INTERNET DISCLOSURE INFORMATION IN CONNECTION WITH THE NOTICE OF 158th ORDINARY GENERAL MEETING OF SHAREHOLDERS

(From April 1, 2018 to March 31, 2019)

NSK Ltd.

Of the documents which should be provided along with this Notice of Convocation, among the Consolidated Financial Statements the Consolidated Statements of Changes in Equity and the Notes to the Consolidated Financial Statements, and among the Non-Consolidated Financial Statements the Non-Consolidated Statements of Changes in Net Assets and the Notes to the Non-Consolidated Financial Statements are published on the Company's website at the following address pursuant to laws and regulations as well as Article 15 of the Articles of Incorporation of the Company. Therefore, these documents are not included in the attached 158th Report.

Consolidated Financial Statement: Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the parent			
	Issued capital	Capital surplus	Retained earnings	Treasury shares
Opening balance	67,176	80,264	362,859	△17,815
Net income	—	—	55,809	—
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	55,809	—
Purchase of treasury shares	—	—	—	△20,053
Disposal of treasury shares	—	21	—	89
Share-based payment transactions	—	375	—	—
Cash dividends	—	—	△21,514	—
Changes in the ownership interest in subsidiaries	—	△235	—	—
Other	—	—	3,565	—
Total transactions with owners, etc.	—	161	△17,948	△19,963
Closing balance	67,176	80,426	400,720	△37,779

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Other components of equity						
	Exchange differences on translating foreign operations	Net changes in financial assets measured at fair value through other comprehensive income	Remeasurements of net defined benefit liability (asset)	Total	Total		
Opening balance	△7,774	43,584	8,880	44,689	537,175	23,839	561,014
Net income	—	—	—	—	55,809	2,928	58,738
Other comprehensive income	△4,823	△6,537	△3,645	△15,006	△15,006	62	△14,944
Total comprehensive income for the period	△4,823	△6,537	△3,645	△15,006	40,803	2,991	43,794
Purchase of treasury shares	—	—	—	—	△20,053	—	△20,053
Disposal of treasury shares	—	—	—	—	111	—	111
Share-based payment transactions	—	—	—	—	375	—	375
Cash dividends	—	—	—	—	△21,514	△2,816	△24,330
Changes in the ownership interest in subsidiaries	—	—	—	—	△235	△290	△525
Other	—	△3,551	—	△3,551	14	—	14
Total transactions with owners, etc.	—	△3,551	—	△3,551	△41,302	△3,106	△44,408
Closing balance	△12,598	33,494	5,234	26,131	536,676	23,724	560,400

Note: Figures listed above are rounded down to the nearest one million yen.

Notes to the Consolidated Financial Statement

Other important information on the basis for preparing the consolidated financial statement

1. Standards for Preparation of Consolidated Financial Statement

Consolidated Financial Statements of the NSK Group are prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") pursuant to Article 120, Paragraph 1 of the Rules of Corporate Accounting. However, there are some omissions of disclosure items designated by IFRS pursuant to the latter part of Article 120, Paragraph 1 of the Rules of Corporate Accounting.

2. Scope of Consolidation

(1) Consolidated subsidiaries

The Company has 88 consolidated subsidiaries.

Major consolidated subsidiaries:

NSK Steering Systems Co., Ltd., Amatsuji Steel Ball Mfg. Co., Ltd., NSK Americas, Inc., NSK Brasil Ltda., NSK Europe Ltd., NSK (China) Investment Co., Ltd., Kunshan NSK Co., Ltd., Pt. NSK Bearings Manufacturing Indonesia, NSK Korea Co., Ltd.

(2) Equity-method affiliated companies

The Company has 16 equity-method affiliates.

Major equity-method affiliates: NSK-Warner K. K.

(3) Changes in consolidation and affiliation

Consolidated companies:

Increase due to new establishment: AKS Precision Ball Mexico S.A. de C.V.

Decrease due to absorption merger: NSK Bearings Manufacturing India Pvt. Ltd., NSK-Yagi Precision Forging (Zhangjiagang) Co., Ltd., NSK Overseas Holdings Co., Ltd.

Companies accounted for using the equity method

Decrease due to completion of liquidation: NSK-Warner U.S.A., Inc.

3. Matters relating to accounting principles and standards

(1) Valuation rules and methods for significant assets

I. Trade receivables and other receivables

Trade receivables and other receivables are initially recognized on the day on which they arise, and are measured at fair value at initial recognition. They are measured thereafter at amortized cost using the effective interest method less allowance for doubtful accounts with respect to impairment.

Changes in the allowance for doubtful accounts are recognized in profit or loss.

II. Other financial assets

Financial assets are recognized on the day on which the NSK Group becomes the party to the contract (trade date). They are classified either as financial assets measured at amortized cost or as financial assets measured at fair value through profit or loss or other comprehensive income. The classification is determined at initial recognition. All financial instruments other than those classified as "financial assets measured at amortized cost" are classified as "financial assets measured at fair value." Financial assets measured at fair value except held-for-trading equity financial assets and derivative assets are designated either as measured at fair value through other comprehensive income or as measured at fair value through profit or loss and this designation is applied consistently.

At the end of the reporting period, classified and measured change in the fair value of financial assets that have been designated as measured at fair value through other comprehensive income is recognized in fair value as other comprehensive income, and financial assets that have been designated as measured at fair value through profit or loss are recognized as profit or loss. Dividends from financial assets are recognized as finance income.

A financial asset is derecognized when the contractual rights to receive cash flows from the financial asset are expired or when the rights to receive cash flows from the financial asset are transferred and substantially all risks and rewards of ownership of the financial asset are transferred.

III. Inventories

Inventories are measured at the lower of cost or net realizable value. Cost consists of the appropriate allocation of raw material costs, direct labor costs, and other direct costs and indirect costs of manufacturing. Net realizable value is the estimated selling price, less estimated selling expenses.

The cost of merchandise, finished goods, work in progress, and raw materials are calculated using the weighted average method, and the cost of supplies is calculated using the first-in first-out method.

(2) Accounting principles for depreciation of material depreciable assets

Property, plant and equipment

The straight-line method is used to calculate depreciation of depreciable assets.

(3) Accounting principles for significant allowances

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the present value of the consideration required to settle the present obligation at the end of the reporting period. The present value is recognized at a discounted rate that takes into account the time value of money and the specific risks and uncertainties surrounding the obligation.

(4) Accounting principles for retirement benefit obligations

The Company and the NSK Group maintains defined benefit plans and defined contribution plans.

I. Defined benefit plans

Defined benefit plans are calculated by estimating the future benefit amount earned by employees in exchange for the service they have provided in prior years and the current year. Net defined benefit assets or liabilities are recognized as the present value of the defined benefit obligation less the fair value of plan assets. The present value of the defined contribution obligations and retirement benefit obligations are calculated using the projected unit credit method, and the discount rate is determined by reference to market yields at the end of the consolidated fiscal year of high-quality corporate bonds.

Current and past service cost and net interest on the net defined benefit liability (assets) are recognized in profit and loss. Actuarial gains and losses, return on plan assets, and any change in the effect of the affect ceiling excluding the portion included in net interest are recognized as remeasurements concerning defined benefit plans as other comprehensive income in the period in which they arose.

II. Defined contribution plans

Cost for defined contribution plans is recognized as expenses in the period during which services were rendered by employees.

(5) Revenue recognition

The NSK Group has adopted IFRS 15 "Revenue from Contracts with Customers" from the year ended March 31, 2019, and except for revenue including interest and dividends income, etc. under IFRS 9 “Financial Instruments,” revenue from contracts with customers is recognized by applying the following five-step approach:

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the entity satisfies a performance obligation

The NSK Group engages in the production and sale of industrial machinery bearings, precision machinery and parts, bearings for car manufacturers and automotive component manufacturers, steering systems, automatic transmission components, etc. For revenue by sales of such products, because the customer obtains control over the products upon delivery, the performance obligation is judged to have been satisfied and revenue is therefore recognized upon delivery of the products. Revenue is measured by the amount after excluding discounts, rebates, and returned products from the value set forth in contracts with customers.

(6) Conversion of credit and liabilities in foreign currencies to Japanese currency

I. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the spot exchange rate at the date of transaction or a rate that approximates such rate.

All foreign currency monetary assets and liabilities denominated at the end of the period are re-translated into the functional currency at the spot exchange rate as at the end of the period, and the resulting difference is recognized as profit or loss.

II. Financial statements of foreign operation

Assets and liabilities of foreign operations are translated into Japanese Yen using the exchange rate at the end of the period, and income and expenses are translated into Japanese Yen using the exchange rate during the period.

Foreign exchange translation differences arising from the translation of financial statements of foreign operation are recognized in other comprehensive income. In cases where a foreign operation in disposed of, the cumulative amount of foreign exchange translation differences relating to such foreign operation is reclassified to profit or loss at the time of disposal.

Changes to Accounting Principles and Standards

Standards and interpretations adopted by the NSK Group from this consolidated fiscal year are outlined below.

Standard	Name of standard	Outline of new standard/revision(s)
IFRS 15	Revenue from Contracts with Customers	Revisions to accounting and disclosure of revenue recognition

The NSK Group has adopted IFRS 15 "Revenue from Contracts with Customers" (issued in May 2014) and "Clarifications to IFRS 15" (issued in April 2016) (together, hereinafter "IFRS 15") from the year ended March 31, 2019. We applied the method to recognize the cumulative impacts incurred by the application of IFRS 15 on the application start date, which is permitted as a provisional measure.

In accordance with IFRS 15, except for revenue including interest and dividends income, etc. under IFRS 9 “Financial Instruments,” revenue from contracts with customers is recognized by applying the following five-step approach:

Step 1: Identify the contract with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when the entity satisfies a performance obligation

The NSK Group engages in the production and sale of industrial machinery bearings, precision machinery and parts, bearings for car manufacturers and automotive component manufacturers, steering systems, automatic transmission components, etc. For revenue by sales of such products, because the customer obtains control over the products upon delivery, the performance obligation is judged to have been satisfied and revenue is therefore recognized upon delivery of the products. Revenue is measured by the amount after excluding discounts, rebates, and returned products from the value set forth in contracts with customers.

There are no material impacts resulting from the adoption of IFRS 15 on the Group’s consolidated financial results.

Notes to the Consolidated Statement of Financial Position

1. Accumulated depreciation of tangible noncurrent assets	762,833	Millions of yen
2. Loan guarantee	0	Millions of yen
(Liability on guarantee resulting from employee loan scheme)	(0 Millions of yen)	

3. Provisions

Summary of the Company's Provisions

Reserves for environmental measures	1,233	Millions of yen
Other	7,529	Millions of yen

Reserves for environmental measures

Estimated costs involved with disposing of asbestos and polychlorinated biphenyl (PCB) and other materials have been recorded.

Expected outflow of economic benefits in the future is within one year from the end date of each reporting period.

Other

Other includes provisions for costs related to competition laws.

4. Litigation and other legal matters

Regarding sales of products in the past, NSK and some of its subsidiaries are under investigation by relevant authorities outside Japan on suspicion of violating competition laws. The NSK Group is cooperating fully with these respective investigations.

In addition, in the United States and Canada, plaintiffs, including representatives of purchasers of bearings or other products, have files class actions against certain parties, including NSK and some of its subsidiaries in Japan, the United States, Canada, and Europe. The plaintiffs allege, among other things, that the defendants conspired with each other to restrict competition in sales of bearings and other products in these countries, and seek damages, injunctive relief, and other relief against the defendants.

In the United States, with respect to bearings or other products, tentative classes representing (i) direct purchasers of bearings, such as automotive manufacturers and industrial equipment manufacturers, (ii) dealers of commercial vehicles, medium and heavy duty trucks, buses, heavy machinery and other similar vehicles, and (iii) end purchasers of automobiles respectively have each filed a class action against NSK and some of its subsidiaries in Japan, the United States, and Europe. All of these lawsuits are pending in the Eastern District of Michigan. Discovery (the formal process in which both parties in a lawsuit request disclosure from the other of evidence, including documents, that may be relevant to the lawsuit) has begun for several of these lawsuits. A motion for class certification has been filed for part of the lawsuits, however the court decided to dismiss the motion on January 7, 2019 (local time). The plaintiff appealed this decision, however the United States Court of Appeals for the Sixth Circuit dismissed the appeal on April 1, 2019 (local time). All of these lawsuits are still pending in the Eastern District of Michigan, and a motion for class certification may be filed in the future.

In Canada, tentative classes of direct (such as automotive manufacturers) and indirect purchasers (such as automobile dealers and end purchasers of automobiles) have filed class actions against NSK and certain Japanese, US, Canadian, and European subsidiaries in Ontario, Quebec, British Colombia, and Saskatchewan, with respect to bearings or other products. The class has been certified for part of these class actions.

At the end of the current consolidated fiscal year, NSK has posted reasonably estimated losses in "other operating expenses" in connection with potential settlements related to alleged violations of competition laws in past sales of its and some of its subsidiaries' products. NSK, its subsidiaries and its affiliated companies may face additional follow-on actions similar or identical in nature to these actions. The NSK Group will manage these actions appropriately. Furthermore, as the cases proceed, the NSK Group will consider whether it may be able to reach settlements with such plaintiffs and others.

Notes to the Consolidated Statement of Changes in Equity

1. Type of shares and total number of issued shares as of the end of the consolidated fiscal year. Common stock 551,268,104 shares

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
Meeting of Board of Directors held on May 25, 2018	Common stock	11,155	21.00	March 31, 2018	June 1, 2018
Meeting of Board of Directors held on October 29, 2018	Common stock	10,446	20.00	September 30, 2018	December 3, 2018
Total		21,601			

Notes: 1. The total amount of dividends includes a dividend of ¥87 million paid to the Company's shares held in the trust account of the Board Benefit Trust.

(2) Regarding dividends with a record date within the consolidated fiscal year but with an effective date in the following consolidated fiscal year, the following distribution of capital surplus is to be proposed and deliberated at the Board of Directors meeting to be held on May 21, 2019.

I. Total amount of dividend	10,290 Millions of yen
II. Financial source of dividend	Retained earnings
III. Dividend per share (yen)	¥20.00
IV. Record date	March 31, 2019
V. Effective date	June 6, 2019

Note: The total amount of dividend based on the resolution to be proposed at the meeting of the Board of Directors to be held on May 21, 2019 includes dividend of ¥41 million paid to the Company's shares held in the trust account of the Board Benefit Trust.

3. Number and type of shares to be issued upon exercise of share acquisition rights (excludes share acquisition rights of which the commencement date of exercise period has not yet arrived) as of the end of the consolidated fiscal year.

Category	Share acquisition rights	Type of shares that are the object of share acquisition rights	Number of shares that are the object of share acquisition rights
NSK Ltd.	Share acquisition rights granted in 2014	Common stock	618,000 shares
	Share acquisition rights granted in 2015	Common stock	788,000 shares

Notes to the Statement of Financial Instruments

1. Financial Instruments

Management of financial risks

The NSK Group is exposed to financial risks (i.e. market risks, credit risks, and liquidity risks) in the course of conducting its business activities. The NSK Group executes risk management based on certain policies to deal with such risks.

(1) Market risks

I. Foreign exchange risks

The NSK Group, which is engaged in business activities on an international scale, is exposed to the risk of fluctuations in the exchange rates of various currencies, mainly in relation to the US Dollar and the Euro. Foreign exchange risks arise from recognized assets and liabilities denominated in foreign currencies.

In order to tackle exchange rate fluctuation risks, NSK Group companies seek to strike a balance between foreign currency receivables and payables and hedge risks through forward exchange forward contracts as necessary in accordance with internal rules.

II. Interest rate risk

Some of NSK Group's borrowings are borrowings with floating rates and are exposed to the risk of interest rate fluctuations. Interest risks are also hedged by using derivatives transactions (interest swap transactions) as necessary in accordance with internal rules.

III. Price risks

The NSK Group holds equity instruments (shares) of entities primarily with which it has a business relationship, and is exposed to share price fluctuation risks. The market value, the issuer's financial position, etc. are identified periodically with respect to equity instruments (shares), and the holding status is reviewed on an ongoing basis in consideration of its customers and financial institutions with which it has dealings.

(2) Credit risks

Trade receivables are exposed to customer credit risks. The NSK Group seeks to quickly identify and mitigate the risk of default in relation to customers' contractual obligation by such means as periodically monitoring the status of major customers.

At the end of the current consolidated fiscal year, the maximum amount of credit risk is the balance sheet amount of financial assets that are exposed to credit risks.

The NSK Group also manages past-due trade receivables by treating them as high-risk and monitoring customer status.

There are no significant assets that are held as collateral or as part of other credit enhancements with respect to financial assets.

(3) Liquidity risks

The NSK Group is exposed to liquidity risk, which is risk of not earning enough cash and thus having difficulties in performing the obligation to pay financial liabilities. The NSK Group manages liquidity risks by such means as preparing and updating a financial plan in a timely manner based on reports from each department and major consolidated subsidiaries, and maintaining liquidity in hand at a certain level. Such risks are deemed to be limited in the NSK Group, given that it has established a ¥15 billion line of commitment with financial institutions and has secured a ¥50 billion facility for issuing commercial papers, in addition to its ability to generate cash flows through operating activities.

2. Carrying amount and fair value

The carrying amount and fair value of financial assets and liabilities are as follows.

(Millions of yen)

	Carrying amount	Fair value
Financial assets		
Trade receivables and other receivables	195,288	195,288
Investment securities	71,396	71,396
Derivative financial assets	22	22
Financial liabilities		
Trade payables and other payables	130,333	130,333
Short-term debts	58,637	58,637
Long-term debts	96,142	98,109
Corporate bonds	120,000	121,167
Lease liabilities	1,754	1,754
Derivative financial liabilities	77	77

The fair value of trade receivables and other receivables, trade payables and other payables, short-term debts, and lease liabilities is deemed to be equal to their carrying amount as they are mainly instruments that are settled within a short-term period.

Among investment securities, the fair value of listed shares for which an active market exists is calculated based on the price at exchanges. The fair value of unlisted shares for which no active market exists is mainly calculated by using a price multiple valuation model based on price book-value ratio. Also, an illiquidity discount of 30%, which is an unobservable input, is used for measuring the fair value of unlisted shares as of March 31, 2018 and March 31, 2019.

Among financial liabilities (derivatives) measured at fair value through profit or loss, foreign exchange forward contracts are based on the valuation presented by financial institutions with which the contracts were concluded.

The fair value of long-term debt is calculated based on the present value calculated by discounting the sum of the principal and interest by the interest rate that takes into account the remaining period and credit risk of such long-term debt. However, the fair value of long-term debt with a floating rate is stated at its carrying amount, given that the periodic revision of the interest rate is a condition and the fair value is more or less the same as the carrying amount.

The fair value of corporate bonds issued by the Company is calculated based on the present value, which is calculated by discounting the sum of the principal and interest by an interest rate that takes into account the remaining period and credit risk of such corporate bonds.

Per Share Information

Equity per share attributable to owners of the Parent	¥1,048.18
Basic net income per share	¥107.46

Non-Consolidated Financial Statement: Non-Consolidated Statement of Changes in Net Assets

(Millions of yen)

	Equity attributable to owners of the parent			
	Issued capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
As of April 1, 2018	67,176	77,923	1,125	79,049
Change of items during the period				
Cash dividends	—	—	—	—
Accumulation of reserves	—	—	—	—
Reversal of reserves	—	—	—	—
Net income	—	—	—	—
Purchase of treasury shares	—	—	—	—
Disposal of treasury shares	—	—	14	14
Net change during the period, except for items under shareholders' equity	—	—	—	—
Total changes of items during the period	—	—	14	14
As of March 31, 2019	67,176	77,923	1,140	79,064

	Equity attributable to owners of the parent				
	Retained earnings				
	Retained earnings	Other retained earnings			Total retained earnings
		Reserve for advanced depreciation of noncurrent assets	General reserve	Retained earnings brought forward	
As of April 1, 2018	10,292	3,975	64,766	38,422	117,456
Change of items during the period					
Cash dividends	—	—	—	△21,601	△21,601
Accumulation of reserves	—	—	15,000	△15,000	—
Reversal of reserves	—	△140	—	140	—
Net income	—	—	—	28,284	28,284
Purchase of treasury shares	—	—	—	—	—
Disposal of treasury shares	—	—	—	—	—
Net change during the period, except for items under shareholders' equity	—	—	—	—	—
Total changes of items during the period	—	△140	15,000	△8,176	6,682
As of March 31, 2019	10,292	3,834	79,766	30,246	124,139

	Equity attributable to owners of the parent		Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Treasury shares	Total equity attributable to owners of the parent	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
As of April 1, 2018	△17,687	245,995	35,859	35,859	695	282,549
Change of items during the period						
Cash dividends	—	△21,601	—	—	—	△21,601
Accumulation of reserves	—	—	—	—	—	—
Reversal of reserves	—	—	—	—	—	—
Net income	—	28,284	—	—	—	28,284
Purchase of treasury shares	△20,042	△20,042	—	—	—	△20,042
Disposal of treasury shares	94	108	—	—	—	108
Net change during the period, except for items under shareholders' equity	—	—	△7,063	△7,063	△14	△7,077
Total changes of items during the period	△19,948	△13,250	△7,063	△7,063	△14	△20,328
As of March 31, 2019	△37,635	232,744	28,795	28,795	681	262,221

Note: Figures listed above are rounded down to the nearest one million yen.

Notes to the Non-Consolidated Financial Statement

Notes on Significant Accounting Policies

1. Valuation of securities

Shares of subsidiaries and affiliates are stated at cost using the moving-average method. Securities with fair market value are stated using the mark-to-market method based on the market price at the balance sheet date. (Total net unrealized gains or losses are directly recorded in shareholders' equity, and the cost of securities sold is computed based on the moving-average method.) Other securities that do not have fair market value are stated at cost using the moving-value average.

2. Valuation of inventories

Finished products, raw materials and work in progress are valued at cost using the weighted average method (book values are based on net realizable value).

Supplies are valued at cost using the first-in first-out method (book values are recorded on the balance sheet based on net realizable value).

3. Depreciation and amortization of noncurrent assets

Depreciation for tangible noncurrent assets (excluding lease assets) and intangible non-current assets (excluding lease assets) is calculated using the straight-line method.

Depreciation for lease assets arising from finance lease transactions not involving transfer of ownership is calculated using the straight-line method based on the assumption that the useful life equals the lease term and the residual value equals zero.

4. Accounting for deferred assets

Accounted for as the full amount at the time of expenditure.

5. Allowances

(1) Allowance for doubtful accounts

To prepare for possible losses from uncollectable receivables, for general receivables an amount is provided according the historical percentage of uncollectables. For specific receivables for which there is concern regarding collectability, an estimate amount is recorded by studying the possibility of collection for each individual account.

(2) Provision for retirement benefits

In order to provide employee retirement benefits, the amount of retirement benefit obligations and pension assets recorded by the Company is based on projected retirement benefit obligations and pension assets at the end of the fiscal year.

(3) Provision for officer stock benefits

In order to provide compensation in the form of the Company's stock, etc. to directors and executive officers, the amount of stock benefits is recorded based on projected stock benefits at the end of the fiscal year.

(4) Provision for employee stock benefits

In order to provide compensation in the form of the Company's stock, etc. to certain officers and employees of the Company or certain subsidiaries, the amount of stock benefit obligations recorded by the Company is based on projected stock benefit obligations at the end of the fiscal year.

(5) Reserves for environmental measures

Estimated costs involved with disposing of asbestos and polychlorinated biphenyl (PCB) and other materials have been recorded.

6. Consumption tax

The tax-exclusion method is used to account for consumption taxes.

Changes to Presentation Methods

1. Balance Sheet

Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) is applied from this fiscal year, and accordingly deferred tax assets are shown in the category of investments and other assets, and deferred tax liabilities are changed to be shown in the category of fixed liabilities.

2. Statement of Income

Antimonopoly law related loss of extraordinary losses, which were listed separately in the previous fiscal year, have been included in other non-operating expenses from the current fiscal year as they became less significant.

Changes to Accounting Principles and Standards

None.

Notes to Balance Sheet

1. Accumulated depreciation of tangible noncurrent assets ¥332,911 million

2. Loan guarantees

Loan guarantees	¥0 million
(Liability on guarantees resulting from employee loan scheme)	(¥0 million)

3. Receivables from affiliated companies and payables to affiliated companies

Short-term receivables	¥52,082 million
Long-term receivables	¥1,206 million
Short-term payables	¥87,359 million
Long-term payables	¥227 million

Notes to Statement of Income

1. Transactions with affiliated companies

Operating transactions	Sales	¥125,978 million
	Purchases	¥212,393 million
Other non-operating transactions		¥69,108 million

2. Impairment loss

(Millions of yen)

Applications	Type of asset	Location	Details	Amount
Business assets	Building	Maebashi, Gunma	Automotive business facilities	738

For business assets that are grouped by the main cash generating unit and have reduced revenue-generating capacity, the carrying amount is reduced to the net realizable value calculated by subtracting the estimated disposal cost from the real estate appraisal value etc., and the difference recognized as an impairment loss.

Notes to Statement of Changes in Shareholders' Equity

Type and number of treasury stock at end of period Common stock 38,804,892 shares

Notes on Tax Effect Accounting

The main causes for the deferred tax assets and deferred tax liabilities are as follows.

Deferred tax assets	
Accrued retirement benefits	¥5,852 million
Accrued bonuses	¥3,385 million
Valuation loss on stock of subsidiaries and affiliates	¥24,242 million
Loss on devaluation of investment securities	¥475 million
Impairment loss	¥225 million
Other	¥6,112 million
Subtotal of deferred tax assets	¥40,293 million
Valuation allowance	△¥25,175 million
Total deferred tax assets	¥15,118 million
Deferred tax liabilities	
Reserve for advanced depreciation of noncurrent assets	△¥1,683 million
Gain on establishment of a retirement benefit trust	△¥9,800 million
Valuation difference on available-for-sale securities	△¥12,022 million
Other	△¥320 million
Total deferred tax liabilities	△¥23,826 million
Net deferred tax assets (liabilities)	△¥8,707 million

Notes on Leased Noncurrent Assets

In addition to the noncurrent assets recorded on the balance sheet, the Company has other significant noncurrent assets which it uses under lease contracts, notably selected computer equipment and related devices.

Notes on Related-Party Transactions

Subsidiaries and affiliates, etc.

(Millions of yen)

Type	Company Name	Possession of Voting Rights	Relationship with Related Party	Types of Transaction	Transaction Amount	Title of Account	Balance as of March 31, 2018
Subsidiary	NSK Steering Systems Co., Ltd.	100.0%	Purchase of finished goods Executive posts concurrently held	Purchase of automotive-related products[1] Lending of funds[2]	58,063 1,692	Accounts payable Short-term loans payable	7,494 7,798
Subsidiary	Amatsuji Steel Ball Mfg. Co., Ltd.	100.0%	Purchase of finished goods Executive posts concurrently held	Lending of funds[2]	9,500	Short-term loans payable	26,319
Affiliate	NSK-Warner K. K.	50.0%	Purchase of finished goods Executive posts concurrently held	Purchase of automotive-related finished goods[1]	62,320	Accounts payable	12,533

Terms and conditions of transactions, and policies on such terms and transactions

Notes:

1. The purchase of finished goods is decided after engaging in price negotiations in consideration of the total costs of the counterparty.

2. Interest rates for borrowing are set in a rational manner taking into account market rates.

3. Transaction amounts above exclude consumption tax, while the balance as of March 31, 2019 is inclusive of consumption tax.

Per Share Information

Net assets per share	¥510.36
Net income per share	¥54.41

Application of Restrictions on Maximum Dividend Payments

The Company is subject to restrictions on maximum dividend payments.

Business Mergers

Transactions under common control

On June 1, 2018, NSK India Sales Company Private Limited (the surviving company), an Indian subsidiary of NSK Ltd., absorbed NSK Bearings Manufacturing India Private Limited (the extinct company), a wholly owned subsidiary of NSK Ltd. in an absorption-type merger.

(1) Summary of Merger

i. Outline of company merged

Name of company merged: NSK Bearings Manufacturing India Private Limited

Business: Manufacture and sale of automotive bearings

ii. Date of merger (effective date): June 1, 2018

iii. Method of merger

Absorption-type merger, with NSK India Sales Company Private Limited as the surviving company, and NSK Bearings Manufacturing India Private Limited as the extinct company.

iv. Company name after merger

NSK India Sales Company Private Limited

Additionally, as of July 28, 2018, NSK India Sales Company Private Limited changed its name to NSK Bearings India Private Limited.

Based on the decision by the Representative Executive Officer on December 6, 2018, NSK Overseas Holdings Co., Ltd., a wholly owned subsidiary of NSK Ltd., become an extinct company by absorption-type merger implemented on March 1, 2019.

(1) Summary of Merger

i. Outline of company merged

Name of company merged: NSK Overseas Holdings Co., Ltd.

Business: Business management and supervision of major Japanese and overseas companies

ii. Date of merger (effective date): March 1, 2019

iii. Method of merger

Absorption-type merger, with NSK Ltd. as the surviving company, and NSK Overseas Holdings Co., Ltd. as the extinct company.

iv. Company name after merger

NSK Ltd.