

**Financial Results For the Year Ended March 31, 2018**  
**[Japanese Accounting Standards] (Consolidated)**  
**(Unaudited)**

May 15, 2018

NTN Corporation

Security Code: 6472

Listings: Tokyo Stock Exchange

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Scheduled commencement date of dividend payment: June 27, 2018

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Investor meeting: Scheduled

1. Consolidated Financial Results for the Year Ended March 31, 2018  
(April 1, 2017 to March 31, 2018)

(Amounts rounded down to the nearest million yen)

(1) Operating Results

(Percentage figures represent year-on-year changes)

	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, 2018	744,372	8.9	39,608	11.2	31,250	5.6	20,373	619.8
Year ended March 31, 2017	683,338	-4.7	35,622	-25.4	29,604	-22.5	2,830	-81.2

Note: comprehensive income: Year ended March 31, 2018: 32,215 million yen (796.8%)

Year ended March 31, 2017: 3,592 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, 2018	38.36	—	8.4	3.8	5.3
Year ended March 31, 2017	5.33	—	1.2	3.7	5.2

Note: Equity method investment gains or losses: Year ended March 31, 2018: 455 million yen

Year ended March 31, 2017: 212 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, 2018	840,051	269,759	30.2	477.17
Year ended March 31, 2017	798,891	245,050	28.7	431.66

Note: Shareholders' equity Year ended March 31, 2018: 253,403 million yen

Year ended March 31, 2017: 229,243 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, 2018	61,799	-48,358	-7,520	86,087
Year ended March 31, 2017	62,387	-41,218	-8,218	79,284

## 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, 2017	—	5.00	—	5.00	10.00	5,316	187.6	2.3
Year ended March 31, 2018	—	7.50	—	7.50	15.00	7,974	39.1	3.3
Year ending March 31, 2019 (forecast)	—	7.50	—	7.50	15.00		37.9	

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)	370,000	3.4	20,000	18.8	17,000	24.6	7,000	-16.5	13.18
Full year	750,000	0.8	43,000	8.6	37,000	18.4	21,000	3.1	39.54

\*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, 2018: 532,463,527 shares  
Year ended March 31, 2017: 532,463,527 shares
  - 2) Number of treasury stock at end of the period:  
Year ended March 31, 2018: 1,405,959 shares  
Year ended March 31, 2017: 1,388,394 shares
  - 3) Average number of shares outstanding:  
Year ended March 31, 2018: 531,063,087 shares  
Year ended March 31, 2017: 531,308,905 shares

Reference: Overview of Financial Results on Non-Consolidated basis

For the Year Ended March 31, 2018 – Non-consolidated

1. Financial Results for the Year Ended March 31, 2018 (April 1, 2017 – March 31, 2018)

(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, 2018	342,446	7.5	-2,630	-	7,965	-	7,413	-
Year ended March 31, 2017	318,561	-5.1	-7,681	-	-2,522	-	-7,936	-

	Net income per share	Diluted net income per share
	yen	yen
Year ended March 31, 2018	13.96	—
Year ended March 31, 2017	-14.94	—

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 31, 2018	589,700	175,593	29.8	330.65
Year ended March 31, 2017	568,900	171,961	30.2	323.80

Note: Shareholders' equity Year ended March 31, 2018:175,593 million yen  
Year ended March 31, 2017:171,961 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, 2019)" from page 3

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## 1. Operating Results and Analysis of Financial Position

### (1) Explanation regarding Consolidated Operating Results

During the fiscal year under review, the Japanese economy saw a continued moderate recovery reflecting improvement of employment and income environment. Looking at overseas economy, the U.S. economy continued showing the steady recovery in production of construction machinery while the automotive production was less than previous year. The European economy also saw a moderate recovery although there is uncertainty due to the withdrawal of the U.K from the E.U. The economic conditions in China and other emerging countries showed 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 this year 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 ended March 31,2018, net sales were 744,372 million yen (a year-on-year increase of 8.9 %). In terms of income, operating income was 39,608 million yen (a year-on-year increase of 11.2 %) and ordinary income was 31,250 million yen (a year-on-year increase of 5.6 %). Also 3,710 million yen in the loss related to Anti-Monopoly Act and 634 million yen in the impairment loss were recorded as the extraordinary loss. As a result, net income attributable to shareholders (parent company) was 20,373 million yen (a year-on-year increase of 619.8 %).

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

#### (1) Japan

Sales in aftermarket applications increased in industrial machinery aftermarket applications. Sales in industrial machinery applications increased in construction machinery, gear box and others. Sales in automotive applications also increased reflecting an increase of customer demand and other factors. As a result, net sales were 347,322 million yen (a year-on-year increase of 8.3 %). The segment income was 8,015 million yen (a year-on-year increase of 79.7 %) due principally to the effect of increased sales, exchange rates and other factors.

#### (2) Americas

Sales in aftermarket applications increased in industrial machinery aftermarket applications. Sales in industrial machinery applications also increased in construction machinery and others. Sales in automotive applications decreased due principally to a decrease of customer demand. Overall, net sales were 198,546 million yen (a year-on-year increase of 3.7 %). The segment income was 7,091 million yen (a year-on-year decrease of 14.4 %) due principally to the increase of ifixed cost.

#### (3) Europe

Sales in aftermarket applications increased in both industrial and automotive aftermarket applications. Sales in industrial machinery applications increased in gear box, agricultural machinery and others. Sales in automotive applications increased reflecting an increase of customer demand and other factors. As a result, net sales were 192,516 million yen (a year-on-year increase of 13.9%). The segment income was 2,800 million yen (a year-on-year decrease of 15.4 %) due principally to increased fixed cost.

#### (4) Asia and other areas

Sales in aftermarket applications increased in industrial machinery aftermarket applications. Sales in industrial machinery applications increased in construction machinery, machine tool and others. Sales in automotive applications increased reflecting an increase of customer demand and other factors. As a result, net sales were 161,952 million yen (a year-on-year increase of 13.8 %). The segment income was 19,600 million yen (a year-on-year increase of 35.0%) supported mainly by effects of increased sales, exchange-rates and other factors.

Operating results by business sector were as follows.

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

Year ended March 31, 2018 (April 1, 2017 - March 31, 2018) (In million yen)

	Aftermarket applications	Industrial machinery applications	Automotive applications	Total
Sales to external customers	116,695	119,085	508,592	744,372
Operating income	15,009	2,796	21,803	39,608

Operating results by business sector were as follows.

(1) Aftermarket applications

Due mainly to the increased sales in industrial machinery and automotive applications and exchange-rates effect, sales were 116,695 million yen (a year-on-year increase of 11.7 %). Operating income was 15,009 million yen (a year-on-year increase of 7.3 %) due to the effect of increased sales, exchange-rates and other factors.

(2) Industrial machinery applications

Sales were 119,085 million yen (a year-on-year increase of 20.8 %) due principally to the effect of increased sales in construction machinery and gear box, exchange-rates and other factors. Operating income was 2,796 million yen (a year-on-year increase of 72.4 %) due to the effect of increased sales, exchange rates and other factors.

(3) Automotive applications

Sales were 508,592 million yen (a year-on-year increase of 5.9 %) due to the expansion of customer demand, exchange-rates and other factors. Operating income was 21,803 million yen (a year-on-year increase of 9.0 %) due to the effect of increased sales, exchange-rates and other factors.

(Forecast for the Year Ending March 31, 2019)

The Japanese economy is expected to show the continued moderate recovery reflecting improvement of employment and capital expenditure of the companies. Looking at the world economy, it is also expected to show the continued although there is uncertainty due to the protectionist trade policy and rapid exchange rate.

Under such circumstances, as our full-year earning forecast we expect to see net sales of 750 billion yen, operating income of 43 billion yen, ordinary income of 37 billion yen and net income attributable to shareholders (parent company) of 21 billion yen. We are assuming exchange rates of ¥105/US\$1.00 and ¥130/EUR1.00.

In addition, there are ongoing investigations by the authorities into our consolidated subsidiaries in Brazil 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. The Company or its affiliated companies may be filled the lawsuits similar to the above mentioned lawsuits. We record 6 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 of operations and financial position.

(2) Explanation regarding Consolidated Financial Position

(Assets, Liabilities, and Net assets)

Total current assets increased 25,173 million yen (up 5.8%) from the previous consolidated fiscal year and ended to 460,102 million yen. This was due principally to an increase of 8,682 million yen in cash and bank deposits, an increase of 6,845 million yen in notes and accounts receivable-trade and an increase of 5,849 million yen in work in process. Total fixed assets increased 15,988 million yen (up 4.4%) from the previous consolidated fiscal year and ended to 379,949 million yen. The major factor was an increase of 9,258 million yen in intangible fixed assets and an increase of 4,847 million yen in investment securities. As a result, total assets increased 41,160 million yen (up 5.2%) from the previous consolidated fiscal year and ended to 840,541 million yen.

Total current liabilities increased 1,484 million yen (up 0.5%) from the previous consolidated fiscal year and ended to 316,511 million yen. This was due principally to an increase of 10,455 million yen in notes and accounts payable-trade, an increase of 5,981 million yen in electronically-recorded monetary claims, and a decrease of 14,415 million yen in short-term loans payable. Fixed liabilities decreased 14,968 million yen (up 6.3%) from the previous consolidated fiscal year and ended to 253,780 million yen, due principally to an increase of 10,000 million yen in bonds, an increase of 5,078 million yen in long-term loans payable. As a result, total liabilities increased 16,451 million yen (up 3.0%) from the previous consolidated fiscal year and ended to 570,291 million yen.

Total net assets increased 24,709 million yen (up 10.1%) from the previous consolidated fiscal year and ended to 269,759 million yen. This was mainly due to an increase of 13,728 million yen in retained earnings, an increase of 5,324 million yen in translation adjustment and an increase of 2,873 million yen in net unrealized holding gain on other securities.

(Cash flows)

Net cash provided by operating activities was 61,799 million yen (a-year-on-year decrease of 588 million yen, or down 0.9%). Major items included proceeds from depreciation and amortization of 37,505 million yen, and income before income taxes and equity in earnings of affiliated companies of 26,905 million yen.

Net cash provided by investing activities was 48,358 million yen (a-year-on-year increase of 7,140 million yen, or up 17.3%). This was mainly due to expenditure for purchase of property, plant and equipment of 36,457 million yen and purchase of intangible fixed assets of 9,644 million yen.

Net cash provided by financing activities was 7,520 million yen (a-year-on-year decrease of 698 million yen or down 8.5%). This was mainly due to an expenditure of 68,858 million yen in repayment of long-term loans, 6,645 of dividend paid, 10,030 million yen of net decrease in short-term loan payable and income of 10,000 million yen from issue of bonds.

After adding an increase of 884 million yen in translation adjustments, cash and cash equivalents as of the end of the current fiscal year came to 86,087 million yen, an increase of 6,805 million yen (up 8.6%) from the previous consolidated fiscal year end.

(Reference) Cash flow indicators

	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2018
Shareholders' equity ratio (%)	28.6	29.2	28.7	30.2
Shareholders' equity ratio based on current market value (%)	39.6	24.0	36.8	28.1
Cash flows to interest-bearing debt ratio (annual)	14.3	7.0	5.1	5.2
Interest coverage ratio (times)	5.4	9.7	14.5	15.6

- 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 as 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 forecasted that year-end dividends will be 7.5 yen per share (5.0 yen per share as regular dividends and 2.5 yen per share as commemorative dividends). When added to the interim dividend, it is forecast that for the year as a whole total dividends will be 15.0 yen per share (10.0 yen per share as regular dividends and 5.0 yen per share as commemorative dividends.) We are planning that the total dividends in next fiscal year is 15.0 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, 2018). The Group's main business is the manufacturing and sale of bearings, driveshafts 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' departments allocated to each region.

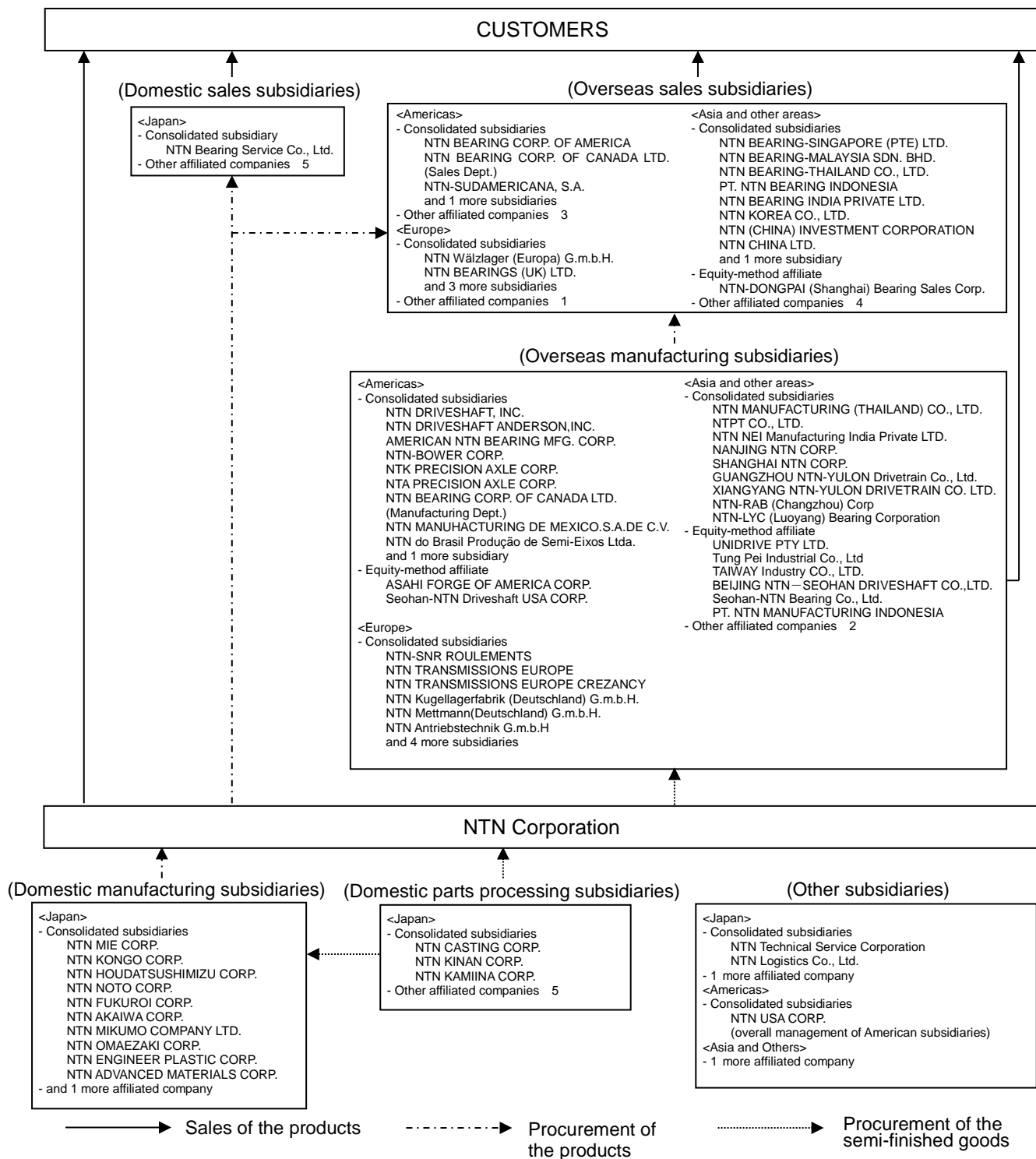
Overseas subsidiaries in each region formulate independent business strategies and business plans and develop business activities while analyzing profitability and investment efficiency.

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 "We shall 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 original 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 ROA and ROE which represents the operating margin and capital efficiency. To improve these indexes, the Group takes initiatives in strengthening of the business structure

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

The Company celebrated the 100th anniversary in March 2018. In order to grow continuously 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 be able to be proud of the "NTN" brand.

To realize "Our vision", the NTN Group has adopted a 10-year long-term vision for the next 100 years, aiming to transform its business structure that enables us to offer value through both existing products and new products in new field, thereby achieving a trillion yen of net sales, the operating margin of 10 percent or more and the total asset turnover ratio of 1.0 or more and halving the current level of impact of foreign exchange fluctuations on profits.

In the New 3-year Medium-term Management Plan "DRIVE NTN100" starting in April of this year, we will accelerate transformation of our business structure by implementing the following three major themes.

- 1) Creation and commercialization of new products and businesses
- 2) Pursuit of profit margin and investment efficiency for existing products and business
- 3) Construction of a management system that supports the transformation of business structure

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

##### [1] Efforts for the New Medium-term Management Plan "DRIVE NTN100"

The Company celebrated the 100th anniversary in March 2018 and aims to continue to be an enterprise that "contributes to international society through creating new technologies and developing new products" as set out in its Corporate Philosophy.

In external environments surrounding the NTN Group, major changes have occurred, such as electrification of automobiles, progress of automated driving technologies, actual utilization of IoT and artificial intelligence (AI), robotization, etc. in the industrial community as a whole. The NTN Group has adopted a 10-year long-term vision for the next 100 years, aiming to transform its business structure so that we can offer value through both existing products and new products in new fields, thereby achieving a trillion yen of net sales, the operating margin of 10 percent or more and the total asset turnover ratio of 1.0 or more and halving the current level of impact of foreign exchange fluctuations on profits.

To achieve the long-term vision, we will work on the New 3-year Medium-term Management Plan "DRIVE NTN100 (DRIVE NTN Transformation for New 100) starting in April of this year. With the fusion of the cutting-edge Digitalization technology and accumulated management Resources of NTN Group, we will realizes "the development of the innovative technology, products and services (Innovation)," "Variable cost reform" and "pursuit of productivity and quality" and "Efficiency improvement." To achieve them, the Group will forge ahead with the following three major themes to accelerate transformation of business structure:

##### 1) Creation and commercialization of new products and businesses

The NTN Group will integrate AI and other digital technologies into our research and development process while moving ahead with development of innovative technologies, products and services that respond to new needs that arise as a result of electrification of automobiles and progress of digital technologies. NTN conclude the license contract with Chinese EV manufacturer in this April in order to commercialize the In-wheel Motor System which NTN has developed over years. Furthermore, the Group will accelerate development of new technology and products and promote a fusion of technologies and ideas inside and outside the Company through academic-industrial collaboration such as "NTN Next Generation Research Alliance Laboratory" at Osaka University

## 2) Pursuit of profit margin and investment efficiency for existing products and businesses

The NTN Group will work to improve productivity and equipment investment efficiency through development of new processing technologies and next-generation production facilities. The NTN Group will promote initiatives such as the optimization and automation with IoT and AI, manpower saving with installation of robots in order to incorporate smart factory in “Wakayama Works (tentative name)” which plans to produce the ball bearings in June 2019. Also, the Group will aim to build a system that enables us to expand business through robotic process automation (RPA) in the back-office department and workstyle reforms in order to respond to labor shortage, a rise in personnel expenses and other issues that will result from a decrease in domestic labor population.

## 3) Construction of a management system that supports the transformation of business structure

In April this year, NTN established the procurement headquarters to strengthen our global procurement, central purchasing and other capabilities. We will work to promote local procurement in a given region and inter-region procurement from an optimal place, centralize order placement operations and strengthen price control while developing mechanisms and rules for comprehensive evaluation of suppliers taking into account quality, costs, delivery lead times, compliance, etc.

In addition, to improve asset efficiency, the NTN Group will take measures to enhance our supply chain management framework utilizing a new core IT system, hold inventory assets globally and effectively and shorten lead times from order receipt to delivery.

Moreover, as a measure to build a global business management system, we will take measures such as dissemination of our Corporate Philosophy, review of our governance system and promotion of diversity. In line with the 100th anniversary, we established our new code of conduct “NTN Spirit” based on the Corporate Philosophy. NTN will put the Corporate Philosophy into practice through actions based on the “NTN Spirit,” and aim to become an enterprise needed by society and our stakeholders.

## [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 December 2017, the Supreme Court of Japan dismissed NTN's final appeal regarding violation of the Japan Antimonopoly Act (the “AMA”) with respect to the domestic sales of bearings. In the light of the ruling by the Supreme Court, we have decided to withdraw the hearing request regarding the cease and desist order of the Japan Fair Trade Commission. With regard to the surcharge payment order (for 7,321 million yen), we will keep the hearing request procedures in which we will continue our argument on the basis for calculation of the surcharge while we will not continue our argument on the presence/absence of a violation of the AMA.

Overseas, in June 2017, the subsidiary in South Korea received from the Korea Fair Trade Commission the notice that it had finished the investigation with its conclusion that the subsidiary was not guilty about automotive bearings sales in the South Korean market. But there are ongoing investigations by the authorities into our consolidated subsidiaries in Brazil 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.

In February 2016, a lawsuit was filed against eight bearing manufacturers, including the Company, in The United Kingdom Competition Appeal Tribunal in connection with the violation of the European Competition Law, which is subject of the decision made by the European Commission in March 2014. It sought the joint payment of damages of 507.8 million euros (provisional amount) to Peugeot S.A. and its 18 group companies (hereinafter referred to as the “PSA group”). However, the PSA group withdrew the claim against the Company in April 2018.

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, which affiliates the Fair Trade Promoting Department, has supervised the sections involved in corporate social responsibility 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. 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

	As of March 31, 2017	As of March 31, 2018
<b>Assets</b>		
Current assets		
Cash and bank deposits	80,001	88,683
Notes and accounts receivable-trade	136,847	143,692
Electronically-recorded monetary claims	5,494	5,744
Finished goods & purchased goods	97,405	96,468
Work in process	43,629	49,478
Raw materials & supplies	30,446	33,791
Deferred tax assets	8,405	8,377
Short-term loans receivable	94	76
Other	33,480	34,798
Allowance for doubtful accounts	-876	-1,008
<b>Total current assets</b>	<b>434,929</b>	<b>460,102</b>
Fixed assets		
Property, plant and equipment		
Buildings and structures	199,673	205,405
Accumulated depreciation	-116,413	-122,424
Buildings and structures, net	¥ 83,259	¥ 82,981
Machinery, equipment and vehicles	717,847	732,323
Accumulated depreciation	-573,546	-589,076
Machinery, equipment and vehicles, net	¥ 144,301	¥ 143,246
Land	¥ 33,141	¥ 32,656
Construction in progress	16,720	21,580
Other	64,890	63,618
Accumulated depreciation	-57,701	-56,023
Other, net	¥ 7,188	¥ 7,595
<b>Total property, plant and equipment</b>	<b>284,611</b>	<b>288,059</b>
Intangible fixed assets	15,786	25,044
Investments and other assets		
Investment securities	¥ 54,386	¥ 59,233
Deferred tax assets	5,150	4,129
Other	4,264	3,719
Allowance for doubtful accounts	-237	-236
<b>Total investments and other assets</b>	<b>63,563</b>	<b>66,845</b>
<b>Total fixed assets</b>	<b>363,961</b>	<b>379,949</b>
<b>Total assets</b>	<b>798,891</b>	<b>840,051</b>

	As of March 31, 2017	As of March 31, 2018
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	59,261	69,716
Electronically-recorded monetary claims	58,131	64,112
Short-term loans	133,347	118,932
Accrued income taxes	3,057	3,887
Accrued bonuses for directors and statutory auditors	150	176
Reserve for loss on support to affiliated companies	2,173	-
Other	58,905	59,686
Total current liabilities	315,027	316,511
Long-term liabilities		
Bonds	20,000	30,000
Long-term loans	166,822	171,900
Reserve for product defect compensation	400	1,491
Liabilities for retirement benefits	42,148	40,393
Other	9,441	9,994
Total long-term liabilities	238,812	253,780
Total liabilities	553,840	570,291
<b>Net assets</b>		
Shareholders' equity		
Common stock	54,346	54,346
Additional paid-in capital	66,943	67,970
Retained earnings	114,158	127,886
Treasury stock	-807	-816
Total shareholders' equity	234,641	249,387
Accumulated other comprehensive income		
Net unrealized holding gain on other securities	13,507	16,380
Translation adjustments	-10,005	-4,681
Accrued retirement benefits adjustments	-8,899	-7,683
Total accumulated other comprehensive income	-5,397	4,015
Non-controlling shareholders' equity	15,806	16,356
Total net assets	245,050	269,759
Total liabilities and net assets	798,891	840,051

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

	Year ended March 31, 2017 (April 1, 2016 – March 31, 2017)	Year ended March 31, 2018 (April 1, 2017 – March 31, 2018)
Net sales	683,328	744,372
Cost of sales	*2 555,722	*2 603,612
Gross profit	127,606	140,760
Selling, general and administrative expenses	*1,*2 91,984	*1,*2 101,151
Operating income	35,622	39,608
Non-operating income		
Interest income	581	621
Dividend income	838	1,076
Equity in earnings of unconsolidated subsidiaries	212	455
Refund of customs duties	695	—
Derivative transaction gains	590	—
Other	2,300	2,261
Total non-operating income	5,218	4,415
Non-operating expenses		
Interest expenses	4,191	3,884
Product warranty expenses	1,189	2,312
Foreign exchange loss	1,340	1,642
Law suit-related expenses	1,955	1,491
Other	2,558	3,443
Total non-operating expenses	11,236	12,773
Ordinary income	29,604	31,250
Extraordinary income		
Reversal of loss associated with the arbitration award	*3 2,147	—
Total extraordinary income	2,147	—
Extraordinary loss		
Loss related to Anti-Monopoly Act	*4 12,128	*4 3,710
Impairment loss	*5 4,562	*5 634
Loss on sales of fixed assets	171	—
Total extraordinary losses	16,862	4,345
Income before income taxes and equity in earnings of affiliated companies	14,889	26,905
Income and other taxes	5,590	8,055
Income and other taxes adjustment	4,834	-3,438
Total income and other taxes	10,425	4,616
Net income	4,464	22,289
Net income attributable to shareholder (non-controlling shareholder)	1,634	1,915
Net income attributable to shareholder (parent company)	2,830	20,373

(Consolidated Statement of Comprehensive Income)

	Year ended March 31, 2017 (April 1, 2016 – March 31, 2017)	Year ended March 31, 2018 (April 1, 2017 – March 31, 2018)
Net income	4,464	22,289
Other comprehensive income		
Net unrealized holding gain on other securities	4,952	2,872
Translation adjustments	-8,682	5,269
Accrued retirement benefits adjustments	3,624	1,237
Equity in equity-method affiliates	-767	545
Total other comprehensive income	*-872	*9,926
Comprehensive income	3,592	32,215
(Breakdown)		
Comprehensive income attributable to owners of parent company	2,835	29,787
Comprehensive income related to non-controlling shareholders	756	2,428



(3) Statement of Changes in Shareholders' Equity  
 Previous 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 on 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 on 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 on 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 on March 31, 2017	13,507	-10,005	-8,899	-5,397	15,806	245,050

Current consolidated accounting year (April 1, 2017 to March 31, 2018)

(In million yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance on April 1, 2017	54,346	66,943	114,158	-807	234,641
Changes during the period					
Distribution of retained earnings			-6,645		-6,645
Net income attributable to shareholder (parent company)			20,373		20,373
Purchase of treasury stock				-9	-9
Sales of treasury stock				0	0
Changes in equity of parent company pertaining to transactions with non-controlling shareholders		1,027			1,027
Net changes in items other than shareholders' equity during the period					
Total changes during the period	—	1,027	13,728	-9	14,746
Balance on March 31, 2018	54,346	67,970	127,886	-816	249,387

	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 on April 1, 2017	13,507	-10,005	-8,899	-5,397	15,806	245,050
Changes during the period						
Distribution of retained earnings						-6,645
Net income attributable to shareholder (parent company)						20,373
Purchase of treasury stock						-9
Sales of treasury stock						0
Changes in equity of parent company pertaining to transactions with non-controlling shareholders						1,027
Net changes in items other than shareholders' equity during the period	2,872	5,324	1,216	9,413	549	9,962
Total changes during the period	2,872	5,324	1,216	9,413	549	24,709
Balance on March 31, 2018	16,380	-4,681	-7,683	4,015	16,356	269,759

(4) Statements of Cash Flows

	Year ended March 31, 2017 (April 1, 2016 – March 31, 2017)	Year ended March 31, 2018 (April 1, 2017 – March 31, 2018)
<b>Cash flow from operating activities</b>		
Income before income taxes and equity in earnings of affiliated companies	14,889	26,905
Depreciation and amortization	36,629	37,505
Impairment loss	4,562	634
Goodwill depreciation	47	-
Increase / decrease (-) in reserves for loss on supporting affiliated companies	667	-2,153
Loss related to Anti-Monopoly Act	12,128	3,710
Increase/decrease (-) in allowance for doubtful accounts	88	63
Increase/decrease (-) in accrued retirement benefits for directors and statutory auditors	-3	25
Increase/decrease (-) in reserve for product defect compensation	92	1,108
Increase/decrease (-) in liabilities in retirement benefits	-654	-1,044
Payment of loss associated with arbitration award	1,114	-
Interest and dividend income	-1,420	-1,698
Interest expenses	4,191	3,884
Foreign currency translation adjustments / Foreign exchange losses/gains (-)	834	28
Equity in earnings (-) /losses of non-consolidated subsidiaries	-212	-455
Gains (-) or loss on sale of fixed assets	171	-
Decrease/increase (-) in trade receivables	-9,282	-4,458
Decrease/increase (-) in inventories	2,467	-5,791
Increase/decrease (-) in trade payables	7,242	14,840
Other	1,399	5,616
Subtotal	74,953	78,721
Interest and dividend income received	1,988	2,078
Interest paid	-4,314	-3,968
Payment of loss associated with arbitration award	-1,114	-
Loss related to Anti-Monopoly Act	-1,112	-10,236
Income taxes paid	-8,013	-4,794
Cash flow from operating activities	62,387	61,799
<b>Cash flow from investing activities</b>		
Increase in time deposits	-2,287	-4,603
Decrease in time deposits	2,487	2,729
Purchase of property, plant and equipment	-35,272	-36,457
Proceeds from sale of property, plant and equipment	472	-
Purchase of intangible fixed assets	-6,627	-9,644
Decrease / increase (-) in short-term loans receivable, net	-90	14
Other	99	-397
Cash flow from investing activities	-41,218	-48,358
<b>Cash flow from financing activities</b>		
Increase/decrease (-) in short-term loans, net	13,679	-10,030
Proceeds from long-term loans	39,480	68,998
Repayment of long-term loans	-75,060	-68,858
Proceeds from bonds	20,000	10,000
Dividend payment	-5,316	-6,645
Repayment of lease payable	-325	-348
Other	-675	-636
Cash flow from financing activities	-8,218	-7,520
Effect of exchange rate changes on cash and cash equivalents	-977	884
Increase/decrease (-) in cash and cash equivalents	11,973	6,803
Cash and cash equivalents, at beginning of the year	67,310	79,284
Cash and cash equivalents, at end of the quarter	*79,284	*86,087

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

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

In the previous consolidated accounting period, "Gain on reversal associated with the arbitration award" had an independent account heading however it was recorded in "Other" from current consolidated accounting period due to its importance of the 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, 667 million yen of "Gain on reversal associated with the arbitration award" in "Non-operating expenses" and 1,891 million yen in "Other" was reclassified to 2,558 million yen in "Other" of "Non-operating expenses."

(Consolidated Statements of Cash Flows)

In the previous consolidated accounting period, "Loss/gain (-) on derivative transaction" had an independent account heading however it was recorded in "Other" from current consolidated accounting period due to its importance of the 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, -590 million yen of "Loss/gain (-) on derivative transaction" in "Cash flow from operating activities" and 1,989 million yen in "Other" was reclassified to 1,399 million yen in "Other" of "Cash flow from operating activities."

(Consolidated Balance Sheet)

\*1 Notes on non-consolidated subsidiaries and affiliates are as follows.

(In million yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Investment securities (stock)	17,991,	18,734

\*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, 2017	Year ended March 31, 2018
Buildings and structures	401	372
Machinery, equipment and vehicles	153	117
Land	798	798
Other	1	1
Total	1,355	1,289

### 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 criminal court, the Supreme Court of Japan dismissed NTN’s final appeal in December 2017 therefore the criminal conviction judged by the Tokyo District Court became final and binding. In the light of the ruling by the Supreme Court, we have decided to withdraw the hearing request regarding the cease and desist order of the JFTC.

With regard to the surcharge payment order, we will keep the hearing procedures in which we will continue our argument on the basis for calculation of the surcharge while we will not continue our argument on the presence/absence of a violation of the Japan Antimonopoly Act (the “AMA”).

Overseas, in June 2017, the subsidiary in the South Korea received from the Korea Fair Trade Commission the notice that it had finished the investigation with its conclusion that the subsidiary was not guilty about the automotive bearings sale in the South Korean market. But there are ongoing investigations by the authorities into our consolidated subsidiaries in Brazil 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

(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 18 group companies (hereinafter referred to as the “PSA group”). However, the PSA group withdrew the claim against the Company in April 2018.

(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” are as follows.

(In million yen)

	Year ended March 31, 2017 (April 1, 2016 - March 31, 2017)	Year ended March 31, 2018 (April 1, 2017 - March 31, 2018)
Salaries and benefit	33,145	35,580
Freight	14,436	15,602
Research and development	11,093	12,459
Rent expenses	3,218	3,347
Retirement benefits expenses	2,168	2,019

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

(In million yen)

	Year ended March 31, 2017 (April 1, 2016 - March 31, 2017)	Year ended March 31, 2018 (April 1, 2017 - March 31, 2018)
	19,196	21,007

\*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 With respect to a number of 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 regard to these settlements etc., we recorded 3,710 million yen as extraordinary loss in association with the Anti-monopoly act in the current consolidated fiscal year and 1,128 million yen in the previous consolidated fiscal year.

\*5 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, 634 million yen of reduced amount and 4,562 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, 2017 (April 1, 2016 - March 31, 2017)	Year ended March 31, 2018 (April 1, 2017 - March 31, 2018)
Japan	Manufacturing facilities and other	Machinery, equipment and vehicles	23	14
		Land	-	447
		Construction in progress	100	64
		Intangible fixed assets	431	-
	Welfare facilities	Property, plant and equipment	-	107
		Fixed assets and others	-	0
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	-
-	-	Goodwill	82	-
Total			4,562	634

(Matters Related to Consolidated Statement of Comprehensive Income)  
 \* Reclassification adjustment and tax effect on other comprehensive income  
 (In million yen)

	Year ended March 31, 2017 (April 1, 2016 - March 31, 2017)	Year ended March 31, 2018 (April 1, 2017 - March 31, 2018)
Net unrealized holding gain on other securities:		
Amount arising in current fiscal year	7,209	4,104
Reclassification adjustment	-134	-
Before tax effect adjustment	7,075	4,104
Tax effect	-2,122	-1,231
Net unrealized holding gain on other securities	4,952	2,872
Translation adjustments:		
Amount arising in current fiscal year	-8,767	5,269
Reclassification adjustment	85	-
Before tax effect adjustment	-8,682	5,269
Tax effect	-	-
Translation adjustments	-8,682	5,269
Accrued retirement benefits adjustments:		
Amount arising in current fiscal year	3,450	1,069
Reclassification adjustment	2,305	1,910
Before tax effect adjustment	5,755	2,979
Tax effect	-2,131	-1,741
Accrued retirement benefits adjustments	3,624	1,237
Equity in equity-method affiliates:		
Amount arising in current fiscal year	-767	552
Reclassification adjustment	-	-6
Equity in equity-method affiliates	-767	545
Total other comprehensive income	-872	9,926

(Consolidated Statements of Changes in Shareholders' Equity)  
 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 treasury stocks in common stock includes the treasury stocks acquired by "BIP Trust" (1,000 shares as of April 1, 2016, 568,000 shares as of March 31, 2017)

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	7.5	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

(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 23, 2017	Common stock	2,658	Retained earnings	5.0	March 31, 2016	June 26, 2016

Note: The total amount of dividend whose record date is September 30, 2017 includes 2 million yen for the Company's stock acquired by "BIP Trust".

Year ended March 31, 2018 (April 1, 2017 - March 31, 2018)

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

	Number of shares as of April 1, 2017 (thousand shares)	Increase (thousand shares)	Decrease (thousand shares)	Number of shares as of March 31, 2018 (thousand shares)
Shares issued and outstanding				
Common stock	532,463	-	-	532,463
Total	532,463	-	-	532,463
Treasury stock				
Common stock *	1,388	18	1	1,405
Total	1,388	18	1	1,405

Note: The 18,000 shares increase in common stock in treasury stock due to acquisition by purchasing the fractional unit share and 1,000 shares decrease due to the disposal by "BIP Trust". Also, number of shares issued and outstanding at the end of period includes treasury stocks acquired by "BIP Trust" (568,000 shares as of April 1, 2017, 566,000 shares as of March 31, 2018.)

#### 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 23, 2017	Common stock	2,658	5.0	March 31, 2017	June 26, 2017
October 31, 2017 Board of Directors	Common stock	3,987	7.5	September 30, 2017	December 4, 2017

Note.1: The total amount of dividend whose record date is March 31, 2017 includes 2 million yen for the Company's stock acquired by "BIP Trust"

Note.2: The total amount of dividend whose record date is September 30, 2017 includes 4 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 26, 2018	Common stock	3,987	Retained earnings	7.5	March 31, 2018	June 27, 2018

Note: The total amount of dividend whose record date is March 31, 2018 includes 4 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, 2017 (April 1, 2016 - March 31, 2017)	Year ended March 31, 2018 (April 1, 2017 - March 31, 2018)
Cash and bank deposits	80,001	88,683
Short-term loans receivable	94	76
Time deposits with original maturities of more than three months	-717	-2,595
Short-term loans receivable, excluding repurchase agreements	-94	-76
Cash and cash equivalents	79,284	86,087

(Segment Information, etc.)

[Segment information]

#### 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, driveshafts 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, driveshafts 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, 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	14,552	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

Note.1:“Adjustments” refers to elimination of all inter-segment transactions with the exception of segment assets. Also,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 operating capital (deposits and marketable securities), and long-term investment capital (marketable investment securities) etc.).

Note.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, 2018 (April 1, 2017 - March 31, 2018)

(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	213,976	194,277	188,224	147,894	744,372	-	744,372
Inter-segment sales or transfers	133,345	4,269	4,292	14,057	155,965	(155,965)	-
Total	347,322	198,546	192,516	161,952	900,338	(155,965)	744,372
Segment income (Operating income)	8,015	7,091	2,800	19,600	37,508	2,100	39,608
Segment assets	600,932	163,009	153,352	172,959	1,090,253	(250,202)	840,051
Segment liabilities	390,501	104,867	112,838	52,309	660,517	(90,225)	570,291
Other items							
Depreciation and amortization	13,481	9,853	7,235	6,934	37,505	-	37,505
Increase in tangible and intangible fixed assets	26,409	10,286	7,710	4,266	48,672	(200)	48,472

Note1:“Adjustments” refers to elimination of all inter-segment transactions with the exception of segment assets. Also,Adjustments under “segment assets” is made up of inter-segment eliminations of -290,727 million yen and company-wide assets not allocated to specific segments of 40,525 million yen (major items include long-term investment capital (marketable investment securities) etc.).

Note2: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, 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
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
191,466	194,765	154,989	142,107	683,328

- 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 74,22 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.

Year ended March 31, 2018 (April 1, 2017 - March 31, 2018)

1. Information related to products and services

(In million yen)

	Aftermarket applications	Industrial machinery applications	Automotive applications	Total
Net sales to external customers	116,695	119,085	508,592	744,372

(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
204,324	201,676	175,598	162,772	744,372

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

Note.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

Note.3:Of the sales classified as net sales to the Americas, sales to the United States accounted for 172,454 million yen.

Note.4:Of the sales classified as net sales to Asia and others, sales to China accounted for 86,709 million yen.

(2) Property, plant and equipment

(In million yen)

Japan	Americas	Europe	Asia and other areas	Total
113,587	72,951	49,543	51,976	288,059

Note.1:Of the property, plant and equipment classified under Americas, property, plant and equipment held in the United States accounted for 64,293 million yen.

Note.2:Of the property, plant and equipment classified under Europe, property, plant and equipment held in France accounted for 34,723 million yen.

Note.3:Of the property, plant and equipment classified under Asia and other areas, property, plant and equipment held in China accounted for 38,838 million yen.

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

Previous consolidated accounting period (April 1, 2016 – March 31, 2017)

(In million yen)

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

Current consolidated accounting period (April 1, 2017 to March 31, 2018)

(In million yen)

	Japan	Americas	Europe	Asia and other areas	Adjustment	Total
Impairment loss	634	-	-	-	-	634

(Per share data)

	Year ended March 31, 2017 (April 1, 2016 - March 31, 2017)	Year ended March 31, 2018 (April 1, 2017 - March 31, 2018)
Net assets per share (yen)	431.66	477.17
Net income per share or net loss (-) per share	5.33	38.36

Note.1:Diluted net income per share in the current consolidated accounting period is not reported because no residual securities existed.

Note.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 previous consolidated accounting period, 566,000 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 (349,000 shares for the previous consolidated accounting period, 567,000 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, 2017 (April 1, 2016 - March 31, 2017)	Year ended March 31, 2018 (April 1, 2017 - March 31, 2018)
Net income attributable to shareholder (parent company) (million yen)	2,830	20,373
Amount not attributable common shareholders (million yen)	-	-
Net income attributable to shareholders (parent company) for common stocks (million yen)	2,830	20,373
Average number of shares during the period (thousand shares)	531,308	531,063

(Significant Subsequent Events)

N.A

### 3. Explanatory Materials

#### 3.1. Consolidated Financial Results

(In million yen)

		FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	
Consolidated operating results (Lower: Net sales ratio)	Net sales	638,970	701,900	716,996	683,328	744,372	
		100.0%	100.0%	100.0%	100.0%	100.0%	
	Operating income	33,003	43,850	47,770	35,622	39,608	
		5.2%	6.2%	6.7%	5.2%	5.3%	
	Ordinary income	28,670	38,868	38,211	29,604	31,250	
	4.5%	5.5%	5.3%	4.3%	4.2%		
	Extraordinary loss	-31,121	-1,805	-11,268	-14,714	-4,345	
		-4.9%	-0.3%	-1.6%	-2.2%	-0.6%	
	Net income attributable to shareholder (parent company)	-14,648	23,352	15,037	2,830	20,373	
		-2.3%	3.3%	2.1%	0.4%	2.7%	
Net sales by region (Lower: Net sales ratio)	Japan	179,081	191,460	189,556	191,466	204,324	
		28.0%	27.3%	26.4%	28.0%	27.4%	
	Americas	174,566	202,561	212,549	194,765	201,676	
		27.3%	28.9%	29.6%	28.5%	27.1%	
	Europe	166,279	171,217	169,039	154,989	175,598	
	26.0%	24.4%	23.6%	22.7%	23.6%		
	Asia and other areas	119,043	136,661	145,850	142,107	162,772	
		18.6%	19.5%	20.3%	20.8%	21.9%	
	Total	638,970	701,900	716,996	683,328	744,372	
		100.0%	100.0%	100.0%	100.0%	100.0%	
Net sales / Operating income by location	Japan	Net sales	323,582	343,315	337,685	320,834	347,322
		Operating income	25,593	27,557	24,149	4,461	8,015
		Operating margin	7.9%	8.0%	7.2%	1.4%	2.3%
	Americas	Net sales	171,843	198,912	208,378	191,393	198,546
		Operating income	2,644	1,410	5,774	8,286	7,091
		Operating margin	1.5%	0.7%	2.8%	4.3%	3.6%
	Europe	Net sales	182,350	187,206	183,548	169,016	192,516
		Operating income	2,139	3,700	3,100	3,310	2,800
		Operating margin	1.2%	2.0%	1.7%	2.0%	1.5%
	Asia and other areas	Net sales	113,806	132,925	148,159	142,302	161,952
		Operating income	4,405	10,081	12,619	14,522	19,600
		Operating margin	3.9%	7.6%	8.5%	10.2%	12.1%
	Deletion	Net sales	-152,611	-160,458	-160,775	-140,218	-155,965
		Operating income	-1,779	1,100	2,126	5,041	2,100
	Total	Net sales	638,970	701,900	716,996	683,328	744,372
Operating income		33,003	43,850	47,770	35,622	39,608	
Operating margin		5.2%	6.2%	6.7%	5.2%	5.3%	

			FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	
Net sales / Operating income by business applications	Aftermarket	Net sales	103,844	112,433	113,628	104,500	116,695	
		Operating income	17,725	19,237	17,702	13,994	15,009	
		Operating margin	17.1%	17.1%	15.6%	13.4%	12.9%	
	Industrial machinery	Net sales	101,181	108,993	104,109	98,611	119,085	
		Operating income	3,279	6,261	5,618	1,622	2,796	
		Operating margin	3.2%	5.7%	5.4%	1.6%	2.3%	
	Automotive	Net sales	433,944	480,473	499,258	480,216	508,592	
		Operating income	11,999	18,351	24,448	20,005	21,803	
		Operating margin	2.8%	3.8%	4.9%	4.2%	4.3%	
	Total	Net sales	638,970	701,900	716,996	683,328	744,372	
		Operating income	33,003	43,850	47,770	35,622	39,608	
		Operating margin	5.2%	6.2%	6.7%	5.2%	5.3%	
Capital expenditures /Depreciation and amortization	Capital expenditures		33,162	31,266	36,300	35,398	37,589	
	Depreciation and amortization	Domestic	17,012	15,708	11,836	13,167	13,481	
		Overseas	22,302	24,683	26,441	23,461	24,023	
	Total		39,315	40,391	38,277	36,629	37,505	
R&D expenditures			17,820	18,088	18,480	19,196	21,007	
Ratio of R&D expenditures to net sales			2.8%	2.6%	2.6%	2.8%	2.8%	
Inventories			166,484	184,128	178,220	171,481	179,738	
Inventory turnover ratio (times)			3.8	3.8	4.0	4.0	4.1	
Interest- bearing debts	Loans		381,767	359,105	325,173	300,169	290,833	
	Bonds		—	—	—	20,000	30,000	
	Total		381,767	359,105	325,173	320,169	320,833	
Major management indicators	Ordinary income ratio to total assets		3.5%	4.6%	4.6%	3.7%	3.8%	
	Return on assets (ROA)		-1.8%	2.7%	1.8%	0.4%	2.5%	
	Return on equity (ROE)		-7.3%	10.5%	6.3%	1.2%	8.4%	
	Shareholder's equity ratio		23.5%	28.6%	29.2%	28.7%	30.2%	
	Net assets per share (yen)		374.68	461.21	436.97	431.66	477.17	
	Net income per share (yen)		-27.54	43.91	28.28	5.33	38.36	
Employees	Domestic	(persons)	7,900	8,003	8,145	8,420	8,546	
	Overseas	(persons)	14,256	15,357	15,964	16,245	16,947	
	Total	(persons)	22,156	23,360	24,109	24,665	25,493	
Exchange rates	Average	Dollar	(yen)	100.17	109.76	120.15	108.39	110.85
		Euro	(yen)	134.21	138.69	132.60	118.80	129.64
	At year end	Dollar	(yen)	102.92	120.17	112.68	111.85	106.49
		Euro	(yen)	141.65	130.32	127.70	119.48	131.00



## 3.2. Non-consolidated Financial Results

(In million yen)

		FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Non-consolidated operating results (Lower: Net sales ratio)	Net sales	321,358	337,995	335,544	318,561	342,446
		100.0%	100.0%	100.0%	100.0%	100.0%
	Operating income	15,456	12,652	9,110	-7,681	-2,630
		4.8%	3.7%	2.7%	-2.4%	-0.8%
	Ordinary income	21,751	18,869	19,593	-2,522	7,965
	6.8%	5.6%	5.8%	-0.8%	2.3%	
	Extraordinary loss	-10,548	-969	-3,294	-6,180	-2,599
		-3.3%	-0.3%	-1.0%	-1.9%	-0.8%
	Net income	5,001	11,488	12,864	-7,936	7,413
		1.6%	3.4%	3.8%	-2.5%	2.2%
Net sales by region (Lower: Net sales ratio)	Japan	173,434	185,059	183,211	184,920	197,155
		54.0%	54.8%	54.6%	58.0%	57.6%
	Americas	51,250	56,088	57,448	51,615	54,609
		15.9%	16.6%	17.1%	16.2%	15.9%
	Europe	39,683	36,691	34,972	32,058	34,893
	12.3%	10.9%	10.4%	10.1%	10.2%	
	Asia and other areas	56,989	60,156	59,912	49,966	55,787
		17.7%	17.8%	17.9%	15.7%	16.3%
	Total	321,358	337,995	335,544	318,561	342,446
		100.0%	100.0%	100.0%	100.0%	100.0%
Capital expenditures		4,761	6,995	8,019	7,047	9,325
Depreciation and amortization		9,748	8,826	6,851	7,599	7,864
R&D expenditures		12,621	12,451	13,044	14,006	15,507
Ratio of R&D expenditures to net sales		3.9%	3.7%	3.9%	4.4%	4.5%
Inventories		41,064	44,158	43,248	41,276	43,506
Inventory turnover ratio (times)		7.8	7.7	7.8	7.7	7.9
Interest-bearing debts	Loans	218,900	217,100	209,077	202,051	199,578
	Bonds	—	—	—	20,000	30,000
	Total	218,900	217,100	209,077	222,051	229,578
Major management indicators	Ordinary income ratio to total assets	4.3%	3.5%	3.6%	-0.5%	1.4%
	Return on assets (ROA)	1.0%	2.1%	2.3%	-1.4%	1.3%
	Return on equity (ROE)	3.2%	6.8%	7.2%	-4.5%	4.3%
	Shareholder's equity ratio	30.6%	32.0%	33.2%	30.2%	29.8%
	Net assets per share (yen)	301.98	335.00	339.41	323.80	330.65
	Net income per share (yen)	9.40	21.60	24.19	-14.94	13.96
Employees (persons)	5,050	5,062	5,154	5,301	5,382	