

## Financial Results for the Three Months Ended June 30, 2014 [Japanese Accounting Standards] (Consolidated)

July 31, 2014

NTN Corporation  
 Security Code: 6472  
 Listings: Tokyo Stock Exchanges  
 URL: <http://www.ntn.co.jp>  
 Representative: Hiroshi Ohkubo, President  
 Contact: Itsuji Gotou, Director and Corporate General Manager, Finance Headquarters  
 Telephone: +81-6-6443-5001  
 Scheduled submission date of quarterly financial statements: August 12, 2014  
 Scheduled commencement date of dividend payment: —  
 Supplementary material of the financial results: Prepared  
 Investor meeting: Scheduled

### 1. Consolidated Financial Results for the Three Months Ended June 30, 2014 (April 1, 2014 to June 30, 2014)

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

#### (1) Operating Results

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended June 30, 2014	167,049	8.4	8,780	80.0	8,027	124.6	5,525	322.8
Three months ended June 30, 2013	154,055	10.9	4,879	147.8	3,573	—	1,306	—

Note: comprehensive income: Three months ended June 30, 2014: 5,073 million yen (-56.6%)  
 Three months ended June 30, 2013: 11,691 million yen (—%)

	Net income per share	Diluted net income per share
	yen	yen
Three months ended June 30, 2014	10.39	—
Three months ended June 30, 2013	2.46	—

#### (2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
Three months ended June 30, 2014	817,135	219,644	25.2
Year ended March 31, 2014	848,037	213,368	23.5

Note: Shareholders' equity Three months ended June 30, 2014: 205,578 million yen  
 Year ended March 31, 2014: 199,272million yen

#### 2. Dividends

	Dividends per share				
	at 1st quarter end	at 2nd quarter end	at 3rd quarter end	at fiscal year end	Total
	yen	yen	yen	yen	yen
Year ended March 31, 2014	—	0.00	—	2.00	2.00
Year ending March 31, 2015	—	—	—	—	—
Year ending March 31, 2015 (forecast)	—	2.50	—	2.50	5.00

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

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

(% represents for "Full year" an increase/decrease from the immediately preceding year, and for "Quarter," from the same quarter of the immediately preceding year)

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

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

\* Notes

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

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

(Note) For further details, please refer to "(1) Adoption of accounting method specific to the preparation of consolidated quarterly financial statements" in "2. Information regarding Summary Information (Other Information)" on page 4 of Attached Documents.

(3) Changes in accounting principles and accounting estimates and retrospective restatement

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

(Note) For further details, please refer to "(2) Changes in accounting principles and accounting estimates and retroactive restatement" in "2. Information regarding Summary Information (Other Information)" on page 4 of Attached Documents.

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

- 1) Number of shares issued and outstanding at end of the period (treasury stock included):  
Three months ended June 30, 2014: 532,463,527 shares  
Year ended March 31, 2014: 532,463,527 shares
- 2) Number of treasury stock at end of the period:  
Three months ended June 30, 2014: 624,716 shares  
Year ended March 31, 2014: 619,746 shares
- 3) Average number of shares outstanding during the quarter:  
Three months ended June 30, 2014: 531,841,477 shares  
Three month ended June 30, 2013: 531,882,552 shares

\* Presentations related to implementation of quarterly review process

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

\* Notes

All descriptions about the future of the Company contained herein including earnings forecasts are prepared on the basis of data and information currently in our possession as well as certain assumptions that are deemed reasonable, and therefore are not meant to have us committed to their achievement. Various factors may cause actual results to substantially differ from those described herein. For matters related to the above forecast, see "1. Qualitative Information of Consolidated Financial Statements for the Three Months ended June 30, 2014 - (3) Explanation regarding Information on Future Forecast, including Forecast of Consolidated Earnings" on page 2 of Attached Documents.

[Contents of the Attached Documents]

1. Qualitative Information of Consolidated Financial Statements for the Three Months ended June 30, 2014 .....	2
(1) Explanation regarding Consolidated Operating Results .....	2
(2) Explanation regarding Consolidated Financial Position .....	3
(3) Explanation regarding Information on Future Forecast, including Forecast of Consolidated Earnings .....	3
2. Information regarding Summary Information (Other Information) .....	4
(1) Adoption of Accounting Method Specific to the Preparation of Quarterly Consolidated Financial Statements .....	4
(2) Changes in Accounting Policies and Accounting Estimates and Retrospective Restatement .....	4
3. Consolidated Financial Statements for the Three Months .....	5
(1) Balance Sheets .....	5
(2) Consolidated Statement of Operation and Consolidated Statement of Comprehensive Income .....	7
(Consolidated Statement of Operation) .....	7
(Consolidated Statement of Comprehensive Income) .....	8
(3) Statements of Cash Flows .....	9
(4) Notes to Consolidated Financial Statements .....	11
(Notes to Going Concern Assumption) .....	11
(Balance Sheet) .....	11
(Notes Related to Significant Changes in Shareholder's Equity) .....	11
(Segment Information) .....	11
(Significant Subsequent Events) .....	12
4. Supplemental Information .....	13
(1) Earnings by Business Segment .....	13
(2) Sales by Geographic Segment .....	13
(3) Lawsuits, etc. ....	13

## 1. Qualitative Information of Consolidated Financial Statements for the Three Months ended June 30, 2014

### (1) Explanation regarding Consolidated Operating Results

During the first quarter (April 1 - June 30, 2014), the Japanese economy saw a continued moderate recovery trend, despite reaction effects of increased consumption taxes. Looking at overseas economy, the U.S. economy also continued a moderate recovery and the European economy was picking up, while the Chinese economy expanded in stages.

Under those circumstances, the NTN Group is promoting various measures by pursuing the "Reform business structure to generate profit" set forth in the 2-year Medium-term Management Plan "Revival 2014" started April, 2013.

For the current quarter, the Group achieved sales of 167,049 million yen (up 8.4% year on year). In terms of income, the Group posted operating income of 8,780 million yen (up 80.0% year on year) and ordinary income of 8,027 million yen (up 124.6% year on year). As a result, the Group posted net quarterly income of 5,525 million yen (up 322.8% year on year).

Sales by geographical segment were as follows:

#### 1) Japan

Sales in aftermarket applications increased on the back of growing customer demand and other factors in industrial machinery aftermarket applications and sales in industrial machinery applications grew primarily in general machinery applications. Sales in automotive applications increased reflecting an increase of customer demand and other factors. As a result, net sales were 81,649 million yen (up 7.9% year on year). The segment income increased to 5,959 million yen (up 3.3% year on year) supported mainly by effects of a rise in sales and favorable exchange rates.

#### 2) Americas

Sales in aftermarket applications increased on the back of an increase of customer demand for automotive aftermarket applications and other factors. Sales in industrial machinery applications grew in products for use in construction machinery and other products, and sales of automotive applications also increased thanks to mass production of products for new projects coupled with increased customer demand and other factors. As a result, net sales were 45,498 million yen (up 8.1% year on year) due partly to favorable exchange rates. The segment income incurred a segment loss of 750 million yen (against segment income of 798 million yen booked in the same period in the previous year) due mainly to an increase in fixed costs resulting from an additional burden imposed on production lines in coping with increased sales to the automotive market.

#### 3) Europe

Sales decreased in aftermarket applications and sales in industrial machinery applications remained on par with the same period of the previous year. Sales in automotive applications also decreased, but as a whole, net sales were 48,879 million yen (up 6.1% year on year) thanks partly to favorable exchange rates. The segment income amounted to 598 million yen of profit (up 94.8% year on year) due partly to favorable exchange rates.

#### 4) Asia and other areas

Sales in aftermarket applications grew reflecting customer demand for industrial machinery aftermarket applications and other factors. Sales in industrial machinery applications decreased but sales in automotive applications increased backed mainly by mass production of products for new projects and expanded customer demand. As a whole, net sales were 29,709 million yen (up 11.1% year on year) thanks to favorable exchange rates. The segment income amounted to 1,773 million yen (up 36.9% year on year) supported by effects of a rise in sales and other factors.

Operating results by business application are as follows:

#### 1) Aftermarket application

Net sales were 26,715 million yen (up 10.4% year on year) supported by an increase of customer demand and favorable exchange rates. Operating income was 4,359 million yen (up 14.7% year on year) thanks mainly to an effect of increased sales and favorable exchange rates.

#### 2) Industrial machinery applications

Net sales were 25,870 million yen (up 7.8% year on year) reflecting expanded customer demand in Japan and Americas and favorable exchange rates. Operating income was 874 million yen (up 134.3% year on year) thanks to an effect of growing sales and other factors.

#### 3) Automotive applications

Net sales were 114,464 million yen (up 8.1% year on year) primarily reflecting expanded customer demand in Japan and China, favorable exchange rates. Operating income was 3,547 million yen (up 402.4% year on year) mainly reflecting an effect of increased sales and favorable exchange rates, despite an increase in fixed costs due to an additional burden imposed on production lines in coping with increased sales to the automotive market.

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

Total current assets decreased 24,678 million yen (down 5.3%) from the previous consolidated fiscal year end to 443,070 million yen, due principally to a decrease of 26,368 million yen in cash and bank deposits. Total fixed assets decreased 6,223 million yen (down 1.6%) from the previous consolidated fiscal year end to 374,065 million yen. The major factor was a decrease of 6,728 million yen in property, plant and equipment. As a result, total assets decreased 30,902 million yen (down 3.6%) from the previous consolidated fiscal year end to 817,135 million yen.

Total current liabilities decreased 19,833 million yen (down 6.3%) from the previous consolidated fiscal year end to 295,385 million yen, due principally to a decrease of 28,652 million yen in other resulting from a decrease in accrued liabilities related to a loss pertaining to Antimonopoly Act, etc., an increase of 6,649 million yen in notes and accounts payable-trade, and an increase of 2,944 million yen in short-term bank loans payable. Total long-term liabilities decreased 17,344 million yen (down 5.4%) from the previous consolidated fiscal year end to 302,106 million yen, due principally to a decrease of 12,790 million yen in long-term loans payable and 4,153 million yen in liabilities for retirement benefits.

Total net assets increased 6,276 million yen at the previous consolidated fiscal year end (up 2.9%) to 219,644 million yen. This was mainly due to an increase of 6,774 million yen in retained earnings.

(Cash Flows)

Net cash provided by operating activities was 10,733 million yen (against proceeds of 16,975 million yen booked in the same period in the previous year). Major items included depreciation and amortization of 9,522 million yen and proceeds of 8,027 million yen in quarterly net income before adjustments for income taxes while Antimonopoly Act-related payment was 28,203 million yen.

Net cash provided by investing activities was 7,107 million yen (year-on-year decrease of 3,893 million yen, or down 35.4%). This was mainly due to purchase of property, plant and equipment of 6,437 million yen.

Net cash provided by financing activities was 8,657 million yen (against proceeds of 2,068 million yen booked in the same period in the previous year). This was mainly due to a net decrease of 3,626 million yen in short-term bank loans and 11,152 million yen in repayments of long-term loans while proceeds of 7,310 million yen in proceeds from long-term loans.

After adding a decrease of 73 million yen in translation adjustments to these increases and decreases, cash and cash equivalents as of the end of the current three months of this consolidated accounting period decreased 26,572 million yen (down 20.5%) from the previous consolidated fiscal year end to 103,098 million yen.

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

The Company has made no modification to the consolidated earnings forecast announced on May 14, 2014.

## 2. Information regarding Summary Information (Other Information)

### (1) Adoption of Accounting Method Specific to the Preparation of Quarterly Consolidated Financial Statements

#### (Calculation of tax expenses)

Tax expenses are calculated by multiplying quarterly income before income taxes by an effective tax rate reasonably estimated based on income before income taxes for the full fiscal year, including the three months ended June 30, 2014, after the application of tax effect accounting.

However, in cases where calculating tax expenses using a reasonably estimated effective tax rate yields a result that is notably lacking rationality, then, tax expenses are calculated using the statutory effective tax rate. Moreover, income taxes adjustments are shown in income and other taxes.

### (2) Changes in accounting policies and accounting estimates and retrospective restatement

#### Changes in Accounting policies

#### (Application of accounting standards for retirement benefits)

“Accounting Standards for Retirement Benefits (Corporate Accounting Standards, No. 26, May 17, 2012, hereinafter referred to as “Retirement Benefits Accounting Standards”) and Implementation Guidelines on Accounting Standards for Retirement Benefits (Corporate Accounting Standards Implementation Guidelines No. 25, May 17, 2012, hereinafter referred to as “Retirement Benefits Implementation Guidelines”) are applied from the three months of this consolidated accounting period regarding provisions set forth in main clause in paragraph 35 of the Retirement Benefits Accounting Standards and main clause in paragraph 67 of Retirement Benefits Implementation Guidelines), calculation methods for liabilities for retirement benefits and service expenses are reviewed, period attribution methods for estimated retirement benefits are changed from a straight-line attribution method to benefit formula standards, while methods for determining discount rates are also changed from a method where a discount rate based on the number of years approximate to remaining average service periods of employees is used to a method where a single weighted average discount rate reflecting an amount for estimated payment periods for retirement benefits and each estimated payment period is used.

Application of the Retirement Benefits Accounting Standards is in accordance with the transitional treatment set forth in paragraph 37 of the Retirement Benefits Accounting Standards and at the beginning of the current three months of this consolidated accounting period, the amount of adjustments for such changes is added or deducted in retained earnings.

As a result, at the beginning of the current three months of this consolidated accounting period, liabilities for retirement benefits and deferred income taxes decreased 3,556 million yen and 1,244 million yen, respectively, and retained earnings increased 2,312 million yen. The effects this change will have on operating income, ordinary income for the three months of this consolidated accounting period and quarterly net income before adjustments for income taxes are minor.

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

#### (1) Balance Sheets

(In million yen)

	As of March 31, 2014	As of June 30, 2014
<b>Assets</b>		
Current assets		
Cash and bank deposits	85,746	59,378
Notes and accounts receivable-trade	135,358	132,310
Securities	36,000	36,000
Finished goods & purchased goods	90,541	93,803
Work in process	45,097	46,490
Raw materials & supplies	30,845	31,464
Deferred tax assets	7,952	8,054
Short-term bank loans receivable	10,028	10,024
Other	27,073	26,445
Allowance for doubtful accounts	-894	-901
Total current assets	467,748	443,070
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	86,590	86,018
Machinery, equipment and vehicles, net	163,560	159,771
Other, net	59,239	56,871
Total property, plant and equipment	309,390	302,662
Intangible fixed assets		
Goodwill	266	246
Other	5,572	5,811
Total intangible fixed assets	5,839	6,058
Investments and other assets		
Investment securities	45,952	48,418
Deferred tax assets	16,978	14,709
Other	2,370	2,455
Allowance for doubtful accounts	-242	-239
Total investments and other assets	65,058	65,344
Total fixed assets	380,288	374,065
Total assets	848,037	817,135

(In million yen)

	As of March 31, 2014	As of June 30, 2014
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	106,409	113,058
Short-term bank loans	129,749	132,693
Accrued income taxes	3,424	2,701
Accrued bonuses for directors and statutory auditors	31	39
Reserve for loss on supporting affiliated companies	1,601	1,577
Reserve for loss related to Antimonopoly Act	35	—
Other	73,966	45,314
Total current liabilities	315,218	295,385
Long-term liabilities		
Long-term loans	252,018	239,228
Reserve for product defect compensation	932	928
Liabilities for retirement benefits	54,248	50,095
Other	12,251	11,854
Total long-term liabilities	319,450	302,106
Total liabilities	634,668	597,491
<b>Net assets</b>		
Shareholders' equity		
Common stock	54,346	54,346
Additional paid-in capital	67,369	67,369
Retained earnings	82,855	89,629
Treasury stock	-533	-535
Total shareholders' equity	204,037	210,809
Accumulated other comprehensive income		
Net unrealized holding gain on other securities	8,073	10,111
Translation adjustments	-1,727	-4,564
Accrued retirement benefits adjustments	-11,111	-10,779
Total accumulated other comprehensive income	-4,765	-5,231
Minority interests	14,096	14,065
Total net assets	213,368	219,644
<b>Total liabilities and net assets</b>	<b>848,037</b>	<b>817,135</b>



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

(In million yen)

	Three months ended June 30, 2013(April 1, 2013– June 30, 2013)	Three months ended June 30, 2014(April 1, 2014– June 30, 2014)
Net sales	154,055	167,049
Cost of sales	129,484	136,615
Gross profit	24,570	30,434
Selling, general and administrative expenses	19,691	21,653
Operating income	4,879	8,780
Non-operating income		
Interest income	83	139
Dividend income	262	333
Equity in earnings of unconsolidated subsidiaries	142	190
Other	909	666
Total non-operating income	1,397	1,330
Non-operating expenses		
Interest expenses	1,186	1,146
Other	1,516	937
Total non-operating expenses	2,703	2,084
Ordinary income	3,573	8,027
Income before income taxes and equity in earnings of affiliated companies	3,573	8,027
Income and other taxes	2,154	2,277
Income before minority interests	1,419	5,749
Minority interests in subsidiaries	112	224
Net income	1,306	5,525

(Consolidated Statement of Comprehensive Income)

(In million yen)

	Three months ended June 30, 2013(April 1, 2013– June 30, 2013)	Three months ended June 30, 2014(April 1, 2014– June 30, 2014)
Net income before minority interests	1,419	5,749
Other comprehensive income		
Net unrealized holding gain on securities	2,288	2,038
Translation adjustments	7,444	-2,648
Accrued retirement benefits adjustments	-324	323
Equity in equity-method affiliates	863	-389
Total other comprehensive income	10,271	-676
Comprehensive income	11,691	5,073
(Breakdown)		
Comprehensive income attributable to owners of parent company	10,926	5,059
Comprehensive income attributable to minority interests	764	14

## (3) Statements of Cash Flows

(In million yen)

	Three months ended June 30, 2013(April 1, 2013– June 30, 2013)	Three months ended June 30, 2014(April 1, 2014– June 30, 2014)
Net cash provided by operating activities		
Income before income taxes and equity in earnings of affiliated companies	3,573	8,027
Depreciation and amortization	9,348	9,522
Depreciation of goodwill	93	13
Increase/decrease in reserve for loss related to Antimonopoly Act	-7,231	-35
Increase/decrease related to reserve for early retirement expenses	-5,818	—
Increase/decrease in allowance for doubtful accounts	-79	24
Increase/decrease in accrued retirement benefits for directors and statutory auditors	-14	7
Increase/decrease in accrued retirement benefits for employees	5,970	—
Increase/decrease in reserve for product defect compensation	-21	-3
Increase/decrease (-) in liabilities for retirement benefits	—	-3,682
Increase/decrease (-) in accrued liabilities related to a loss pertaining to Antimonopoly Act	—	-28,203
Increase/decrease (-) in accrued liabilities related to business restructuring expenses	—	-574
Increase/decrease in accrued payments due to the change in retirement benefit plan	-153	-10
Antimonopoly Act-related payment	7,231	28,203
Payment of retirement benefits, etc. associated with implementation of early retirement system	10,135	—
Interest and dividend income	-345	-473
Interest expenses	1,186	1,146
Foreign currency translation adjustments / Foreign exchange losses/gains	-1,346	-49
Equity in earnings/losses of non-consolidated subsidiaries	-142	-190
Decrease/increase in trade receivables	-657	1,492
Decrease/increase in inventories	4,215	-7,156
Increase/decrease in trade payables	5,777	7,244
Other	4,579	5,600
Subtotal	36,299	20,905
Interest and dividend income received	729	942
Interest paid	-1,226	-1,240
Antimonopoly Act-related payment	-7,231	-28,203
Payment of retirement benefits, etc. associated with implementation of early retirement system	-10,135	—
Income taxes paid	-1,460	-3,137
Net cash provided by operating activities	16,975	-10,733
Net cash provided by investing activities		
Increase in time deposits	-59	-384
Decrease in time deposits	296	163
Purchase of property, plant and equipment	-10,945	-6,437
Purchase of intangible fixed assets	-283	-559
Payment for purchase of subsidiaries stock	-31	—
Decrease/increase in short-term bank loans receivable, net	2	3
Other	20	106
Net cash provided by investing activities	-11,000	-7,107

(In million yen)

	Three months ended June 30, 2013(April 1, 2013– June 30, 2013)	Three months ended June 30, 2014(April 1, 2014– June 30, 2014)
Net cash provided by financing activities		
Increase/decrease in short-term bank loans, net	-4,100	-3,626
Proceeds from long-term loans	23,087	7,310
Repayment of long-term loans	-7,008	-11,152
Payment for redemption of bonds	-10,000	—
Proceeds from issuing common stock assigned to minority shareholders	240	—
Dividend payment	—	-1,063
Repayment of lease payable	-64	-79
Other	-86	-46
Net cash provided by financing activities	2,068	-8,657
Effect of exchange rate changes on cash and cash equivalents	639	-73
Increase/decrease in cash and cash equivalents	8,683	-26,572
Cash and cash equivalents, at beginning of the year	86,100	129,670
Cash and cash equivalents, at end of the year	94,784	103,098

(4) Notes to consolidated financial statements  
(Notes to Going Concern Assumption)  
None

(Balance Sheet)

1. Contingent liabilities

(Launch of arbitration proceedings related to compensation for damages)

NTN-SNR ROULEMENTS (hereinafter referred as NTN-SNR), a consolidated subsidiary, has been involved in arbitration proceedings since November 2012. One automotive customer submitted a claim to arbitration and requested the payment in the amount of 57,774 thousand dollars (5,855 million yen equivalent at the rate of the end of the first quarter of this consolidated fiscal year) for damages due to allegedly defective products provided by NTN-SNR. With subsequent arbitration proceedings, the claim for damages has increased to 6,355 million yen (equivalent at the rate of the end of the first quarter of this consolidated fiscal year) due to the increase in the number of allegedly defective products.

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

(Notes Related to Significant Changes in Shareholder's Equity)  
None

(Segment Information)

I. Three months ended June 30, 2013 (April 1, 2013– June 30, 2013)

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

(In million yen)

	Reporting segment					Adjustments (Note) 1	Balance sheet amount
	Japan	Americas	Europe	Asia and other areas	Total		
Net sales							
Sales to external customers	43,781	41,288	44,218	24,765	154,055	—	154,055
Inter-segment sales or transfers	31,873	793	1,852	1,979	36,497	(36,497)	—
Total	75,654	42,081	46,071	26,744	190,552	(36,497)	154,055
Segment income (operating income)	5,771	798	307	1,295	8,173	(3,294)	4,879

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

2. Major countries or regions in each segment:

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

Europe: Germany, France, United Kingdom, and others

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

II. Three months ended June 30, 2014 (April 1, 2014 – June 30, 2014)

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

(In million yen)

	Reporting segment					Adjustments (Note) 1	Balance sheet amount
	Japan	Americas	Europe	Asia and other areas	Total		
Net sales							
Sales to external customers	48,759	44,017	46,999	27,272	167,049	—	167,049
Inter-segment sales or transfers	32,890	1,481	1,879	2,436	38,687	(38,687)	—
Total	81,649	45,498	48,879	29,709	205,737	(38,687)	167,049
Segment income (operating income)	5,959	-750	598	1,773	7,580	1,200	8,780

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

2. Major countries or regions in each segment:

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

Europe: Germany, France, United Kingdom, and others

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

(Significant Subsequent Events)

None

#### 4. Supplemental Information

##### (1) Earnings by Business Segment

Three months (from April 1, 2013 to June 30, 2013)

(In million yen)

	Aftermarket applications	Industrial machinery applications	Automotive applications	Total
Sales to external customers	24,204	24,009	105,841	154,055
Operating income	3,799	373	706	4,879

Three months (from April 1, 2014 to June 30, 2014)

(In million yen)

	Aftermarket applications	Industrial machinery applications	Automotive applications	Total
Sales to external customers	26,715	25,870	114,464	167,049
Operating income	4,359	874	3,547	8,780

##### (2) Sales by Geographic Segment

Three months (from April 1, 2013 to June 30, 2013)

(In million yen)

Japan	Americas	Europe	Asia and other areas	Total
40,931	42,645	42,067	28,411	154,055

Three months (from April 1, 2014 to June 30, 2014)

(In million yen)

Japan	Americas	Europe	Asia and other areas	Total
45,830	45,991	44,612	30,614	167,049

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

(3) Lawsuits, etc.

- 1) In June 2012, the Company and former executives received an indictment filed by the Tokyo District Prosecutors Office ("TDPO") on suspicion of having violated the Japan Antimonopoly Act in relation to the domestic sale of bearings. In March 2013, the Company received a cease and desist order and surcharge payment order (for 7.231 billion yen) from the Japan Fair Trade Commission ("JFTC"). Because the assertions by the JFTC and TDPO are greatly different from the Company's view of the facts, in April 2013, the Company appealed the JFTC's orders. As a result, hearing proceedings for the JFTC's orders were commenced in September 2013. In addition, a criminal trial was commenced in December 2013, and we are presenting a defense of the Company during the trial. The Company paid provisionally the penalty in full before the deadline of payment to avoid a risk of overdue charges.

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

The Company and its consolidated subsidiary in Singapore faced an investigation of the Competition Commission of Singapore on suspicion of having violated the Competition Law in relation to transactions of bearings with customers in Singapore and the Company estimated a loss expected to occur in the future and included 35 million yen in extraordinary loss for the former consolidated fiscal year. In May 2014, the Company and its consolidated subsidiary in Singapore received a decision from the Competition Commission of Singapore to the effect that it imposes fines of 455 thousand Singapore dollars (yen equivalent of 37 million yen at the average rate during the current consolidated first quarter). The fines were paid in full in July 2014.

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

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