

## Financial Results

### For the First Quarter Ended June 30, 2008 - Consolidated

#### NTN Corporation

Security Code: 6472  
 Listings: Tokyo and Osaka Stock Exchanges  
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 Scheduled submission date of the First Quarter Financial Statements:

#### 1. Consolidated Financial Results for the First Quarter Ended June 30, 2008 (April 1, 2008 to June 30, 2008)

##### (1) Consolidated Operating Results

(Amounts rounded down to the nearest million yen)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
1st quarter ended June 30, 2008	162,147	-	10,798	-	9,861	-	6,304	-
First quarter ended June 30, 2007	129,805	14.3	12,148	12.1	11,158	20.7	7,299	(11.5)

	Net income per share-basic	Net income per share-diluted
	yen	yen
1st quarter ended June 30, 2008	13.43	12.55
First quarter ended June 30, 2007	15.55	14.53

Note: Percent indication shows percentage of change from corresponding figure for the same quarter of the prior fiscal year.

##### (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets	Net assets per share
	million yen	million yen	%	yen
1st quarter ended June 30, 2008	733,348	241,105	29.9	467.17
Year ended March 31, 2008	629,464	216,399	33.3	445.98

#### 2. Dividends

	Dividend per share				
	at 1st quarter end	at 2nd quarter end	at 3rd quarter end	at fiscal year end	Total
Year ended March 31, 2008	-	9.00	-	10.00	19.00
Year ending March 31, 2009 (forecast)	-	10.00	-	10.00	20.00

Note: Change in dividend forecast for the fiscal year ending March 31, 2009 as of June 30, 2008: None

#### 3. Forecast of Consolidated Earnings for the Year Ending March 31, 2009 (April 1, 2008 to March 31, 2009)

(Amounts rounded down to the nearest million yen)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Interim	315,000	-	22,000	-	19,000	-	11,500	-	24.50
Full year	650,000	21.7	51,000	2.8	45,000	4.1	28,000	2.1	59.01

#### 4. Other Information

- Changes in significant subsidiaries during the period (changes resulting in change in the scope of consolidation): None
- Adoption of simplified financial accounting methods and special accounting methods for presenting quarterly consolidated financial statements: Yes.  
For details see "4 Other" in the "Qualitative Information and Consolidated Financial Statements" on page 4
- Changes of accounting policies, procedures, and method of disclosures used to prepare the quarterly consolidated financial statements
  - Changes in accordance with amendments to accounting standards: Yes
  - Changes other than above: None
 Note: For details see "4 Other" in the "Qualitative Information and Consolidated Financial Statements" on page 4
- Number of shares issued and outstanding (common stock)
  - Number of shares issued and outstanding at end of the period (treasury stock included):  
1st quarter ended June 30, 2008: 470,463,527shares      Year ended March 31, 2008: 470,463,527shares
  - Number of shares held in treasury at end of the period:  
1st quarter ended June 30, 2008: 1,075,773shares      Year ended March 31, 2008: 1,059,883shares
  - Average number of shares during 1st quarter:  
1st quarter ended June 30, 2008: 469,396,576shares      1st quarter ended June 30, 2007: 469,536,227shares

\*Note: The above forecast incorporates certain assumptions and projections based upon which the future outlook and plans by NTN (the Company) as announced in this document are formulated. Actual results may differ from the above forecast depending on various conditions. For additional information, please refer to "3 Qualitative Information Regarding Consolidated Earnings Forecast" in the "Qualitative Information and Consolidated Financial Statement."

## **【Qualitative Information and Consolidated Financial Statements】**

### **1. Qualitative Information on Consolidated Operating Results**

During the Quarter under review, Japan's economy continued to be stagnant affected by weakened corporate earnings, lagged employment recovery, and soaring prices of raw materials and crude oil. Overseas, although emerging countries including China and India continued their economic expansion, the US economy appeared to have entered a recessionary phase. The European economy also started to reveal weakening signs in its expansion trend.

In this setting, the NTN group (the Group) moved into the second year of its three-year business plan, Growth through Creativity and Achievements 21, and strove to enhance corporate value through aggressive marketing activities and cost-cutting efforts.

Also, benefited by SNR becoming a consolidated subsidiary of the Company, the Group's net sales for the period increased 24.9% from a year earlier to 162,147 million yen.

With regard to income, impacted by increased oil prices and unfavorable foreign exchange rates, operating income decreased 11.1% from a year earlier to 10,798 million yen and ordinary income dropped 11.6% to 9,861 million yen. After posting an extraordinary loss from business restructuring expenses of 56 million yen, net income came to 6,304 million yen, a 13.6% decrease from a year earlier.

Sales by business segment were as follows:

#### **(1) Bearings**

In applications for general industrial machinery, Japan, the Americas and China enjoyed strong growth of bearing sales for construction machinery and wind power systems. Europe also enjoyed strong demand for large bearings for wind power systems. China also enjoyed solid growth in bearings for office machines, while Thailand saw strong sales of Hydrodynamic BEARPHITE Units for hard disk drive (HDD) motors.

In automotive applications, sales in the Americas dropped due to decreased orders from US automakers and unfavorable foreign exchange rates. Axle bearings and needle bearings showed solid performance in Europe and China, while sales of axle bearings grew in Japan and other areas of Asia. SNR, a newly consolidated subsidiary, contributed largely to the increase in sales of bearings for both general industry machinery and automotive sectors.

As a result, the Group's net sales for the period increased 41.6% from a year earlier to 114,906 million yen.

#### **(2) Constant-velocity Joints (CVJs)**

Sales of CVJs in Japan showed solid performance assisted by export. In China, the start of volume production on new projects (mainly by Japanese automakers) contributed to the increase of CVJ sales in the market. In the Americas, sales of CVJs decreased affected by drop of the demand from US automakers and an unfavorable dollar-yen exchange rate. Sales in Europe also decreased due to decline in demand mainly from European automakers.

As a result, the Group's net sales for the period decreased 3.7% from a year earlier to 40,131 million yen.

#### **(3) Precision equipment and other products**

Sales of flat panel display repair devices increased through new orders, and sales of clutch unit products and spindles also grew. As a result, the group's net sales for the period increased 1.4% from a year earlier to 7,109 million yen.

Sales by geographical segment were as follows:

#### **(1) Japan**

Sales of CVJs and axle bearings increased in automotive applications, while large bearings for construction machinery and wind power systems increased in general industrial machinery applications. As a result, the Group's net sales for the period increased 8.9% from a year earlier to 91,575 million yen. Operating income decreased 25.1% from a year earlier to 4,856 million yen, reflecting increased steel prices and unfavorable foreign exchange rates.

#### **(2) Americas**

General industrial machinery applications showed solid performance in the shipment of bearings for agricultural machinery and construction machinery, while sales to automotive applications decreased, affected by drop of the demand from US automakers and a weaker dollar. As a result, the Group's net sales for the period decreased 9.4% from a year earlier to 31,877 million yen. Operating income came to 935 million yen, down 26.8% from a year earlier, reflecting the increased steel price and weaker dollar.

#### **(3) Europe**

In automotive applications, sales of CVJs decreased due to a demand drop mainly from European automakers. However, shipments of axle bearings and needle roller bearings were solid, helped by the start of volume production on new orders. In industrial machinery applications, shipments of large bearings mainly for wind power systems were robust. SNR, a new consolidated subsidiary, also contributed largely to the increase in sales of bearings for both general industry machinery and automotive sectors. The Group's net sales for the period increased 122.4% from a year earlier to 53,611 million yen. Despite the impact from soaring price of steel, operating income came to 2,714 million yen, up 63.3% from a year earlier, owing to increased sales and SNR becoming a consolidated subsidiary of the Company.

- (4) Asia and other areas  
In China, bearings for office machines, large bearings for wind power systems, and axle bearings and needle roller bearings for automotive applications showed solid performance. Shipments to distributors were also solid. In Thailand, sales of axle bearings and fluid dynamic bearings grew. As a result, the Group's net sales for the period increased 7.3% from a year earlier to 20,334 million yen. Operating income came to 1,577 million yen, up 18.5% from a year earlier, partly reflecting increased sales.

## 2. Qualitative Information Regarding Consolidated Financial Position

(Assets, Liabilities, and Net assets)

Total current assets at June 30, 2008 amounted to 346,218 million yen, an increase of 65,082 million, or 23.1% from March 31, 2008. Major factors included a 28,457 million yen increase in notes and accounts receivable-trade, a 12,473 million yen increase in finished goods, and a 11,375 million yen increase in work-in-process.

Total fixed assets at June 30, 2008 amounted to 387,129 million yen, an increase of 38,802 million yen, or 11.1% from March 31, 2008. Major factors included a 43,469 million yen increase in property, plant and equipment, and a 6,968 million yen decrease in investment securities.

As a result, total assets were 733,348 million yen, an increase of 103,884 million yen, or 16.5% from March 31, 2008.

Total current liabilities at June 30, 2008 amounted to 357,523 million yen, an increase of 57,212, or 19.1% from March 31, 2008. Major factors included a 31,102 million yen increase in short-term loans, and a 26,101 million yen increase in notes and accounts payable-trade.

Total long-term liabilities at June 30, 2008 amounted to 134,719 million yen, an increase of 21,966 million yen, or 19.5% from March 31, 2008. Major factors included a 10 billion yen increase in bonds, a 3,024 million yen increase in accrued retirement benefits for employees, and a 2,354 million yen increase in negative goodwill.

As a result, total liabilities were 492,243 million yen, an increase of 79,178 million yen, or 19.2% from March 31, 2008.

Total net assets were 241,105 million yen, an increase of 24,706 million yen, or 11.4% from March 31, 2008. Major factors included a 14,766 million yen increase in minority interests, a 5,885 million yen increase in translation adjustments, and a 2,037 million yen increase in retained earnings.

(Cash Flows)

Net cash provided by operating activities was 19,184 million yen, an increase of 3,762 million yen, or 24.4% from a year earlier. This mainly reflected 9,805 million yen in pretax profit, 11,298 million yen in depreciation and amortization, and an 6,454 million yen increase in trade payables, partly offset by a 7,696 million yen increase in inventories and a 4,617 million yen increase in income taxes paid.

Cash used in investment activities increased 7,593 million yen, or 52.7% from a year earlier, to 21,997 million yen. This was mainly due to outlays of 18,573 million yen for the acquisition of property, plant and equipment.

Net cash provided by financing activities was 3,430 million yen, an increase of 1,697 million yen, or 97.9% from a year earlier. This was due mainly to a net increase of 8,571 million yen in long- and short-term loans, which more than offset 4,694 million yen outlaid for dividend payments. As a result of these cash flows, and including a cash outflow of 801 million yen from exchange rate adjustments, cash and cash equivalents as of the end of the first quarter came to 32,352 million yen, an decrease of 183 million yen, or 0.6%, from the end of the previous fiscal year.

## 3. Outlook for the Year Ending March 31, 2009

Looking ahead, Japan's economy is expected to slowly recover with an increase of exports after a temporary slowdown. On the other hand, soaring prices of raw materials and crude oil, and the continued slowdown in the US economy have been affecting the global economy. This calls for a close watch on economic trends by region as well as by business sector. Under such circumstances, the Company has now moved into the second year of the Growth through Creativity and Achievements 21 medium-term business plan, and is implementing the various measures laid out therein. For the full year ending March 31, 2009, the Company sticks to its plan made public on May 13, 2008 for consolidated net sales of 650.0 billion yen, operating income of 51.0 billion yen, ordinary income of 45.0 billion yen and net income of 28.0 billion yen. These forecasts are based on foreign exchange rate assumptions of ¥100/US\$1.00 and ¥155/EUR1.00.

#### 4. Other

- (1) Changes in significant subsidiaries during the period (Changes in specific subsidiaries resulting in change in the scope of consolidation) : None
- (2) Adoption of the simplified financial accounting methods and special accounting methods for presenting quarterly consolidated financial statements :
- <1>                    Simplified financial accounting methods  
(Method of valuing inventories)  
Inventories at the end of the first quarter are mainly calculated using a reasonable estimate based on actual inventories at the end of the previous fiscal year, in lieu of an actual physical inventory. In addition, the carried inventory is reduced to estimated net selling value only where there is an obvious decrease in profitability.
- <2>                    Special accounting methods for presenting quarterly consolidated financial statements:  
(Method of calculating tax expenses)  
Tax expenses for the first quarter ended June 30, 2008 was calculated using reasonably estimated annual effective tax rate for the fiscal year including this quarter. When there has been no marked change in the business environment or temporary fluctuations since the end of the previous fiscal year, the potential recovery of deferred tax assets is determined based on the business performance forecasts of the previous fiscal year tax planning methods.  
Income taxes deferred are included in the income and other taxes.
- (3) Changes of accounting policies, procedures and method of disclosures used to prepare the quarterly consolidated financial statements
- Changes in accordance with amendments to accounting standards
- <1>                    Adoption of Accounting Standard for Quarterly Financial Reporting  
Effective from the fiscal year ending March 2009, the "Accounting Standard for Quarterly Financial Reporting" (ASBJ No. 12: March 14, 2007) and its Implementation Guidance, "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No.14: March 14, 2007) have been adopted. Quarterly consolidated financial statements have been prepared in accordance with the "Regulation for Quarterly Consolidated Financial Reporting"
- <2>                    Changes of policies and method in valuing significant assets  
Previously, inventories held in the ordinary course of business were stated at cost determined principally by the weighted average method. However, effective from the first quarter ended June 30, 2008, the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9: July 5, 2006) has been applied, and these inventories are stated at cost by the weighted average method. (For the value stated on the balance sheet, book value is written down on the decreased profitability). The effect of this on operating income, ordinary income or income before income taxes and minority interests is immaterial.
- <3>                    Adoption of the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"  
Effective from the first quarter ended June 30, 2008, the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" has been adopted. Some revisions have been made to the consolidated financial statements as necessary. The effect of this application on operating income, ordinary income or income before income taxes and minority interests is immaterial.
- <4>                    Adoption of "Accounting Standard for Lease Transactions"  
Previously, finance lease transactions that do not transfer ownership were accounted for in a manner similar to accounting treatment for ordinary rental transactions. However, effective from the first quarter ended June 30, 2008, the "Accounting Standard for Lease Transactions"(ASBJ Statement No. 13: revised March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions"(ASBJ Guidance No. 16: revised March 30, 2007) became available. The company adopted this standard and guidance for the quarter ended June 30, 2008 and finance lease accounting was applied. With regards to depreciation for finance lease transactions that do not transfer ownership, the straight-line method was used based on the assumption that the useful life is equal to the lease term and the residual value equals to zero. The effect of this application on operating income, ordinary income or income before income taxes and minority interests is immaterial.

## 5. Quarterly Consolidated Financial Statements

### (1) Balance Sheets

(In million yen)

a 18,980 million yen increase in retained earning, a 9,801 million yen decrease in net unrealized holding gain on securities, and a 8,920 million yen decrease in translation adjustments.	As of June 30, 2008	As of March 31, 2008
	Amount	Amount
Cash Flows		
Cash and bank deposits	33,317	28,259
Notes and accounts receivable-trade	133,680	105,223
Merchandise	8,986	1,119
Finished goods	68,974	56,501
Raw materials	25,377	20,358
Work-in-process	43,364	31,989
Deferred tax assets	8,191	8,340
Short-term loans receivable	8	5,008
Other	24,506	24,477
Allowance for doubtful accounts	(189)	(141)
Total current assets	346,218	281,136
Property, plant and equipment	316,870	273,401
Intangible fixed assets	5,489	2,727
Investments and other assets		
Investment securities	46,550	53,518
Deferred tax assets	15,786	16,617
Other	3,133	2,730
Allowance for doubtful accounts	(701)	(667)
Total investments and other assets	64,769	72,198
Total fixed assets	387,129	348,327
Total assets	733,348	629,464

(In million yen)

	As of June 30, 2008	As of March 31, 2008
	Amount	Amount
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	133,600	107,499
Short-term loans	139,109	108,007
Bonds due within one year	-	10,000
Corporate bonds with equity warrant due within one year	24,519	24,519
Accrued income taxes	6,025	6,727
Accrued bonuses for directors and statutory auditors	48	190
Other	54,219	43,367
Total current liabilities	357,523	300,311
Long-term liabilities		
Bonds	40,000	30,000
Long-term loans	41,246	40,347
Accrued retirement benefits for employees	30,691	27,667
Reserve for product defect compensation	1,264	1,378
Goodwill (negative balance)	2,354	-
Other	19,162	13,359
Total long-term liabilities	134,719	112,753
Total liabilities	492,243	413,065
<b>Net assets</b>		
Shareholders' capital		
Common stock	42,339	42,339
Capital surplus	55,479	55,410
Retained earnings	127,085	125,048
Treasury stock	(734)	(722)
Total shareholders' capital	224,170	222,076
Valuation and translation adjustments		
Net unrealized holding gain on securities	21	(1,939)
Translation adjustments	(4,909)	(10,794)
Total Valuation and translation adjustments	(4,887)	(12,733)
Minority interests	21,822	7,056
Total net assets	241,105	216,399
<b>Total liabilities and net assets</b>	<b>733,348</b>	<b>629,464</b>

(2) Statements of Operations  
For the first quarter ended June 30, 2008

(In million yen)

	1st Quarter ended June 30, 2008
	Amount
Net sales	162,147
Cost of sales	130,939
Gross profit	31,208
Selling, general and administrative expenses	
Freight	3,492
Sales commissions	318
Salaries	7,446
Retirement benefit expenses	408
Provision of reserve for director retirement	48
Rent	618
Travel	456
Taxes and duties	382
Depreciation	666
Research and development expenses	2,266
Other	4,304
Total selling, general and administrative expenses	20,409
Operating income	10,798
Non-operating income	
Interest received	145
Dividend received	339
Amortization of negative goodwill	370
Equity in earnings of unconsolidated Subsidiaries	138
Other	1,020
Total non-operating income	2,014
Non-operating expenses	
Interest expenses	1,425
Other	1,526
Total non-operating expenses	2,951
Ordinary income	9,861
Extraordinary losses	
Restructuring expenses	56
Income before income taxes and minority interests	9,805
Income and other taxes	2,992
Minority interests in subsidiaries	507
Net income	6,304

## (3) Statements of Cash Flows

(In million yen)

	Three months ended June 30, 2007
	Amount
<b>Cash flows from operating activities:</b>	
Net income before income taxes and minority interests	9,805
Depreciation and amortization	11,298
Amortization of negative goodwill	(370)
Increase/decrease in allowance for doubtful accounts	(290)
Increase/decrease in accrued retirement benefits for directors and statutory auditors	(141)
Increase/decrease in accrued retirement benefits for employees	383
Increase/decrease in reserve for product defect compensation	(114)
Increase/decrease in accrued payments due to the change in retirement benefit plan	(210)
Interest and dividend income	(485)
Interest expenses	1,425
Foreign currency translation adjustments / Foreign exchange losses/gains	1,818
Gain or loss in equity of non-consolidated subsidiaries and affiliates	(138)
Decrease/increase in trade receivables	1,549
Decrease/increase in inventories	(7,696)
Increase/decrease in trade payables	6,454
Other	1,083
Subtotal	24,370
Interest and dividend income received	1,236
Interest expenses paid	(1,804)
Income taxes paid	(4,617)
Net cash provided by operating activities	19,184
<b>Cash flows from investing activities:</b>	
Increase in time deposits	(198)
Purchase of property, plant and equipment	(18,573)
Proceeds from sale of property, plant and equipment	9
Purchase of intangible fixed assets	(113)
Purchase of investment securities	(258)
Proceeds from sale of investment securities	82
Purchase of equity-method-applied affiliates' shares	(2,983)
Decrease/increase in short-term loans receivable, net	0
Other	37
Net cash used in investing activities	(21,997)



(In million yen)

	Three months ended June 30, 2007
	Amount
<b>Cash flows from financing activities</b>	
Increase/decrease in short-term loans, net	8,994
Proceeds from long-term loans	257
Repayment of long-term loans	(680)
Proceeds from issuance of bonds	10,000
Payment for redemption of bonds	(10,000)
Dividend payment	(4,694)
Other	(447)
Net cash provided by financing activities	3,430
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(801)
<b>Increase/decrease in cash and cash equivalents</b>	(183)
<b>Cash and cash equivalents, at beginning of the year</b>	32,536
<b>Cash and cash equivalents, at end of the quarter</b>	32,352

Effective from the fiscal year ending March 2009, the "Accounting Standard for Quarterly Financial Reporting" (ASBJ No. 12: March 14, 2007) and its Implementation Guidance, "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No.14: March 14, 2007) have been adopted. Quarterly consolidated financial statements have been prepared in accordance with the "Regulation for Quarterly Consolidated Financial Reporting"

(4) Notes concerning premise of a going concern  
Not applicable

(5) Segment Information

**【Geographic segment information】**

(In million yen)

First quarter ended June 30, 2008 (April 1, 2008—June 30, 2008)							
	Japan	Americas	Europe	Asia and other areas	Total	Elimination	Consolidated total
Net sales							
(1) External sales	59,778	31,613	52,747	18,008	162,147	-	162,147
(2) Inter-segment sales	31,796	264	863	2,325	35,250	(35,250)	-
Total	91,575	31,877	53,611	20,334	197,398	(35,250)	162,147
Operating income	4,856	935	2,714	1,577	10,084	714	10,798

Notes:

- Countries or regions are classified in each segment by geographic proximity
- Major countries or regions in each segment:  
Americas :USA, Canada, South and Central America  
Europe :Germany, France, United Kingdom and others  
Asia and other areas :China, Thailand, India and others

**【Overseas sales】**

(In million yen)

First quarter ended June 30, 2008 (April 1, 2008—June 30, 2008)				
	Americas	Europe	Asia and other areas	Total
I Overseas sales	33,311	50,290	23,220	106,822
II Consolidated net sales				162,147
III Ratio of overseas sales to total consolidated sales	%	%	%	%
	20.6	31.0	14.3	65.9

Notes:

- Countries or regions are classified in each segment by geographic proximity
- Major countries or regions in each segment:  
Americas :USA, Canada, South and Central America  
Europe :Germany, France, United Kingdom and others  
Asia and other areas :China, Thailand, India and others
- Overseas sales includes sales by the company and its consolidated subsidiaries to countries and regions other than Japan.

(6) Significant changes in subsidiaries' capital during the period: None

**【Reference】**

(1) Summary: Consolidated Statements of Operations for the first quarter ended June 30, 2007

	(In million yen)
	1st Quarter ended June 30, 2007
	Amount
Net sales	129,805
Cost of sales	102,335
Gross profit	27,470
Selling, general and administrative expenses	15,322
Operating income	12,148
Non-operating income	
Interest and dividend income	341
Other	855
Total non-operating income	1,197
Non-operating expenses	
Interest expenses	1,517
Other	669
Total non-operating expenses	2,187
Ordinary income	11,158
Extraordinary losses	
Restructuring expenses	83
Income before income taxes and minority interest	11,075
Income and other taxes	3,767
Minority interests	7
Net income	7,299

**[Reference]**

(2) Summary: Consolidated Statements of Cash Flows for the first quarter ended June 30, 2007

(In million yen)	(In million yen) 1st Quarter ended June 30, 2007 Amount
<b>I Cash flows from operating activities:</b>	
Net income before income taxes and minority interests	11,075
Depreciation and amortization	9,054
Increase/decrease in allowance for doubtful accounts	(8)
Increase/decrease in accrued retirement benefits for directors and statutory auditors	(150)
Increase/decrease in accrued retirement benefits for employees	(9)
Increase/decrease in reserve for product defect compensation	(293)
Interest and dividend income	(341)
Interest expenses	1,517
Foreign currency translation adjustments / Foreign exchange losses/gains	504
Gain or loss in equity of non-consolidated subsidiaries and affiliates	(179)
Decrease/increase in trade receivables	3,578
Decrease/increase in inventories	(2,800)
Increase/decrease in trade payables	4,044
Other	(2,587)
Subtotal	23,403
Interest and dividend income received	1,160
Interest expenses paid	(1,606)
Income taxes paid	(7,534)
Net cash provided by operating activities	15,422
<b>II Cash flows from investing activities:</b>	
Increase in time deposits	(725)
Purchase of property, plant and equipment	(12,309)
Purchase of intangible fixed assets	(64)
Purchase of investment securities	(989)
Purchase of equity-method-applied affiliates' shares	(369)
Decrease/increase in short-term loans receivable, net	(0)
Other	54
Net cash used in investing activities	(14,404)
<b>III Cash flows from financing activities</b>	
Increase/decrease in short-term loans, net	4,569
Proceeds from long-term loans	2,000
Repayment of long-term loans	(762)
Issuance of common stock assigned to minority shareholders	213
Dividend payment	(4,225)
Other	(60)
Net cash provided by financing activities	1,733
<b>IV Effect of exchange rate changes on cash and cash equivalents</b>	(989)
<b>V Increase/decrease in cash and cash equivalents</b>	1,762
<b>VI Cash and cash equivalents, at beginning of the year</b>	32,083
<b>II Cash and cash equivalents, at end of the year</b>	33,845

**【Reference】**

(3) Segment information

**【Geographic segment information】**

First quarter ended June 30, 2007 (April 1, 2007—June 30, 2007)							
	Japan	Americas	Europe	Asia and other areas	Total	Elimination	Consolidated total
Net sales							
(1) External sales	54,115	35,022	24,002	16,685	129,805	-	129,805
(2) Inter-segment sales	29,940	191	107	2,259	32,498	(32,498)	-
Total	84,055	35,193	24,110	18,944	162,304	(32,498)	129,805
Operating income	6,479	1,277	1,662	1,331	10,750	1,397	12,148

**【Overseas sales】**

First quarter ended June 30, 2007 (April 1, 2007—June 30, 2007)				
	Americas	Europe	Asia and other areas	Total
I Overseas sales	35,944	23,818	19,720	79,483
II Consolidated net sales				129,805
III Ratio of overseas sales to total consolidated sales	%	%	%	%
	27.7	18.3	15.2	61.2