

# Financial Results for the Nine Months Ended December 31, 2014 [Japanese Accounting Standards] (Consolidated)

February 6, 2015

NTN Corporation

Security Code: 6472

Listings: Tokyo Stock Exchange

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Scheduled submission date of quarterly financial statements: February 6, 2015

Scheduled commencement date of dividend payment: -

Supplementary material of the financial results: Prepared

Investor meeting: Scheduled

## 1. Consolidated Financial Results for the Nine Months Ended December 31, 2014 (April 1, 2014 to December 31, 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	%
Nine months ended December 31, 2014	513,164	10.7	29,396	42.7	27,319	50.6	16,017	—
Nine months ended December 31, 2013	463,640	18.1	20,602	—	18,144	—	-19,596	—

Note: comprehensive income: Nine months ended December 31, 2014: 46,508 million yen (571.5%)  
Nine months ended December 31, 2013: 6,925 million yen (4.3%)

	Net income per share	Diluted net income per share
	yen	yen
Nine months ended December 31, 2014	30.12	—
Nine months ended December 31, 2013	-36.84	—

### (2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
Nine months ended December 31, 2014	885,285	260,333	27.4
Year ended March 31, 2014	848,037	213,368	23.5

Note: Shareholders' equity Nine months ended December 31, 2014: 242,781 million yen  
Year ended March 31, 2014: 199,272 million yen

## 2. Dividends

(Record date)	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	—	2.50	—		
Year ending March 31, 2015 (forecast)				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)

(% figure represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	673,000	5.3	42,000	27.3	36,000	25.6	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 the Attached Documents.

(3) Changes in accounting policies and accounting estimates and retrospective restatements

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 retrospective restatement" in "2. Information regarding Summary Information (Other Information)" on page 4 of the 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):

Nine months ended December 31, 2014: 532,463,527 shares

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

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

Nine months ended December 31, 2014: 658,290 shares

Year ended March 31, 2014: 619,746 shares

3) Average number of shares outstanding during the quarter:

Nine months ended December 31, 2014: 531,828,538 shares

Nine months ended December 31, 2013: 531,874,194 shares

\* Presentations related to implementation of quarterly review process

This financial results report for the nine 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 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 forecasts, please refer to "(3) Explanation regarding Future Forecast Information of Consolidated Earnings Forecasts, etc." of "1. Qualitative Information of Consolidated Financial Statements for the Nine Months ended December 31, 2014" on page 3 of Attached Documents.

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## 1. Qualitative Information of Consolidated Financial Statements for the Nine Months ended December 31, 2014

### (1) Explanation regarding Consolidated Operating Results

During the current nine months (April 1 – December 31, 2014), the Japanese economy saw a continued moderate recovery trend, despite signs of a negative reaction to increased consumption taxes. Looking at the overseas economy, the U.S. economy continued to recover and the European economy was picking up. However, expansion in the Chinese economy weakened while a slight slowdown was seen in economic conditions in other emerging economies.

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 in April, 2013.

During the nine months of the current fiscal year, the Group achieved sales of 513,164 million yen (up 10.7% year on year). In terms of income, the Group posted operating income of 29,396 million yen (up 42.7% year on year) and ordinary income of 27,319 million yen (up 50.6% year on year). In terms of extraordinary income, the Group posted 307 million yen in proceeds from the sale of fixed assets. In terms of extraordinary losses, the Group posted 2,057 million yen in loss pertaining to the Anti-Monopoly Act, 1,263 million yen in payment of duties for past financial years and 240 million yen in loss on affiliated company liquidation. As a result, the Group posted quarterly net income of 16,017 million yen (against quarterly net loss of 19,596 million yen booked in the same period in the previous 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 and for aircrafts. Sales in automotive applications increased, reflecting an increase in customer demand and other factors. As a result, net sales were 255,557 million yen (up 7.1% year on year). Segment income of 21,097 million yen was posted (up 12.3% year on year), supported mainly by effect of 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 144,314 million yen (up 16.0% year on year), due partly to favorable exchange rates. In terms of segment income incurred a segment income of 115 million yen (down 92.8% against 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 automotive applications but industrial market applications increased in terms of sales in wind turbines and other factors. As a whole, net sales were 136,994 million yen (up 4.7% year on year), thanks partly to favorable exchange rates. Segment income amounted to 1,296 million yen of profit partly due to a slash in fixed expenses (against segment loss of 185 million yen booked in the same period in the previous year).

#### 4) Asia and other areas

Sales in aftermarket applications grew reflecting increased customer demand for aftermarket applications in industrial machinery aftermarket applications, and other factors, but sales in industrial machinery applications remained on par with the same period in the previous year. Sales in automotive market applications rose backed mainly by mass production of products for new projects and increased customer demand in China, despite a fall in sales in the ASEAN region. As a result, net sales were 96,488 million yen (up 14.5% year on year), thanks to favorable exchange rates. Segment income amounted to 6,693 million yen (up 94.4% year on year), supported by effects of a rise in sales and other factors.

Operating results by business application are as follows:

1) Aftermarket applications

Net sales were 82,804 million yen (up 10.9% year on year), supported by an increase in customer demand and favorable exchange rates. Operating income was 13,900 million yen (up 12.3% year on year), thanks mainly to an effect of increased sales and favorable exchange rates.

2) Industrial machinery applications

Net sales were 79,495 million yen (up 11.2% year on year), mainly reflecting expanded customer demand for construction machinery applications and wind turbines, as well as favorable exchange rates. Operating income was 3,646 million yen (up 118.6% year on year), thanks to an effect of increased sales and other factors.

3) Automotive applications

Net sales were 350,864 million yen (up 10.5% year on year), primarily reflecting to expanded customer demand in Japan, the Americas and China and favorable exchange rates. Operating income was 11,849 million yen (up 80.8% year on year), mainly reflecting an effect of increased sales, slash in proportional costs and favorable exchange rates, despite an increase in fixed costs due to an additional burden imposed on production lines in coping with increased sales in the Americas.

(2) Explanation regarding Consolidated Financial Position

(Assets, Liabilities, and Net assets)

Total current assets increased 15,038 million yen (up 3.2%) from the previous consolidated fiscal year end to 482,786 million yen. This was due principally to an increase of 20,227 million yen in goods and purchased goods, an increase of 6,405 million yen in work in process, and a decrease of 22,158 million yen in cash and bank deposits. Fixed assets increased 22,210 million yen (up 5.8%) from the previous consolidated fiscal year end to 402,498 million yen. This was mainly due to an increase in tangible fixed assets of 12,361 million yen and an increase of 9,293 million yen in investment securities. As a result, total assets increased 37,248 million yen (up 4.4%) from the previous consolidated fiscal year end to 885,285 million yen.

Total current liabilities increased 9,376 million yen (up 3.0%) from the previous consolidated fiscal year end to 324,594 million yen. This was due principally to an increase of 58,453 million yen in electronically-recorded monetary claims, an increase of 20,221 million yen in short-term bank loans payable, a decrease of 46,439 million yen in notes and accounts payable-trade, a decrease of 25,237 million yen in "Other" resulting from a decrease in accrued liabilities related to a loss pertaining to Anti-Monopoly Act, etc. Total long-term liabilities decreased 19,093 million yen (down 6.0%) from the previous consolidated fiscal year end to 300,357 million yen. This was due principally to a decrease of 15,543 million yen in long-term loans and a decrease of 3,625 million yen in liabilities for retirement benefits. As a result, total liabilities decreased 9,716 million yen (down 1.5%) from the previous consolidated fiscal year end to 624,952 million yen.

Total net assets increased 46,965 million yen from the previous consolidated fiscal year end (up 22.0 %) to 260,333 million yen. This was mainly due to an increase of 22,093 million yen in translation adjustments, an increase of 15,936 million yen in retained earnings and an increase of 5,234 million yen in net unrealized holding gain on other securities.

(Cash Flows)

Net cash provided by operating activities was 17,324 million yen (year-on-year decrease of 37,336 million yen, or down 68.3%). Major items included income from depreciation and amortization of 29,817 million yen, 24,065 million yen in quarterly net income before adjustments for income taxes, and an increase of 9,076 million yen in trade payables, against a decrease of 28,231 million yen in accrued liabilities related to a loss pertaining to Anti-Monopoly Act and expenditure of 16,875 million yen in inventories

Net cash used in investing activities was 24,217 million yen (year-on-year decrease of 1,337 million yen, or down 5.2%). Major items included expenditure of 21,173 million yen in purchase of tangible fixed assets.

Net cash used in financing activities was 15,185 million yen (against expenditure of 57 million yen booked in the same period in the previous year). Major items included expenditure of 19,627 million yen in repayments of long-term loans and a net decrease of 7,297 million yen in short-term bank loans, against 13,807 million yen in proceeds from long-term loans.

After adding a decrease of 539 million yen in translation adjustments to the above changes, cash and cash equivalents as of the end of the current nine months of this consolidated accounting period were 107,051 million yen, a decrease of 22,618 million yen (down 17.4%) from the previous consolidated fiscal year end.

(3) Explanation regarding Future Forecast Information of Consolidated Earnings Forecasts, etc.

No changes were made in the consolidated earnings forecast announced on October 31, 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 nine months ended December 31, 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”) have been applied since the three months ended June 30, 2014 regarding provisions set forth under the main clause in paragraph 35 of the Retirement Benefits Accounting Standards and the main clause in paragraph 67 of Retirement Benefits Implementation Guidelines. Calculation methods for liabilities for retirement benefits and service expenses have been reviewed, period attribution methods for estimated retirement benefits have been changed from a straight-line attribution method to benefit formula standards, while methods for determining discount rates have also been 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 under paragraph 37 of the Retirement Benefits Accounting Standards and at the beginning of the current nine-month consolidated accounting period the amount of increase or decrease for such changes was adjusted for under retained earnings.

As a result, at the beginning of the current nine-month 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 and quarterly net income before adjustments for income taxes in the current nine-month consolidated accounting period are minor.

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

#### (1) Balance Sheets

(In million yen)

	As of March 31, 2014	As of December 31, 2014
<b>Assets</b>		
Current assets		
Cash and bank deposits	85,746	63,588
Notes and accounts receivable-trade	135,358	135,552
Securities	36,000	35,000
Finished goods & purchased goods	90,541	110,768
Work in process	45,097	51,502
Raw materials & supplies	30,845	34,725
Deferred tax assets	7,952	9,203
Short-term bank loans receivable	10,028	10,019
Other	27,073	33,445
Allowance for doubtful accounts	-894	-1,018
Total current assets	467,748	482,786
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	86,590	91,174
Machinery, equipment and vehicles, net	163,560	170,352
Other, net	59,239	60,223
Total property, plant and equipment	309,390	321,751
Intangible fixed assets		
Goodwill	266	231
Other	5,572	9,568
Total intangible fixed assets	5,839	9,800
Investments and other assets		
Investment securities	45,952	55,245
Deferred tax assets	16,978	13,275
Other	2,370	2,695
Allowance for doubtful accounts	-242	-269
Total investments and other assets	65,058	70,946
Total fixed assets	380,288	402,498
<b>Total assets</b>	<b>848,037</b>	<b>885,285</b>

(In million yen)

	As of March 31, 2014	As of December 31, 2014
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	106,409	59,970
Electronically-recorded monetary claims	-	58,453
Short-term loan	129,749	149,970
Accrued income taxes	3,424	5,479
Accrued bonuses for directors and statutory auditors	31	116
Reserve for loss on supporting affiliated companies	1,601	1,876
Reserve for loss related to Anti-Monopoly Act	35	-
Other	73,966	48,729
Total current liabilities	315,218	324,594
Long-term liabilities		
Long-term loans	252,018	236,475
Reserve for product defect compensation	932	939
Liabilities for retirement benefits	54,248	50,623
Other	12,251	12,318
Total long-term liabilities	319,450	300,357
Total liabilities	634,668	624,952
<b>Net assets</b>		
Shareholders' equity		
Common stock	54,346	54,346
Additional paid-in capital	67,369	67,369
Retained earnings	82,855	98,791
Treasury stock	-533	-552
Total shareholders' equity	204,037	219,955
Accumulated other comprehensive income		
Net unrealized holding gain on other securities	8,073	13,307
Translation adjustments	-1,727	20,366
Accrued retirement benefits adjustments	-11,111	-10,848
Total accumulated other comprehensive income	-4,765	22,825
Minority interests	14,096	17,551
Total net assets	213,368	260,333
<b>Total liabilities and net assets</b>	<b>848,037</b>	<b>885,285</b>



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

(In million yen)

	Nine months ended December 31, 2013 (April 1, 2013 – December 31, 2013)	Nine months ended December 31, 2014 (April 1, 2014 – December 31, 2014)
Net sales	463,640	513,164
Cost of sales	382,854	418,649
Gross profit	80,785	94,514
Selling, general and administrative expenses	60,182	65,118
Operating income	20,602	29,396
Non-operating income		
Interest income	316	437
Dividend income	478	569
Equity in earnings of unconsolidated subsidiaries	577	710
Other	2,748	1,695
Total non-operating income	4,120	3,412
Non-operating expenses		
Interest expenses	3,653	3,571
Other	2,924	1,917
Total non-operating expenses	6,578	5,489
Ordinary income	18,144	27,319
Extraordinary income		
Gains on sale of fixed assets	-	307
Total extraordinary income	-	307
Extraordinary losses		
Loss related to Anti-Monopoly Act	-	<sup>*1</sup> 2,057
Payment of customs duties for past financial years	-	1,263
Loss on affiliated company liquidation	-	240
Provision for loss on Anti-Monopoly Act	<sup>*2</sup> 27,000	-
Business restructuring expenses	<sup>*3</sup> 1,362	-
Structure reform expenses	<sup>*4</sup> 302	-
Total extraordinary losses	28,665	3,561
Income or loss (-) before income taxes and equity in earnings of affiliated companies	-10,520	24,065
Income and other taxes	8,541	7,347
Income or loss (-) before minority interests	-19,062	16,718
Minority interests in subsidiaries	533	700
Net income or net loss (-)	-19,596	16,017

## (Consolidated Statement of Comprehensive Income)

(In million yen)

	Nine months ended December 31, 2013 (April 1, 2013 – December 31, 2013)	Nine months ended December 31, 2014 (April 1, 2014 – December 31, 2014)
Income or loss (-) before minority interests	-19,062	16,718
Other comprehensive income		
Net unrealized holding gain on securities	6,075	5,233
Translation adjustments	19,293	23,943
Accrued retirement benefits adjustments	-697	267
Equity in equity-method affiliates	1,317	345
Total other comprehensive income	25,988	29,789
Comprehensive income	6,925	46,508
(Breakdown)		
Comprehensive income attributable to owners of parent company	4,736	43,607
Comprehensive income attributable to minority interests	2,189	2,900

## (3) Statements of Cash Flows

(In million yen)

	Nine months ended December 31, 2013 (April 1, 2013 – December 31, 2013)	Nine months ended December 31, 2014 (April 1, 2014 – December 31, 2014)
<b>Net cash provided by operating activities</b>		
Income or loss (-) before income taxes and equity in earnings of affiliated companies	-10,520	24,065
Depreciation and amortization	28,880	29,817
Impairment loss	208	-
Goodwill depreciation	120	41
Increase/decrease in reserve for loss related to Anti-Monopoly Act	19,769	-35
Increase/decrease related to reserve for early retirement expenses	-5,826	-
Increase/decrease allowance for doubtful accounts	-66	77
Increase/decrease in accrued retirement benefits for directors and statutory auditors	-3	84
Increase/decrease in accrued retirement benefits for employees	6,641	-
Increase/decrease in reserve for product defect compensation	-270	4
Increase/decrease in liabilities for retirement benefits	-	-3,833
Increase/decrease in accrued liabilities related to loss pertaining to the Anti-Monopoly Act	-	-28,231
Increase/decrease in other current liabilities for reorganization expenses	1,069	-833
Increase/decrease in accrued payments due to the change in retirement benefit plan	-185	-10
Surcharge payments under the Anti-Monopoly Act	7,231	30,327
Payment of employee's retirement benefits under employee's early retirement system	10,657	-
Interest and dividend income	-794	-1,006
Interest expenses	3,653	3,571
Foreign currency translation adjustments / Foreign exchange losses/gains	-491	1,922
Equity in earnings/losses of non-consolidated subsidiaries	-577	-710
Gains or loss from the sale of fixed assets	-	-307
Decrease/increase in trade receivables	5,311	8,246
Decrease/increase in inventories	-3,881	-16,875
Increase/decrease in trade payables	16,935	9,076
Other	2,052	924
<b>Subtotal</b>	<b>79,912</b>	<b>56,315</b>
Interest and dividend income received	1,378	1,662
Interest paid	-3,700	-3,606
Surcharge payments under the Anti-Monopoly Act	-7,231	-30,327
Payment of employee's retirement benefits under employee's early retirement system	-10,657	-
Income taxes paid	-5,042	-6,719
<b>Net cash provided by operating activities</b>	<b>54,660</b>	<b>17,324</b>
<b>Net cash used in investing activities</b>		
Increase in time deposits	-1,023	-1,419
Decrease in time deposits	846	1,142
Purchase of property, plant and equipment	-24,560	-21,173
Proceeds from the sale of property, plant and equipment	-	1,421
Purchase of intangible fixed assets	-1,321	-3,931
Payment for purchase of subsidiaries stock	-31	-
Decrease/increase in short-term loans receivable, net	280	9
Other	254	-265
<b>Net cash used in investing activities</b>	<b>-25,554</b>	<b>-24,217</b>

(In million yen)

	Nine months ended December 31, 2013 (April 1, 2013 – December 31, 2013)	Nine months ended December 31, 2014 (April 1, 2014 – December 31, 2014)
Net cash provided by financing activities		
Increase/decrease in short-term loans, net	-11,447	-7,297
Proceeds from long-term loans	47,766	13,807
Repayment of long-term loans	-26,116	-19,627
Payment for redemption of bonds	-10,000	-
Proceeds from issuance of shares of minority shareholders	240	979
Dividend payment	-	-2,393
Repayment of lease payable	-201	-211
Other	-299	-442
Net cash provided by financing activities	-57	-15,185
Effect of exchange rate changes on cash and cash equivalents	885	-539
Increase/decrease in cash and cash equivalents	29,933	-22,618
Cash and cash equivalents, at beginning of the year	86,100	129,670
Cash and cash equivalents, at end of the year	116,034	107,051

(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 to 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 payment to the amount of 57,774 thousand dollars (6,964 million yen equivalent at the rate of the end of the nine months of the current consolidated fiscal year) for damages due to allegedly defective bearings provided by NTN-SNR. With subsequent arbitration proceedings, the claim for damages has been revised to 7,451 million yen (equivalent at the rate of the end of the nine months of the current consolidated fiscal year), due to an increase in the number of allegedly defective bearings.

We have continued to present counterarguments in an appropriate manner. Depending on the results of the arbitration, there is a possibility of an impact on the results of operations of the Company and its consolidated subsidiaries. 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 Consolidated Statement of Operations)

- \* 1 In August 2014, the Company's consolidated subsidiary in China and the Company, as parent company, received an order from the National Development and Reform Commission to pay fines of 119,160 thousand RMB for alleged violations of the Anti-Monopoly Law of China in relation to bearings transactions in China. During the nine months of the current consolidated fiscal year, the Company recorded 2,057 million yen under extraordinary losses as a loss pertaining to antimonopoly act.
- \* 2 In nine months of the previous consolidated fiscal year, extraordinary loss of 27,000 million yen was recorded as "Provision for loss on Anti-Monopoly Act." This amount refers to the loss expected to occur following investigations of the European Commission on suspicion of the violations of EU Competition Law by consolidated subsidiaries of the Company in Europe in connection with automotive bearings business.
- \* 3 In nine months of the previous consolidated fiscal year, an extraordinary loss of 1,362 million yen in business restructuring expenses was recorded. This extraordinary loss represents expenses related to production restructuring at consolidated subsidiaries (including 208 million yen in impairment losses).
- \* 4 In nine months of the previous consolidated fiscal year, an extraordinary loss of 302 million yen in structure reform expenses was recorded. These expenses are related to the implementation of employee's early retirement system.

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

(Segment Information)

I. Nine months ended December 31, 2013 (April 1, 2013 – December 31, 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	138,452	121,730	125,662	77,794	463,640	—	463,640
Inter-segment sales or transfers	100,202	2,682	5,216	6,461	114,563	(114,563)	—
Total	238,655	124,412	130,879	84,256	578,203	(114,563)	463,640
Segment income (operating income or loss)	18,791	1,590	-185	3,443	23,639	(3,036)	20,602

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

2. Information related to impairment loss on fixed assets and goodwill for individual reporting segments (significant impairment loss related to fixed assets)

(In million yen)

	Japan	Americas	Europe	Asia and other areas	Adjustments	Total
Impairment loss	—	—	208	—	—	208

II. Nine months ended December 31, 2014 (April 1, 2014 – December 31, 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	152,297	140,285	132,566	88,014	513,164	—	513,164
Inter-segment sales or transfers	103,260	4,028	4,427	8,473	120,190	(120,190)	—
Total	255,557	144,314	136,994	96,488	633,354	(120,190)	513,164
Segment income (operating income)	21,097	115	1,296	6,693	29,203	192	29,396

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) 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 Anti-Monopoly 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 are greatly different from the Company's view of the facts, in April 2013, the Company appealed the JFTC orders. As a result, hearing proceedings for the JFTC orders were commenced in September 2013. The Company paid provisionally the surcharge in full before the deadline of payment to avoid a risk of overdue charges. In addition, a criminal trial was commenced in December 2013, and we were presenting a defense of the Company during the trial, but on February 4, 2015, NTN was sentenced to a penalty of 400 million yen by Tokyo District Court for violation of the Anti-Monopoly Act of Japan with respect to the domestic sales of bearings. In addition, two former executives of NTN were sentenced to 18 months and 12 months in prison, respectively, with a stay of execution for 3 years. In response, the Company has appealed against such judgment and the criminal case is still pending.

In March 2014, the relevant subsidiaries and the Company, as parent company of the subsidiaries, received a decision from the European Commission to the effect that the European Commission imposes fines of 201,354 thousand euros (yen equivalent of 27,023 million yen at the average rate during the previous consolidated fiscal year) on an allegation 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 previous consolidated fiscal year. The European Commission's decision was adopted following 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 by the Competition Commission of Singapore on suspicion of having violated the Competition Law in relation to bearings transactions with customers in Singapore. In estimation of future losses, the Company recorded 35 million yen under extraordinary losses in the previous 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 38 million yen at the average rate during the nine months of the current consolidated fiscal year) on suspicion of having violated the Competition Law in relation to transactions of bearings with customers in Singapore. The fines were paid in full in July 2014. 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 August 2014, the Company received a decision from National Development and Reform Commission of China to the effect that it imposes fines of 119.16 million RMB for the alleged violations of the Chinese Anti-monopoly Act by the Company and its subsidiaries in China. The fines were paid in full in September 2014. The Company estimated a loss expected to occur in the future and included 2,057 million yen as loss related to Anti-monopoly Act in extraordinary loss for the nine months of the current consolidated fiscal year.

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

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

## (2) Explanatory materials

(Millions of yen)

		FY 2013						FY 2014				
		1Q	2Q	3Q	Nine months total	4Q	Full year	1Q	2Q	3Q	Nine months total	
Consolidated operating results (Lower: Net sales ratio)	Net sales	154,055 100.0%	153,128 100.0%	156,456 100.0%	463,640 100.0%	175,330 100.0%	638,970 100.0%	167,049 100.0%	169,194 100.0%	176,920 100.0%	513,164 100.0%	
	Operating income	4,879 3.2%	8,141 5.3%	7,582 4.8%	20,602 4.4%	12,401 7.1%	33,003 5.2%	8,780 5.3%	9,478 5.6%	11,137 6.3%	29,396 5.7%	
	Ordinary income	3,573 2.3%	6,759 4.4%	7,811 5.0%	18,144 3.9%	10,526 6.0%	28,670 4.5%	8,027 4.8%	8,633 5.1%	10,659 6.0%	27,319 5.3%	
	Extraordinary loss	- -	-1,573 -1.0%	-27,091 -17.3%	-28,665 -6.2%	-2,456 -1.4%	-31,121 -4.9%	- -	-2,402 -1.4%	-851 -0.5%	-3,254 -0.6%	
	Net income	1,306 0.8%	2,115 1.4%	-23,018 -14.7%	-19,596 -4.2%	4,948 2.8%	-14,648 -2.3%	5,525 3.3%	3,745 2.2%	6,746 3.8%	16,017 3.1%	
Net sales by region (Lower: Net sales ratio)	Japan	40,931 26.6%	44,167 28.8%	45,173 28.9%	130,271 28.1%	48,809 27.8%	179,081 28.0%	45,830 27.4%	48,383 28.6%	47,881 27.1%	142,094 27.7%	
	Americas	42,645 27.7%	42,738 27.9%	41,249 26.4%	126,633 27.3%	47,932 27.3%	174,566 27.3%	45,991 27.5%	49,505 29.3%	51,531 29.1%	147,028 28.7%	
	Europe	42,067 27.3%	37,721 24.6%	39,402 25.2%	119,191 25.7%	47,088 26.9%	166,279 26.0%	44,612 26.7%	39,403 23.3%	40,980 23.2%	124,997 24.4%	
	Asia and other areas	28,411 18.4%	28,500 18.6%	30,630 19.6%	87,543 18.9%	31,499 18.0%	119,043 18.6%	30,614 18.3%	31,902 18.9%	36,527 20.6%	99,044 19.3%	
	Total	154,055 100.0%	153,128 100.0%	156,456 100.0%	463,640 100.0%	175,330 100.0%	638,970 100.0%	167,049 100.0%	169,194 100.0%	176,920 100.0%	513,164 100.0%	
Operating income by location Net sales /	Japan	Net sales	75,654	79,876	83,123	238,655	84,927	323,582	81,649	84,981	88,926	255,557
		Operating income	5,771	5,803	7,216	18,791	6,802	25,593	5,959	5,876	9,262	21,097
		Operating margin	7.6%	7.3%	8.7%	7.9%	8.0%	7.9%	7.3%	6.9%	10.4%	8.3%
	Americas	Net sales	42,081	41,671	40,659	124,412	47,430	171,843	45,498	48,216	50,598	144,314
		Operating income	798	704	86	1,590	1,054	2,644	-750	810	55	115
		Operating margin	1.9%	1.7%	0.2%	1.3%	2.2%	1.5%	-1.7%	1.7%	0.1%	0.1%
	Europe	Net sales	46,071	41,529	43,279	130,879	51,470	182,350	48,879	43,097	45,017	136,994
		Operating income	307	89	-582	-185	2,325	2,139	598	461	236	1,296
		Operating margin	0.7%	0.2%	-1.3%	-0.1%	4.5%	1.2%	1.2%	1.1%	0.5%	0.9%
	Asia and other	Net sales	26,744	27,726	29,785	84,256	29,550	113,806	29,709	31,330	35,447	96,488
		Operating income	1,295	649	1,498	3,443	962	4,405	1,773	2,159	2,759	6,693
		Operating margin	4.8%	2.3%	5.0%	4.1%	3.3%	3.9%	6.0%	6.9%	7.8%	6.9%
	Deletion	Net sales	-36,497	-37,674	-40,390	-114,563	-38,047	-152,611	-38,687	-38,432	-43,069	-120,190
		Operating income	-3,294	894	-637	-3,036	1,257	-1,779	1,200	170	-1,177	192
	Total	Net sales	154,055	153,128	156,456	463,640	175,330	638,970	167,049	169,194	176,920	513,164
Operating income		4,879	8,141	7,582	20,602	12,401	33,003	8,780	9,478	11,137	29,396	
Operating margin		3.2%	5.3%	4.8%	4.4%	7.1%	5.2%	5.3%	5.6%	6.3%	5.7%	



(Millions of yen)

			FY 2014						FY 2015			
			1Q	2Q	3Q	Nine months total	4Q	Full year	1Q	2Q	3Q	Nine months total
Operating income by business applications	Aftermarket	Net sales	24,204	25,351	25,078	74,634	29,210	103,844	26,715	28,036	28,052	82,804
		Operating income	3,799	4,363	4,217	12,380	5,345	17,725	4,359	4,550	4,990	13,900
		Operating margin	15.7%	17.2%	16.8%	16.6%	18.3%	17.1%	16.3%	16.2%	17.8%	16.8%
	Industrial machinery	Net sales	24,009	24,273	23,198	71,482	29,698	101,181	25,870	26,760	26,864	79,495
		Operating income	373	981	313	1,668	1,610	3,279	874	1,263	1,508	3,646
		Operating margin	1.6%	4.0%	1.3%	2.3%	5.4%	3.2%	3.4%	4.7%	5.6%	4.6%
	Automotive	Net sales	105,841	103,503	108,179	317,523	116,420	433,944	114,464	114,396	122,003	350,864
		Operating income	706	2,795	3,052	6,554	5,444	11,999	3,547	3,664	4,637	11,849
		Operating margin	0.7%	2.7%	2.8%	2.1%	4.7%	2.8%	3.1%	3.2%	3.8%	3.4%
	Total	Net sales	154,055	153,128	156,456	463,640	175,330	638,970	167,049	169,194	176,920	513,164
		Operating income	4,879	8,141	7,582	20,602	12,401	33,003	8,780	9,478	11,137	29,396
		Operating margin	3.2%	5.3%	4.8%	4.4%	7.1%	5.2%	5.3%	5.6%	6.3%	5.7%
Capital expenditures / Depreciation and amortization	Capital expenditures		10,504	7,802	5,952	24,258	8,903	33,162	6,191	6,632	6,886	19,710
	Depreciation and amortization	Domestic	4,027	4,164	4,285	12,477	4,534	17,012	3,698	3,849	4,001	11,549
		Overseas	5,320	5,432	5,649	16,403	5,899	22,302	5,823	5,937	6,507	18,268
	Total		9,348	9,597	9,935	28,880	10,434	39,315	9,522	9,786	10,508	29,817
R&D expenditures			4,150	4,252	4,393	12,797	5,023	17,820	4,441	4,358	4,360	13,160
Ratio of R&D expenditures to net sales			2.7%	2.8%	2.8%	2.8%	2.9%	2.8%	2.7%	2.6%	2.5%	2.6%
Inventories			164,449	164,486	182,632	182,632	166,484	166,484	171,758	179,876	196,996	196,996
Inventory turnover ratio (times)			3.7	3.7	3.4	3.4	4.2	3.8	3.9	3.8	3.6	3.5
Interest-bearing debts	Loans		369,720	375,924	379,349	379,349	381,767	381,767	371,921	378,447	386,446	386,446
	Bonds		-	-	-	-	-	-	-	-	-	-
	Total		369,720	375,924	379,349	379,349	381,767	381,767	371,921	378,447	386,446	386,446
Major management indicators	Ordinary income ratio to total assets		1.8%	3.4%	3.8%	3.0%	5.0%	3.5%	3.9%	4.2%	4.9%	4.2%
	Return on assets (ROA)		0.7%	1.1%	-11.1%	-3.2%	2.3%	-1.8%	2.7%	1.8%	3.1%	2.5%
	Return on equity (ROE)		2.5%	4.0%	-43.8%	-12.9%	9.8%	-7.3%	10.9%	7.0%	11.6%	9.7%
	Shareholder's equity ratio		26.6%	26.6%	24.1%	24.1%	23.5%	23.5%	25.2%	26.1%	27.4%	27.4%
	Net assets per share (yen)		396.38	404.86	384.74	384.74	374.68	374.68	386.54	414.76	456.52	456.52
	Net income per share (yen)		2.46	3.98	-43.28	-36.84	9.30	-27.54	10.39	7.04	12.69	30.12
Employees	Domestic (persons)		7,712	7,623	7,541	7,541	7,900	7,900	8,052	8,025	8,046	8,046
	Overseas (persons)		13,710	13,869	14,192	14,192	14,256	14,256	14,652	14,986	15,447	15,447
	Total (persons)		21,422	21,492	21,733	21,733	22,156	22,156	22,704	23,011	23,493	23,493
Exchange rates	Average	Dollar (yen)	98.78	98.93	100.37	99.36	102.77	100.17	102.17	103.84	114.35	106.73
		Euro (yen)	128.95	130.99	136.58	132.17	140.80	134.21	140.07	137.75	142.88	140.21
	At quarter end	Dollar (yen)	98.59	97.75	105.39	105.39	102.92	102.92	101.36	109.45	120.55	120.55
		Euro (yen)	128.53	131.87	145.05	145.05	141.65	141.65	138.31	138.87	146.54	146.54