

FY2017 Second Quarter Consolidated Financial Results Highlights (Unit: JPY Million)

2nd Quarter (YTD) Financial Results	2016/9		2017/9		Year-to-year comparison	
	Amount	%	Amount	%	Amount	%
Net sales	39,314	100.0%	51,085	100.0%	11,771	29.9%
Operating income	2,894	7.4%	2,163	4.2%	-731	-25.3%
Non-operating income	430	1.1%	639	1.3%	208	48.5%
Non-operating expenses	714	1.8%	582	1.1%	-132	-18.5%
Interest expense	190	0.5%	372	0.7%	182	96.2%
Foreign exchange losses	475	1.2%	127	0.2%	-348	-73.3%
Ordinary income	2,610	6.6%	2,220	4.3%	-390	-14.9%
Extraordinary gains	200	0.5%	-	-	-200	-
Extraordinary losses	-	-	135	0.3%	135	-
Profit before income taxes	2,810	7.1%	2,084	4.0%	-725	-25.8%
Corporation tax, etc.	732	1.9%	805	1.6%	73	10.0%
Income taxes-deferred	84	0.2%	202	0.4%	117	138.3%
Profit attributable to non-controlling interests	199	0.5%	354	0.7%	155	78.0%
Profit attributable to owners of parent	1,793	4.6%	721	1.4%	-1,071	-59.8%
Exchange rate (USD)	102.91		112.00		Exchange rate is TTM rate as of June 30.	
Exchange rate (EUR)	114.39		127.97			

<Overview (year-on-year comparison)>

[Net sales] Increased by 11,770 million yen (up 29.9%)

<Domestic> Increased by 1,580 million yen.

Car related sales increased due to increased domestic car production and increased sales of bearings for turbochargers. Decrease in ship sector sales is more than compensated by the increase in construction machinery sector. Inclusion of two companies, acquired last year, also contributed to the increase in net sales.

<Overseas> Increased by 10,180 million yen.

Significant sales increase for automotive engine bearings and bearings for construction machinery in North America. Increase in Europe (including Russia) and Asia and inclusion of two overseas companies, acquired last year, also contributed to the large increase in net sales.

[Profit] Operating income was 2,160 million yen, decreased by 730 million yen compared with the previous period, mainly due to increase in cost of sales and SG&A (Selling, General & Administrative Expense) and larger-than-expected rise in material cost. Ordinary income was 2,220 million yen, decreased by 390 million yen. Profit attributable to owners of parent was 720 million yen, decreased by 1,070 million yen, reflecting, among others, the impairment loss recorded by a subsidiary.

Results for the period	Results			Previous Forecast	Revised	Comparison with forecast	
	2015/3	2016/3	2017/3	2018/3	2018/3	Amount	%
Net sales	85,015	81,400	85,073	96,000	101,000	5,000	5.2%
Operating income	7,633	7,114	5,103	7,000	5,600	-1,400	-20.0%
(Operating margin)	(9.0%)	(8.7%)	(6.0%)	(7.3%)	(5.5%)		
Ordinary income	8,129	6,796	5,427	7,100	5,800	-1,300	-18.3%
(Ordinary income margin)	(9.6%)	(8.3%)	(6.4%)	(7.4%)	(5.7%)		
Profit attributable to owners of parent	4,459	3,919	2,635	4,200	2,700	-1,500	-35.7%
(Net profit margin)	(5.2%)	(4.8%)	(3.1%)	(4.4%)	(2.7%)		
Exchange rate (USD)	120.55	120.61	116.49	105.00	108.00	3.00	-
Exchange rate (EUR)	146.54	131.77	122.70	115.00	128.00	13.00	-

<Revision of FY2017 financial results forecast>

We revised the forecast for 2018/3 consolidated financial results announced on May 12th, 2017, reflecting the result for this period as described on the left.

The dividend previously announced is unchanged with annual dividend of 30 yen per share (the interim dividend of 15 yen per share and expected year-end dividend of 15 yen per share).

Segment	Net sales to external customers					
	2016/9		2017/9		Year-to-year comparison	
	Amount	%	Amount	%	Amount	%
Automotive engine bearings	27,020	68.8%	31,086	60.8%	4,066	15.1%
Automotive non-engine bearings	6,342	16.1%	7,025	13.8%	682	10.8%
Non-automotive bearings	4,928	12.5%	4,434	8.7%	-494	-10.0%
Other automotive parts	-	-	7,459	14.6%	7,459	-
Others (*1)	1,022	2.6%	1,079	2.1%	57	5.6%
Total	39,314	100.0%	51,085	100.0%	11,771	29.9%

<By region (year-on-year comparison)>

[Domestic] Up 7.2%

<Car related> Increased domestic automotive production and increased sales for bearings for turbochargers and high value-added engine bearings contributed to the sales increase.

<Construction Machinery related> Sales increased, including exports.

<Ship related> Decreased sales for bearings for low-speed diesel engines for large ships and bearings for medium speed diesel engines for medium ships, including exports.

<General industry related> For this 2nd quarter, low demand for special types of bearings used in electric power generation facilities in the electric power/energy related business.

Profit decreased due to the increase in cost of sales and SG&A (Selling, General & Administrative Expense) and the increase of material cost

[Overseas] (For subsidiaries whose accounting period ends on December 31, from January to June.)

<Asia> Up 90.5%.

Significant increase in sales due to firm demand for automotive engine bearings in China and Thailand, and the effect of acquisition of two overseas group companies. Profit decreased due to the increase in cost of sales and SG&A (Selling, General & Administrative Expense) and an amortization of goodwill of two group companies recently acquired.

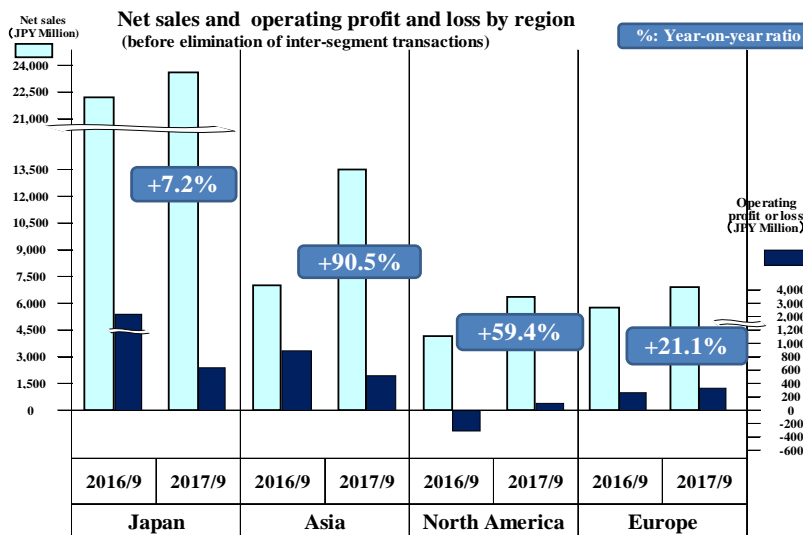
[North America] Up 59.4%.

Significant increase in sales due to increased production in plant in Mexico and recovered demand from construction machinery sector. Profit increased as the temporary expenses incurred in Mexico in previous year, caused by sudden increase in order, no longer exist this year.

[Europe] Up 21.1%.

Firm demand for automotive sector, especially in Russia. Favorable change in exchange rate also contributed to sales increase. Increase in cost of sales and SG&A (Selling, General & Administrative Expense) is compensated by the increase in sales and fluctuations in exchange rate and profit increased.

(*1) "Others" includes the real estate leasing business, the metallic dry bearings business, and pump-related products businesses.



Financial ratios	2015/3	2016/3	2017/3	2017/9	Comparison with 2017/2
Operating margin	9.0%	8.7%	6.0%	4.2%	-1.8P
Return on Equity (ROE)	10.8%	9.0%	5.9%	(*) 3.2%	-2.7P
Net assets to total assets	37.4%	35.8%	29.1%	29.5%	+0.4P
Net interest bearing debt	17,964	23,237	49,108	52,390	3,281

(*) Annualized.

Capital Expenditure	2014/3	2015/3	2016/3	2017/3	2016/9	2017/9	Year-to-year comparison
Capital Expenditure	10,838	10,597	14,802	12,329	5,031	4,728	-303
Depreciation	5,027	5,744	6,259	6,751	3,075	4,191	1,115

*Future prospects are prepared as information purpose only, based on the information available to us at this moment, and are under certain condition which we assumed reasonable. We will not guarantee the realization of such prospects, and actual performance fluctuates due to various factors.