ethics, and in-house regulations on a global basis, thereby further promoting business activities through fair and sincere competition.

<Strengthening systems>

In April 2012, the Company established the **Fair Trade Monitoring Committee** under the direct control of the Board of Directors to specialize in ensuring thorough compliance with the Antimonopoly Act and the Subcontracting Act, while launching the **Fair Trade Promoting Department** to take responsibility for company-wide development of the policies set out by the Fair Trade Monitoring Committee and institutional decisions.

In April 2014, the Company newly established the **CSR Headquarters** with the aim of strengthening a system for supervising the sections (CSR Department, Legal Department, Fair Trade Promoting Department) involved in the corporate social responsibility, developing global activities, and pursuing compliance with legal norms and social responsibilities throughout the Group. Overseas, the Company also newly launched the **Internal Control Section** within general managers' offices in each overseas region in a bid to build and strengthen compliance systems, including the strengthening of efforts to ensure compliance with the Antimonopoly Act.

The Fair Trade Promoting Department leads in-house training for directors, sales departments, managers, and regular employees and promotes activities to raise awareness of compliance, including distribution to employees of the cards to recite "five principles for preventing cartels" and "the Antimonopoly Act Compliance Handbook". In addition, the Department offers supervision and guidance on compliance with laws and regulations, including self-audits related to compliance with Antimonopoly Act, and screening of advance applications in order to prevent and monitor contacts with competing companies, while establishing the system that allows us to confirm the overview of contacts with our competitors by obligating employees to submit an ex-post facto report / contact report.

Overseas, in an effort to promote global controls, the **CSR Headquarters**, Internal Audit Department are prompting reconstruction of a legal system in coping with competition laws in each region by creating a system to provide trainings mainly for regions, screening of advance applications, etc., and conducting self-audits in collaboration with Internal Control Sections in each overseas region.

The NTN Group will use these various systems to conduct continuous education and awareness activities that strengthen overall control over our compliance.

(2) Reform business structure to generate profit

The NTN Group has formulated a new Medium-Term Management Plan "Revival 2014" for the two-year period from April 2013 to March 2015 and promoted various initiatives based on the main policy to "reform business structure to generate profit".

<Sales-related initiatives>

By business sector, the Company is striving to expand sales to the highly profitable aftermarket and industrial machinery applications. In October 2013, the Company newly established the Aftermarket Business Headquarters and April 2014, the "East Japan Sales Office," "Central Japan Sales Office," "West Japan Sales Office," and "Sales Engineering Planning Department" in order to strengthen a direct visit to customers in the aftermarket and technical services, and significantly increased the

number of personnel. In addition, the Company is strengthening plant equipment aftermarket services for iron steel, mines, and manufacturing of paper, etc. by monitoring the status of bearing operation and offering technical analysis services, coupled with providing technical guidance using technical service cars and strengthening supply chains.

<Production-related initiatives>

In China, demand for automotive products is fast growing because of a increase in car production. In January 2014, the Company established, as the third production base in China for constant velocity joints, **Xiangyang NTN-Yulon Drivetrain Co., Ltd.** (Xiangyang, Hubei Province), a joint venture company with Kian Shen Corporation, group company of Yulon Group in Taiwan. Starting from April 2015, the newly established company will supply products to manufacturers in the world that produce automobiles in China.

In Thailand, the Pinthong Plant (Si Racha, Chonburi Province), which is the second production base for NTN MANUFACTURING (THAILAND) CO., LTD., began production of constant velocity joints in April 2013. Moreover, NTPT CO., LTD., which was established as a joint venture to carry out forging and turning as a manufacturing pre-process on the same site as the Pinthong Plant, went into operation, helping to launch integrated production from materials there.

In Mexico, demand for axle bearings and constant velocity joints are increasing rapidly against the backdrop of new establishment of production bases by auto and auto parts manufacturers and in April 2013, the Company established **NTN MANUFACTURING DE MEXICO, S.A. DE C.V. (Aguascalientes, Estado de Aguascalientes)**, which will begin supplying such products to auto manufacturers, etc. located in Mexico from 2015.

In Japan, production capacity was increased at NTN HOUDATSU SHIMIZU CORP., and NTN NOTO CORP., etc., which operate in the Noto region of Ishikawa Prefecture, helping to strengthen business in bearings for industrial machinery applications. In January 2014, the Company began to expand No. 2 plant of NTN FUKUROI Corp. producing constant velocity joints, and will promote production transfer with the aim of increasing productivity through the latest “Mnozokuri (manufacturing).” In addition, in an effort to strengthen production, the Company is pursuing the global development of “production control system” that uses the state-of-art IT technology, thereby shortening the production lead time and reducing inventories.

<Research and development-related initiatives>

In the research and development area, the Company has strengthened the development of “**module products**” with high added value and high profitability and “**system products**” incorporating with sensor technology etc., rather than just simple bearings. In industrial machinery applications, the Company is rolling out in the market the “Condition Monitoring Systems (CMS) for Wind Turbines” that always monitor the operational condition of large wind turbine facilities and “Parallel Link High Speed Angle Control Equipment,” etc. that help increase productivity of automobile production facilities through behaviors to determine a location precisely with high-speed. In the automotive applications, the Company is accelerating the development of products supporting driving safety for next-generation vehicles, such as electric vehicles (EV). Regarding “curve” and “stop” which are indispensable as basic functions for automobiles, the Company started mass production of the “Mechanical Clutch Unit” that provides safety for next-generation steering systems steered by electric signals, and the “Ball Screw Drive Module” that increases reliability of electric hydraulic brakes. Moreover, for “run,” the Company has developed “In-wheel Motor System” capable of “pivot turn” and “lateral move.” Through these efforts, the Company intends to earlier commercialize EV system products by carrying out public road demonstration projects around the world.

<Strengthening organizational structure, etc.>

In April 2014, the Company strengthened its organization and personnel system, and newly established the **Global Human Resource Development Department**, in addition to the CSR Headquarters and the Aftermarket Business Headquarters stated earlier. The Company will strengthen the development of global human resources capable of being active across countries and regions.

In addition, the Company has been making efforts to create a better working environment for its

employees, including the expansion of shortened working hours for child-rearing and the enhancement of an in-house day-care center. Based on these measures, the Company will continue to further enhance its working environment.

The NTN Group will work hard to promote a stronger management base, improve efficiency of business and increase profits through the implementation of the above measures, in order to contribute to international society through the creation of new technologies and the development of new products, based on compliance with laws and regulations, fairness and honesty.

4. Consolidated Financial Statements

(1) Balance Sheets

(In million yen)

	As of March 31, 2013	As of March 31, 2014
Assets		
Current assets		
Cash and bank deposits	52,792	85,746
Notes and accounts receivable-trade	118,611	135,358
Securities	34,000	36,000
Finished goods & purchased goods	92,770	90,541
Work in process	41,996	45,097
Raw materials & supplies	28,520	30,845
Deferred tax assets	7,377	7,952
Short-term loans receivable	309	10,028
Other	25,880	27,073
Allowance for doubtful accounts	-937	-894
Total current assets	401,321	467,748
Fixed assets		
Property, plant and equipment		
Buildings and structures	173,323	190,395
Accumulated depreciation	-95,413	-103,804
Buildings and structures, net	² 77,909	² 86,590
Machinery, equipment and vehicles	637,667	686,044
Accumulated depreciation	-484,170	-522,484
Machinery, equipment and vehicles, net	² 153,496	² 163,560
Land	² 32,156	² 32,631
Construction in progress	27,960	19,913
Other	59,194	60,256
Accumulated depreciation	-52,566	-53,561
Other, net	² 6,628	² 6,694
Total property, plant and equipment	298,152	309,390
Intangible fixed assets		
Goodwill	272	266
Other	4,578	5,572
Total intangible fixed assets	4,850	5,839
Investments and other assets		
Investment securities	¹ 41,290	¹ 45,952
Deferred tax assets	20,903	16,978
Other	2,116	2,370
Allowance for doubtful accounts	-174	-242
Total investments and other assets	64,136	65,058
Total fixed assets	367,140	380,288
Total assets	768,461	848,037

(In million yen)

	As of March 31, 2013	As of March 31, 2014
Liabilities		
Current liabilities		
Notes and accounts payable-trade	88,458	106,409
Short-term bank loans	160,420	129,749
Current portion of bonds	10,000	—
Accrued income taxes	1,484	3,424
Accrued bonuses for directors and statutory auditors	19	31
Reserve for loss on supporting affiliated companies	—	1,601
Reserve for loss related to Antimonopoly Act	7,231	35
Reserve for early retirement expenses	5,923	—
Other	41,823	73,966
Total current liabilities	315,361	315,218
Long-term liabilities		
Long-term loans	190,380	252,018
Accrued retirement benefits for employees	37,880	—
Reserve for product defect compensation	1,164	932
Liabilities for retirement benefits	—	54,248
Other	11,931	12,251
Total long-term liabilities	241,357	319,450
Total liabilities	556,719	634,668
Net assets		
Shareholders' equity		
Common stock	54,346	54,346
Additional paid-in capital	67,369	67,369
Retained earnings	96,739	82,855
Treasury stock	-516	-533
Total shareholders' equity	217,939	204,037
Accumulated other comprehensive income		
Net unrealized holding gain on other securities	5,210	8,073
Translation adjustments	-18,127	-1,727
Accrued retirement benefits adjustments	-5,119	-11,111
Total accumulated other comprehensive income	-18,035	-4,765
Minority interests	11,838	14,096
Total net assets	211,742	213,368
Total liabilities and net assets	768,461	848,037

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

(In million yen)

	Year ended March 31, 2013 (April 1, 2012 – March 31, 2013)	Year ended March 31, 2014 (April 1, 2013 - March 31, 2014)
Net sales	539,594	638,970
Cost of sales	^{*2} 462,105	^{*2} 525,935
Gross profit	77,489	113,035
Selling, general and administrative expenses	^{*1,*2} 70,211	^{*1,*2} 80,031
Operating income	7,278	33,003
Non-operating income		
Interest income	419	449
Dividend income	400	478
Equity in earnings of unconsolidated subsidiaries	553	705
Royalty	750	745
Other	2,504	2,659
Total non-operating income	4,628	5,038
Non-operating expenses		
Interest expenses	4,069	4,822
Lawsuit-related expenses	597	997
Other	4,728	3,551
Total non-operating expenses	9,394	9,372
Ordinary income	2,512	28,670
Extraordinary gains		
Gains on securities contributed to employees' retirement benefit trust	—	1,272
Gains on negative goodwill	1,929	—
Gains on sale of investment securities	1,593	—
Total extraordinary gains	3,522	1,272
Extraordinary losses		
Loss related to Antimonopoly Act	—	^{*3} 27,023
Impairment loss	^{*4} 2,692	^{*4} 2,013
Provision of reserves for loss on supporting affiliated companies	—	^{*5} 1,600
Restructuring expenses	^{*6} 3,026	^{*6} 1,420
Structural reform expenses	^{*7} 6,364	^{*7} 301
Reserve for loss related to Antimonopoly Act	^{*8} 7,231	^{*8} 35
Loss on devaluation of investment securities	491	—
Loss related to natural disasters	125	—
Total extraordinary losses	19,932	32,393
Loss before income taxes and minority interests	-13,897	-2,451
Income and other taxes	2,935	6,744
Income taxes adjustment	-3,115	4,887
Total income and other taxes	-180	11,631
Loss before minority interests	-13,717	-14,082
Minority interests in subsidiaries	478	565
Net loss	-14,195	-14,648

(Consolidated Statement of Comprehensive Income)

(In million yen)

	Year ended March 31, 2013 (April 1, 2012 – March 31, 2013)	Year ended March 31, 2014 (April 1, 2013 - March 31, 2014)
Loss before minority interests	-13,717	-14,082
Other comprehensive income		
Valuation and translation adjustment	1,814	2,862
Translation adjustments	19,501	15,378
Accrued retirement benefits adjustments	-1,092	1,821
Equity in equity-method affiliates	1,581	1,980
Total other comprehensive income	* 21,804	* 22,042
Comprehensive income	8,087	7,960
(Breakdown)		
Comprehensive income attributable to owners of parent company	5,661	6,226
Comprehensive income attributable to minority interests	2,426	1,733

(3) Statement of Changes in Shareholders' Equity

Previous consolidated accounting year (April 1, 2012 to March 31, 2013)

(In million yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2012	54,346	67,369	113,595	-514	234,797
Changes during the period					
Distribution of retained earnings			-2,659		-2,659
Net loss (-)			-14,195		-14,195
Purchase of treasury stock				-4	-4
Sale of treasury stock				1	1
Net changes in items other than shareholders' equity during the period					
Total changes during the period	—	—	-16,855	-2	-16,857
Balance at March 31, 2013	54,346	67,369	96,739	-516	217,939

	Accumulated other comprehensive income				Minority interest	Total net assets
	Valuation and translation adjustment	Translation adjustments	Accumulated accrued retirement benefits adjustments	Total accumulated other comprehensive income		
Balance at April 1, 2012	3,396	-37,262	-4,026	-37,892	15,222	212,126
Changes during the period						
Distribution of retained earnings						-2,659
Net loss (-)						-14,195
Purchase of treasury stock						-4
Sale of treasury stock						1
Net changes in items other than shareholders' equity during the period	1,814	19,135	-1,092	19,857	-3,383	16,473
Total changes during the period	1,814	19,135	-1,092	19,857	-3,383	-384
Balance at March 31, 2013	5,210	-18,127	-5,119	-18,035	11,838	211,742

Current consolidated accounting year (April 1, 2013 to March 31, 2014)

(In million yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2013	54,346	67,369	96,739	-516	217,939
Changes during the period					
Net loss (-)			-14,648		-14,648
Increase/decrease due to changes in scope of consolidation			763		763
Purchase of treasury stock				-18	-18
Sale of treasury stock				0	0
Net changes in items other than shareholders' equity during the period					
Total changes during the period	—	—	-13,884	-17	-13,901
Balance at March 31, 2014	54,346	67,369	82,855	-533	204,037

	Accumulated other comprehensive income				Minority interest minority	Total net assets
	Valuation and translation adjustment	Translation adjustments	Accumulated accrued retirement benefits adjustments	Total accumulated other comprehensive income		
Balance at April 1, 2013	5,210	-18,127	-5,119	-18,035	11,838	211,742
Changes during the period						
Net loss (-)						-14,648
Increase/decrease due to changes in scope of consolidation						763
Purchase of treasury stock						-18
Sale of treasury stock						0
Net changes in items other than shareholders' equity during the period	2,862	16,399	-5,992	13,270	2,257	15,528
Total changes during the period	2,862	16,399	-5,992	13,270	2,257	1,626
Balance at March 31, 2014	8,073	-1,727	-11,111	-4,765	14,096	213,368

(4) Statements of Cash Flows

(In million yen)

	Year ended March 31, 2013 (April 1, 2012 - March 31, 2013)	Year ended March 31, 2014 (April 1, 2013 - March 31, 2014)
Net cash provided by operating activities		
Loss(-) before income taxes	-13,897	-2,451
Depreciation and amortization	34,841	39,315
Impairment loss	2,837	2,197
Depreciation of goodwill	127	134
Gains on negative goodwill	-1,929	—
Increase/decrease in reserve for loss related to Antimonopoly Act	7,231	-7,196
Increase/decrease related to reserve for early retirement expenses	5,910	-5,860
Increase / decrease (-) in reserves for loss on supporting affiliated companies	—	1,559
Increase/decrease in allowance for doubtful accounts	126	-121
Increase/decrease in accrued retirement benefits for directors and statutory auditors	-74	12
Increase/decrease in accrued retirement benefits for employees	2,278	—
Increase/decrease in reserve for product defect compensation	352	-254
Increase/decrease (-) in liabilities for retirement benefits	—	9,100
Increase/decrease (-) in accrued liabilities related to a loss pertaining to Antimonopoly Act	—	27,023
Increase/decrease in accrued liabilities related to business restructuring expenses	2,600	1,138
Increase/decrease in accrued payments due to the change in retirement benefit plan	-1,205	-999
Payment of retirement benefits, etc. associated with implementation of early retirement system	—	10,697
Antimonopoly Act-related payment	—	7,231
Interest and dividend income	-820	-928
Interest expenses	4,069	4,822
Foreign currency translation adjustments / Foreign exchange losses/gains	632	-1,419
Equity in earnings/losses of non-consolidated subsidiaries	-553	-705
Gains or loss on sale of fixes assets	24	—
Gains or loss on sales of investment securities	-1,589	—
Gains or loss on revaluation of investment securities	491	—
Gain (-) or loss on securities contributed to employees' retirement trust	—	-1,272
Contribution to employees' retirement trust	—	1,864
Decrease/increase in trade receivables	11,952	-7,197
Decrease/increase in inventories	4,456	9,105
Increase/decrease in trade payables	-27,967	14,803
Other	-3,945	-4,040
Subtotal	25,948	96,558
Interest and dividend income received	1,452	1,576
Interest paid	-3,972	-4,912
Payment of retirement benefits, etc. associated with implementation of early retirement system	—	-10,697
Antimonopoly Act-related payment	—	-7,231
Income taxes paid	-2,923	-6,234
Net cash provided by operating activities	20,505	69,058
Net cash used in investing activities		
Increase in time deposits	-1,779	-1,627
Decrease in time deposits	2,929	1,304
Purchase of property, plant and equipment	-55,244	-33,350
Proceeds from sale of property, plant and equipment	934	—
Proceeds from down payment related to sale of tangible fixed assets	—	1,250
Purchase of intangible fixed assets	-1,535	-1,842

Purchase of investment securities	-893	—
Proceeds from sale of investment securities	1,701	—
Payment for purchase of subsidiaries' stock	-3,927	-37
Decrease/increase in short-term loans receivable, net	1,026	281
Other	183	-110
Net cash used in investing activities	-56,604	-34,132

(In million yen)

	Year ended March 31, 2013 (April 1, 2012 - March 31, 2013)	Year ended March 31, 2014 (April 1, 2013 - March 31, 2014)
Net cash provided by financing activities		
Increase/decrease in short-term bank loans, net	-3,012	-11,594
Proceeds from long-term loans	89,247	83,693
Repayment of long-term loans	-13,470	-55,710
Payment for redemption of bonds	—	-10,000
Proceeds from issuing common stock assigned to minority shareholders	230	801
Dividend payment	-2,659	—
Repayment of lease payable	-249	-276
Other	-498	-318
Net cash provided by financing activities	69,586	6,595
Effect of exchange rate changes on cash and cash equivalents	-207	1,515
Increase/decrease in cash and cash equivalents	33,280	43,037
Cash and cash equivalents, at beginning of the year	52,605	86,100
Increase in cash and cash equivalents from newly consolidated subsidiaries	214	533
Cash and cash equivalents, at end of the year	* 86,100	* 129,670

(5) Notes to Consolidated Financial Statements
(Going Concern Assumption)

None

(Changes in Accounting Policies)

(Application of accounting standards for retirement benefits)

"Accounting Standards for Retirement Benefits (Corporate Accounting Standards, No. 26, May 17, 2012, hereinafter referred to as "Retirement Benefits Accounting Standards") and Implementation Guidelines on Accounting Standards for Retirement Benefits (Corporate Accounting Standards Implementation Guidelines No. 25, May 17, 2012, hereinafter referred to as "Retirement Benefits Implementation Guidelines") are applied from the end of this consolidated accounting period (excluding provisions set forth in main clause in paragraph 35 of the Retirement Benefits Accounting Standards and main clause in paragraph 67 of Retirement Benefits Implementation Guidelines), and the accounting method is changed where the amount obtained by deducting the amount of pension assets from the retirement benefits obligations is included in liabilities for retirement benefits and unrecognized actuarial gains or losses and unrecognized past service expenses are included in liabilities for retirement benefits.

Application of the Retirement Benefits Accounting Standards is in accordance with the transitional treatment set forth in paragraph 37 of the Retirement Benefits Accounting Standards and at the end of this consolidated accounting period, the amount of adjustments for such changes is added or deducted in accumulated accrued retirement benefits adjustments of accumulated other comprehensive income.

As a result, at the end of this fiscal year, 54,248 million yen is reported for liabilities for retirement benefits and accumulated other comprehensive income decreased 7,604 million yen.

The amount of net assets per share decreased 14.30 yen.

(Changes in Presentation Methods for Consolidated Financial Statements)

(Consolidated Statement of Operation)

"Lawsuit-related expenses", which was included under "Other" of "Non-operating expenses" in previous consolidated accounting periods, has been given an independent heading from the current consolidated accounting period because the amount has risen above 10% of total non-operating expenses. In addition, "Product compensation," which was given an independent heading in previous consolidated accounting period is included in "Other" because it is of small importance in value. To reflect these changes in the methods of presentation, the Company has made the reclassification of accounts for consolidated financial statements for the previous consolidated accounting period.

As a result, 1,041 million yen presented as "Product compensation" under non-operating expenses and 4,284 million yen presented as "Other" in the consolidated financial statements for the previous consolidated accounting period are reclassified as 597 million yen of "Lawsuit-related expenses" and 4,728 million yen of "Other."

(Consolidated Balance Sheet)

*1 Notes on non-consolidated subsidiaries and affiliates are as follows. (In million yen)

	Year ended March 31, 2013	Year ended March 31, 2014
Investment securities (stock)	13,690	15,539
*2 Reductions of value due to government subsidies received are as follows. These reductions of value are reflected on the Consolidated Balance Sheet. (In million yen)		
	Year ended March 31, 2013	Year ended March 31, 2014
Buildings and structures	467	528
Machinery, equipment and vehicles	496	414
Land	798	798
Other	7	5
Total	1,768	1,747

Contingent liabilities

(Launch of arbitration proceedings related to compensation for damages)

NTN-SNR ROULEMENTS (hereinafter referred as NTN-SNR), a consolidated subsidiary, has been involved in arbitration proceedings since November 2012. One automotive customer submitted a claim to arbitration and requested the payment in the amount of 57,774 thousand dollars (5,946 million yen equivalent at the rate of the end of the first quarter of this consolidated fiscal year) for damages due to allegedly defective products provided by NTN-SNR. With subsequent arbitration proceedings, the claim for damages has increased to 6,470 million yen (equivalent at the rate of the end of the first quarter of this consolidated fiscal year) due to the increase in the number of allegedly defective products.

We continue presenting counterarguments appropriately. Depending on the results of the arbitration, the results of operations of the Company and its consolidated subsidiaries could be affected. However, it is currently difficult to make reasonable estimates of the future possible effects on the results of operations and financial position of the Company and its consolidated subsidiaries.

(Consolidated Statement of Operation)

*1 Major items and amounts under "Selling, general and administrative expenses" were as follows.

(In million yen)

	Year ended March 31, 2013 (April 1, 2012 - March 31, 2013)	Year ended March 31, 2014 (April 1, 2013 - March 31, 2014)
Salaries and benefit	24,604	28,148
Freight	12,642	12,947
Research and development	8,534	10,363
Rent expenses	2,534	2,754
Depreciation and amortization	1,972	2,192
Retirement benefits expenses	1,963	2,047

*2 Total research and development expense included in general and administrative expense and current manufacturing costs

(In million yen)

	Year ended March 31, 2013 (April 1, 2012 - March 31, 2013)	Year ended March 31, 2014 (April 1, 2013 - March 31, 2014)
	16,174	17,820

*3 In the current consolidated fiscal year, the relevant subsidiaries and the Company, the parent company of the subsidiaries, received a notification from the European Commission to the effect that it imposes fines of 201,354 thousand euros (yen equivalent of 27,023 million yen at the average rate during the current consolidated fiscal year) on suspicion that our European consolidated subsidiaries, including NTN-SNR ROULEMENTS (France), violated the EU Competition Law in connection with automobile bearing business in Europe. Following this notification, the Company included such amount in extraordinary loss as loss related to Antimonopoly Act for the current consolidated fiscal year. The European Commission's decision was adopted following the settlement procedures under EU competition law.

*4 The NTN Group carries out grouping of assets. With regard to manufacturing assets, any plants etc. coming under managerial accounting business classifications are deemed to be the smallest unit creating cash flow. With regard to Head Office and business-use assets are deemed to be shared assets.

In case of the assets shown in the following table, there is no prospect for future use in the current consolidated accounting period and the previous consolidated accounting period or no possibility of recovery is found for the estimated period of future cash flows. Because of these reasons, the book values of those assets have been reduced to the recoverable amount, and then the reduced amounts of 2,013 million yen and 2,692 million yen have been included in an extraordinary loss as impairment loss in the current consolidated accounting period and the previous consolidated accounting period, respectively. The recoverable amount has been measured using the net possible sale value or the use value. Assets where sale or alternative use is deemed to be difficult have been given a value of 0.

Location	Applications	Type of asset	Impairment loss (million yen)	
			Year ended March 31, 2013 (April 1, 2012 - March 31, 2013)	Year ended March 31, 2014 (April 1, 2013 - March 31, 2014)
Japan	Manufacturing facilities	Buildings and structures	192	—
		Machinery and equipment	268	167
		Construction in progress	334	453
		Other	20	—
Welfare facilities	Buildings and structures	201	52	
	Land	121	14	
	Other	1	0	
Americas	Manufacturing facilities	Machinery and equipment	7	1,040
		Construction in progress	183	184
		Other	—	100
Europe	Manufacturing facilities and other	Machinery and equipment	234	—
		Construction in progress	220	—
		Other	214	—
Asia and other areas	Manufacturing facilities	Machinery and equipment	648	—
		Construction in progress	39	—
		Other	4	—
Total			2,692	2,013

- *5 In the current consolidated fiscal year, an extraordinary loss of 1,600 million yen has been reported corresponding to the provision of reserves for loss in supporting affiliated companies, on the ground that an affiliated company in the Americas received a notice requiring payment of administrative charges levied based on suspicion of involvement in the past fiscal years in incorrect import procedures, and thus, the liabilities of such affiliated company are in excess of its assets.
- *6 Reorganization expenses of 1,420 million yen were recorded as an extraordinary loss in the current consolidated accounting period. This is an expense (including Loss on impairment of fixed assets of 183 million yen) associated with the production reorganization, etc. of consolidated companies. In the previous consolidated fiscal year, 3,026 million yen was reported. This consists of 2,600 million yen of soil improvement work for the site of the former Takarazuka Works and 426 million yen (including Loss on impairment of fixed assets of 145 million yen) of other costs.
- *7 Structural reform expenses of 301 million yen were recorded as an extraordinary loss in the current consolidated accounting period. This is an expense associated with the implementation of the early retirement system. In the previous consolidated fiscal year, 6,364 million yen was reported. This consists of 5,910 million yen of an expense associated with the implementation of the early retirement system, 355 million yen of losses, etc. on valuation of assets following the partial withdrawal of precision equipment, and 98 million yen of other costs.
- *8 In the current consolidated fiscal year, the Company and its consolidated subsidiary in Singapore are facing an investigation of the Competition Commission of Singapore on suspicion of having violated the Competition law in relation to transactions of bearings with customers in Singapore. With the progress of the investigation, the Company estimated a loss expected to occur in the future and included 35 million yen in extraordinary losses as provision for surcharge payments under the Antimonopoly Act. In the previous consolidated fiscal year, the expected payment amount of 7,231 million yen was reported in extraordinary losses following the receipt of payment order for surcharge from the Japan Fair Trade Commission.

(Matters Related to Consolidated Statement of Comprehensive Income)

* Reclassification adjustment and tax effect on other comprehensive income

(In million yen)

	Year ended March 31, 2013 (April 1, 2012 - March 31, 2013)	Year ended March 31, 2014 (April 1, 2013 - March 31, 2014)
Net unrealized holding gain on other securities:		
Amount arising in current fiscal year	2,303	5,676
Reclassification adjustment	488	-1,272
Before tax effect adjustment	2,791	4,404
Tax effect	-977	-1,541
Net unrealized holding gain on other securities	1,814	2,862
Translation adjustments:		
Amount arising in current fiscal year	19,483	15,378
Reclassification adjustment	17	—
Before tax effect adjustment	19,501	15,378
Tax effect	—	—
Translation adjustments	19,501	15,378
Accrued retirement benefits adjustments:		
Amount arising in current fiscal year	-2,017	2,295
Reclassification adjustment	603	718
Before tax effect adjustment	-1,414	3,014
Tax effect	322	-1,192
Accrued retirement benefits adjustments	-1,092	1,821
Equity in equity-method affiliates:		
Amount arising in current fiscal year	1,581	1,980
Total other comprehensive income	21,804	22,042

(Consolidated Statements of Changes in Shareholders' Equity)

Year ended March 31, 2013 (April 1, 2012 - March 31, 2013)

1. Type and total number of shares issued and outstanding and Treasury stock

	Number of shares as of April 1, 2012 (thousand shares)	Increase (thousand shares)	Decrease (thousand shares)	Number of shares as of March 31, 2013 (thousand shares)
Shares issued and outstanding				
Common stock	532,463	—	—	532,463
Total	532,463	—	—	532,463
Treasury stock				
Common stock*	566	19	9	576
Total	566	19	9	576

(Note) The 19,000 share increase in common stock under "treasury stock" consists of purchases of shares constituting less than one unit, and 9,000 share decrease results from demands for the sale of shares less than one unit.

2. Equity warrant and subscription right to treasury stock

N.A.

3. Dividends

(1) Dividend paid

(Date of approval)	Type of share	Total dividend paid (million yen)	Dividend per share (yen)	Record date	Payable date
Annual general meeting of share holders on June 26, 2012	Common stock	2,659	5	March 31, 2012	June 27, 2012

Year ended March 31, 2014 (April 1, 2013 - March 31, 2014)

1. Type and total number of shares issued and outstanding and Treasury stock

	Number of shares as of April 1, 2013 (thousand shares))	Increase (thousand shares)	Decrease (thousand shares)	Number of shares as of March 31, 2014 (thousand shares)
Shares issued and outstanding				
Common stock	532,463	—	—	532,463
Total	532,463	—	—	532,463
Treasury stock				
Common stock *	576	44	1	619
Total	576	44	1	619

*Note: The 44,000 share increase in common stock under "treasury stock" represents purchases of shares constituting less than one unit, and the 1,000 share decrease consists of shares resulting from demands for the sale of shares less than one unit.

2. Equity warrant and subscription right to treasury stock

N.A.

3. Dividends

(1) Dividend paid

N.A.

(2) Among the dividends for which the record date falls within the current consolidated accounting period under review, the portion of the dividend for which the effective date falls in the next consolidated accounting period

(Scheduled date of resolution)	Type of share	Total dividend paid (million yen)	Dividend source	Dividend per share (yen)	Record date	Payable date
Annual general meeting of shareholders on June 25, 2014	Common stock	1,063	Retained earnings	2	March 31, 2014	June 26, 2014

(Cash flows)

* Reconciliation of the amounts of cash and cash equivalents at end of the year stated in Consolidated Statements of Cash Flows to the amounts of accounts stated in Consolidated Balance Sheets

(In million yen)

	Year ended March 31, 2013 (April 1, 2012 - March 31, 2013)	Year ended March 31, 2014 (April 1, 2013 - March 31, 2014)
Cash and bank deposits	52,792	85,746
Securities	34,000	36,000
Short-term loans receivable	309	10,028
Time deposits with original maturities of more than three months	-692	-1,076
Securities, excluding repurchase agreements	—	-1,000
Short-term loans receivable, excluding repurchase agreements	-309	-28
Cash and cash equivalents	86,100	129,670

(Segment Information, etc.)

[Segment information]

1. Description of reporting segments

It is possible to acquire financial information for the separate components making up the Company, and the Company's highest decision-making body (the Board of Directors) carries out regular investigations into the Company's reporting segments in order to decide the allocation of management resources and to assess results.

The Group's main business is the manufacturing and sale of bearings, constant velocity joints and precision equipment for aftermarket applications, industrial machinery applications, and automotive applications. Business activities in Japan are controlled by the Company (Head Office) and overseas, the activities of each region are controlled by the general managers' department allocated to each region. Overseas subsidiaries in each region formulate independent business strategies and business plans and develop business activities while analyzing profitability and investment efficiency.

Accordingly, the NTN Group consists of the Head Office and business segments in different regions based on general managers' offices. Its four reporting segments are "Japan", "Americas", "Europe" and "Asia and other areas". Each segment carries out the manufacture and sale of bearings, constant velocity joints and precision equipment.

2. Methods used to calculate and report sales, income or losses, assets, liabilities and other items for each reporting segment

The business segment accounting methods for each reporting segment are the same methods as those used in the consolidated financial statements. "Inter-segment sales or transfers" is calculated based on prevailing market prices.

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

Year ended March 31, 2013 (April 1, 2012 - March 31, 2013)

(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	193,490	135,384	132,177	78,542	539,594	—	539,594
Inter-segment sales or transfers	122,441	3,093	4,367	7,219	137,122	(137,122)	—
Total	315,932	138,477	136,544	85,762	676,716	(137,122)	539,594
Segment income (Operating income or operating loss (-))	9,837	-3,218	-214	713	7,118	159	7,278
Segment income	472,373	151,710	133,041	131,393	888,519	(120,058)	768,461
Segment assets	359,873	116,159	78,326	51,840	606,199	(49,480)	556,719
Other items							
Depreciation and amortization	18,788	7,094	5,325	3,633	34,841	—	34,841
Increase in tangible and intangible fixed assets	13,689	14,665	7,245	15,018	50,617	(102)	50,515

Notes: 1. "Adjustments" refers to elimination of all inter-segment transactions with the exception of segment assets.

Adjustments under "segment assets" is made up of inter-segment eliminations of -193,691 million yen and company-wide assets not allocated to specific segments of 73,633 million yen (major items include operating capital (deposits and marketable securities), and long-term investment capital (marketable investment securities) etc.

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

Year ended March 31, 2014 (April 1, 2013 - March 31, 2014)

(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	190,818	167,899	175,423	104,829	638,970	—	638,970
Inter-segment sales or transfers	132,763	3,943	6,927	8,976	152,611	(152,611)	—
Total	323,582	171,843	182,350	113,806	791,581	(152,611)	638,970
Segment income (Operating income)	25,593	2,644	2,139	4,405	34,783	(1,779)	33,003
Segment assets	487,758	164,059	171,366	145,869	969,054	(121,016)	848,037
Segment liabilities	385,748	124,917	125,811	54,988	691,466	(56,797)	634,668
Other items							
Depreciation and amortization	17,012	9,338	7,141	5,823	39,315	—	39,315
Increase in tangible and intangible fixed assets	9,684	9,648	7,302	8,374	35,010	(4)	35,005

Notes: 1. "Adjustments" refers to elimination of all inter-segment transactions with the exception of segment assets.

Adjustments under "segment assets" is made up of inter-segment eliminations of -222,459 million yen and company-wide assets not allocated to specific segments of 101,443 million yen (major items include operating capital (deposits and marketable securities), and long-term investment capital (marketable investment securities) etc.).

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

[Related information]

Year ended March 31, 2013 (April 1, 2012 - March 31, 2013)

1. Information related to products and services

(In million yen)

	Aftermarket applications	Industrial machinery applications	Automotive applications	Total
Sales to external customers	89,222	93,746	356,626	539,594

(Note) "Net sales to external customers" refers to sales in each product category based on similarity with sales markets.

2. Geographic information

(1) Net Sales

(In million yen)

Japan	Americas	Europe	Asia and other areas	Total
177,472	141,570	124,751	95,800	539,594

Notes: 1. Net sales are classified according to country or region based on the location of customers.

2. Major countries or regions in each reporting 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. Of the sales classified as net sales to the Americas, sales to the United States accounted for 122,434 million yen.

(2) Property, plant and equipment

(In million yen)

Japan	Americas	Europe	Asia and other areas	Total
124,887	73,254	45,348	54,662	298,152

- Notes: 1. Of the property, plant and equipment classified under Americas, property, plant and equipment held in the United States accounted for 66,841 million yen.
 2. Of the property, plant and equipment classified under Europe, property, plant and equipment held in France accounted for 35,364 million yen.
 3. Of the property, plant and equipment classified under Asia and other areas, property, plant and equipment held in China accounted for 40,718 million yen.

Year ended March 31, 2014 (April 1, 2013 - March 31, 2014)

1. Information related to products and services

(In million yen)

	Aftermarket applications	Industrial machinery applications	Automotive applications	Total
Net sales to external customers	103,844	101,181	433,944	638,970

(Note) "Net sales to external customers" refers to sales in each product category based on similarity with sales markets.

2. Geographic information

(1) Net Sales

(In million yen)

Japan	Americas	Europe	Asia and other areas	Total
179,081	174,566	166,279	119,043	638,970

- Notes: 1. Net sales are classified according to country or region based on the location of customers.
 2. Major countries or regions in each reporting 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. Of the sales classified as net sales to the Americas, sales to the United States accounted for 149,676 million yen.

(2) Property, plant and equipment

(In million yen)

Japan	Americas	Europe	Asia and other areas	Total
117,027	79,148	52,285	60,930	309,390

- Notes: 1. Of the property, plant and equipment classified under Americas, property, plant and equipment held in the United States accounted for 72,556 million yen.
 2. Of the property, plant and equipment classified under Europe, property, plant and equipment held in France accounted for 40,042 million yen.
 3. Of the property, plant and equipment classified under Asia and other areas, property, plant and equipment held in China accounted for 46,812 million yen.

[Information related to impairment loss on fixed assets by reporting segment]

Previous consolidated accounting period (April 1, 2012 to March 31, 2013)

(In million yen)

	Japan	Americas	Europe	Asia and other areas	Adjustment	Total
Impairment loss	1,285	191	669	692	—	2,837

Current consolidated accounting period (April 1, 2013 – March 31, 2014)

(In million yen)

	Japan	Americas	Europe	Asia and other areas	Adjustment	Total
Impairment loss	688	1,325	183	—	—	2,197

[Information on gains arising from negative goodwill for each reporting segment]

Previous consolidated accounting period (April 1, 2012 to March 31, 2013)

On March 27, 2013, the Company made an additional acquisition of 17.7% of the shares in consolidated subsidiary NTN-SNR ROULEMENTS with the intention of expanding the business in Europe, taking the Company's total equity in NTN-SNR ROULEMENTS to 100%. As a result, negative goodwill has arisen in the "Japan" segment. The gains on negative goodwill recorded in the current consolidated fiscal year as a result of this event were 1,929 million yen.

(Per share data)

	Year ended March 31, 2013 (April 1, 2012 - March 31, 2013)	Year ended March 31, 2014 (April 1, 2013 - March 31, 2014)
Net assets per share (yen)	375.84	374.68
Net loss per share (yen)	-26.69	-27.54

(Notes) 1. Diluted net income per share in the current consolidated accounting period is not reported because there was a net loss per share and because no residual securities existed.

2. The basic methods for calculating net loss per share were as follows.

	Year ended March 31, 2013 (April 1, 2012 - March 31, 2013)	Year ended March 31, 2014 (April 1, 2013 - March 31, 2014)
Net loss in consolidated balance sheets (million yen)	-14,195	-14,648
Net income available for common stock (million yen)	—	—
Net loss per share of common stock (in million yen)	-14,195	-14,648
Average number of shares during the period (thousand shares)	531,892	531,868

(Significant Subsequent Events)

N.A

(Additional information)

1. Assignment of fixed assets

The Company made a resolution on the assignment of the site of the former Takarazuka Works to Takarazuka City and a general business company at the Board of Directors' meeting held on October 22, 2013, but made a resolution on the suspension of the assignment of such fixed asset to a general business company at the Board of Directors' meeting held on November 27, 2013.

After that, the Company was aggressively pursuing negotiations on the conclusion of a sales contract with a new assignee and reached an agreement on the terms of sales. Following this agreement, the Company made a resolution on the assignment of such fixed assets to new assignees at the Board of Directors' meeting held on December 26, 2013. The final details of the assignment are as follows and the Company has entered into a sales contract with such assignees.

(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 the Takarazuka Works after its soil is ameliorated. Recently we have selected assignees, with whom we have agreed on the terms of sale.

(2) Specifics of the assets being assigned

Specifics and location of the asset	Profit from sale*	Current status of the asset
Land located at 1-1 Toyo-cho, Takarazuka-shi, Hyogo Prefecture, covering an area of 86,800.02 square meters	About 6.7 billion yen	Former site of Takarazuka Works

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

* The profit from sale represents an estimated amount obtained by deducting estimated expenses to be incurred in the assignment from the assignment price.

(3) Overview of assignees

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

(4) Future forecast

By the assignment of such asset, we expect to post extraordinary income of about 6.7 billion yen as a gain on sales of fixed assets. However, such extraordinary income will not affect our consolidated earnings for the fiscal year ending in March 2014 because the delivery of the property is scheduled in April 2016 and the extraordinary income will be reported in the fiscal year ending in March 2017.

2. Correction of the amount of deferred income taxes and deferred tax liabilities due to changes in tax rates of corporate income taxes

“Act for Partial Amendment of the Income Tax Act” was promulgated in March 31, 2014, and special corporate tax for reconstruction will not be imposed from consolidated accounting period starting on and after April 1, 2014. Following this, the legal effective tax rates used for calculation of deferred income tax and deferred tax liabilities have been changed from 37.4% for the previous consolidated accounting period to 35.0% in regard to the temporary difference expected to be removed in the consolidated accounting period starting on April 1, 2014.

As a result, the amount of deferred income tax (the amount obtained by deducting the amount of deferred tax liabilities) decreased by 202 million yen, and the income tax adjustments reported in the current consolidated accounting period increased by 202 million yen.