

Financial Results for the Nine Months Ended December 31, 2012 [Japanese Accounting Standards] (Consolidated)

January 31, 2013

NTN Corporation
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 Listings: Tokyo and Osaka Stock Exchanges
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1. Consolidated Financial Results for the Nine Months Ended December 31, 2012 (April 1, 2012 to December 31, 2012)

(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, 2012	392,463	-1.3	1,538	-89.1	-1,385	—	-649	—
Nine months ended December 31, 2011	397,825	1.7	14,124	-10.1	11,537	-8.9	4,463	-56.4

Note: comprehensive income: Nine months ended December 31, 2012: 6,637 million yen (—%)
 Nine months ended December 31, 2011: -10,554 million yen (—%)

	Net income per share	Diluted net income per share
	yen	yen
Nine months ended December 31, 2012	-1.22	—
Nine months ended December 31, 2011	8.40	—

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
Nine months ended December 31, 2012	753,571	215,853	26.5
Year ended March 31, 2012	693,257	212,126	28.4

Note: Shareholders' equity: Nine months ended December 31, 2012: 199,887 million yen
 Year ended March 31, 2012: 196,904 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, 2012	—	5.00	—	5.00	10.00
Year ending March 31, 2013	—	0.00	—	—	—
Year ending March 31, 2013 (forecast)	—	—	—	0.00	0.00

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

3. Forecast of Consolidated Earnings for the Year Ending March 31, 2013 (April 1, 2012 to March 31, 2013)

(% 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	530,000	-2.5	7,500	-63.8	500	-97.3	-7,000	—	-13.16

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 "2. Information regarding Summary Information (Other Information)" on page 5 of Attached Documents.

(3) Changes in accounting policy, changes in accounting estimates and retrospective restatements

1) Changes in accounting principles due to amendment to accounting standards: Some

2) Changes other than above: None

3) Changes in accounting estimates: Some

4) Retrospective restatement: None

(Note) For further details, please refer to "2. Information regarding Summary Information (Other Information)" on page 5 of Attached Documents.

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

1) Number of shares issued and outstanding at end of the period (treasury stock included):

Nine months ended December 31, 2012: 532,463,527 shares

Year ended March 31, 2012: 532,463,527 shares

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

Nine months ended December 31, 2012: 572,034 shares

Year ended March 31, 2012: 566,982 shares

3) Average number of shares outstanding during the quarter:

Nine months ended December 31, 2012: 531,893,420 shares

Nine months ended December 31, 2011: 531,633,522 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 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, 2012 - (3) Qualitative Information regarding 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, 2012

(1) Qualitative Information regarding Consolidated Operating Results

The current nine months of the year (April 1, 2012 – December 31, 2012) saw tough conditions continuing in the Japanese economy, with background factors including a slump in exports as a result of long-term strengthening of the yen. The overseas economy as a whole continues to face a spreading deceleration, with persistent concerns about the financial impact of uncertainty on European fiscal developments, in addition to concerns about a slowdown in economic growth in China.

In such an environment, for the current nine months the Group achieved sales of 392,463 million yen (down 1.3% from the same period in the previous year). In terms of income, the Group posted operating income of 1,538 million yen (down 89.1% from the same period in the previous year), and ordinary loss of 1,385 million yen (against ordinary income of 11,537 million yen booked in the same period in the previous year). The Group also recorded a gain on the sale of investment securities of 1,593 million yen as extraordinary income, and a valuation loss of 402 million yen on restructuring expenses as an extraordinary loss. As a result, the Group posted a net loss for the current nine months of 649 million yen (against net income of 4,463 million yen booked in the same period in the previous year).

Sales by geographical segment were as follows:

1) Japan

In terms of sales, there was an overall increase in automotive applications thanks to a recovery from production curtailments forced by the Great East Japan Earthquake and thanks to the effect of eco-car subsidies. Regarding industrial machinery applications, a decrease was seen in sales of products for general machinery, in addition to a decrease in sales of products for construction machinery due to contraction of customer demand in sales to China. Sales of products for aftermarket and distributor applications also fell. As a result, sales of 244,340 million yen were posted (down 2.0% from the same period in the previous year). Segment income rose to 5,674 million yen (up 2.1% from the same period in the previous year) as a result of reductions in labor costs and other fixed costs.

2) Americas

In terms of sales, there was an overall increase in automotive applications thanks to expanding customer demand. Sales for industrial machinery applications were at a similar level to the same period in the previous year, but sales for aftermarket and distributor applications dropped. As a result, the Group posted sales of 97,970 million yen (up 14.2% from the same period in the previous year). The segment recorded a loss of 4,380 million yen (against a loss of 57 million yen booked in the same period in the previous year) due principally to an increase in extraordinary costs resulting from an additional burden imposed on production lines in coping with increased sales to the automotive market.

3) Europe

In terms of sales, there were decreases in both automotive and industrial machinery applications and aftermarket and distributor applications on the back of the slowing regional economy amid fiscal uncertainties. As a result, the Group posted sales of 95,775 million yen (down 10.3% from the same period in the previous year). This was partially affected by the unfavorable exchange rate. A segment loss of 1,144 million yen was posted (segment income of 2,978 million yen was posted the same period in the previous year), affected by factors such as the decrease in sales.

4) Asia and other areas

In terms of sales, despite a decrease in sales to Japanese manufacturers in China, there was an overall increase in automotive applications in other Asian regions thanks to a recovery from production curtailments forced by the Great East Japan Earthquake and the Thai floods and an expansion in customer demand. Sales for industrial machinery applications dropped due to contraction of demand from customers in China and other Asian regions. The Group also saw a decrease in sales for

aftermarket and distributor applications. As a result, the Group's sales were at a similar level to the same period in the previous year at 61,226 million yen (down 0.1% from the same period in the previous year). Segment income dropped to 506 million yen (down 87.4% from the same period in the previous year) due principally to an increase in temporary expenses, including expenses incurred during the operational launch of production companies.

Operating results by business application are as follows:

1) Automotive applications

The Group saw sales of 259,830 million yen (up 4.2% from the same period in the previous year), thanks to an overall increase in sales, particularly in the Americas, despite falling sales in Europe due to a slowdown in customer demand and the adverse impact of unfavorable exchange rates. An operating loss of 9,469 million yen was posted (against an operating loss of 2,970 million yen booked in the same period in the previous year) due to the adverse impact of unfavorable exchange rates and an increase in extraordinary costs resulting from an additional burden imposed on production lines in coping with increased sales in the Americas.

2) Industrial machinery applications

The Group's sales fell as a whole due to the contraction of customer demand and the Group posted sales of 68,250 million yen (down 13.7% from the same period in the previous year) and operating income of 871 million yen (down 72.2% from the same period in the previous year).

3) Aftermarket and distributor applications

Sales dropped on the contraction of customer demand to 64,382 million yen (down 7.3% from the same period in the previous year). Operating income fell to 10,136 million yen (down 27.4% from the same period in the previous year).

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

Total current assets increased 34,707 million yen from the previous consolidated fiscal year end (up 9.6%) to 397,025 million yen, due principally to an increase of 24,000 million yen in securities, an increase of 13,927 million yen in finished goods & purchased goods, an increase of 13,330 million yen in cash and bank deposits and a decrease of 15,467 million yen in notes receivable and accounts receivable. Total fixed assets increased 25,607 million yen from the previous consolidated fiscal year end (up 7.7%) to 356,546 million yen, due principally to an increase in tangible fixed assets of 24,520 million yen. As a result, total assets increased 60,314 million yen from the previous consolidated fiscal year end (up 8.7%) to 753,571 million yen.

Total current liabilities increased 2,276 million yen from the previous consolidated fiscal year end (up 0.8%) to 284,569 million yen, due principally to an increase of 13,490 million yen in short-term loans, an increase of 10,000 million yen in current portion of bonds and a decrease of 16,001 million yen in notes and accounts payable. Total long-term liabilities increased 54,312 million yen from the previous consolidated fiscal year end (up 27.3%) to 253,149 million yen, due principally to an increase of 61,707 million yen in long-term loans and a decrease of 10,000 million yen in bonds. As a result, total liabilities increased 56,587 million yen over the previous consolidated fiscal year end (up 11.8%) to 537,718 million yen.

Total net assets increased 3,727 million yen from the previous consolidated fiscal year end (up 1.8%) to 215,853 million yen, due principally to an increase of 6,640 million yen in translation adjustments and a decrease of 3,309 million yen in retained earnings.

(Cash Flows)

Cash from operating activities totaled 13,391 million yen (up 39.6% from 3,797 million yen from the same period in the previous year), due principally to depreciation expense of 25,348 million yen, a decrease of 20,425 million yen in trade receivable, a decrease of 16,807 million yen in trade payables, and an increase of 14,568 million yen in inventory assets.

Cash used in investment activities rose to 44,693 million yen (up 21.5% from 7,923 million yen from the same period in the previous year), due principally to payment for tangible fixed assets in the amount of 45,754 million yen.

Cash from financing activities increased to 64,654 million yen (up 101.8% from 32,612 million yen from the same period in the previous year), due principally to proceeds from long-term loans of 81,274 million yen compared with repayment of long-term loans of 10,971 million yen, and dividend payments of 2,659 million yen.

After adding a decrease of 737 million yen in translation adjustments and an increase of 214 million yen in cash and cash equivalents resulting from newly consolidated subsidiaries, cash and cash equivalents as of the end of the current nine months of the year increased 32,829 million yen from the previous consolidated fiscal year end (up 62.4%) to 85,434 million yen.

(3) Qualitative Information regarding Forecast of Consolidated Earnings

No revisions have been made to the forecast of consolidated earnings announced on November 5, 2012.

(4) Qualitative Information regarding the Medium-Term Management Plan

The Group has promoted various measures as it seeks to achieve the medium-term management plan, "Global Advance 2013" which started in April 2011. However, a difficult business environment is expected to continue as a result of a slowdown in customer demand against a backdrop of a slowing global economy.

The Group plans to review the medium-term management plan "Global Advance 2013" with the aim of carrying out reforms to achieve a business structure that can expand profits and create cash flow without relying on scale and despite these difficult conditions. More specific details are to be given in the form of a new medium-term management plan scheduled for February 18.

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, 2012, 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, Changes in Accounting Estimates and Corrections

Changes in accounting policies

(Change in the depreciation method)

For depreciation of the tangible fixed assets acquired on and after April 1, 2012, the Company and its domestic consolidated subsidiaries changed to the method of depreciation that complies with the revised Commercial Code in and after the current fiscal quarter.

Under the new method, operating income, ordinary income, and net quarterly income after tax adjustments for the current consolidated accounting period increased 307 million yen, respectively.

3. Consolidated Financial Statements for the Nine Months

(1) Balance Sheets

(In million yen)

	As of March 31, 2012	As of December 31, 2012
Assets		
Current assets		
Cash and bank deposits	39,360	52,690
Notes and accounts receivable-trade	119,494	104,027
Securities	10,000	34,000
Finished goods & purchased goods	85,083	99,010
Work in process	42,682	46,441
Raw materials & supplies	27,341	30,476
Deferred tax assets	4,355	6,162
Short-term loans receivable	6,331	642
Other	28,300	24,249
Allowance for doubtful accounts	-632	-676
Total current assets	362,318	397,025
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	68,380	75,518
Machinery, equipment and vehicles, net	129,516	144,850
Other, net	67,785	69,834
Total property, plant and equipment	265,682	290,202
Intangible fixed assets		
Goodwill	278	247
Other	4,262	4,659
Total intangible fixed assets	4,541	4,907
Investments and other assets		
Investment securities	37,036	37,508
Deferred tax assets	21,865	21,983
Other	1,971	2,194
Allowance for doubtful accounts	-156	-249
Total investments and other assets	60,716	61,436
Total fixed assets	330,939	356,546
Total assets	693,257	753,571

(In million yen)

	As of March 31, 2012	As of December 31, 2012
Liabilities		
Current liabilities		
Notes and accounts payable-trade	114,216	98,215
Short-term loan	116,131	129,621
Current portion of bonds	—	10,000
Accrued income taxes	2,677	900
Accrued bonuses for directors and statutory auditors	93	17
Other	49,175	45,815
Total current liabilities	282,293	284,569
Long-term liabilities		
Bonds	10,000	—
Long term loans	145,846	207,553
Accrued retirement benefits for employees	33,018	34,919
Reserve for product defect compensation	778	1,053
Other	9,192	9,623
Total long-term liabilities	198,837	253,149
Total liabilities	481,131	537,718
Net assets		
Shareholders' equity		
Common stock	54,346	54,346
Additional paid-in capital	67,369	67,369
Retained earnings	113,595	110,286
Treasury stock	-514	-515
Total shareholders' equity	234,797	231,487
Accumulated other comprehensive income		
Net unrealized holding gain on other securities	3,396	3,136
Deferred gains or losses on hedges	—	127
Translation adjustments	-37,262	-30,622
Accrued retirement benefits adjustments	-4,026	-4,241
Total accumulated other comprehensive income	-37,892	-31,600
Minority interests	15,222	15,966
Total net assets	212,126	215,853
Total liabilities and net assets	693,257	753,571

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

(In million yen)

	Nine months ended December 31, 2011 (April 1, 2011 – December 31, 2011)	Nine months ended December 31, 2012 (April 1, 2012 – December 31, 2012)
Net sales	397,825	392,463
Cost of sales	330,664	337,716
Gross profit	67,160	54,746
Selling, general and administrative expenses	53,036	53,208
Operating income	14,124	1,538
Non-operating income		
Interest income	188	319
Dividend income	595	396
Equity in earnings of unconsolidated subsidiaries	695	471
Other	1,498	2,136
Total non-operating income	2,977	3,323
Non-operating expenses		
Interest expenses	2,503	2,943
Other	3,061	3,304
Total non-operating expenses	5,564	6,247
Ordinary income (loss)	11,537	-1,385
Extraordinary income		
Gain on the sale of investment securities	—	1,593
Gains on sale of fixed assets	1,204	—
Total extraordinary income	1,204	1,593
Extraordinary losses		
Restructuring expenses	580	402
Earthquake-related expenses	743	—
Valuation loss on investment securities	219	—
Loss on sale of fixed assets	107	—
Total extraordinary losses	1,649	402
Income (loss) before income taxes and equity in earnings of affiliated companies	11,092	-194
Income and other taxes	5,900	121
Income (loss) before minority interests	5,191	-316
Minority interests in subsidiaries	728	333
Net income (loss)	4,463	-649

(Consolidated Statement of Comprehensive Income)

(In million yen)

	Nine months ended December 31, 2011 (April 1, 2011 – December 31, 2011)	Nine months ended December 31, 2012 (April 1, 2012 – December 31, 2012)
Net income (loss) before minority interests	5,191	-316
Other comprehensive income		
Net unrealized holding gain on securities	-2,503	-259
Deferred gains or losses on hedges	—	127
Translation adjustments	-12,608	6,745
Accrued retirement benefits adjustments	167	-215
Equity in equity-method affiliates	-800	555
Total other comprehensive income	-15,745	6,954
Comprehensive income	-10,554	6,637
(Breakdown)		
Comprehensive income attributable to owners of parent company	-10,231	5,643
Comprehensive income attributable to minority interests	-322	994

(3) Statements of Cash Flows

(In million yen)

	Nine months ended December 31, 2011 (April 1, 2011 – December 31, 2011)	Nine months ended December 31, 2012 (April 1, 2012 – December 31, 2012)
Net cash provided by operating activities		
Income before income taxes and equity in earnings of affiliated companies	11,092	-194
Depreciation and amortization	25,294	25,348
Goodwill depreciation	—	262
Increase/decrease in allowance for doubtful accounts	63	14
Increase/decrease in accrued retirement benefits for directors and statutory auditors	-66	-76
Increase/decrease in accrued retirement benefits for employees	588	990
Increase/decrease in reserve for product defect compensation	32	263
Increase/decrease in accrued payments due to the change in retirement benefit plan	-240	-172
Interest and dividend income	-783	-716
Interest expenses	2,503	2,943
Foreign currency translation adjustments / Foreign exchange losses/gains	-776	1,086
Equity in earnings/losses of non-consolidated subsidiaries	-695	-471
Gains or loss on sale of fixed assets	-1,097	-61
Gains or loss on revaluation of investment securities	219	—
Gains or loss on sale of investment securities	—	-1,589
Decrease/increase in trade receivables	-1,744	20,425
Decrease/increase in inventories	-25,689	-14,568
Increase/decrease in trade payables	8,452	-16,807
Other	409	784
Subtotal	17,563	17,460
Interest and dividend income received	1,786	1,342
Interest paid	-2,517	-2,894
Income taxes paid	-7,237	-2,517
Net cash provided by operating activities	9,594	13,391
Net cash used in investing activities		
Increase in time deposits	-3,516	-1,707
Decrease in time deposits	3,119	2,251
Purchase of property, plant and equipment	-34,513	-45,754
Proceeds from sale of property, plant and equipment	1,561	642
Purchase of intangible fixed assets	-291	-1,375
Purchase of investment securities	-0	-893
Proceeds from sale of investment securities	—	1,701
Payment for purchase of subsidiaries stock	-488	-305
Proceeds from liquidation of subsidiaries	112	—
Payment for purchase of stock of equity-method affiliates	-2,300	—
Decrease/increase in short-term loans receivable, net	-188	691
Other	-264	53
Net cash used in investing activities	-36,770	-44,693
Net cash provided by financing activities		
Increase/decrease in short-term loans, net	6,168	-2,544
Proceeds from long-term loans	35,604	81,274
Repayment of long-term loans	-5,933	-10,971
Proceeds from issuance of shares to minority shareholders	2,044	230
Dividend payment	-5,316	-2,659
Repayment of lease payable	-143	-186
Other	-381	-488

Net cash provided by financing activities	32,042	64,654
Effect of exchange rate changes on cash and cash equivalents	1,562	-737
Increase/decrease in cash and cash equivalents	6,429	32,614
Cash and cash equivalents, at beginning of the year	40,081	52,605
Increase in cash and cash equivalents from newly consolidated subsidiaries	107	214
Cash and cash equivalents, at end of the year	46,618	85,434

(4) Notes to consolidated financial statements

(Balance Sheet)

Contingent liabilities

1. On-site Inspection by the Japan Fair Trade Commission

In July 2011 the Japan Fair Trade Commission conducted an on-site inspection on the Company on suspicion of our involvement in deciding, in collusion with other manufacturers, a raise of selling prices of bearings for the domestic market. The inspection was followed by the investigation conducted on the Company in April 2012 by the Special Investigation Department of the Tokyo District Public Prosecutors Office and the Fair Trade Commission. In June 2012, the Company and some of its (then) officers were accused by the Fair Trade Commission and indicted by the Tokyo District Public Prosecutors Office on charges of a violation of the Antimonopoly Law. The Japan Fair Trade Commission is currently carrying out an administrative investigation.

There is a possibility of the Company incurring losses such as surcharges in the future. However, it is difficult to reasonably estimate any impact at this moment and we cannot tell how or to what extent such potential losses will affect the business performance and financial conditions of the Company group.

2. Launch of arbitration proceedings

In November 2012, arbitration proceedings demanding payment of 57,774 million US dollars (approximately 5 billion yen) were launched by an automotive applications customer of NTN-SNR ROULEMENTS (hereafter, NTN-STR), a consolidated subsidiary of the Group, for alleged damages suffered as a result of nonconforming bearings supplied by NTN-STR. Preparations to respond to the proceedings are currently underway. There is a possibility of the Group incurring future losses as a result of the above arbitration proceedings. However, it is difficult to reasonably estimate any impact at this moment and we cannot tell how or to what extent such potential losses will affect the business performance and financial conditions of the Group.

(5) Going Concern Assumption

None

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

None

(7) Segment Information

I. Nine months ended December 31, 2011 (April 1, 2011 – December 31, 2011)

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	154,065	83,473	103,996	56,289	397,825	—	397,825
Inter-segment sales or transfers	95,304	2,302	2,821	4,966	105,394	-105,394	—
Total	249,370	85,776	106,817	61,255	503,220	-105,394	397,825
Segment income (operating income or loss)	5,557	-57	2,978	4,007	12,486	1,637	14,124

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, 2012 (April 1, 2012 – December 31, 2012)

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	148,274	95,699	92,778	55,710	392,463	—	392,463
Inter-segment sales or transfers	96,066	2,271	2,996	5,515	106,850	-106,850	—
Total	244,340	97,970	95,775	61,226	499,313	-106,850	392,463
Segment income (operating income or loss)	5,674	-4,380	-1,144	506	656	881	1,538

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

4. Supplemental Information

(1) Earnings by Business Segment

Nine months (from April 1, 2011 to December 31, 2011)

(In million yen)

	Automotive applications	Industrial machinery applications	Aftermarket and distributor applications	Total
Sales to external customers	249,342	79,051	69,431	397,825
Operating income or loss	-2,970	3,133	13,961	14,124

Nine months (from April 1, 2012 to December 31, 2012)

(In million yen)

	Automotive applications	Industrial machinery applications	Aftermarket and distributor applications	Total
Sales to external customers	259,830	68,250	64,382	392,463
Operating income or loss	-9,469	871	10,136	1,538

(2) Sales by Geographic Segment

Nine months (from April 1, 2011 to December 31, 2011)

(In million yen)

Japan	Americas	Europe	Asia and other areas	Total
141,761	88,401	98,678	68,983	397,825

Nine months (from April 1, 2012 to December 31, 2012)

(In million yen)

Japan	Americas	Europe	Asia and other areas	Total
136,009	100,313	87,747	68,392	392,463

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

(3) On-site Inspection by the European Commission

In November 2011 the European Commission conducted an on-site inspection on consolidated subsidiaries the Company has in Europe on suspicion of a violation of the EU Competition Law in connection with bearings business. In November 2011 a consolidated subsidiary the Company has in the United States received a subpoena from the U.S. Department of Justice requiring the subsidiary to provide information on bearings business. Furthermore, in July 2012 a consolidated subsidiary of the Company in South Korea underwent an on-site inspection from the Korea Fair Trade Commission on suspicion of a violation of the Monopoly Regulation and Fair Trade Act in connection with bearings business. The Group has taken a serious and earnest approach to the situation and is responding to the various investigations.

(4) Civil Lawsuits in the United States

Multiple civil action lawsuits (class actions) have been instituted against the Company claiming that NTN and its United States consolidated subsidiary agreed a rise in the sales price for bearings in collaboration with other companies.