

Financial Results for the Nine Months Ended December 31, 2016
[Japanese Accounting Standards] (Consolidated)
(Unaudited)

January 31, 2017

NTN Corporation
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Listings: Tokyo Stock Exchanges
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Investor meeting: Scheduled

1. Consolidated Financial Results for the Nine Months Ended December 31, 2016
(April 1, 2016 to December 31, 2016)

(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 attributable to shareholder (parent company)	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine months ended December 31, 2016	498,338	-7.3	24,830	-32.5	21,496	-27.6	9,713	1.3
Nine months ended December 31, 2015	537,316	4.7	36,761	25.1	29,704	8.7	9,591	-40.1

Note: comprehensive income: Nine months ended December 31, 2016: 11,366million yen (317.9%)
Nine months ended December 31, 2015: 2,719million yen (-94.2%)

	Net income per share	Diluted net income per share
	yen	yen
Nine months ended December 31, 2016	18.28	-
Nine months ended December 31, 2015	18.04	-

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
Nine months ended December 31, 2016	788,163	253,904	30.1
Year ended March 31, 2016	794,650	248,504	29.2

Note: Shareholders' equity Nine months ended December 31, 2016: 237,344 million yen
Year ended March 31, 2016: 232,322 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, 2016	-	5.00	-	5.00	10.00
Year ending March 31, 2017	-	5.00	-	-	-
Year ending March 31, 2017 (forecast)				5.00	10.00

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

3. Forecast of Consolidated Earnings for the Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)
(Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholder (parent company)		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	650,000	-9.3	30,000	-37.2	22,000	-42.4	3,000	-80.0	5.64

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

* Notes to consolidated financial statements

(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, refer to "(1) Adoption of Accounting Methods Specific to the Preparation of Quarterly Consolidated 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: None
- 2) Changes other than above: None
- 3) Changes in accounting estimates: None
- 4) Retrospective restatement: None

(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, 2016: 532,463,527 shares
Year ended March 31, 2016: 532,463,527 shares

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

Nine months ended December 31, 2016: 1,379,138 shares
Year ended March 31, 2016: 795,969 shares

3) Average number of shares outstanding during the quarter:

Nine months ended December 31, 2016: 531,378,133 shares
Nine months ended December 31, 2015: 531,774,203 shares

* Presentations related to implementation of quarterly review process

This financial results report for the second quarter 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 Nine Months ended December 31, 2016 - (3) Explanation regarding Information on Future Forecast, including Forecast of Consolidated Earnings" on page 4 of Attached Documents.

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1. Qualitative Information of Consolidated Financial Statements for the Nine Months ended December 31, 2016

(1) Explanation regarding Consolidated Operating Results

During the nine months of the fiscal year under review (April 1 – December 31, 2016), in the Japanese economy, although there were an improvement in the employment and income environment and various policies produced effects, uncertainty was caused by the exchange-rates fluctuations, so a gradual recovery remained. Looking overseas, signs of weakness were seen in parts of the U.S. economy but its recovery continued. The European economy continued gradual recovering, although signs of weakness were seen in some parts and uncertainty was caused by the issue of the United Kingdom leaving the EU. In addition, signs of recovery were seen in economies of China and other emerging countries.

In this environment, under the three-year Medium-term Management Plan “NTN 100” started in April 2015, the NTN Group aims to transform and build a foundation toward “Our Vision” in a bid to mark the 100th anniversary in March 2018 and achieve sustainable growth for the next 100 years. Through these efforts, we are now promoting various initiatives, with three basic policies of “Manage Growth” where management resources (persons, materials, and cash) are concentrated in priority areas, “Manage Profitability” where we are reform business structure from volume to value to generate profit, and “Manage Foundation” where our management and financial foundations are strengthened.

For the Nine Months ended December 31, 2016, net sales were 498,338 million yen (a-year-on-year decrease of 7.3%). In terms of income, operating income was 24,830 million yen (a-year-on-year decrease of 32.5%) and ordinary income was 21,496 million yen (a-year-on-year decrease of 27.6%). In terms of extraordinary income, the Group posted the 2,146 million yen in reversal of loss associated with the arbitration award. In terms of extraordinary losses, the Group posted 3,278 million yen in impairment loss, 1,134 million yen in loss related to Anti-Monopoly Act, 135 million yen in loss on sales of fixed assets. As a result, net income attributable to shareholder (parent company) was 9,713 million yen (a-year-on-year increase of 1.3%)

Sales by geographical segment were as follows:

1) Japan

Sales in aftermarket applications decreased in the industrial machinery aftermarket applications. Sales in industrial machinery applications remained on par with the same period of the previous year due to increased sales for aerospace and others, although sales for machine tool and others decreased. Sales in automotive applications increased reflecting an increase in customer demand and other factors. As a result, sales were 236,529 million yen (a-year-on-year decrease of 7.5%). The segment income decreased to 3,406 million yen (a-year-on-year decreased 83.5%), affected by lower sales and exchange rates and others.

2) Americas

Sales in aftermarket applications increased in automotive aftermarket applications. Sales in industrial machinery applications fell because sales for agricultural machinery and others decreased. However, sales in automotive applications grew thanks to increased customer demand and other factors. As a whole, sales were 138,541 million yen (a-year-on-year decreased of 11.4%), affected by exchange rates. The segment income was 5,163 million yen (a-year-on-year increased 44.9%) due to a decrease in variable costs and others.

3) Europe

Sales in aftermarket applications grew thanks to increased customer demand for automotive aftermarket applications. Sales in industrial machinery applications decreased due to lower sales in products for wind turbines and others. Sales in automotive applications grew thanks to increase in customer demand and other factors. As a whole, sales were 120,865 million yen (a-year-on-year decrease of 10.5%), affected by exchange rates, and the segment income amounted to 1,039 million yen (a-year-on-year decrease of 26.4%).

4) Asia and other areas

Sales in aftermarket applications fell due to a decrease in industrial machinery aftermarket applications. Sales in industrial machinery applications increased due to sales in products for construction machinery and others. However sales in automotive applications increased backed by growing customer demand. As a whole, sales were 105,006 million yen (a-year-on-year decrease of 7.5%), affected by exchange rates. The segment income amounted to 10,582 million yen (a-year-on-year increase of 6.9%) due to increased sales.

Operating results by business application are as follows:

1) Aftermarket applications

Affected by lower sales of industrial machinery aftermarket applications and exchange rates, sales were 75,341 million yen (a-year-on-year decrease of 11.4%). Operating income was 9,846 million yen (a-year-on-year decrease of 28.5%) due to exchange rates and others.

2) Industrial machinery applications

Affected by lower sales for machine tools, wind turbines and others, exchange rates and other factors, sales were 70,705 million yen (a-year-on-year decrease of 9.1%). Operating income was 528 million yen (a-year-on-year decrease of 88.9%) due to exchange rates and others.

3) Automotive applications

Sales of automotive applications grew due to an expansion of customer demand overseas but were affected by exchange rates, as a result 352,290 million yen (a-year-on-year decrease of 5.9%). Operating income had the effect of increased sales and a reduction in variable costs, but was also affected by exchange rates, as a result 14,455 million yen (a-year-on-year decreased 20.7%).

(2) Explanation regarding Consolidated Financial Position

(Assets, Liabilities, and Net assets)

Total current assets decreased 8,389 million yen (down 2.0%) from the previous consolidated fiscal year end to 413,904 million yen. This was due principally to a decrease of 4,850 million yen in notes and accounts receivable-trade, a decrease of 3,132 million yen in deferred tax assets, a decrease of 2,905 million yen in short-term loans receivable, a decrease of 2,603 million yen in cash and bank deposits and an increase of 4,080 million yen in electronically-recorded monetary claims. Total fixed assets increased 1,902 million yen (up 0.5%) from the previous consolidated fiscal year end to 374,259 million yen. The major factor was an increase of 4,599 million yen in investment securities, an increase of 4,017 million yen in intangible fixed assets and a decrease of 6,464 million yen in property, plant and equipment. As a result, total assets decreased 6,487 million yen (down 0.8%) from the previous consolidated fiscal year end to 788,163 million yen.

Total current liabilities increased 26,102 million yen (up 9.0%) from the previous consolidated fiscal year end to 314,873 million yen. This was due principally to an increase of 21,352 million yen in short-term loans payable, an increase of 2,111 million yen in notes and accounts payable-trade, and an increase of 1,436 million yen in electronically-recorded monetary claims. Total long-term liabilities decreased 37,989 million yen (down 14.8%) from the previous consolidated fiscal year end to 219,385 million yen, due principally to a decrease of 36,407 million yen in long-term loans payable. As a result, total liabilities decreased 11,887 million yen (down 2.2%) from the previous consolidated fiscal year end to 534,258 million yen.

Total net assets increased 5,400 million yen (up 2.2%) from the previous consolidated fiscal year end to 253,904 million yen. This was mainly due to an increase of 4,702 million yen in net unrealized holding gain on other securities, an increase of 4,397 million yen in retained earnings, and a decrease of 4,663 million yen in translation adjustments.

(Cash flows)

Net cash provided by operating activities was 46,260 million yen (a-year-on-year increase of 17,483 million yen, or up 60.8%). Major items included proceeds from depreciation and amortization of 27,232 million yen, income before income taxes and equity in earnings of affiliated companies of 18,644 million yen and increase of trade payables of 4,189 million yen.

Net cash provided by investing activities was 34,150 million yen (a-year-on-year increase of 8,343 million yen, or up 32.3%). This was mainly due to expenditure for purchase of property, plant and equipment of 28,604 million yen and purchase of intangible fixed assets of 3,844 million yen.

Net cash provided by financing activities was 21,235 million yen (a-year-on-year decrease of 7,988 million yen or down 27.3%). This was mainly due to an expenditure of 41,524 million yen in repayment of long-term loans, although there were proceeds of 21,139 million yen from long-term loans.

After adding a decrease of 664 million yen in translation adjustments, cash and cash equivalents as of the end of the third quarter of the consolidated accounting period under review came to 57,521 million yen, an decrease of 9,789 million yen (down 14.5%) from the previous consolidated fiscal year end.

(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 November 1, 2016.

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, 2016, 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) Application of the Implementation guidance on the recoverability of deferred tax assets

"Implementation guidance on the recoverability of deferred tax assets" (ASBJ Guidance No. 26; March 28, 2016) has been applied from the first quarter of the fiscal year under review.

3. Consolidated Financial Statements for the Nine Months

(1) Balance Sheets

(In million yen)

	As of March 31, 2016	As of December 31, 2016
Assets		
Current assets		
Cash and bank deposits	63,233	60,630
Notes and accounts receivable-trade	134,195	129,345
Electronically-recorded monetary claims	2,285	6,365
Securities	2,000	-
Finished goods & purchased goods	103,195	106,741
Work in process	45,808	44,830
Raw materials & supplies	29,216	31,163
Deferred tax assets	8,927	5,795
Short-term loans receivable	3,003	98
Other	31,325	29,868
Allowance for doubtful accounts	-898	-934
Total current assets	422,293	413,904
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	85,156	81,147
Machinery, equipment and vehicles, net	154,894	147,069
Other, net	56,349	61,720
Total property, plant and equipment	296,401	289,937
Intangible fixed assets		
Goodwill	138	96
Other	10,258	14,317
Total intangible fixed assets	10,397	14,414
Investments and other assets		
Investment securities	49,301	53,900
Deferred tax assets	12,448	12,203
Other	3,995	3,968
Allowance for doubtful accounts	-186	-164
Total investments and other assets	65,558	69,908
Total fixed assets	372,357	374,259
Total assets	794,650	788,163

(In million yen)

	As of March 31, 2016	As of December 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	55,247	57,358
Electronically-recorded monetary claims	56,390	57,826
Short-term loans	122,792	144,144
Accrued income taxes	4,236	3,541
Accrued bonuses for directors and statutory auditors	154	111
Reserve for loss on support to affiliated companies	1,495	1,547
Other	48,455	50,342
Total current liabilities	288,771	314,873
Long-term liabilities		
Long-term loans	202,381	165,974
Reserve for product defect compensation	307	289
Liabilities for retirement benefits	47,137	47,413
Other	7,547	5,707
Total long-term liabilities	257,374	219,385
Total liabilities	546,145	534,258
Net assets		
Shareholders' equity		
Common stock	54,346	54,346
Additional paid-in capital	67,350	67,350
Retained earnings	116,644	121,041
Treasury stock	-616	-802
Total shareholders' equity	237,725	241,936
Accumulated other comprehensive income		
Net unrealized holding gain on other securities	8,554	13,256
Translation adjustments	-1,536	-6,199
Accrued retirement benefits adjustments	-12,421	-11,649
Total accumulated other comprehensive income	-5,402	-4,592
Non-controlling shareholders' equity	16,182	16,560
Total net assets	248,504	253,904
Total liabilities and net assets	794,650	788,163

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

(In million yen)

	Nine months ended December 31, 2015 (April 1, 2015 - December 31, 2015)	Nine months ended December 31, 2016 (April 1, 2016 - December 31, 2016)
Net sales	537,316	498,338
Cost of sales	430,804	405,465
Gross profit	106,511	92,873
Selling, general and administrative expenses	69,750	68,042
Operating income	36,761	24,830
Non-operating income		
Interest income	461	382
Dividend income	820	827
Equity in earnings of unconsolidated subsidiaries	706	306
Foreign exchange gain	-	1,258
Other	2,073	1,456
Total non-operating income	4,062	4,230
Non-operating expenses		
Interest expenses	3,565	3,094
Derivative transaction loss	-	1,614
Foreign exchange loss	5,090	-
Other	2,462	2,854
Total non-operating expenses	11,119	7,564
Ordinary income	29,704	21,496
Extraordinary income		
Gain on reversal associated with the arbitration award	-	¹ 2,146
Gain on sale of fixed assets	103	-
Total extraordinary income	103	2,146
Extraordinary loss		
Impairment loss	-	² 3,728
Loss related to Anti-Monopoly Act	-	³ 1,134
Loss on sales of fixed assets	-	135
Loss associated with the arbitration award	⁴ 13,376	-
Total extraordinary losses	13,376	4,998
Income before income taxes and equity in earnings of affiliated companies	16,431	18,644
Income and other taxes	5,993	7,718
Net income	10,438	10,925
Net income attributable to shareholder (non-controlling shareholder)	847	1,212
Net income attributable to shareholder (parent company)	9,591	9,713

(Consolidated Statement of Comprehensive Income)

(In million yen)

	Nine months ended December 31, 2015 (April 1, 2015 - December 31, 2015)	Nine months ended December 31, 2016 (April 1, 2016 - December 31, 2016)
Net income	10,438	10,925
Other comprehensive income		
Net unrealized holding gain on securities	-1,638	4,702
Translation adjustments	-6,029	-3,089
Accrued retirement benefits adjustments	763	709
Equity in equity-method affiliates	-814	-1,882
Total other comprehensive income	-7,718	440
Comprehensive income	2,719	11,366
(Breakdown)		
Comprehensive income attributable to owners of parent company	2,686	10,524
Comprehensive income related to non-controlling shareholders	33	841

(3) Statements of Cash Flows

(In million yen)

	Nine months ended December 31, 2015 (April 1, 2015 - December 31, 2015)	Nine months ended December 31, 2016 (April 1, 2016 - December 31, 2016)
Cash flow from operating activities		
Income before income taxes and equity in earnings of affiliated companies	16,431	18,644
Depreciation and amortization	28,764	27,232
Impairment loss	-	3,728
Goodwill depreciation	39	35
Gain on reversal associated with the arbitration award	-	-2,146
Loss related to Anti-Monopoly Act	-	1,134
Increase/decrease (-) in allowance for doubtful accounts	-131	46
Increase/decrease (-) in accrued retirement benefits for directors and statutory auditors	-9	-42
Increase/decrease (-) in reserve for product defect compensation	-20	-18
Increase/decrease (-) in liabilities in retirement benefits	720	1,141
Payment of loss associated with arbitration award	11,810	-
Interest and dividend income	-1,282	-1,209
Interest expenses	3,565	3,094
Foreign currency translation adjustments / Foreign exchange losses/gains (-)	-624	-1,541
Loss/gain (-) on derivative transactions	-	1,614
Equity in earnings (-) /losses of non-consolidated subsidiaries	-706	-306
Gains (-) or loss on sale of fixed assets	-103	135
Decrease/increase (-) in trade receivables	15,008	-682
Decrease/increase (-) in inventories	-15,467	-5,241
Increase/decrease (-) in trade payables	-3,367	4,189
Other	1,260	7,325
Subtotal	55,887	57,133
Interest and dividend income received	2,249	1,777
Interest paid	-3,628	-3,286
Payment of loss associated with arbitration award	-11,810	-
Loss related to Anti-Monopoly Act	-	-1,134
Income taxes paid	-13,920	-8,229
Cash flow from operating activities	28,777	46,260
Cash flow from investing activities		
Increase in time deposits	-688	-2,260
Decrease in time deposits	655	202
Purchase of property, plant and equipment	-25,639	-28,604
Proceeds from sale of property, plant and equipment	1,083	357
Purchase of intangible fixed assets	-2,096	-3,844
Redemption of investment securities	1,000	-
Decrease / increase (-) in short-term loans receivable, net	13	-88
Other	-135	89
Cash flow from investing activities	-25,807	-34,150
Cash flow from financing activities		
Increase/decrease (-) in short-term loans, net	-12,214	5,358
Proceeds from long-term loans	32,759	21,139
Repayment of long-term loans	-44,494	-41,524
Dividend payment	-4,520	-5,316
Repayment of lease payable	-220	-242
Other	-533	-649
Cash flow from financing activities	-29,223	-21,235
Effect of exchange rate changes on cash and cash equivalents	1,458	-664
Increase/decrease (-) in cash and cash equivalents	-24,794	-9,789
Cash and cash equivalents, at beginning of the year	87,777	67,310
Cash and cash equivalents, at end of the quarter	62,983	57,521

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

(Notes to Balance Sheet)

1. Contingency liabilities
(Lawsuits, etc.)

(1) In June 2012, the Company and its former executives received an indictment filed by the Tokyo District Prosecutors Office ("TDPO") on suspicion of having violated the Japan Antimonopoly Act in relation to domestic sale of bearings. In March 2013, the Company received a cease and desist order and surcharge payment order (for 7,231 million yen) from the Japan Fair Trade Commission ("JFTC"). Because the assertions by the JFTC and the TDPO are greatly different from the Company's view of the facts, in April 2013, the Company requested the JFTC to initiate a hearing. As a result, hearing proceedings for the JFTC orders were commenced in September 2013. In addition, in respect of a criminal trial we had been appealing against the conviction declared in February 2015 by the Tokyo District Court, but the High Court rendered judgment of the rejection of the appeal in March 2016. The Company and its former executives have appealed to the Supreme Court.

There are ongoing investigations by the authorities into our consolidated subsidiaries in South Korea and elsewhere.

(2) The Company and its subsidiaries in the U.S. and Canada, etc. are defendants in a number of class action suits for suspected price-fixing of bearing sales with other businesses. The Company and its subsidiary have reached an agreement to settle with indirect purchasers, parts of the certain plaintiffs in November, 2016. Along with this settlement, the Company included in extraordinary loss as loss related to Anti-Monopoly Act the amount of 1,134 million yen in the current consolidated period.

(3) In February 2016, a lawsuit was filed against eight bearing manufacturers, including the Company, in The United Kingdom Competition Appeal Tribunal. It sought the joint payment of damages of 507.8 million euros (provisional amount) to Peugeot S.A. and its total 18 group companies (hereinafter referred to as the "PSA group"). The suit has been filed allegedly because the PSA group incurred damages in connection with the violation of the European Competition Law, which is subject of the decision made by the European Commission on March 19, 2014. We will insist on the legitimacy of the Company's argument.

(4) The Company or its affiliated companies may be filed the lawsuit similar to the abovementioned lawsuit etc. and continue to address these claims. However, it is currently difficult to make reasonable estimates of the future possible effects on the results of operations and financial position of the Company and its consolidated subsidiaries.

(Notes to Consolidated Statement of Operation)

*1 In November 2015, NTN-SNR ROULEMENTS (hereinafter referred to as NTN-SNR), the consolidated subsidiary of NTN Corporation, received a final award from the Arbitration Institute of the Stockholm Chamber of Commerce (Sweden) in relation to the arbitration proceedings regarding the problem with the bearings between NTN-SNR and Volvo Powertrain AB of Europe that orders NTN-SNR to provide compensation for damages. We thoroughly examined the award and decided that there was a flaw in such arbitration proceedings. Therefore, we challenged the award in the Stockholm District Court in February 2016. In January 2017, NTN-SNR has reached an agreement to settle with Volvo Powertrain AB. Accompanied by this agreement, NTN included in extraordinary income 2,146 million yen of reversal of loss associated with the arbitration award.

*2 The NTN Group carries out grouping of assets. With regard to manufacturing assets, any plants etc. coming under managerial accounting business classifications are deemed to be the smallest unit creating cash flow. With regard to Head Office and business-use assets are deemed to be shared assets.

In the case of the assets shown in the following table, there is no prospect for future use in the current consolidated accounting period and the previous consolidated accounting period and no possibility of recovery is found for the estimated period of future cash flows. For these reasons, 3,738 million yen was recorded under extraordinary loss as an impairment loss in the previous consolidated accounting period. The recoverable amount has been measured using the net possible sale value or the use value. Assets where sale or alternative use is deemed to be unlikely have been given a value of 0.

Location	Applications	Type of asset	Impairment loss (million yen)
			Nine months ended December 31, 2016 (April 1, 2016 - December 31, 2016)
Asia and other areas	Manufacturing facilities	Buildings and structures	1,308
		Machinery	2,420
Total			3,728

*3 With respect to class action suits filed against the Company and its subsidiaries for suspected price-fixing of bearing sales with other businesses in the United States District Court for the Eastern District of Michigan, the Company and its subsidiary in the U.S. have reached an agreement to settle with indirect purchasers, parts of the certain plaintiffs in November, 2016. Accompanied by this agreement, the Company included in extraordinary loss as loss related to Anti-Monopoly Act the amount of 1,134 million yen in the current consolidated period.

*4 NTN-SNR ROULEMENTS (hereinafter referred to as NTN-SNR), the consolidated subsidiary of NTN, had a claim brought against it by Volvo Powertrain AB of Europe that the bearings supplied by NTN-SNR did not comply with the relevant specifications and caused damages, and a request for arbitration by Volvo Powertrain AB of Europe claiming payment of compensation for damages was filed against NTN-SNR in November 2012. In November 2015, we received the final award from the Arbitration Institute of the Stockholm Chamber of Commerce (Sweden) that orders NTN-SNR to compensate for the damages. In the current consolidated period, we included in extraordinary loss as loss associated with the arbitration award the amount of 13,376 million yen obtained by deducting proceeds from the casualty insurance for the said event.

(Notes Related to Significant Changes in Shareholder's Equity)

None

(Segment Information)

I. Nine months ended December 31, 2015 (April 1, 2015 – December 31, 2015)

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	150,304	152,800	131,843	102,367	537,316	-	537,316
Inter-segment sales or transfers	105,287	3,629	3,189	11,095	123,201	(123,201)	-
Total	255,592	156,430	135,033	113,462	660,518	(123,201)	537,316
Segment income (Operating income)	20,695	3,563	1,412	9,897	35,567	1,193	36,761

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. Nine months ended December 31, 2016 (April 1, 2016 – December 31, 2016)

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	148,817	136,021	118,213	95,285	498,338	-	498,338
Inter-segment sales or transfers	87,712	2,519	2,651	9,720	102,604	(102,604)	-
Total	236,529	138,541	120,865	105,006	600,942	(102,604)	498,338
Segment income (Operating income)	3,406	5,163	1,039	10,582	20,191	4,638	24,830

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 of fixed assets, or goodwill and other items for individual reporting segments
(Significant impairment loss pertaining to fixed assets)

(In million yen)

	Japan	Americas	Europe	Asia and other areas	Adjustments	Total
Impairment loss	-	-	-	3,728	-	3,728

(Significant Subsequent Events)

1. Issuance of Corporate Bonds

The Company has made a comprehensive resolution at its Board of Directors Meeting held on January 18, 2017 with regard to the offering of domestic unsecured straight bonds. The details of the resolution are as follows:

- (1) Upper limit of the total amount of bonds to be offered: 20 billion yen
- (2) Upper limit of the interest rate of bonds to be offered: 1.0% per annum or less
- (3) Amount to be paid in for bonds to be offered: 100 yen per par value of 100 yen
- (4) Timing of offering: within six months of the resolution at the Board of Directors Meeting
- (5) Method of redemption of bonds to be offered: bulk redemption on the maturity date
- (6) Term of redemption: within the 10 years
- (7) Purpose of the fund to be raised: to be appropriated to the funds for capital expenditure, investment and lending, and repayment of debt

4. Supplemental Information

(1) Lawsuits, etc.

In November 2015, NTN-SNR ROULEMENTS (hereinafter referred to as NTN-SNR), the consolidated subsidiary of NTN Corporation, received a final award from the Arbitration Institute of the Stockholm Chamber of Commerce (Sweden) in relation to the arbitration proceedings regarding the problem with the bearings between NTN-SNR and Volvo Powertrain AB of Europe that orders NTN-SNR to provide compensation for damages. We thoroughly examined the award and decided that there was a flaw in such arbitration proceedings. Therefore, we challenged the award in the Stockholm District Court in February 2016. In January 2017, NTN-SNR has reached an agreement to settle with Volvo Powertrain AB.

(2) Explanatory Materials

Consolidated Financial Results

(in million yen)

		FY2015						FY2016				
		1Q	2Q	3Q	Nine months total	4Q	Full year	1Q	2Q	3Q	Nine months total	
Consolidated operating results (Lower: Net sales ratio)	Net Sales	182,788	177,982	176,545	537,316	179,680	716,996	167,260	159,564	171,513	498,338	
		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
	Operating income	14,064	10,754	11,941	36,761	11,008	47,770	10,903	4,937	8,988	24,830	
		7.7%	6.0%	6.8%	6.8%	6.1%	6.7%	6.5%	3.1%	5.2%	5.0%	
	Ordinary income	14,580	3,421	11,702	29,704	8,506	38,211	8,290	3,240	9,965	21,496	
	8.0%	1.9%	6.6%	5.5%	4.7%	5.3%	5.0%	2.0%	5.8%	4.3%		
	Extraordinary loss	-	-	-13,273	-13,273	2,005	-11,268	-451	315	-2,716	-2,852	
		-	-	-7.5%	-2.5%	1.1%	-1.6%	-0.3%	0.2%	-1.6%	-0.6%	
	Net income attributable to shareholder (parent company)	9,785	605	-800	9,591	5,446	15,037	3,689	2,436	3,587	9,713	
		5.4%	0.3%	-0.5%	1.8%	3.0%	2.1%	2.2%	1.5%	2.1%	1.9%	
Net sales by region (Lower: Net sales ratio)	Japan	47,116	47,526	47,533	142,176	47,380	189,556	46,166	46,589	49,387	142,143	
		25.8%	26.7%	26.9%	26.5%	26.4%	26.4%	27.6%	29.2%	28.8%	28.5%	
	Americas	54,391	53,783	51,192	159,367	53,182	212,549	47,836	45,561	47,706	141,104	
		29.8%	30.2%	29.0%	29.7%	29.6%	29.6%	28.6%	28.6%	27.8%	28.3%	
	Europe	43,969	40,700	39,603	124,273	44,765	169,039	41,062	34,150	35,664	110,876	
	24.1%	22.9%	22.4%	23.1%	24.9%	23.6%	24.5%	21.4%	20.8%	22.2%		
	Asia and other areas	37,310	35,972	38,215	111,498	34,352	145,850	32,194	33,264	38,755	104,214	
		20.4%	20.2%	21.6%	20.8%	19.1%	20.3%	19.2%	20.8%	22.6%	20.9%	
	Total	182,788	177,982	176,545	537,316	179,680	716,996	167,260	159,564	171,513	498,338	
		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Net sales / Operating income by location	Japan	Net sales	83,791	85,253	86,547	255,592	82,093	337,685	76,774	77,811	81,943	236,529
		Operating income	7,829	5,788	7,076	20,695	3,454	24,149	1,930	-1,311	2,786	3,406
		Operating margin	9.3%	6.8%	8.2%	8.1%	4.2%	7.2%	2.5%	-1.7%	3.4%	1.4%
	Americas	Net sales	53,673	52,912	49,843	156,430	51,948	208,378	47,087	44,617	46,836	138,541
		Operating income	1,360	1,066	1,136	3,563	2,211	5,774	1,797	1,479	1,887	5,163
		Operating margin	2.5%	2.0%	2.3%	2.3%	4.3%	2.8%	3.8%	3.3%	4.0%	3.7%
	Europe	Net sales	47,535	44,181	43,316	135,033	48,514	183,548	44,376	37,359	39,130	120,865
		Operating income	1,073	203	135	1,412	1,688	3,100	840	192	6	1,039
		Operating margin	2.3%	0.5%	0.3%	1.0%	3.5%	1.7%	1.9%	0.5%	0.0%	0.9%
	Asia and other areas	Net sales	38,107	36,284	39,069	113,462	34,697	148,159	32,985	33,189	38,831	105,006
		Operating income	3,306	3,055	3,536	9,897	2,721	12,619	3,043	3,060	4,479	10,582
		Operating margin	8.7%	8.4%	9.1%	8.7%	7.8%	8.5%	9.2%	9.2%	11.5%	10.1%
	Deletion	Net sales	-40,319	-40,648	-42,233	-123,201	-37,573	-160,775	-33,962	-33,413	-35,227	-102,604
		Operating income	494	641	57	1,193	933	2,126	3,291	1,517	-170	4,638
	Total	Net sales	182,788	177,982	176,545	537,316	179,680	716,996	167,260	159,564	171,513	498,338
Operating income		14,064	10,754	11,941	36,761	11,008	47,770	10,903	4,937	8,988	24,830	
Operating margin		7.7%	6.0%	6.8%	6.8%	6.1%	6.7%	6.5%	3.1%	5.2%	5.0%	

(in million yen)

			FY2015						FY2016			
			1Q	2Q	3Q	Nine months total	4Q	Full year	1Q	2Q	3Q	Nine months total
Net sales / Operating income by business applications	Aftermarket	Net sales	28,954	29,384	26,666	85,005	28,622	113,628	25,521	25,184	24,635	75,341
		Operating income	5,263	4,243	4,272	13,779	3,922	17,702	3,818	2,900	3,126	9,846
		Operating margin	18.2%	14.4%	16.0%	16.2%	13.7%	15.6%	15.0%	11.5%	12.7%	13.1%
	Industrial machinery	Net sales	26,803	26,020	24,970	77,794	26,315	104,109	23,464	22,645	24,596	70,705
		Operating income	1,866	1,706	1,186	4,759	859	5,618	653	- 281	156	528
		Operating margin	7.0%	6.6%	4.8%	6.1%	3.3%	5.4%	2.8%	-1.2%	0.6%	0.7%
	Automotive	Net sales	127,029	122,577	124,909	374,516	124,742	499,258	118,274	111,734	122,281	352,290
		Operating income	6,934	4,804	6,483	18,222	6,226	24,448	6,431	2,318	5,705	14,455
		Operating margin	5.5%	3.9%	5.2%	4.9%	5.0%	4.9%	5.4%	2.1%	4.7%	4.1%
	Total	Net sales	182,788	177,982	176,545	537,316	179,680	716,996	167,260	159,564	171,513	498,338
		Operating income	14,064	10,754	11,941	36,761	11,008	47,770	10,903	4,937	8,988	24,830
		Operating margin	7.7%	6.0%	6.8%	6.8%	6.1%	6.7%	6.5%	3.1%	5.2%	5.0%
Capital expenditures / Depreciation and amortization	Capital expenditures		8,295	10,307	8,006	26,608	9,691	36,300	8,558	9,820	7,605	25,983
	Depreciation and amortization	Domestic	2,790	2,899	3,014	8,705	3,130	11,836	3,205	3,313	3,205	9,724
		Overseas	6,606	6,690	6,762	20,058	6,382	26,441	5,939	5,630	5,938	17,507
	Total		9,396	9,590	9,777	28,764	9,513	38,277	9,144	8,943	9,143	27,232
R&D expenditures			4,381	4,832	4,482	13,695	4,784	18,480	4,557	4,551	4,647	13,757
Ratio of R&D expenditures to net sales			2.4%	2.7%	2.5%	2.5%	2.7%	2.6%	2.7%	2.9%	2.7%	2.8%
Inventories			195,965	191,280	197,485	197,485	178,220	178,220	171,616	166,633	182,736	182,736
Inventory turnover ratio (times)			3.7	3.7	3.6	3.6	4.0	4.0	3.9	3.8	3.8	3.6
Interest-bearing debts	Loans		343,894	340,572	334,861	334,861	325,173	325,173	311,132	303,538	310,118	310,118
	Bonds		-	-	-	-	-	-	-	-	-	-
	Total		343,894	340,572	334,861	334,861	325,173	325,173	311,132	303,538	310,118	310,118
Major management indicators	Ordinary income ratio to total assets		6.8%	1.6%	5.6%	4.7%	4.2%	4.6%	4.3%	1.7%	5.2%	3.6%
	Return on assets (ROA)		4.6%	0.3%	-0.4%	1.5%	2.7%	1.8%	1.9%	1.3%	1.9%	1.6%
	Return on equity (ROE)		15.5%	1.0%	-1.3%	5.2%	9.2%	6.3%	6.6%	4.6%	6.4%	5.5%
	Shareholder's equity ratio		30.3%	29.6%	29.6%	29.6%	29.2%	29.2%	28.1%	28.6%	30.1%	30.1%
	Net assets per share (yen)		489.26	467.26	457.72	457.72	436.97	436.97	398.02	400.23	446.90	446.90
	Net income per share (yen)		18.40	1.14	-1.50	18.04	10.24	28.28	6.94	4.58	6.75	18.28
Employees	Domestic (persons)		8,173	8,140	8,149	8,149	8,145	8,145	8,442	8,437	8,460	8,460
	Overseas (persons)		15,707	15,890	16,020	16,020	15,964	15,964	15,997	16,012	16,278	16,278
	Total (persons)		23,880	24,030	24,169	24,169	24,109	24,109	24,439	24,449	24,738	24,738
Exchange rates	Average	Dollar (yen)	121.43	122.31	121.46	121.74	115.35	120.15	108.04	102.40	109.32	106.63
		Euro (yen)	134.21	136.00	132.99	134.41	127.15	132.60	121.88	114.26	117.83	118.04
	At term end	Dollar (yen)	122.45	119.96	120.61	120.61	112.68	112.68	102.91	101.12	116.55	116.55
		Euro (yen)	137.23	134.97	131.77	131.77	127.70	127.70	114.39	113.36	122.25	122.25