

**Financial Results For the Year Ended March 31, 2017**  
**[Japanese Accounting Standards] (Consolidated)**  
**(Unaudited)**

May 12, 2017

NTN Corporation  
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 Listings: Tokyo Stock Exchange  
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 Scheduled date of annual shareholders' meeting: June 23, 2017  
 Scheduled commencement date of dividend payment: June 26, 2017  
 Scheduled submission date of financial statements: June 26, 2017  
 Supplementary material of the financial results: Prepared  
 Investor meeting: Scheduled

1. Consolidated Financial Results for the Year Ended March 31, 2017  
 (April 1, 2016 to March 31, 2017)

(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 attributable to shareholders (parent company)	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2017	683,328	-4.7	35,622	-25.4	29,604	-22.5	2,830	-81.2
Year ended March 31, 2016	716,996	2.2	47,770	8.9	38,211	-1.7	15,037	-35.6

Note: comprehensive income: Year ended March 31, 2017: 3,592 million yen (-%)  
 Year ended March 31, 2016: -8,965 million yen (-%)

	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, 2017	5.33	—	1.2	3.7	5.2
Year ended March 31, 2016	28.28	—	6.3	4.6	6.7

Note: Equity method investment gains or losses: Year ended March 31, 2017: 212 million yen  
 Year ended March 31, 2016: 800 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, 2017	798,891	245,050	28.7	431.66
Year ended March 31, 2016	794,650	248,504	29.2	436.97

Note: Shareholders' equity Year ended March 31, 2017: 229,243 million yen  
 Year ended March 31, 2016: 232,322 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, 2017	62,387	-41,218	-8,218	79,284
Year ended March 31, 2016	46,247	-33,770	-27,958	67,310

## 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, 2016	—	5.00	—	5.00	10.00	5,317	35.4	2.2
Year ended March 31, 2017	—	5.00	—	5.00	10.00	5,316	187.6	2.3
Year ending March 31, 2018 (forecast)	—	7.50	—	7.50	15.00		79.7	

Note: Details of dividends

at 2<sup>nd</sup> quarter end, year ending March 31, 2018 (forecast):

ordinary dividend of 5.00 yen, commemorative dividend of 2.50 yen

at fiscal year end, year ending March 31, 2018 (forecast):

ordinary dividend of 5.00 yen, commemorative dividend of 2.50 yen

## 3. Forecast of Consolidated Earnings for the Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(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 attributable to shareholder (parent company)		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
First half (cumulative)	345,000	5.6	15,000	-5.3	11,000	-4.6	3,000	-51.0	5.65
Full year	700,000	2.4	36,000	1.1	28,000	-5.4	10,000	253.3	18.83

\*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 principles due to amendment to accounting standards: None

2) Changes in accounting policy other than above: None

3) Changes in accounting estimates: None

4) Retrospective restatements: None

(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, 2017: 532,463,527 shares

Year ended March 31, 2016: 532,463,527 shares

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

Year ended March 31, 2017: 1,388,394 shares

Year ended March 31, 2016: 795,969 shares

3) Average number of shares outstanding:

Year ended March 31, 2017: 531,308,905 shares

Year ended March 31, 2016: 531,762,193 shares

Reference: Overview of Financial Results on Non-Consolidated basis

For the Year Ended March 31, 2017 – Non-consolidated

1. Financial Results for the Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)

(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, 2017	318,561	-5.1	-7,681	-	-2,522	-	-7,936	-
Year ended March 31, 2016	335,544	-0.7	9,110	-28.0	19,593	3.8	12,864	12.0

	Net income per share	Diluted net income per share
	yen	yen
Year ended March 31, 2017	-14.94	—
Year ended March 31, 2016	24.19	—

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 31, 2017	568,900	171,961	30.2	323.80
Year ended March 31, 2016	543,002	180,452	33.2	339.41

Note: Shareholders' equity

Year ended March 31, 2017: 171,961 million yen

Year ended March 31, 2016: 180,452 million yen

\* This financial result report is exempt from review.

\* 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, please refer to "1. Operating Results and Analysis of Financial Position (1) Analysis of Operating Results (Forecast for the Year Ending March 31, 2018)" from page 3

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## 1. Operating Results and Analysis of Financial Position

### (1) Analysis of Operating Results

During the fiscal year under review, the Japanese economy saw a continued moderate recovery reflecting improvement of employment and income environment, coupled with effects of various government policies. Looking at overseas economy, the U.S. economy continued strong. The European economy also saw a moderate recovery although the effect of the United Kingdom leaving the EU was concerned. The economic conditions in China and other emerging countries shows signs of recovery.

In this environment, under the three-year Medium-term Management Plan "NTN 100" started in April 2015, the NTN Group aims to transform and build a foundation toward "Our Vision" in a bid to mark the 100th anniversary in March 2018 and achieve sustainable growth for the next 100 years. Through these efforts, we are now promoting various initiatives, with three basic policies of "Manage Growth" where management resources (persons, materials, and cash) are concentrated in priority areas, "Manage Profitability" where we reform our business structure from volume to value to generate profit, and "Manage Foundation" where our management and financial foundations are strengthened.

For the fiscal year 2016, net sales for were 683,328 million yen (a year-on-year decrease of 4.7%). In terms of income, operating income was 35,622 million yen (a year-on-year decrease of 25.4%) and ordinary income was 29,604 million yen (a year-on-year decrease of 22.5%). In terms of extraordinary income, the Group recorded 2,147 million yen in gain from the sale of fixed assets as extraordinary income. In terms of extraordinary losses, the Group recorded 12,128 million yen in loss related to Anti-monopoly Act and 4,562 million yen in impairment loss. As a result, net income attributable to shareholder (parent company) was 2,830 million yen (a year-on-year decrease of 81.2%).

Operating results by reporting segment (company location) were as follows:

#### (1) Japan

Sales in aftermarket applications decreased in industrial machinery aftermarket applications. Sales in industrial machinery applications increased in construction machinery and others. Sales in automotive applications also increased reflecting an increase of customer demand and other factors. Overall, net sales were 320,834 million yen (a year-on-year decrease of 5.0%), and the segment income was 4,461 million yen (a year-on-year decrease of 81.5%) due principally to exchange-rates effect.

#### (2) Americas

Sales in aftermarket applications increased in automotive aftermarket applications. Sales in industrial machinery applications also increased mainly in products for use in construction machinery. Sales in automotive applications increased backed by an increase of customer demand and other factors. Overall, net sales were 191,393 million yen (a year-on-year decrease of 8.2%) due principally to exchange-rates effect. The segment income was 8,286 million yen (a year-on-year increase of 43.5%) due principally to effects of slash in proportional cost.

#### (3) Europe

Sales in aftermarket applications increased in automotive aftermarket applications. Sales in industrial machinery applications such as for aircraft and others increased, but there were lower sales mainly for wind turbines, and generally sales were on a par with the previous year. Sales in automotive applications rose reflecting an increase of customer demand and other factors. As a whole, net sales were 169,016 million yen (a year-on-year decrease of 7.9%) due principally to exchange-rates effect. The segment income was 3,310 million yen (a year-on-year increase of 6.8%) backed mainly by effects of increased sales.

#### (4) Asia and other areas

Sales in aftermarket applications increased in automotive aftermarket applications. Sales of products for industrial machinery applications increased in construction machinery and others. Sales in automotive applications increased reflecting an increase of customer demand and other factors. As a whole, net sales were 142,302 million yen (a year-on-year decrease of 4.0%) due principally to exchange-rates effect. The segment was 14,522 million yen (a year-on-year increase of 15.1%) supported mainly by effects of increased sales.

Operating results by business sector were as follows.

Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)				(In million yen)
	Aftermarket applications	Industrial machinery applications	Automotive applications	Total
Sales to external customers	113,628	104,109	499,258	716,996
Operating income	17,702	5,618	24,448	47,770

Year ended March 31, 2017 (April 1, 2016 - March 31, 2017)				(In million yen)
	Aftermarket applications	Industrial machinery applications	Automotive applications	Total
Sales to external customers	104,500	98,611	480,216	683,328
Operating income	13,994	1,622	20,005	35,622

(1) Aftermarket applications

Due to the decrease in industrial machinery aftermarket applications and exchange-rates effect, sales were 104,500 million yen (a year-on-year decrease of 8.0%). Operating income was 13,994 million yen (a year-on-year decrease of 20.9%).

(2) Industrial machinery applications

Though there was increased customer demand, sales were 98,611 million yen (a year-on-year decrease of 5.3%). Operating income was 1,622 million yen (a year-on-year decrease of 71.1%).

(3) Automotive applications

Although the sales increased due to expansion of customer demand, sales were 480,216 million yen (a year-on-year decrease of 3.8%). Operating income was 20,005 million yen (a year-on-year decrease of 18.2%) although there were effects of increased sales and slash in proportional cost.

(Forecast for the Year Ending March 31, 2018)

Looking at the world economy, various kinds of policies in the U.S could cause the slowdown in Japan, China and emerging countries. Also, national elections in European countries will take place so that it is expected that uncertainties about the future will remain.

Under such circumstances, as our full-year earning forecast we expect to see sales of 700 billion yen, operating income of 36 billion yen, ordinary income of 28 billion yen and net income attributable to shareholders (parent company) of 10 billion yen. We are assuming exchange rates of ¥110/US\$1.00 and ¥115/EUR1.00.

In addition, there are ongoing investigations by the authorities into our consolidated subsidiaries in South Korea and elsewhere. Also, the Company and its subsidiaries in the U.S and Canada, etc. are defendants in a number of class action suits although we entered into a settlement agreement with indirect purchasers who compromised a part of plaintiffs. Furthermore, in association with investigations by the authorities about the competition laws, we entered into a settlement agreement with a part of customers to provide compensation for damages while we have disputes alleged by others. We record 10 billion yen as the extraordinary losses in current forecast although it is difficult to make reasonable estimates of the future possible effects on the results on operations and financial position.

(2) Explanation regarding Consolidated Financial Position

(Assets, Liabilities, and Net assets)

Total current assets increased 12,636 million yen (up 3.0%) from the previous consolidated fiscal year end to 434,929 million yen. This was due principally to an increase of 16,768 million yen in cash and bank deposits, an increase of 3,209 million yen in electronically-recorded monetary claims, an increase of 2,652 million yen in cash and bank deposits, a decrease of 5,790 million yen in finished goods & purchased goods and a decrease of 2,909 million yen in short-term loans receivable. Total fixed assets decreased 8,396 million yen (down 2.3%) from the previous consolidated fiscal year end to 363,961 million yen. The major factor was a decrease of 11,790 million yen in property, plant and equipment, a decrease of 7,298 million yen in deferred tax assets, an increase of 5,389 million yen in intangible fixed assets and increase of 5,085 million yen in Investment securities. As a result, total assets increased 4,241 million yen (up

0.5%) from the previous consolidated fiscal year end to 798,891 million yen.

Total current liabilities increased 26,256 million yen (up 9.1%) from the previous consolidated fiscal year end to 315,027 million yen. This was due principally to an increase of 10,555 million yen in short-term loans payable, an increase of 10,450 million yen in others including accrued liabilities related to a loss pertaining to Anti-Monopoly Act, and an increase of 4,014 million yen in notes and accounts payable-trade. Total long-term liabilities decreased 18,562 million yen (down 7.2%) from the previous consolidated fiscal year end to 238,812 million yen, due principally to a decrease of 35,559 million yen in long-term loans payable, a decrease of 4,989 million yen in liabilities for retirement benefits and an increase of 20,000 million yen in bonds. As a result, total liabilities increased 7,695 million yen (up 1.4%) from the previous consolidated fiscal year end to 553,840 million yen.

Total net assets decreased 3,454 million yen (down 1.4%) from the previous consolidated fiscal year end to 245,050 million yen. This was mainly due to a decrease of 8,469 million yen in translation adjustments, a decrease of 2,486 million yen in retained earnings, an increase of 4,953 million yen in net unrealized holding gain on other securities and an increase of 3,522 million yen in accrued retirement benefits adjustments.

#### (Cash flows)

Net cash provided by operating activities was 62,387 million yen (a-year-on-year increase of 16,140 million yen, or up 34.9%). Major items included proceeds from depreciation and amortization of 36,629 million yen, income before income taxes and equity in earnings of affiliated companies of 14,889 million yen and increase of trade payables of 7,242 million yen.

Net cash provided by investing activities was 41,218 million yen (a-year-on-year increase of 7,448 million yen, or up 22.1%). This was mainly due to expenditure for purchase of property, plant and equipment of 35,272 million yen and purchase of intangible fixed assets of 6,627 million yen.

Net cash provided by financing activities was 8,218 million yen (a-year-on-year decrease of 19,740 million yen or down 70.6%). This was mainly due to an expenditure of 75,060 million yen in repayment of long-term loans, although there were proceeds of 39,480 million yen from long-term loans and 20,000 million yen from issue of bonds.

After adding a decrease of 977 million yen in translation adjustments, cash and cash equivalents as of the end of the current fiscal year came to 79,284 million yen, an increase of 11,973 million yen (up 17.8%) from the previous consolidated fiscal year end.

#### (Reference) Cash flow indicators

	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2017
Shareholders' equity ratio (%)	23.5	28.6	29.2	28.7
Shareholders' equity ratio based on current market value (%)	22.0	39.6	24.0	36.8
Cash flows to interest-bearing debt ratio (annual)	5.5	14.3	7.0	5.1
Interest coverage ratio (times)	14.1	5.4	9.7	14.5

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, the Company makes it a basic policy to first secure funds for research & development and capital expenditure for future growth, and then provide steady, sustainable dividends from a medium- and long-term perspective in accordance with its consolidated performance. Specifically, the Company will determine each dividend in consideration of its cash flow situation and the consolidated dividend payout ratio.

Regarding year-end dividends for the current fiscal year, it is forecast that year-end dividends will be 5.0 yen per share. When added to the interim dividend (5.0 yen per share), it is forecast that for the year as a whole total dividends will be 10 yen per share. With regard to dividends for the following fiscal year, the interim dividends of 2.5 yen per share and the year-end dividends of 2.5 per share as commemorative dividends to appreciate shareholders. As a result, the whole total dividends will be 15 yen per share(interim dividends of 7.5 yen and year-end dividends of 7.5 yen).



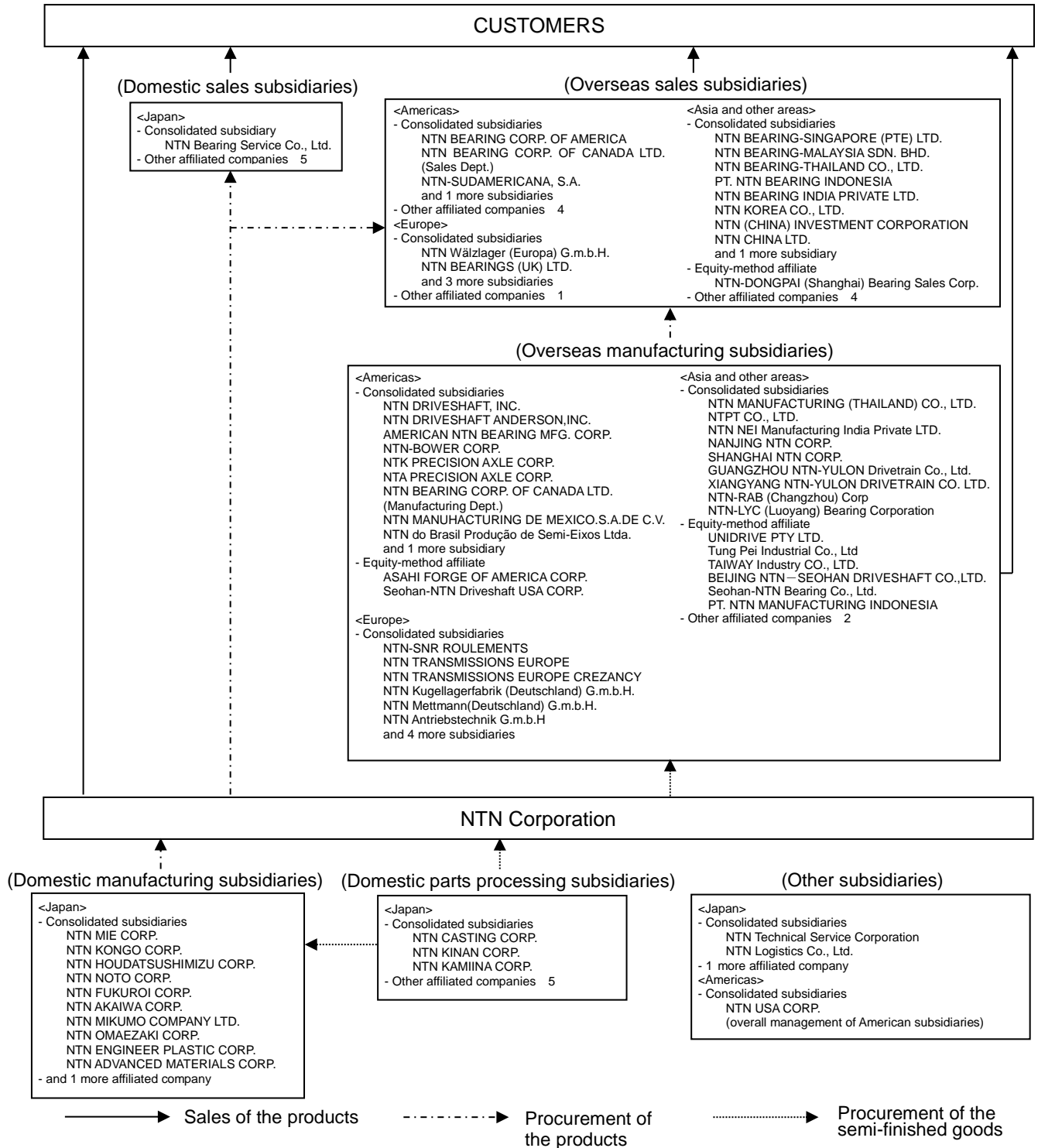
## 2. The Group Overview

The NTN Group consists of NTN Corporation (the Company), 78 subsidiaries, and 17 affiliated companies (as of March 31, 2017). 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' 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 are mainly handled by the Company, but are 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.



### 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

Pursuant to the Medium-term Management Plan "NTN100" the Company is forging ahead with various initiatives toward strengthen profit control and improve asset efficiency" aimed at ensuring a sound financial structure. (For further details, please see page of the attached documents "3. Management Policy, (4) Management Issues to be Addressed (1) Progress of the Medium-term Management Plan "NTN100".) Thus, the Company attaches great importance to operating income margin and return on equity (ROE).

#### (3) Medium to Long-term Management Strategy

The Company Group will celebrate the 100th anniversary in March 2018. In order to continue growing in the next 100 years the Company has defined "Our vision" as follows:

- (i) A company where its corporate philosophy is understood by all employees around the world and where all employees think and act for themselves.
- (ii) A company with original new products and services, appreciated for its high quality and functions, and has a global presence.
- (iii) A company where everyone involved with NTN is able to be proud of the "NTN" brand.

In the April 2015-March 2018 Medium-term Management Plan "NTN100" that started in April 2015 we deem the three years as the period for implementing transformation and building the foundation aimed at realizing "Our Vision". In this period we will work in accordance with the three basic policies: "Manage Growth" to concentrate resources (personal, materials and cash) on strategic areas, "Manage Profitability" to reform business structure from "volume" to "value" to generate profit, and "Manage Foundation" that will strengthen management and financial foundations. Acting on these three policies we will forge ahead with the following major themes:

##### <Manage Growth>

- (i) Develop Businesses in New Areas  
"Develop business in new areas fusing NTN's technology and knowhow"
- (ii) Expand Aftermarket Business  
"World's No. 1 customer satisfaction level with product lineup and engineering services"

##### < Manage Profitability >

- (iii) Structural Reform of the Driveshaft Business  
"NTN driveshafts achieving World's No.1 customer satisfaction level"
- (iv) "Monozukuri" with Next-generation Technology  
"Innovation with "Monozukuri" methods toward next 100 years"

##### <Manage Foundation>

- (v) Strengthen the Management Foundation  
"Establish management foundation as a truly global company"
- (vi) Strengthen the Financial Foundation  
"Strengthen profit control and improve asset efficiency"

#### (4) Management Issues to be Addressed

##### **[1] Progress of the Medium-term Management Plan “NTN100”**

The NTN Group has been tackling the three-year Medium-term Management Plan “NTN 100” that started in April 2015 and continues until March 2018, which marks the Company’s 100th anniversary. To mark the 100th anniversary and achieve sustainable growth for the next 100 years, the Group is now promoting major themes, under three basic policies of “Manage Growth,” “Manage Profitability,” and “Manage Foundation,” with the three-year period as a period for transformation and a building foundation that will allow realization of “Our Vision.”

##### <Manage Growth>

To “Develop Business in New Areas” following bearings and driveshafts, we are working to realize commercialization in four areas, namely natural energy, EVs, robot-related products and service solutions. In the Natural Energy Business, we brought out “Hybrid Street Lights” last year in July. These lights can generate electric energy by utilizing wind and solar power and activate LED lights during the night. In addition, we are moving forward with a demonstration tests of “Compact Wind Turbines” that can generate 10kW and “Micro Hydro Turbines” that can generate electric energy simply by placing them in an irrigation channels, and are planning to launch these products sequentially. In the EV Business, we developed a “New In-wheel Motor System” and are proposing it to overseas customers as well, who face serious environmental issues. Further, we added an “Electric Motor Actuator” to our product lineup last year in May and are proposing it as a product that promotes electrification of automobiles and improvement of fuel efficiency. In the Robot-related Business, we are accelerating the market expansion with the theme of “Working and Living with People” by offering products such as “Parallel Link High Speed Angle Control Equipment” that helps to improve the productivity of automated production equipment. In the Service,Solution Business, we offer the “Condition Monitoring System for Wind Turbines (CMS), Wind Doctor<sup>®</sup>,” and we acquired bearing status monitoring, diagnosis, and sensing techniques, and thereby the techniques actively expands our business into railway and other areas.

In regard to the “Expand Aftermarket Business” initiative, we intend to be the “world’s No. 1 customer satisfaction level with product lineup and engineering services.” We hold the Aftermarket Academy (technical training seminars, bearing diagnosis, etc.) in order to strengthen the technology service for our customers in Japan. Also overseas, we are expanding the automotive aftermarket business in Europe, Americas, and China. In the industrial machinery aftermarket business, we are strengthening the caravan activity where our technical service units to visit distributors and subsequent customers, thereby building a relationship of trust and expanding sales. In production, we establish a new heat treatment plant of NTN Noto Corporation (Shika, Ishikawa), and put an integrated production system for bearings in the Noto region into place, thereby shortening lead-time and achieving a stable supply system.

##### <Manage Profitability>

In regard to the “Structural Reform of the Driveshaft Business,” we consider the expansion of profits as a top priority issue, and are reforming our structure as being called the world No. 1 “NTN Driveshaft” in terms of customer satisfaction, including quality, cost, delivery and technical aspects. In the area of sales and technology, we have developed new products such as the “Advanced Driveshaft Module” that is created by incorporating hub bearings (our flagship products that boast of the world’s No. 1 market share) as a part of the module, based on new concepts and advanced manufacturing technology, thereby increasing the composition of high-value added products. In addition, in terms of production, against the background of an increase in automotive production and new construction of automobtive manufacturers’ offices, we have established new plants in China, the United States and other countries to raise the ratio of local production on a global basis while at the same time improving profitability by reducing proportional costs, etc.

As for “Monozukuri with Next Generation Technology,” with the innovation of “Monozukuri” methods toward the next century as theme, we are striving to strengthen cost competitiveness, shorten the lead time, achieve energy conservation and attain other goals by introducing innovative manufacturing technologies such as “electron beam welding.” In addition, we will promote the strengthening of a global quality assurance system with globally consistant quality standards in the world on the basis of “Made by NTN” mainly operated by “Quality Assurance HQ.”

##### <Manage Foundation>

In regard to the “Strengthen the Management Foundation” initiative, we are disseminating our “Corporate Philosophy” as a global common code of conduct to all employees of the NTN Group, while thoroughly ensuring compliance and strengthening response to governance and diversity as a global corporation. We are strengthening the fostering of global human resources who can play an active role beyond country and region and promoting continuous “Hitozukuri (human resource development)”

leading to enhancement of on-site capabilities. Moreover, we are striving to create a better workplace and environment in Japan, such as the enhancement of short working hour system for childcare and improvement of in-house day care center, in accordance with the Act of Promotion of Women's Participation and Advancement in the Workplace that was enacted in the country last year in April. In respect of CSR (corporate social responsibility), we focus our efforts on activities in the community where NTN Group develops business more than before and further expand social contribution and environmental conservation initiatives as a corporation loved by local communities.

As for the "Strengthen the Financial Foundation" initiative, we are promoting various measures to achieve the "strengthening of profits control and improvement of asset efficiency." By taking various measures for a slash in interest-bearing debts, improvement of inventory turnover ratio, a reduction in retirement benefit liabilities, and an increase of profit margin on sales, we will seek to gain soundness of our financial standing and continue stable long-term return of profit to shareholders.

## **[2] 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 matters>

In June 2012, the Company and its former executives received an indictment filed by the Tokyo District Prosecutors Office (TDPO) on suspicion of having violated the Japan Anti-Monopoly Act in relation to 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 the TDPO are greatly different from the Company's view of the facts, in April 2013, the Company requested the JFTC to initiate a hearing, and hearing proceedings are pending currently. In addition, in respect of a criminal trial, we had been appealing against the conviction declared in February 2015 by the Tokyo District Court, but the Tokyo High Court rendered a judgment of the rejection of the appeal in March 2016. The Company and its former executives have appealed to the Supreme Court.

Overseas, there are ongoing investigations by the authorities into our consolidated subsidiaries in South Korea and elsewhere.

The Company and its consolidated subsidiaries in the U.S., Canada, etc. are defendants in a number of class action suits for suspected price-fixing of bearing sales with other businesses. Last year in November, we considered quick settlement of the suits to be the best option, taking account of an increase in expenses due to prolonged suits and their impact on business operations, and therefore entered into a settlement agreement with indirect purchasers who comprised a part of plaintiffs in the U.S., on the condition that the Company would pay a settlement of 10.05 million U.S. dollars (approximately 1.1 billion yen) to such indirect purchasers.

Four bearing manufacturers, including the Company, have been filed a lawsuit in The United Kingdom Competition Appeal Tribunal that seeks for the joint payment of damages of 437.7 million euros (provisional amount) by Peugeot S.A. and its total 19 group companies (hereinafter referred to as the "Plaintiffs"). The suit has been filed allegedly because the Plaintiffs incurred damages in connection with the violation of the European Competition Law, which is subject of the decision made by the European Commission on March 19, 2014.

Additionally, we have held discussions with customers on compensation for damages in connection with investigations by the authorities about the competition laws, and entered into a settlement agreement with a part of customers.

The Company or its affiliated companies may be filed the lawsuit similar to the abovementioned lawsuits, etc.

The NTN Group will continue strengthening a system that thoroughly ensures compliance with laws and regulations, social norms, ethics and in-house regulations on a global basis, while pursuing business activities through more fair and faithful competitions.

<Strengthening our organization>

For ensuring thorough compliance with the Anti-Monopoly Act and Subcontract Act, under the guidance of the Fair Trade Monitoring Committee, the Company has the Fair Trade Promoting Department engaged in promoting fair trade activities.

The CSR (Corporate Social Responsibility) Headquarters established in 2014 has supervised the sections involved in corporate social responsibility, including the Fair Trade Promoting Department,

and promoted compliance with legal norms and social responsibility throughout the Group. It also strengthened its partnership with the Internal Control Section, which has been set up in general managers' offices in each overseas region, in order to build and strengthen the compliance systems overseas.

The Fair Trade Promoting Department has built a system to allow overall checks on the status of contact with competing companies through awareness-raising activities including in-house training and by making it compulsory to perform self-audits related to compliance with the Anti-Monopoly Act and submit advance applications in order to prevent and monitor contacts with competing companies. Last year, we designated July 26 as "Compliance Day," which serves as an opportunity for re-confirming the importance of compliance. In addition, we distributed leaflets on compliance with the Anti-Monopoly Act to employees working in Japan in order to raise awareness of compliance with the Anti-Monopoly Act.

Overseas, the Company has promoted a reconstruction of the legal system for handling compliance with the competition laws in each region by creating a system to provide regionally-led training, the screening of advance applications, etc., and the implementation of self-audits in collaboration with the Internal Control Section 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.

In order to contribute to international society through creating new technologies and developing new products, the NTN Group will work hard to strengthen its management foundation and streamline its business operations even further by implementing the above initiatives and strive to improve profits based on compliance with laws and regulations, fairness and faithfulness.

#### 4. Basic Approach to Selecting Accounting Standards

NTN Group prepared its consolidated financial statements in accordance with Japanese Accounting Standards in order to improve the comparability of consolidated financial statements between different accounting periods and against different companies.

NTN Group intends to consider the future application of International Financial Reporting Standards (IFRS).

## 5. Consolidated Financial Statements

### (1) Balance Sheets

(In million yen)

	As of March 31, 2016	As of March 31, 2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and bank deposits	63,233	80,001
Notes and accounts receivable-trade	134,195	136,847
Electronically-recorded monetary claims	2,285	5,494
Securities	2,000	—
Finished goods & purchased goods	103,195	97,405
Work in process	45,808	43,629
Raw materials & supplies	29,216	30,446
Deferred tax assets	8,927	8,405
Short-term loans receivable	3,003	94
Other	31,325	33,480
Allowance for doubtful accounts	-898	-876
<b>Total current assets</b>	<b>422,293</b>	<b>434,929</b>
<b>Fixed assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	197,814	199,673
Accumulated depreciation	-112,657	-116,413
Buildings and structures, net	285,156	283,259
Machinery, equipment and vehicles	714,814	717,847
Accumulated depreciation	-559,920	-573,546
Machinery, equipment and vehicles, net	2154,894	2144,301
Land	233,488	233,141
Construction in progress	15,705	16,720
Other	62,915	64,890
Accumulated depreciation	-55,758	-57,701
Other, net	27,156	27,188
<b>Total property, plant and equipment</b>	<b>296,401</b>	<b>284,611</b>
<b>Intangible fixed assets</b>		
Goodwill	138	—
Other	10,258	15,786
<b>Total intangible fixed assets</b>	<b>10,397</b>	<b>15,786</b>
<b>Investments and other assets</b>		
Investment securities	149,301	154,386
Deferred tax assets	12,448	5,150
Other	3,995	4,264
Allowance for doubtful accounts	-186	-237
<b>Total investments and other assets</b>	<b>65,558</b>	<b>63,563</b>
<b>Total fixed assets</b>	<b>372,357</b>	<b>363,961</b>
<b>Total assets</b>	<b>794,650</b>	<b>798,891</b>

(In million yen)

	As of March 31, 2016	As of March 31, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	55,247	59,261
Electronically-recorded monetary claims	56,390	58,131
Short-term loans	122,792	133,347
Accrued income taxes	4,236	3,057
Accrued bonuses for directors and statutory auditors	154	150
Reserve for loss on support to affiliated companies	1,495	2,173
Other	48,455	58,905
Total current liabilities	288,771	315,027
Long-term liabilities		
Bonds	—	20,000
Long-term loans	202,381	166,822
Reserve for product defect compensation	307	400
Liabilities for retirement benefits	47,137	42,148
Other	7,547	9,441
Total long-term liabilities	257,374	238,812
Total liabilities	546,145	553,840
<b>Net assets</b>		
Shareholders' equity		
Common stock	54,346	54,346
Additional paid-in capital	67,350	66,943
Retained earnings	116,644	114,158
Treasury stock	-616	-807
Total shareholders' equity	237,725	234,641
Accumulated other comprehensive income		
Net unrealized holding gain on other securities	8,554	13,507
Translation adjustments	-1,536	-10,005
Accrued retirement benefits adjustments	-12,421	-8,899
Total accumulated other comprehensive income	-5,402	-5,397
Non-controlling shareholders' equity	16,182	15,806
Total net assets	248,504	245,050
Total liabilities and net assets	794,650	798,891



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

(In million yen)

	Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 - March 31, 2017)
Net sales	716,996	683,328
Cost of sales	<sup>2</sup> 2576,650	<sup>2</sup> 2555,722
Gross profit	140,346	127,606
Selling, general and administrative expenses	<sup>1,2</sup> 92,576	<sup>1,2</sup> 91,984
Operating income	47,770	35,622
Non-operating income		
Interest income	600	581
Dividend income	828	838
Equity in earnings of unconsolidated subsidiaries	800	212
Refund of customs duties	—	695
Derivative transaction gains	—	590
Gain on reversal of business restructuring expenses	760	—
Gain on reversal of product defect compensation	655	—
Other	2,355	2,300
Total non-operating income	6,001	5,218
Non-operating expenses		
Interest expenses	4,730	4,191
Law suit-related expenses	1,218	1,955
Foreign exchange loss	6,824	1,340
Product warranty expenses	208	1,189
Provision of reserves for loss on supporting affiliated companies	32	667
Other	2,545	1,891
Total non-operating expenses	15,560	11,236
Ordinary income	38,211	29,604
Extraordinary income		
Gain on reversal associated with the arbitration award	—	<sup>3</sup> 2,147
Gain on sale of fixed assets	<sup>4</sup> 2,880	—
Gain on change in equity	<sup>5</sup> 1,552	—
Total extraordinary income	4,432	2,147
Extraordinary loss		
Loss related to Anti-Monopoly Act	—	<sup>6</sup> 12,128
Impairment loss	<sup>7</sup> 2,687	<sup>7</sup> 4,562
Loss on sales of fixed assets	—	171
Loss associated with the arbitration award	<sup>8</sup> 13,013	—
Total extraordinary losses	15,700	16,862
Income before income taxes and equity in earnings of affiliated companies	26,942	14,889
Income and other taxes	10,489	5,590
Income and other taxes adjustment	405	4,834
Total income and other taxes	10,895	10,425
Net income	16,047	4,464
Net income attributable to shareholder (non-controlling shareholder)	1,010	1,634
Net income attributable to shareholder (parent company)	15,037	2,830

## (Consolidated Statement of Comprehensive Income)

(In million yen)

	Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 - March 31, 2017)
Net income	16,047	4,464
Other comprehensive income		
Net unrealized holding gain on securities	-6,007	4,952
Translation adjustments	-17,345	-8,682
Accrued retirement benefits adjustments	-934	3,624
Equity in equity-method affiliates	-726	-767
Total other comprehensive income	* -25,012	* -872
Comprehensive income	-8,965	3,592
(Breakdown)		
Comprehensive income attributable to owners of parent company	-8,351	2,835
Comprehensive income related to non-controlling shareholders	-613	756

(3) Statement of Changes in Shareholders' Equity  
 Previous consolidated accounting year (April 1, 2015 to March 31, 2016)

(In million yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2015	54,346	67,369	106,127	-558	227,284
Changes during the period					
Distribution of retained earnings			-4,520		-4,520
Net income attributable to shareholder (parent company)			15,037		15,037
Purchase of treasury stock				-58	-58
Sale of treasury stock				0	0
Changes in equity of parent company pertaining to transactions with non-controlling shareholders		-19			-19
Net changes in items other than shareholders' equity during the period					
Total changes during the period	—	-19	10,517	-57	10,440
Balance at March 31, 2016	54,346	67,350	116,644	-616	237,725

	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, 2015	14,562	14,901	-11,477	17,986	17,288	262,559
Changes during the period						
Distribution of retained earnings						-4,520
Net income attributable to shareholder (parent company)						15,037
Purchase of treasury stock						-58
Sale of treasury stock						0
Changes in equity of parent company pertaining to transactions with non-controlling shareholders						-19
Net changes in items other than shareholders' equity during the period	-6,007	-16,437	-943	-23,389	-1,105	-24,494
Total changes during the period	-6,007	-16,437	-943	-23,389	-1,105	-14,054
Balance at March 31, 2016	8,554	-1,536	-12,421	-5,402	16,182	248,504

Current consolidated accounting year (April 1, 2016 to March 31, 2017)

(In million yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2016	54,346	67,350	116,644	-616	237,725
Changes during the period					
Distribution of retained earnings			-5,316		-5,316
Net income attributable to shareholder (parent company)			2,830		2,830
Purchase of treasury stock				-190	-190
Changes in equity of parent company pertaining to transactions with non-controlling shareholders		-406			-406
Net changes in items other than shareholders' equity during the period					
Total changes during the period	—	-406	-2,486	-190	-3,083
Balance at March 31, 2017	54,346	66,943	114,158	-807	234,641

	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, 2016	8,554	-1,536	-12,421	-5,402	16,182	248,504
Changes during the period						
Distribution of retained earnings						-5,316
Net income attributable to shareholder (parent company)						2,830
Purchase of treasury stock						-190
Changes in equity of parent company pertaining to transactions with non-controlling shareholders						-406
Net changes in items other than shareholders' equity during the period	4,952	-8,469	3,521	5	-375	-370
Total changes during the period	4,952	-8,469	3,521	5	-375	-3,454
Balance at March 31, 2017	13,507	-10,005	-8,899	-5,397	15,806	245,050

## (4) Statements of Cash Flows

(In million yen)

	Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 - March 31, 2017)
<b>Cash flow from operating activities</b>		
Income before income taxes and equity in earnings of affiliated companies	26,942	14,889
Depreciation and amortization	38,277	36,629
Impairment loss	2,687	4,562
Goodwill depreciation	52	47
Gain on reversal associated with the arbitration award	32	667
Loss related to Anti-Monopoly Act	—	12,128
Increase/decrease (-) in allowance for doubtful accounts	-5	88
Increase/decrease (-) in accrued retirement benefits for directors and statutory auditors	31	-3
Increase/decrease (-) in reserve for product defect compensation	-632	92
Increase/decrease (-) in liabilities in retirement benefits	1,529	-654
Increase/decrease (-) in accrued liabilities related to business restructuring expenses	-2,411	—
Payment of loss associated with arbitration award	11,651	1,114
Interest and dividend income	-1,429	-1,420
Insurance received	-2,145	—
Interest expenses	4,730	4,191
Foreign currency translation adjustments / Foreign exchange losses/gains (-)	1,432	834
Loss/gain (-) on derivative transactions	—	-590
Equity in earnings (-) / losses of non-consolidated subsidiaries	-800	-212
Gains (-) or loss on sale of fixed assets	-2,880	171
Gains (-) or losses on change in equity	-1,552	—
Decrease/increase (-) in trade receivables	4,598	-9,282
Decrease/increase (-) in inventories	-2,147	2,467
Increase/decrease (-) in trade payables	-5,407	7,242
Other	31	1,989
Subtotal	72,586	74,953
Interest and dividend income received	2,396	1,988
Interest paid	-4,788	-4,314
Payment of loss associated with arbitration award	-11,651	-1,114
Loss related to Anti-Monopoly Act	—	-1,112
Insurance received	2,145	—
Income taxes paid	-14,440	-8,013
<b>Cash flow from operating activities</b>	<b>46,247</b>	<b>62,387</b>
<b>Cash flow from investing activities</b>		
Increase in time deposits	-685	-2,287
Decrease in time deposits	1,021	2,487
Purchase of property, plant and equipment	-34,441	-35,272
Proceeds from sale of property, plant and equipment	3,120	472
Purchase of intangible fixed assets	-3,179	-6,627
Redemption of investment securities	1,000	—
Decrease / increase (-) in short-term loans receivable, net	15	-90
Other	-623	99
<b>Cash flow from investing activities</b>	<b>-33,770</b>	<b>-41,218</b>

(In million yen)

	Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 - March 31, 2017)
<b>Cash flow from financing activities</b>		
Increase/decrease (-) in short-term loans, net	-19,529	13,679
Proceeds from long-term loans	37,297	39,480
Repayment of long-term loans	-45,039	-75,060
Proceeds from bonds	—	20,000
Proceeds from issuance of shares to non-controlling shareholders	4,651	—
Dividend payment	-4,520	-5,316
Repayment of lease payable	-249	-325
Other	-569	-675
Cash flow from financing activities	-27,958	-8,218
Effect of exchange rate changes on cash and cash equivalents	-172	-977
Increase/decrease (-) in cash and cash equivalents	-15,653	11,973
Cash and cash equivalents, at beginning of the year	87,777	67,310
Decrease in cash and cash equivalents due to exclusion of subsidiaries from consolidation	-4,813	—
Cash and cash equivalents, at end of the quarter	* 67,310	* 79,284

(5) Notes to Consolidated Financial Statements  
 (Going Concern Assumption)  
 None

(Changes in Presentation Method)  
 (Consolidated Statement of Operation)

In the previous consolidated accounting period, "Law suit-related expenses" and "Product warranty expenses" under "Other" of "Non-operating expenses" had an independent account heading because the amount is more than 10/100 of the total sum of non-operating expense. "Provision of reserves for loss on supporting affiliated companies" also had an independent account heading because of its important amount. To reflect this change in the method of presentation, the Company reclassified relevant accounts in the consolidated financial statement of the previous consolidated accounting period.

As a result, 4,005 million yen presented as "Other" under "Non-operating expenses" in the consolidated financial statements of the previous consolidated accounting period was reclassified to 1,218 million yen of "Law suit-related expenses," 208 million yen of "Product warranty expenses", 32 million yen of "Provision of reserves for loss on supporting affiliated companies" and 2,545 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, 2016	Year ended March 31, 2017
Investment securities (stock)	19,088	17,991

\*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, 2016	Year ended March 31, 2017
Buildings and structures	434	401
Machinery, equipment and vehicles	192	153
Land	798	798
Other	2	1
Total	1,427	1,355

### 3 Contingency liabilities

(Lawsuits, etc.)

(1) In June 2012, the Company and its 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 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 the TDPO are greatly different from the Company’s view of the facts, in April 2013, the Company requested the JFTC to initiate a hearing. As a result, hearing proceedings for the JFTC orders were commenced in September 2013. In addition, in respect of a criminal trial we had been appealing against the conviction declared in February 2015 by the Tokyo District Court, but the Tokyo High Court rendered judgment of the rejection of the appeal in March 2016. The Company and its former executives have appealed to the Supreme Court.

Overseas, there are ongoing investigations by the authorities into our consolidated subsidiaries in South Korea and elsewhere.

(2) The Company and its subsidiaries in the U.S. and Canada, etc. are defendants in a number of class action suits for suspected price-fixing of bearing sales with other businesses. The Company and its subsidiary have reached an agreement to settle with indirect purchasers, parts of the certain plaintiffs in November, 2016.

(3) In February 2016, a lawsuit was filed against eight bearing manufacturers, including the Company, in The United Kingdom Competition Appeal Tribunal. It sought the joint payment of damages of 507.8 million euros (provisional amount) to Peugeot S.A. and its total 19 group companies (hereinafter referred to as the “PSA group”). The claim was revised for four bearing manufactures, including the Company to pay 437.7 million euros (provisional amount) jointly. The suit has been filed allegedly because the PSA group incurred damages in connection with the violation of the European Competition Law, which is subject of the decision made by the European Commission on March 19, 2014.

(4) The Company or its affiliated companies may be filed the lawsuit similar to the abovementioned lawsuit etc. and continue to address these claims. 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, 2016 (April 1, 2015 - March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 - March 31, 2017)
Salaries and benefit	33,665	33,145
Freight	14,564	14,436
Research and development	10,452	11,093
Rent expenses	3,236	3,218
Retirement benefits expenses	2,103	2,168

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

(In million yen)

	Year ended March 31, 2015 (April 1, 2014 - March 31, 2015)	Year ended March 31, 2017 (April 1, 2016 - March 31, 2017)
	18,480	19,196

\*3 In November 2015, NTN-SNR ROULEMENTS (hereinafter referred to as NTN-SNR), the consolidated subsidiary of NTN Corporation, received a final award from the Arbitration Institute of the Stockholm Chamber of Commerce (Sweden) in relation to the arbitration proceedings regarding the problem with the bearings between NTN-SNR and Volvo Powertrain AB of Europe that orders NTN-SNR to provide compensation for damages. We thoroughly examined the award and decided that there was a flaw in such



arbitration proceedings. Therefore, we challenged the award in the Stockholm District Court in February 2016. In January 2017, NTN-SNR has reached an agreement to settle with Volvo Powertrain AB. Accompanied by this agreement, NTN included in extraordinary income 2,147 million yen of reversal of loss associated with the arbitration award in the current consolidated period.

- \*4 In the previous consolidated fiscal year, 2,880 million yen of gains on sale of fixed assets was recorded as extraordinary income. This included 2,694 million yen in gains on the sale of building sites following the closure of Takarazuka Works and 185 million yen of other gains.
- \*5 In the previous consolidated fiscal year, PT.NTN MANUFACTURING INDONESIA, which was a consolidated subsidiary of the Company, carried out a third-party allocation of new shares in January 2016, our ownership ratio lowered and so we excluded it from the scope of consolidation. Thus, we recorded a gain on change in equity of 1,552 million yen in extraordinary income.
- \*6 With respect to class action suits filed against the Company and its subsidiaries for suspected price-fixing of bearing sales with other businesses in the United States District Court for the Eastern District of Michigan, the Company and its subsidiary in the U.S. have reached an agreement to settle with indirect purchasers, parts of the certain plaintiffs in November, 2016.  
Also, the Company has negotiated the compensation of damages with a part of customers in association with investigations by the authorities about the competition laws. We considered the effects to our business by the long-term negotiation and reached the conclusion to pay the settlement amount to make the benefits for both parties by amicably and early resolution.  
With these settlements, we record 1,2128 million yen as extraordinary loss in association with the Anti-monopoly act in current consolidated fiscal year.
- \*7 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 grouped as corporate assets and the assets no longer used are grouped by individual asset.  
In the 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 and no possibility of recovery is found for the estimated period of future cash flows. For these reasons, 4,562 million yen of reduced amount and 2,687 million yen was recorded under extraordinary loss as an impairment loss in the previous consolidated accounting period. 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 unlikely have been given a value of 0.

Location	Applications	Type of asset	Impairment loss (million yen)	
			Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 - March 31, 2017)
Japan	Manufacturing facilities and other	Machinery, equipment and vehicles	-	23
		Construction in progress	226	100
		Intangible fixed assets	-	431
Europe	Manufacturing facilities and other	Machinery, equipment and vehicles	-	75
		Fixed assets and others	-	9
		Intangible fixed assets and others	-	79
Asia and other areas	Manufacturing facilities and other	Property, plant and equipment	-	1,319
		Machinery, equipment and vehicles	-	2,440
		Construction in progress	2,461	-
		Goodwill	-	82
<b>Total</b>			<b>2,687</b>	<b>4,562</b>

\*8 NTN-SNR ROULEMENTS (hereinafter referred to as NTN-SNR), the consolidated subsidiary of NTN, had a claim brought against it by Volvo Powertrain AB of Europe that the bearings supplied by NTN-SNR did not comply with the relevant specifications and caused damages, and a request for arbitration by Volvo Powertrain AB of Europe claiming payment of compensation for damages was filed against NTN-SNR in November 2012. In November 2015, we received the final award from the Arbitration Institute of the Stockholm Chamber of Commerce (Sweden) that orders NTN-SNR to compensate for the damages. In the previous consolidated period, we included in extraordinary loss as loss associated with the arbitration award the amount of 13,013 million yen obtained by deducting proceeds from the casualty insurance for the said event.

## (Matters Related to Consolidated Statement of Comprehensive Income)

\* Reclassification adjustment and tax effect on other comprehensive income

(In million yen)

	Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 - March 31, 2017)
Net unrealized holding gain on other securities:		
Amount arising in current fiscal year	-9,038	7,209
Reclassification adjustment	-	-134
Before tax effect adjustment	-9,038	7,075
Tax effect	3,030	-2,122
Net unrealized holding gain on other securities	-6,007	4,952
Translation adjustments:		
Amount arising in current fiscal year	-17,363	-8,767
Reclassification adjustment	18	85
Before tax effect adjustment	-17,345	-8,682
Tax effect	-	-
Translation adjustments	-17,345	-8,682
Accrued retirement benefits adjustments:		
Amount arising in current fiscal year	-3,276	3,450
Reclassification adjustment	2,224	2,305
Before tax effect adjustment	-1,052	5,755
Tax effect	118	-2,131
Accrued retirement benefits adjustments	-934	3,624
Equity in equity-method affiliates:		
Amount arising in current fiscal year	-726	-767
Total other comprehensive income	-25,012	-872

## (Consolidated Statements of Changes in Shareholders' Equity)

Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)

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

	Number of shares as of April 1, 2015 (thousand shares)	Increase (thousand shares)	Decrease (thousand shares)	Number of shares as of March 31, 2016 (thousand shares)
Shares issued and outstanding				
Common stock	532,463	-	-	532,463
Total	532,463	-	-	532,463
Treasury stock				
Common stock *	670	127	1	795
Total	670	127	1	795

\*Note: The 127,000 share increase in common stock under "treasury stock" consists of 49,000 shares of acquisition by purchase of shares of less than one unit and 78,000 shares of acquisition under provisions of Article 156 of the Companies Act applied by replacing pursuant to Article 163 of the Companies Act, and 1,000 share decrease results from demands for the additional 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 shareholders on June 24, 2015	Common stock	1,861	3.5	March 31, 2015	June 27, 2015
October 30, 2015 Board of Directors	Common stock	2,658	5.0	September 30, 2015	December 4, 2015

(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

(Date of approval)	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 24, 2016	Common stock	2,658	Retained earnings	5.0	March 31, 2016	June 27, 2016

Year ended March 31, 2017 (April 1, 2016 - March 31, 2017)

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

	Number of shares as of April 1, 2016 (thousand shares)	Increase (thousand shares)	Decrease (thousand shares)	Number of shares as of March 31, 2017 (thousand shares)
Shares issued and outstanding				
Common stock	532,463	-	-	532,463
Total	532,463	-	-	532,463
Treasury stock				
Common stock *	795	592	-	1,388
Total	795	592	-	1,388

\*Note: The 592,000 shares increase in common stock in treasury stock consists of 24,000 shares of acquisition by purchasing the fractional unit share and 568,000 shares of acquisition by "BIP Trust" as trust property of stock compensation scheme for directors. Also, number of shares issued and outstanding at the end of period includes 568,000 shares acquired by "BIP Trust".

#### 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 shareholders on June 24, 2016	Common stock	2,658	5.0	March 31, 2016	June 27, 2016
November 1, 2016 Board of Directors	Common stock	2,658	5.0	September 30, 2016	December 5, 2016

\*Note: The total amount of dividend whose record date is September 30, 2016 includes 2 million yen for the Company's stock acquired by "BIP Trust".

(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 23, 2017	Common stock	2,658	Retained earnings	5.0	March 31, 2017	June 27, 2017

\*Note: The total amount of dividend whose record date is March 31, 2016 includes 2 million yen for the Company's stock acquired by "BIP Trust".

#### (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, 2016 (April 1, 2015 - March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 - March 31, 2017)
Cash and bank deposits	63,233	80,001
Securities	2,000	-
Short-term loans receivable	3,003	94
Time deposits with original maturities of more than three months	-924	-717
Short-term loans receivable, excluding repurchase agreements	-1	-94
Cash and cash equivalents	67,310	79,284

(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, 2016 (April 1, 2015 - March 31, 2016)

(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	200,106	203,880	179,525	133,484	716,996	-	716,996
Inter-segment sales or transfers	137,578	4,498	4,022	14,675	160,775	(160,775)	-
Total	337,685	208,378	183,548	148,159	877,772	(160,775)	716,996
Segment income (Operating income)	24,149	5,774	3,100	12,619	45,643	2,126	47,770
Segment assets	552,812	169,453	143,963	160,124	1,026,354	(231,703)	794,650
Segment liabilities	354,652	121,244	96,261	57,006	629,166	(83,020)	546,145
Other items							
Depreciation and amortization	11,836	11,247	7,084	8,109	38,277	-	38,277
Increase in tangible and intangible fixed assets	16,179	7,452	8,325	8,022	39,980	(185)	39,795

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 -276,943 million yen and company-wide assets not allocated to specific segments of 45,240 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, 2017 (April 1, 2016 - March 31, 2017)

(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	200,955	187,787	165,262	129,323	683,328	-	683,328
Inter-segment sales or transfers	119,879	3,605	3,754	12,979	140,218	(140,218)	-
Total	320,834	191,393	169,016	142,302	823,547	(140,218)	683,328
Segment income (Operating income)	4,461	8,286	3,310	14,522	30,581	5,041	35,622
Segment assets	584,616	169,057	138,029	157,234	1,048,937	(250,046)	798,891
Segment liabilities	379,092	115,145	95,336	53,954	643,528	(89,688)	553,840
Other items							
Depreciation and amortization	13,167	10,097	6,390	6,973	36,629	-	36,629
Increase in tangible and intangible fixed assets	19,207	11,698	8,318	3,748	42,972	(64)	42,908

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 -286,466 million yen and company-wide assets not allocated to specific segments of 36,420 million yen (major items

include 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, 2016 (April 1, 2015 - March 31, 2016)

1. Information related to products and services

(In million yen)

	Aftermarket applications	Industrial machinery applications	Automotive applications	Total
Sales to external customers	113,628	104,109	499,258	716,996

(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
189,556	212,549	169,039	145,850	716,996

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 188,391 million yen.

4. Of the sales classified as net sales to Asia and others, sales to China accounted for 77,611 million yen.

(2) Property, plant and equipment

(In million yen)

Japan	Americas	Europe	Asia and other areas	Total
111,876	75,580	46,400	62,544	296,401

Notes: 1. Of the property, plant and equipment classified under Americas, property, plant and equipment held in the United States accounted for 67,150 million yen.

2. Of the property, plant and equipment classified under Europe, property, plant and equipment held in France accounted for 35,486 million yen.

3. Of the property, plant and equipment classified under Asia and other areas, property, plant and equipment held in China accounted for 49,028 million yen.

Year ended March 31, 2017 (April 1, 2016 - March 31, 2017)

1. Information related to products and services

(In million yen)

	Aftermarket applications	Industrial machinery applications	Automotive applications	Total
Net sales to external customers	104,500	98,611	480,216	683,328

(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
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191,466	194,765	154,989	142,107	683,328
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- 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 168,382 million yen.  
4. Of the sales classified as net sales to Asia and others, sales to China accounted for 74,222 million yen.

(2) Property, plant and equipment

(In million yen)

Japan	Americas	Europe	Asia and other areas	Total
110,919	76,258	44,963	52,469	284,611

- Notes: 1. Of the property, plant and equipment classified under Americas, property, plant and equipment held in the United States accounted for 67,938 million yen.  
2. Of the property, plant and equipment classified under Europe, property, plant and equipment held in France accounted for 32,544 million yen.  
3. Of the property, plant and equipment classified under Asia and other areas, property, plant and equipment held in China accounted for 39,440 million yen.

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

Previous consolidated accounting period (April 1, 2014 – March 31, 2015)

(In million yen)

	Japan	Americas	Europe	Asia and other areas	Adjustment	Total
Impairment loss	226	-	-	2,461	-	2,687

Current consolidated accounting period (April 1, 2015 to March 31, 2016)

(In million yen)

	Japan	Americas	Europe	Asia and other areas	Adjustment	Total
Impairment loss	555	-	164	3,759	82	4,562

(Per share data)

	Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 - March 31, 2017)
Net assets per share (yen)	436.97	431.66
Net income per share or net loss (-) per share	28.28	5.33

- (Notes) 1. Diluted net income per share in the current consolidated accounting period is not reported because no residual securities existed.  
2. The Company has introduced an “Officer Remuneration BIP Trust” in the current consolidated accounting period, and recorded the Company’s shares held by such trust as treasury stock in consolidated financial statements. Accordingly, to calculate the “amount of net assets per share,” the Company’s shares held by the trust are included in treasury stock (568,000 shares for the current consolidated accounting period) that is excluded from the total number of shares issued and outstanding as of fiscal year end. In addition, to calculate the “amount of net income per share,” the Company’s shares held by the trust are included in treasury stock (349,538 shares for the current consolidated accounting period) that is excluded from the calculation of the average number of shares for the period.

3. The basic methods for calculating net income per share are as follows.

	Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)	Year ended March 31, 2017 (April 1, 2016 - March 31, 2017)
Net income attributable to shareholder (parent company) (million yen)	15,037	2,830
Amount not attributable common shareholders (million yen)	-	-
Net income attributable to shareholders (parent company) for common stocks (million yen)	15,037	2,830
Average number of shares during the period (thousand shares)	531,762	531,308

(Significant Subsequent Events)

N.A

(Additional information)

1. Application of the Implementation guidance on the recoverability of deferred tax assets

“Implementation guidance on the recoverability of deferred tax assets” (ASBJ Guidance No. 26; March 28, 2016) has been applied from the first quarter of the fiscal year under review.

2. Lawsuits and related matters

NTN-SNR ROULEMENTS (hereinafter referred to as NTN-SNR), the consolidated subsidiary of NTN, had a claim brought against it by Volvo Powertrain AB of Europe that the bearings supplied by NTN-SNR did not comply with the relevant specifications and caused damages, and a request for arbitration by Volvo Powertrain AB of Europe claiming payment of compensation for damages was filed against NTN-SNR in November 2012. In November 2015, we received the final award from the Arbitration Institute of the Stockholm Chamber of Commerce (Sweden) that orders NTN-SNR to compensate for the damages. In the previous consolidated period, we included in extraordinary loss as loss associated with the arbitration award the amount of 13,013 million yen obtained by deducting proceeds from the casualty insurance for the said event.

3. Modification of amounts for deferred tax assets and deferred income taxes due to changes in rates of income and other taxes

The “Act for Partial Revision of Regulations Including the Act for, among Other Purposes, Partial Revision of the Consumption Tax Act to Implement a Drastic Reform of the Taxation System for Purposes Such as Securing Stable Financial Resources for Social Security” (Act No. 85 of 2016) and the “Act for Partial Revision of Regulations Including the Act for, among Other Purposes, Partial Revision of the Local Tax Act and the Local Allocation Tax Act to Implement a Drastic Reform of the Taxation System for Purposes Such as Securing Stable Financial Resources for Social Security” (Act No. 86 of 2016) were enacted at the Diet on November 18, 2016, and a consumption tax hike to 10% has been postponed from April 1, 2017 to October 1, 2019.

Accordingly, the abolishment of the special local corporation tax, the restoration of the enterprise tax on corporation as a result of the abolishment, the revision of the local corporate income tax rate, and the revision of the rate of corporation levy that comprises a part of the corporate residential tax have been postponed from a consolidated accounting period starting on or after April 1, 2017 to a consolidated accounting period starting on or after October 1, 2019.

Although there is no change in the effective statutory tax rate used for calculating deferred tax assets and deferred income taxes, tax rates are reclassified in terms of national and local taxes. The aforementioned revisions will only have a minor effect on the relevant consolidated financial statements.

4. Performance-linked stock compensation scheme

In the current consolidated accounting period, the Company has introduced a performance-linked stock compensation scheme (hereinafter referred to as the “Scheme”) for its directors (excluding directors who are not resident in Japan and outside directors; the same applies hereinafter), which serves as an officer remuneration system that is highly linked to corporate performance indicated in a mid-term management plan and is of highly transparent and objective nature.

(1) Overview of transactions

The Scheme adopts a mechanism called an officer remuneration BIP (Board Incentive Plan) trust (hereinafter referred to as the "BIP Trust"). The BIP Trust is an incentive plan for officers based on the Performance Share scheme and the Restricted Stock scheme in the U.S., and has a system in which the Company's shares acquired by the BIP Trust and funds equivalent to the amount obtained when converting into cash or disposing of such shares are issued and paid according to officers' positions, the degree of achievement of performance targets shown in a mid-term management plan, and other factors.

(2) The Company's shares remaining in the trust

The Company's shares remaining in the trust are recorded as treasury stock in the net asset section, based on their book value (excluding the amount of incidental expenses) recorded in the accounts of the trust. The book value and number of shares of such treasury stock for the current consolidated accounting period are 179 million yen and 568,000 shares.

### 3. Explanatory Materials

#### 3.1. Consolidated Financial Results

(In million yen)

		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	
Consolidated operating results (Lower: Net sales ratio)	Net sales	539,594 100.0%	638,970 100.0%	701,900 100.0%	716,996 100.0%	683,328 100.0%	
	Operating income	7,278 1.3%	33,003 5.2%	43,850 6.2%	47,770 6.7%	35,622 5.2%	
	Ordinary income	2,512 0.5%	28,670 4.5%	38,868 5.5%	38,211 5.3%	29,604 4.3%	
	Extraordinary loss	-16,409 -3.0%	-31,121 -4.9%	-1,805 -0.3%	-11,268 -1.6%	-14,714 -2.2%	
	Net income attributable to shareholder (parent company)	-14,195 -2.6%	-14,648 -2.3%	23,352 3.3%	15,037 2.1%	2,830 0.4%	
Net sales by region (Lower: Net sales ratio)	Japan	177,472 32.9%	179,081 28.0%	191,460 27.3%	189,556 26.4%	191,466 28.0%	
	Americas	141,570 26.2%	174,566 27.3%	202,561 28.9%	212,549 29.6%	194,765 28.5%	
	Europe	124,751 23.1%	166,279 26.0%	171,217 24.4%	169,039 23.6%	154,989 22.7%	
	Asia and other areas	95,800 17.8%	119,043 18.6%	136,661 19.5%	145,850 20.3%	142,107 20.8%	
	Total	539,594 100.0%	638,970 100.0%	701,900 100.0%	716,996 100.0%	683,328 100.0%	
Net sales / Operating income by company location	Japan	Net sales	315,932	323,582	343,315	337,685	320,834
		Operating income	9,837	25,593	27,557	24,149	4,461
		Operating margin	3.1%	7.9%	8.0%	7.2%	1.4%
	Americas	Net sales	138,477	171,843	198,912	208,378	191,393
		Operating income	-3,218	2,644	1,410	5,774	8,286
		Operating margin	-2.3%	1.5%	0.7%	2.8%	4.3%
	Europe	Net sales	136,544	182,350	187,206	183,548	169,016
		Operating income	-214	2,139	3,700	3,100	3,310
		Operating margin	-0.2%	1.2%	2.0%	1.7%	2.0%
	Asia and other areas	Net sales	85,762	113,806	132,925	148,159	142,302
		Operating income	713	4,405	10,081	12,619	14,522
		Operating margin	0.8%	3.9%	7.6%	8.5%	10.2%
	Deletion	Net sales	-137,122	-152,611	-160,458	-160,775	-140,218
		Operating income	159	-1,779	1,100	2,126	5,041
	Total	Net sales	539,594	638,970	701,900	716,996	683,328
Operating income		7,278	33,003	43,850	47,770	35,622	
Operating margin		1.3%	5.2%	6.2%	6.7%	5.2%	

(In million yen)

			FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	
Net sales / Operating income by business sector	Aftermarket	Net sales	89,222	103,844	112,433	113,628	104,500	
		Operating income	14,725	17,725	19,237	17,702	13,994	
		Operating margin	16.5%	17.1%	17.1%	15.6%	13.4%	
	Industrial machinery	Net sales	93,746	101,181	108,993	104,109	98,611	
		Operating income	1,534	3,279	6,261	5,618	1,622	
		Operating margin	1.6%	3.2%	5.7%	5.4%	1.6%	
	Automotive	Net sales	356,626	433,944	480,473	499,258	480,216	
		Operating income	-8,981	11,999	18,351	24,448	20,005	
		Operating margin	-2.5%	2.8%	3.8%	4.9%	4.2%	
	Total	Net sales	539,594	638,970	701,900	716,996	683,328	
		Operating income	7,278	33,003	43,850	47,770	35,622	
		Operating margin	1.3%	5.2%	6.2%	6.7%	5.2%	
Capital expenditures /Depreciation and amortization	Capital expenditures		48,979	33,162	31,266	36,300	35,398	
	Depreciation and amortization	Domestic	18,788	17,012	15,708	11,836	13,167	
		Overseas	16,052	22,302	24,683	26,441	23,461	
	Total		34,841	39,315	40,391	38,277	36,629	
R&D expenditures			16,174	17,820	18,088	18,480	19,196	
Ratio of R&D expenditures to net sales			3.0%	2.8%	2.6%	2.6%	2.8%	
Inventories			163,287	166,484	184,128	178,220	171,481	
Inventory turnover ratio (times)			3.3	3.8	3.8	4.0	4.0	
Interest- bearing debts	Loans		350,801	381,767	359,105	325,173	300,169	
	Bonds		10,000	-	-	-	20,000	
	Total		360,801	381,767	359,105	325,173	320,169	
Major management indicators	Ordinary income ratio to total assets		0.3%	3.5%	4.6%	4.6%	3.7%	
	Return on assets (ROA)		-1.9%	-1.8%	2.7%	1.8%	0.4%	
	Return on equity (ROE)		-7.2%	-7.3%	10.5%	6.3%	1.2%	
	Shareholder's equity ratio		26.0%	23.5%	28.6%	29.2%	28.7%	
	Net assets per share (yen)		375.84	374.68	461.21	436.97	431.66	
	Net income per share (yen)		-26.69	-27.54	43.91	28.28	5.33	
Employees	Domestic	(persons)	7,942	7,900	8,003	8,145	8,420	
	Overseas	(persons)	13,456	14,256	15,357	15,964	16,245	
	Total	(persons)	21,398	22,156	23,360	24,109	24,665	
Exchange rates	Average	Dollar	(yen)	82.91	100.17	109.76	120.15	108.39
		Euro	(yen)	106.78	134.21	138.69	132.60	118.80
	At year end	Dollar	(yen)	94.05	102.92	120.17	112.68	111.85
		Euro	(yen)	120.73	141.65	130.32	127.70	119.48

## 3.2. Non-consolidated Financial Results

(In million yen)

		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Non-consolidated operating results (Lower: Net sales ratio)	Net sales	318,406 100.0%	321,358 100.0%	337,995 100.0%	335,544 100.0%	318,561 100.0%
	Operating income	3,441 1.1%	15,456 4.8%	12,652 3.7%	9,110 2.7%	-7,681 -2.4%
	Ordinary income	8,800 2.8%	21,751 6.8%	18,869 5.6%	19,593 5.8%	-2,522 -0.8%
	Extraordinary loss	-23,817 -7.5%	-10,548 -3.3%	-969 -0.3%	-3,294 -1.0%	-6,180 -1.9%
	Net income	-14,502 -4.6%	5,001 1.6%	11,488 3.4%	12,864 3.8%	-7,936 -2.5%
Net sales by region (Lower: Net sales ratio)	Japan	175,081 55.0%	173,434 54.0%	185,059 54.8%	183,211 54.6%	184,920 58.0%
	Americas	53,803 16.9%	51,250 15.9%	56,088 16.6%	57,448 17.1%	51,615 16.2%
	Europe	33,167 10.4%	39,683 12.3%	36,691 10.9%	34,972 10.4%	32,058 10.1%
	Asia and other areas	56,354 17.7%	56,989 17.7%	60,156 17.8%	59,912 17.9%	49,966 15.7%
	Total	318,406 100.0%	321,358 100.0%	337,995 100.0%	335,544 100.0%	318,561 100.0%
Capital expenditures		5,221	4,761	6,995	8,019	7,047
Depreciation and amortization		11,166	9,748	8,826	6,851	7,599
R&D expenditures		12,122	12,621	12,451	13,044	14,006
Ratio of R&D expenditures to net sales		3.8%	3.9%	3.7%	3.9%	4.4%
Inventories		42,058	41,064	44,158	43,248	41,276
Inventory turnover ratio (times)		7.6	7.8	7.7	7.8	7.7
Interest-bearing debts	Loans	195,700	218,900	217,100	209,077	202,051
	Bonds	10,000	-	-	-	20,000
	Total	205,700	218,900	217,100	209,077	222,051
Major management indicators	Ordinary income ratio to total assets	1.8%	4.3%	3.5%	3.6%	-0.5%
	Return on assets (ROA)	-3.0%	1.0%	2.1%	2.3%	-1.4%
	Return on equity (ROE)	-9.0%	3.2%	6.8%	7.2%	-4.5%
	Shareholder's equity ratio	30.7%	30.6%	32.0%	33.2%	30.2%
	Net assets per share (yen)	287.25	301.98	335.00	339.41	323.80
	Net income per share (yen)	-27.27	9.40	21.60	24.19	-14.94
Employees (persons)		5,450	5,050	5,062	5,154	5,301