

NSK Ltd.

For Immediate Release

June 24, 2016

CONSOLIDATED RESULTS FOR THE YEAR ENDED MARCH 31, 2016

(Unaudited)

[IFRS]

| | |
|--|---------------------------------------|
| Company name | NSK Ltd. |
| Stock exchange on which the shares are listed | Tokyo Stock Exchange in Japan |
| Code number | 6471 |
| URL | http://www.nsk.com |
| Representative | Toshihiro Uchiyama, President and CEO |
| Contact person | Kenichi Yamana, Vice President |
| Date of the ordinary general shareholders' meeting | June 24, 2016 |
| Filing date of securities report | June 24, 2016 |

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Highlights for the Year Ended March 31, 2016

(1) Consolidated financial results

(% indicates changes from the previous year)

| | Net sales | | Operating income | | Income before income taxes | | Net income | | Net income attributable to owners of the Parent | | Total comprehensive income | |
|--------------------------|-----------------|-----|------------------|-----|----------------------------|-----|-----------------|------|---|------|----------------------------|-------|
| | Millions of Yen | % | Millions of Yen | % | Millions of Yen | % | Millions of Yen | % | Millions of Yen | % | Millions of Yen | % |
| Year ended Mar. 31, 2016 | 975,319 | 0.0 | 89,534 | 3.0 | 87,208 | 3.1 | 69,303 | 10.5 | 65,719 | 10.7 | 12,119 | -90.0 |
| Year ended Mar. 31, 2015 | 974,885 | — | 86,958 | — | 84,626 | — | 62,710 | — | 59,383 | — | 121,008 | — |

| | Basic earnings per share | Diluted earnings per share | Return on equity (ROE) | Income before income taxes / Total assets | Operating income margin |
|--------------------------|--------------------------|----------------------------|------------------------|---|-------------------------|
| | Yen | Yen | % | % | % |
| Year ended Mar. 31, 2016 | 121.38 | 121.30 | 14.3 | 8.1 | 9.2 |
| Year ended Mar. 31, 2015 | 109.79 | 109.66 | 14.5 | 8.0 | 8.9 |

(Note) Equity in earnings of affiliates Year ended Mar. 31, 2016 4,740 million yen Year ended Mar. 31, 2015 2,670 million yen

(Note) Basic earnings per share and diluted earnings per share are calculated based on the net income attributable to owners of the Parent.

(2) Consolidated financial position

| | Total assets | Total equity | Total equity attributable to owners of the Parent | Equity ratio attributable to owners of the Parent | Equity per share attributable to owners of the Parent |
|---------------------|-----------------|-----------------|---|---|---|
| | Millions of Yen | Millions of Yen | Millions of Yen | % | Yen |
| As of Mar. 31, 2016 | 1,032,374 | 478,871 | 454,661 | 44.0 | 839.56 |
| As of Mar. 31, 2015 | 1,125,509 | 486,801 | 461,536 | 41.0 | 852.83 |

(3) Consolidated results of cash flow

| | Net cash provided by operating activities | Net cash used in investing activities | Net cash used in financing activities | Cash and cash equivalents at the end of the period |
|--------------------------|---|---------------------------------------|---------------------------------------|--|
| | Millions of Yen | Millions of Yen | Millions of Yen | Millions of Yen |
| Year ended Mar. 31, 2016 | 108,622 | -45,212 | -68,073 | 175,515 |
| Year ended Mar. 31, 2015 | 65,529 | -46,715 | -5,744 | 184,374 |

2. Cash Dividends

| (Record date) | Cash dividends per share | | | Total dividend (Full-year) | Dividend payout ratio (Consolidated) | Dividend on equity (DOE) (Consolidated) |
|--------------------------------------|--------------------------|-----------|-----------------|----------------------------|--------------------------------------|---|
| | Interim | Year-end | Full-year total | | | |
| Year ended Mar. 31, 2015 | Yen 12.00 | Yen 16.00 | Yen 28.00 | Millions of Yen 15,161 | % 25.5 | % 3.7 |
| Year ended Mar. 31, 2016 | 17.00 | 17.00 | 34.00 | 18,425 | 28.0 | 4.0 |
| Year ending Mar. 31, 2017 (Forecast) | 24.00 | 14.00 | 38.00 | | 50.2 | |

(Note) Cash dividends (forecasts) for the first half of the fiscal year ending March 31, 2017 is comprised of ¥14.00 per share as an ordinary dividend and of ¥10.00 per share as the 100th anniversary commemorative dividend.

3. Forecast of Consolidated Results for the Year Ending March 31, 2017

(% indicates changes from the previous year)

| | Net sales | | Operating income | | Income before income taxes | | Net income attributable to owners of the Parent | | Net income per share |
|---------------------------------|-----------------|------|------------------|-------|----------------------------|-------|---|-------|----------------------|
| | Millions of Yen | % | Millions of Yen | % | Millions of Yen | % | Millions of Yen | % | Yen |
| Six months ending Sep. 30, 2016 | 450,000 | -8.1 | 28,000 | -42.3 | 27,000 | -43.1 | 17,000 | -47.8 | 32.10 |
| Year ending Mar. 31, 2017 | 920,000 | -5.7 | 65,000 | -27.4 | 63,000 | -27.8 | 40,000 | -39.1 | 75.71 |

4. Others

- (1) Changes in the significant subsidiaries during the period (Changes in specified subsidiaries resulting in change in the scope of consolidation): None
- (2) Changes in accounting policies, or changes in accounting estimates
- (i) Changes in accounting policies required by IFRS: None
- (ii) Changes excluding the above: None
- (iii) Changes in accounting estimates: None
- (3) Number of shares issued and outstanding (common stock)
- (i) Number of shares issued and outstanding at the end of each period (including treasury stock):
- | | | | |
|---------------------|--------------------|---------------------|--------------------|
| As of Mar. 31, 2016 | 551,268,104 shares | As of Mar. 31, 2015 | 551,268,104 shares |
|---------------------|--------------------|---------------------|--------------------|
- (ii) Number of treasury stock at the end of each period:
- | | | | |
|---------------------|------------------|---------------------|-------------------|
| As of Mar. 31, 2016 | 9,723,762 shares | As of Mar. 31, 2015 | 10,085,598 shares |
|---------------------|------------------|---------------------|-------------------|
- (iii) Average number of shares issued and outstanding in each period:
- | | | | |
|--------------------------|--------------------|--------------------------|--------------------|
| Year ended Mar. 31, 2016 | 541,423,065 shares | Year ended Mar. 31, 2015 | 540,865,077 shares |
|--------------------------|--------------------|--------------------------|--------------------|

Cautionary Statement with Respect to Forward-Looking Statements

(1) NSK adopts International Financial Reporting Standards (IFRS) voluntarily, beginning with the consolidated financial statements in the security report for the fiscal year ended March 31, 2016. NSK previously disclosed consolidated financial results based on Japanese GAAP for the fiscal year ended March 31, 2016 on May 11, 2016.

(2) The forecasts in this document are based on currently available information, and actual results may materially differ from any future results expressed herein due to various factors.

1. Consolidated financial statements

(1) Consolidated statements of financial position

(Millions of yen)

| | As of Apr.1,2014 | As of Mar.31, 2015 | As of Mar.31, 2016 |
|---|------------------|--------------------|--------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 168,940 | 184,374 | 175,515 |
| Trade receivables and other receivables | 173,771 | 200,251 | 182,332 |
| Inventories | 131,735 | 142,171 | 130,564 |
| Other financial assets | 2,883 | 2,860 | 4,052 |
| Income tax receivables | 1,475 | 5,009 | 2,174 |
| Other current assets | 18,770 | 18,943 | 16,613 |
| Total current assets | 497,576 | 553,610 | 511,253 |
| Non-current assets | | | |
| Property, plant and equipment | 302,133 | 331,286 | 323,116 |
| Intangible assets | 14,428 | 14,051 | 15,785 |
| Investments accounted for using equity method | 22,825 | 21,171 | 22,179 |
| Other financial assets | 89,058 | 106,932 | 86,163 |
| Deferred tax assets | 17,549 | 17,623 | 20,455 |
| Net defined benefit asset | 40,715 | 77,361 | 49,898 |
| Other non-current assets | 3,231 | 3,471 | 3,522 |
| Total non-current assets | 489,943 | 571,899 | 521,121 |
| Total assets | 987,519 | 1,125,509 | 1,032,374 |
| Liabilities and Equity | | | |
| Liabilities | | | |
| Current liabilities | | | |
| Trade payables and other payables | 149,987 | 147,901 | 140,713 |
| Other financial liabilities | 111,161 | 119,795 | 99,674 |
| Provisions | 180 | 238 | 150 |
| Income tax payables | 11,610 | 5,421 | 4,536 |
| Other current liabilities | 47,740 | 54,122 | 48,172 |
| Total current liabilities | 320,679 | 327,479 | 293,247 |
| Non-current liabilities | | | |
| Financial liabilities | 205,665 | 210,175 | 179,654 |
| Provisions | 235 | 292 | 1,855 |
| Deferred tax liabilities | 35,935 | 51,294 | 35,540 |
| Net defined benefit liability | 40,494 | 44,057 | 38,125 |
| Other non-current liabilities | 5,823 | 5,408 | 5,080 |
| Total non-current liabilities | 288,153 | 311,227 | 260,255 |
| Total liabilities | 608,833 | 638,707 | 553,503 |
| Equity | | | |
| Issued capital | 67,176 | 67,176 | 67,176 |
| Capital surplus | 78,888 | 79,191 | 79,603 |
| Retained earnings | 181,913 | 230,214 | 278,524 |
| Treasury shares | -4,369 | -4,083 | -3,949 |
| Other components of equity | 32,742 | 89,038 | 33,306 |
| Total equity attributable to owners of the Parent | 356,351 | 461,536 | 454,661 |
| Non-controlling interests | 22,335 | 25,265 | 24,210 |
| Total equity | 378,686 | 486,801 | 478,871 |
| Total liabilities and equity | 987,519 | 1,125,509 | 1,032,374 |

(2) Consolidated statements of Income and Consolidated Statements of Comprehensive Income

Consolidated statements of Income

(Millions of yen)

| | Year ended March 31, 2015 | Year ended March 31, 2016 |
|---|---------------------------|---------------------------|
| Sales | 974,885 | 975,319 |
| Cost of sales | 750,725 | 755,663 |
| Gross profit | 224,160 | 219,655 |
| Selling, general and administrative expenses | 131,857 | 130,130 |
| Equity gain from investment in associates | 2,670 | 4,740 |
| Other operating expenses | 8,014 | 4,731 |
| Operating income (loss) | 86,958 | 89,534 |
| Financial income | 2,777 | 2,388 |
| Financial expenses | 5,108 | 4,714 |
| Income (loss) before income taxes | 84,626 | 87,208 |
| Income tax expense | 21,916 | 17,904 |
| Net income | 62,710 | 69,303 |
| Net income attributable to: | | |
| Owners of the Parent | 59,383 | 65,719 |
| Non-controlling interests | 3,326 | 3,584 |
| (Net income per share attributable to owners of the Parent) | | |
| Basic earnings per share (yen) | 109.79 | 121.38 |
| Diluted earnings per share (yen) | 109.66 | 121.30 |

Consolidated statements of comprehensive income

(Millions of yen)

| | Year ended March 31, 2015 | Year ended March 31, 2016 |
|---|---------------------------|---------------------------|
| Net income | 62,710 | 69,303 |
| Other comprehensive income | | |
| Items that will not be reclassified to profit or loss | | |
| Remeasurements of net defined benefit liability (asset) | 19,233 | -18,028 |
| Net changes in financial assets measured at fair value through other comprehensive income | 13,807 | -10,879 |
| Total items that will not be reclassified to profit or loss | 33,040 | -28,907 |
| Items that may be reclassified to profit or loss | | |
| Exchange differences on translating foreign operations | 25,256 | -28,276 |
| Total items that may be reclassified to profit or loss | 25,256 | -28,276 |
| Total other comprehensive income, net of tax | 58,297 | -57,184 |
| Total comprehensive income for the period | 121,008 | 12,119 |
| Total comprehensive income for the period attributable to: | | |
| Owners of the parent | 115,834 | 10,198 |
| Non-controlling interests | 5,173 | 1,920 |

(3) Consolidated statements of changes in equity

From April 1, 2014 to March 31, 2015

(Millions of yen)

| | Equity attributable to owners of the Parent | | | |
|---|---|-----------------|-------------------|-----------------|
| | Issued capital | Capital surplus | Retained earnings | Treasury shares |
| Opening balance | 67,176 | 78,888 | 181,913 | -4,369 |
| Net income | — | — | 59,383 | — |
| Other comprehensive income | — | — | — | — |
| Total comprehensive income for the period | — | — | 59,383 | — |
| Purchase of treasury shares | — | — | — | -49 |
| Disposal of treasury shares | — | 378 | — | 335 |
| Share-based payment transactions | — | -75 | — | — |
| Cash dividends | — | — | -11,362 | — |
| Other | — | — | 280 | — |
| Total transactions with owners, etc. | — | 303 | -11,082 | 285 |
| Closing balance | 67,176 | 79,191 | 230,214 | -4,083 |

| | Equity attributable to owners of the Parent | | | | | | Non-controlling interests | Total equity |
|---|--|---|---|--------|---------|--------|---------------------------|--------------|
| | Other components of equity | | | | Total | Total | | |
| | 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 | | | | |
| Opening balance | — | 32,742 | — | 32,742 | 356,351 | 22,335 | 378,686 | |
| Net income | — | — | — | — | 59,383 | 3,326 | 62,710 | |
| Other comprehensive income | 23,451 | 13,769 | 19,230 | 56,451 | 56,451 | 1,846 | 58,297 | |
| Total comprehensive income for the period | 23,451 | 13,769 | 19,230 | 56,451 | 115,834 | 5,173 | 121,008 | |
| Purchase of treasury shares | — | — | — | — | -49 | — | -49 | |
| Disposal of treasury shares | — | — | — | — | 714 | — | 714 | |
| Share-based payment transactions | — | — | — | — | -75 | — | -75 | |
| Cash dividends | — | — | — | — | -11,362 | -2,244 | -13,606 | |
| Other | — | -155 | — | -155 | 124 | — | 124 | |
| Total transactions with owners, etc. | — | -155 | — | -155 | -10,649 | -2,244 | -12,893 | |
| Closing balance | 23,451 | 46,356 | 19,230 | 89,038 | 461,536 | 25,265 | 486,801 | |

From April 1, 2015 to March 31, 2016

(Millions of yen)

| | Equity attributable to owners of the Parent | | | |
|---|---|-----------------|-------------------|-----------------|
| | Issued capital | Capital surplus | Retained earnings | Treasury shares |
| Opening balance | 67,176 | 79,191 | 230,214 | -4,083 |
| Net income | — | — | 65,719 | — |
| Other comprehensive income | — | — | — | — |
| Total comprehensive income for the period | — | — | 65,719 | — |
| Purchase of treasury shares | — | — | — | -12 |
| Disposal of treasury shares | — | 188 | — | 146 |
| Share-based payment transactions | — | 223 | — | — |
| Cash dividends | — | — | -17,877 | — |
| Other | — | — | 468 | — |
| Total transactions with owners, etc. | — | 412 | -17,409 | 134 |
| Closing balance | 67,176 | 79,603 | 278,524 | -3,949 |

| | Equity attributable to owners of the Parent | | | | | | Non-controlling interests | Total equity |
|---|--|---|---|---------|---------|--------|---------------------------|--------------|
| | Other components of equity | | | | Total | Total | | |
| | 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 | | | | |
| Opening balance | 23,451 | 46,356 | 19,230 | 89,038 | 461,536 | 25,265 | 486,801 | |
| Net income | — | — | — | — | 65,719 | 3,584 | 69,303 | |
| Other comprehensive income | -26,643 | -10,851 | -18,025 | -55,520 | -55,520 | -1,664 | -57,184 | |
| Total comprehensive income for the period | -26,643 | -10,851 | -18,025 | -55,520 | 10,198 | 1,920 | 12,119 | |
| Purchase of treasury shares | — | — | — | — | -12 | — | -12 | |
| Disposal of treasury shares | — | — | — | — | 335 | — | 335 | |
| Share-based payment transactions | — | — | — | — | 223 | — | 223 | |
| Cash dividends | — | — | — | — | -17,877 | -2,974 | -20,852 | |
| Other | — | -211 | — | -211 | 257 | — | 257 | |
| Total transactions with owners, etc. | — | -211 | — | -211 | -17,074 | -2,974 | -20,049 | |
| Closing balance | -3,191 | 35,292 | 1,204 | 33,306 | 454,661 | 24,210 | 478,871 | |

(4) Consolidated statements of cash flows

(Millions of yen)

| | Year ended March 31, 2015 | Year ended March 31, 2016 |
|--|---------------------------|---------------------------|
| Operating activities | | |
| Income before income taxes | 84,626 | 87,208 |
| Depreciation and amortisation | 39,875 | 43,048 |
| Increase (decrease) in net defined benefit liability and net defined benefit asset | -2,483 | -5,374 |
| Interest and dividend income | -2,748 | -2,378 |
| Interest expenses | 5,059 | 4,728 |
| Equity gain (loss) from investment in associates | -2,670 | -4,740 |
| Decrease (increase) in trade receivables | -18,696 | 2,407 |
| Decrease (increase) in inventories | -4,470 | 519 |
| Increase (decrease) in trade payables | 3,184 | -5,902 |
| Other | 10,620 | 6,594 |
| Subtotal | 112,300 | 126,110 |
| Interest and dividend received | 7,917 | 5,126 |
| Interest expenses paid | -5,121 | -4,783 |
| Antimonopoly Act related loss paid | -18,878 | — |
| Income tax paid | -30,687 | -17,831 |
| Net cash provided by operating activities | 65,529 | 108,622 |
| Investing activities | | |
| Purchases of property, plant and equipment | -43,891 | -45,869 |
| Proceeds from sale of property, plant and equipment | 1,008 | 272 |
| Purchases of other financial assets | -246 | -49 |
| Proceeds from sale of other financial assets | 768 | 3,994 |
| Other | -4,353 | -3,560 |
| Net cash used in investing activities | -46,715 | -45,212 |
| Financial activities | | |
| Increase in long-term loans | 9,647 | 9,735 |
| Repayments of long-term loans | -25,123 | -47,793 |
| Proceeds from issuance of corporate bonds | 40,000 | — |
| Payments for redemption of corporate bonds | -15,000 | — |
| Acquisition of treasury shares | -44 | -5 |
| Dividends paid | -11,353 | -17,861 |
| Dividends paid to non-controlling interests | -2,244 | -2,974 |
| Other | -1,627 | -9,174 |
| Net cash provided by (used in) financial activities | -5,744 | -68,073 |
| Effect of exchange rate changes on cash and cash equivalents | 2,364 | -4,195 |
| Net increase (decrease) in cash and cash equivalents | 15,434 | -8,858 |
| Cash and cash equivalents at beginning of the period | 168,940 | 184,374 |
| Cash and cash equivalents at end of the period | 184,374 | 175,515 |

(5) Notes to consolidated financial statements

Segment information

1) Overview of reportable segments

The reportable segments of the NSK Group are components of the NSK Group for which discrete financial statements are available and which are subject to regular review by the Board of Directors—i.e., the chief operating decision maker—for the purpose of making decisions about business resource allocation and assessing performance.

The NSK Group has established business divisions by customer industry at its headquarters, each of which plans comprehensive strategies not only for Japan but globally with respect to the products it handles and conducts business activities accordingly. Therefore, its two components, namely, Industrial Machinery Business and Automotive Business, are treated as reportable segments.

The Industrial Machinery Business is in charge of production and sales of industrial machinery bearings, ball screws, linear guides, etc.

The Automotive Business is in charge of production and sales of bearings for car manufacturers and automotive component manufacturers, steering columns, automatic transmission components, etc.

2) Segment revenue and performance

The accounting methods of the reported operating segments are the same as those described in "Summary of significant accounting policies." Intersegment sales and transfers are recorded based on prevailing market prices.

From April 1, 2014 to March 31, 2015

| | Reportable segments | | | Others (Note 1) | Total | Adjustments (Note 2) | Consolidated |
|--|-------------------------------|---------------------|----------------|--------------------|------------------|-------------------------|----------------|
| | Industrial Machinery Business | Automotive Business | Subtotal | | | | |
| (Millions of yen) | | | | | | | |
| Sales | | | | | | | |
| Sales to third parties | 276,361 | 656,998 | 933,359 | 41,525 | 974,885 | — | 974,885 |
| Intersegment sales | — | — | — | 31,391 | 31,391 | -31,391 | — |
| Total | 276,361 | 656,998 | 933,359 | 72,917 | 1,006,277 | -31,391 | 974,885 |
| Segment income (loss) (Operating income) | 31,119 | 60,461 | 91,581 | 5,500 | 97,081 | -10,122 | 86,958 |
| Total financial income (expenses) | | | | | | | -2,331 |
| Income before income taxes | | | | | | | 84,626 |
| Other items | | | | | | | |
| Capital expenditure | 11,812 | 34,646 | 46,458 | 3,715 | 50,173 | -477 | 49,696 |
| Depreciation and amortisation | 12,730 | 23,944 | 36,675 | 3,699 | 40,375 | -499 | 39,875 |
| Equity gain from investment in associates | 704 | 4,059 | 4,764 | 41 | 4,805 | -2,135 | 2,670 |

(Note 1) "Others" refers to operating segments excluded from reportable segments and include such businesses as the production and sales of steel balls, production of machineries, and production and sales of systemized products (e.g., photo fabrication exposure equipment).

(Note 2) The adjustment made for segment income (loss) in the amount of -¥10,122 million includes intersegment elimination in the amount of ¥31 million and other operating expenses not allocated to the reportable segments in the amount of -¥10,153 million.

From April 1, 2015 to March 31, 2016

(Millions of yen)

| | Reportable segments | | | Others (Note 1) | Total | Adjustments (Note 2) | Consolidated |
|--|-------------------------------|---------------------|----------------|--------------------|------------------|-------------------------|----------------|
| | Industrial Machinery Business | Automotive Business | Subtotal | | | | |
| Sales | | | | | | | |
| Sales to third parties | 259,784 | 689,122 | 948,907 | 26,411 | 975,319 | — | 975,319 |
| Intersegment sales | — | — | — | 25,592 | 25,592 | -25,592 | — |
| Total | 259,784 | 689,122 | 948,907 | 52,004 | 1,000,911 | -25,592 | 975,319 |
| Segment income (loss) (Operating income) | 23,090 | 67,909 | 91,000 | 3,059 | 94,059 | -4,525 | 89,534 |
| Total financial income (expenses) | | | | | | | -2,325 |
| Income before income taxes | | | | | | | 87,208 |
| Other items | | | | | | | |
| Capital expenditure | 17,300 | 34,194 | 51,495 | 3,721 | 55,217 | -220 | 54,996 |
| Depreciation and amortisation | 13,220 | 26,967 | 40,187 | 3,280 | 43,467 | -419 | 43,048 |
| Equity gain from investment in associates | 551 | 4,127 | 4,679 | 57 | 4,736 | 3 | 4,740 |

(Note 1) "Others" refer to operating segments excluded from reportable segments and include such businesses as the production and sales of steel balls and production of machineries.

(Note 2) The adjustment made for segment income (loss) in the amount of -¥4,525 million includes intersegment elimination in the amount of ¥205 million and operating expenses not allocated to the reportable segments in the amount of -¥4,731 million.

3) Information by product and service

This information is omitted as similar information has been disclosed in "Segment revenue and performance".

4) Information by region

1. Revenue from third parties

(Millions of yen)

| | Year ended March 31, 2015 | Year ended March 31, 2016 |
|--------------|---------------------------|---------------------------|
| Japan | 328,837 | 318,434 |
| The Americas | 164,821 | 183,652 |
| Europe | 133,752 | 131,830 |
| China | 210,236 | 204,361 |
| Other Asia | 137,238 | 137,042 |
| Total | 974,885 | 975,319 |

(Note 1) Sales are based on the customers' location and categorised by either countries or regions.

(Note 2) The categories of the countries or the regions are based on the proximity.

(Note 3) Main countries and regions belonging to other regions apart from Japan and China are follows;

The Americas: the United States, Canada, Mexico, Brazil, etc.

Europe: the United Kingdom, Germany, Poland, and other European countries, etc.

Other Asia: East and South East Asian countries (apart from Japan and China), India, Australia, etc.

2. Non-current assets

(Millions of yen)

| | As of Apr.1,2014 | As of Mar.31, 2015 | As of Mar.31, 2016 |
|--------------|------------------|--------------------|--------------------|
| Japan | 148,138 | 147,376 | 155,874 |
| The Americas | 26,378 | 32,333 | 29,818 |
| Europe | 31,857 | 31,033 | 30,725 |
| China | 71,869 | 89,042 | 79,185 |
| Other Asia | 38,318 | 45,552 | 43,298 |
| Total | 316,562 | 345,338 | 338,901 |

(Note 1) Non-current assets represent the amount of property, plant and equipment and intangible assets.

(Note 2) The categories of the countries or the regions are based on the proximity.

(Note 3) Main countries and regions belonging to other regions apart from Japan and China are follows;

The Americas: the United States, Canada, Mexico, Brazil, etc.

Europe: the United Kingdom, Germany, Poland, and other European countries, etc.

Other Asia: East and South East Asian countries (apart from Japan and China), India, Australia, etc.

5) Information on major customers

In terms of sales to third parties, none of the counterparties accounted for 10% or more of sales in the consolidated statements of income in the previous consolidated fiscal year or the consolidated fiscal year under review; therefore, no information on major customers is stated.

Per share information

1) Basic earnings per share and diluted earnings per share

| | Year ended Mar.31, 2015 | Year ended Mar.31, 2016 |
|----------------------------|-------------------------|-------------------------|
| Basic earnings per share | ¥109.79 | ¥121.38 |
| Diluted earnings per share | ¥109.66 | ¥121.30 |

2) Basis of calculation of basic earnings per share and diluted earnings per share

| | Year ended Mar.31, 2015 | Year ended Mar.31, 2016 |
|--|-------------------------|-------------------------|
| Net income attributable to owners of the Parent (millions of yen) | 59,383 | 65,719 |
| Weighted average number of issued common shares (thousand shares) | 540,865 | 541,423 |
| Impact of dilution: share options (thousand shares) | 683 | 386 |
| Weighted average number of issued common shares after dilution (thousand shares) | 541,548 | 541,809 |

Events after the reporting period

(Acquisition of treasury stock)

The Company resolved on the following matters concerning the acquisition of treasury stock at the Board of Directors meeting held on May 11, 2016, pursuant to Article 156 of the Companies Act of Japan ("the Companies Act") as applied with the rewording pursuant to Article 165, Paragraph 3 of the Companies Act.

(1) Reason for acquisition of treasury stock

For return to shareholders and ensuring agile management of capital policy corresponding to any changes of business environment

(2) Details of acquisition

| | |
|---|---|
| Class of shares to be acquired | Common shares of the Company |
| Total number of shares that can be acquired | 16,000,000 shares (maximum) (% of issued shares (excluding treasury stock) 3.0%) |
| Total acquisition cost | JPY 15 billion (maximum) |
| Period of acquisition: | From May 17, 2016 to September 30, 2016 |

The acquisition of treasury stock pursuant to the abovementioned resolution was completed on May 19, 2016 as follows:

| | |
|-------------------------------------|---|
| (1) Class of shares acquired | Common shares of the Company |
| (2) Total number of shares acquired | 14,450,800 shares |
| (3) Total acquisition cost | JPY 14,999,930,400 |
| (4) Acquisition date | May 19, 2016 |
| (5) Method of acquisition | Purchase through off-auction own share repurchase trading (ToSTNeT-3) of the Tokyo Stock Exchange |

2. Disclosure on transition to IFRS

The NSK Group has started to disclose IFRS-compliant consolidated financial statements from the consolidated fiscal year under review. The date of transition to IFRS was April 1, 2014 and the adjustments required to be disclosed at the first-time adoption of IFRS are as follows:

(1) IFRS1 exemption clauses

IFRS1 requires that first-time adopters of IFRS apply IFRS retrospectively as a general rule, but allows them not to apply IFRS retrospectively for certain items in prior years.

Main exemption clauses applied by the NSK Group are as follows.

1) Business combinations

IFRS3 may be applied retrospectively or prospectively. The NSK Group has chosen not to apply it retrospectively to business combinations executed before the IFRS transition date. As a result, business combinations that occurred before the IFRS transition date are not restated.

2) Exchange differences on translating foreign operations

Pursuant to IFRS1, the cumulative amount of exchange differences on translating foreign operations may be deemed as nil, or such exchange differences may be recalculated retrospectively up to the establishment or acquisition of the subsidiaries, etc. The NSK Group has chosen to treat the cumulative amount of exchange differences on translating foreign operations as nil as of the IFRS transition date.

3) Designation of classification of previously recognised financial instruments

Pursuant to IFRS1, financial assets may be designated in accordance with IFRS9 *Financial Instruments* based on the facts and circumstances that existed as of the IFRS transition date. The NSK Group has designated financial instruments that it holds based on the circumstances as of the IFRS transition date.

(2) Mandatory exemption from the retrospective application under IFRS 1

IFRS1 prohibits the retrospective application of IFRS to, among others, “accounting estimates,” “derecognition of financial assets and financial liabilities,” “hedge accounting,” “non-controlling interests,” and “classification and measurement of financial assets.” IFRS has been applied to these items prospectively from the date of transition.

(3) Reconciliations from Japan GAAP to IFRS

Upon preparing IFRS-compliant consolidated financial statements, the NSK Group reconciled the amounts in the consolidated financial statements that had been prepared in compliance with Japan GAAP.

The impact of the transition from Japan GAAP to IFRS is as follows.

In the table of reconciliations, “Reclassification of presentation” includes items that do not affect retained earnings or comprehensive income, whereas “Difference in recognition and measurement” includes items that affect retained earnings and comprehensive income.

1) Reconciliation of equity as of Apr.1.2014

(Millions of yen)

| Account presented under Japan GAAP | Japan GAAP | Reclassification of presentation | Difference in recognition and measurement | IFRS | Note | Account presented under IFRS |
|--------------------------------------|------------------|----------------------------------|---|----------------|------|---|
| Assets | | | | | | Assets |
| Current assets | | | | | | Current assets |
| Cash and deposits | 68,319 | 100,620 | — | 168,940 | (1) | Cash and cash equivalents |
| Notes and accounts receivable, trade | 165,808 | 7,855 | 106 | 173,771 | | Trade receivables and other receivables |
| Securities | 100,181 | -100,181 | — | — | | |
| | — | 131,735 | — | 131,735 | (2) | Inventories |
| | — | 2,883 | — | 2,883 | | Other current financial assets |
| Finished goods | 71,431 | -71,431 | — | — | | |
| Work in process | 40,683 | -40,683 | — | — | | |
| Raw materials and supplies | 19,620 | -19,620 | — | — | | |
| Deferred tax assets | 13,034 | -13,034 | — | — | (5) | |
| | — | 1,475 | — | 1,475 | | Income tax receivables |
| Other | 43,036 | -24,266 | — | 18,770 | | Other current assets |
| Allowance for doubtful receivables | -1,502 | 1,502 | — | — | | |
| Total current assets | 520,614 | -23,145 | 106 | 497,576 | | Total current assets |
| Non-current assets | | | | | | Non-current assets |
| Property, plant and equipment | 304,169 | — | -2,035 | 302,133 | | Property, plant and equipment |
| Intangible assets | 12,278 | — | 2,149 | 14,428 | | Intangible assets |
| Investment securities | 103,932 | -103,932 | — | — | | |
| | — | 22,928 | -102 | 22,825 | (3) | Investments accounted for using equity method |
| Long-term debt | 267 | -267 | — | — | | |
| | — | 86,960 | 2,098 | 89,058 | (4) | Non-current financial assets |
| Deferred tax assets | 3,008 | 13,034 | 1,506 | 17,549 | (5) | Deferred tax assets |
| Net defined benefit asset | 47,740 | — | -7,024 | 40,715 | | Net defined benefit asset |
| Other | 9,428 | -6,196 | — | 3,231 | | Other non-current assets |
| Allowance for doubtful receivables | -507 | 507 | — | — | | |
| Total non-current assets | 480,317 | 13,034 | -3,408 | 489,943 | | Total non-current assets |
| Total assets | 1,000,932 | -10,110 | -3,301 | 987,519 | | Total assets |

(Millions of yen)

| Account presented under Japan GAAP | Japan GAAP | Reclassification of presentation | Difference in recognition and measurement | IFRS | Note | Account presented under IFRS |
|--|------------|----------------------------------|---|---------|------|---|
| Liabilities | | | | | | Liabilities |
| Current liabilities | | | | | | Current liabilities |
| Notes and accounts and payable | 130,745 | 24,109 | -4,867 | 149,987 | (11) | Trade payables and other payables |
| Short-term debt | — | 111,064 | 96 | 111,161 | (6) | Other current financial liabilities |
| Current portion of long-term debt | 71,469 | -71,469 | — | — | | |
| Current portions of bonds payable | 24,197 | -24,197 | — | — | | |
| Accrued income taxes | 15,000 | -15,000 | — | — | | |
| Other | — | 180 | — | 180 | | Provisions |
| Total current liabilities | 12,028 | -418 | — | 11,610 | | Income tax payables |
| Long-term liabilities | 78,005 | -34,676 | 4,412 | 47,740 | (9) | Other current liabilities |
| Corporate bonds | 331,445 | -10,407 | -358 | 320,679 | | Total current liabilities |
| Long-term debt | 20,000 | -20,000 | — | — | | Non-current liabilities |
| Deferred tax liabilities | 184,866 | -184,866 | — | — | | Financial liabilities |
| Accrued directors' retirement benefits | — | 205,706 | -41 | 205,665 | (7) | Provisions |
| Accrual for environmental safety measures expenses | — | 235 | — | 235 | | Deferred tax liabilities |
| Net defined benefit liability | 35,665 | 102 | 168 | 35,935 | (5) | Net defined benefit liability |
| Other | 1,567 | -1,567 | — | — | | Other non-current liabilities |
| Total long-term liabilities | 178 | -178 | — | — | | Total non-current liabilities |
| Total liabilities | 36,438 | 3,697 | 357 | 40,494 | | Total liabilities |
| Net assets | 8,615 | -2,833 | 41 | 5,823 | | Equity |
| Common stock | 287,330 | 297 | 525 | 288,153 | | Issued capital |
| Additional paid-in capital | 618,776 | -10,110 | 167 | 608,833 | | Capital surplus |
| Retained earnings | 67,176 | — | — | 67,176 | | Retained earnings |
| Treasury stock | 78,560 | 328 | — | 78,888 | | Treasury shares |
| Total accumulated other comprehensive income | 210,739 | — | -28,826 | 181,913 | (12) | Other components of equity |
| Share subscription rights | -4,369 | — | — | -4,369 | | |
| Minority interests | 7,094 | — | 25,647 | 32,742 | | |
| Total net assets | 328 | -328 | — | — | | Total equity attributable to owners of the Parent |
| Total liabilities and net assets | 22,626 | — | -290 | 22,335 | | Non-controlling interests |
| | 382,155 | — | -3,468 | 378,686 | | Total equity |
| | 1,000,932 | -10,110 | -3,301 | 987,519 | | Total liabilities and equity |

2) Reconciliation of equity as of March 31, 2015

(Millions of yen)

| Account presented under Japan GAAP | Japan GAAP | Reclassification of presentation | Difference in recognition and measurement | IFRS | Note | Account presented under IFRS |
|--------------------------------------|------------|----------------------------------|---|-----------|------|---|
| Assets | | | | | | Assets |
| Current assets | | | | | | Current assets |
| Cash and deposits | 76,089 | 108,284 | — | 184,374 | (1) | Cash and cash equivalents |
| Notes and accounts receivable, trade | 189,635 | 8,024 | 2,591 | 200,251 | | Trade receivables and other receivables |
| Securities | 106,141 | -106,141 | — | — | | |
| | — | 142,171 | — | 142,171 | (2) | Inventories |
| | — | 2,860 | — | 2,860 | | Other current financial assets |
| Finished goods | 74,060 | -74,060 | — | — | | |
| Work in process | 45,363 | -45,363 | — | — | | |
| Raw materials and supplies | 22,746 | -22,746 | — | — | | |
| Deferred tax assets | 11,807 | -11,807 | — | — | (5) | |
| | — | 5,009 | — | 5,009 | | Income tax receivables |
| Other | 49,985 | -31,042 | — | 18,943 | | Other current assets |
| Allowance for doubtful receivables | -2,674 | 2,674 | — | — | | |
| Total current assets | 573,157 | -22,137 | 2,591 | 553,610 | | Total current assets |
| Non-current assets | | | | | | Non-current assets |
| Property, plant and equipment | 334,896 | — | -3,610 | 331,286 | | Property, plant and equipment |
| Intangible assets | 11,791 | — | 2,260 | 14,051 | | Intangible assets |
| Investment securities | 118,672 | -118,672 | — | — | | |
| | — | 21,264 | -92 | 21,171 | (3) | Investments accounted for using equity method |
| Long-term debt | 283 | -283 | — | — | | |
| | — | 104,107 | 2,824 | 106,932 | (4) | Non-current financial assets |
| Deferred tax assets | 3,113 | 11,807 | 2,701 | 17,623 | (5) | Deferred tax assets |
| Net defined benefit asset | 77,361 | — | — | 77,361 | | Net defined benefit asset |
| Other | 10,267 | -6,795 | — | 3,471 | | Other non-current assets |
| Allowance for doubtful receivables | -380 | 380 | — | — | | |
| Total non-current assets | 556,007 | 11,807 | 4,083 | 571,899 | | Total non-current assets |
| Total assets | 1,129,164 | -10,329 | 6,675 | 1,125,509 | | Total assets |

(Millions of yen)

| Account presented under Japan GAAP | Japan GAAP | Reclassification of presentation | Difference in recognition and measurement | IFRS | Note | Account presented under IFRS |
|--|------------|----------------------------------|---|-----------|------|---|
| Liabilities | | | | | | Liabilities |
| Current liabilities | | | | | | Current liabilities |
| Notes and accounts and payable | 137,900 | 18,667 | -8,665 | 147,901 | (11) | Trade payables and other payables |
| | — | 117,265 | 2,529 | 119,795 | (6) | Other current financial liabilities |
| Short-term debt | 69,339 | -69,339 | — | — | | |
| Current portion of long-term debt | 47,569 | -47,569 | — | — | | |
| | — | 238 | — | 238 | | Provisions |
| Accrued income taxes | 5,804 | -382 | — | 5,421 | | Income tax payables |
| Other | 78,823 | -29,364 | 4,664 | 54,122 | (9) | Other current liabilities |
| Total current liabilities | 339,436 | -10,484 | -1,472 | 327,479 | | Total current liabilities |
| Long-term liabilities | | | | | | Non-current liabilities |
| Corporate bonds | 60,000 | -60,000 | — | — | | |
| Long-term debt | 149,491 | -149,491 | — | — | | |
| | — | 210,204 | -28 | 210,175 | (7) | Financial liabilities |
| | — | 292 | — | 292 | | Provisions |
| Deferred tax liabilities | 48,088 | 0 | 3,205 | 51,294 | (5) | Deferred tax liabilities |
| Accrued directors' retirement benefits | 1,674 | -1,674 | — | — | | |
| Accrual for environmental safety measures expenses | 179 | -179 | — | — | | |
| Net defined benefit liability | 40,059 | 3,998 | — | 44,057 | | Net defined benefit liability |
| Other | 8,375 | -2,994 | 28 | 5,408 | | Other non-current liabilities |
| Total long-term liabilities | 307,867 | 154 | 3,205 | 311,227 | | Total non-current liabilities |
| Total liabilities | 647,304 | -10,329 | 1,733 | 638,707 | | Total liabilities |
| Net assets | | | | | | Equity |
| Common stock | 67,176 | — | — | 67,176 | | Issued capital |
| Additional paid-in capital | 78,938 | 252 | — | 79,191 | | Capital surplus |
| Retained earnings | 252,667 | — | -22,453 | 230,214 | (12) | Retained earnings |
| Treasury stock | -4,083 | — | — | -4,083 | | Treasury shares |
| Total accumulated other comprehensive income | 61,347 | — | 27,690 | 89,038 | | Other components of equity |
| Share subscription rights | 252 | -252 | — | — | | |
| | | | | 461,536 | | Total equity attributable to owners of the Parent |
| Minority interests | 25,560 | — | -295 | 25,265 | | Non-controlling interests |
| Total net assets | 481,859 | — | 4,941 | 486,801 | | Total Equity |
| Total liabilities and net assets | 1,129,164 | -10,329 | 6,675 | 1,125,509 | | Total liabilities and equity |

3) Reconciliation of net income and comprehensive income from April 1, 2014 to March 31, 2015

(Millions of yen)

| Account presented under Japan GAAP | Japan GAAP | Reclassification of presentation | Difference in recognition and measurement | IFRS | Note | Account presented under IFRS |
|---|------------|----------------------------------|---|---------|--------|--|
| Net sales | 974,885 | — | — | 974,885 | | Sales |
| Cost of sales | 749,374 | 3 | 1,347 | 750,725 | (9,10) | Cost of sales |
| Gross profit | 225,511 | -3 | -1,347 | 224,160 | | Gross profit |
| Selling, general and administrative expenses | 128,183 | 4,259 | -586 | 131,857 | (9,10) | Selling, general and administrative expenses |
| | — | 2,659 | 10 | 2,670 | (8) | Equity gain from investment in associates |
| | — | 5,695 | 2,319 | 8,014 | | Other operating expenses |
| Operating income | 97,327 | -7,299 | -3,069 | 86,958 | | Operating income |
| | — | 3,057 | -280 | 2,777 | (8) | Financial income |
| | — | 5,108 | — | 5,108 | (8) | Financial expenses |
| Non-operating income | | | | | | |
| Interest income | 834 | -834 | — | — | | |
| Dividend income | 1,913 | -1,913 | — | — | | |
| Equity in earnings of affiliated companies | 2,659 | -2,659 | — | — | | |
| Others | 3,683 | -3,683 | — | — | | |
| Total non-operating income | 9,090 | -9,090 | — | — | | |
| Non-operating expenses | | | | | | |
| Interest expenses | 5,059 | -5,059 | — | — | | |
| Product compensation | 5,507 | -5,507 | — | — | | |
| Others | 4,848 | -4,848 | — | — | | |
| Total non-operating expense | 15,415 | -15,415 | — | — | | |
| Total extraordinary loss | 3,025 | -3,025 | — | — | | |
| Income before tax expenses and minority interests | 87,976 | — | -3,349 | 84,626 | | Income before income taxes |
| Total income taxes | 22,721 | — | -804 | 21,916 | | Income tax expense |
| Net income | 65,255 | — | -2,544 | 62,710 | | Net income |
| Net income attributable to non-controlling interests | 3,293 | -3,293 | — | — | | Net income attributable to: |
| Net income attributable to shareholders of the parent | 61,962 | -61,962 | — | — | | |
| | — | 61,962 | -2,578 | 59,383 | | Owners of the Parent |
| | — | 3,293 | 33 | 3,326 | | Non-controlling interests |

(Millions of yen)

| Account presented under Japan GAAP | Japan GAAP | Reclassification of presentation | Difference in recognition and measurement | IFRS | Note | Account presented under IFRS |
|---|------------|----------------------------------|---|---------|------|--|
| Net income | 65,255 | — | -2,544 | 62,710 | | Net income |
| Other comprehensive income | | | | | | Other comprehensive income |
| Remeasurement of defined benefit plans | 19,678 | -132 | -312 | 19,233 | (10) | Items that will not be reclassified to profit or loss Remeasurements of net defined benefit liability (asset) |
| Valuation difference on available-for-sale securities | 13,040 | 49 | 718 | 13,807 | | Net changes in financial assets measured at fair value through other comprehensive income |
| Translation adjustments | 23,016 | 485 | 1,754 | 25,256 | | Items that may be reclassified to profit or loss Exchange differences on translating foreign operations |
| Share of other comprehensive income of associates accounted for using equity method | 402 | -402 | — | — | | |
| Total other comprehensive income | 56,138 | — | 2,159 | 58,297 | | Total other comprehensive income, net of tax |
| Comprehensive income | 121,393 | — | -385 | 121,008 | | Total comprehensive income for the period |
| (Details) | | | | | | Total comprehensive income for the period attributable to: |
| Comprehensive income attributable to parent company | 116,215 | — | -380 | 115,834 | | Owners of the Parent |
| Comprehensive income attributable to non-controlling interests | 5,178 | — | -4 | 5,173 | | Non-controlling interests |

4) Notes on reconciliation of equity and reconciliation of comprehensive income

Reconciliation of differences at the IFRS transition date is as follows.

(Notes on reclassification of presentation)

(1) Cash and cash equivalents

Time deposits with a deposit period exceeding three months that were included in and presented as “Cash and deposits” under Japan GAAP are included in and presented as “Other current financial assets” under IFRS, and “Securities” and other highly-liquid short-term investments with a maturity of no more than three months from the acquisition date that were included in “Other current assets” under Japan GAAP are included in and presented as “Cash and cash equivalents” under IFRS.

(2) Inventories

Under Japan GAAP “Finished products”, “Work in process”, and “Raw materials and supplies” were presented as separate line items, whereas under IFRS, they are included in and presented as “Inventories” on an aggregate basis.

(3) Investments accounted for using equity method

Under Japan GAAP, shares of associates were included in and presented as “Investment securities”, whereas under IFRS, they are included in and presented as “Investments accounted for using equity method”.

(4) Non-current financial assets

Under Japan GAAP, “Investment securities” was presented as a separate line item, whereas under IFRS, it is included and presented as “Non-current financial assets”.

(5) Deferred tax assets and liabilities

Under Japan GAAP, “Deferred tax assets” and “Deferred tax liabilities” were presented by distinguishing between current and non-current, whereas under IFRS, the entire amount is presented as a non-current item.

(6) Other current financial liabilities

Under Japan GAAP, “Short-term debt”, “Current portion of long-term debt”, and “Current portions of bonds payable” were presented as separate line items, whereas under IFRS, they are included in and presented as “Other current financial liabilities”.

(7) Other non-current financial liabilities

Under Japan GAAP, “Corporate bonds” and “Long-term debt” were presented as separate line items, whereas under IFRS, it is included and presented as “Financial liabilities (non-current)”.

(8) Non-operating income and expenses

Under Japan GAAP, “Interest income”, “Dividend income”, and “Interest expense” were included and presented in non-operating income and expenses, whereas under IFRS, they are include and presented in “Financial income” and “Financial expenses.” Items that were presented as “Product compensation” and “Equity in earnings of affiliated companies” under Japan GAAP are included and presented in operating income and expenses.

(Notes on difference in recognition and measurement)**(9) Obligations concerning unused annual leave, etc.**

Obligations concerning unused annual leave that were not recognised under Japan GAAP are recorded as “Other current liabilities” under IFRS.

(10) Net defined benefit asset and liability

Under Japan GAAP, the opening balance of all actuarial gains and losses and past service cost were recognised in accumulated other comprehensive income and amortised over certain years not exceeding the average remaining service period of employees. On the other hand, under IFRS actuarial gains and losses in other comprehensive income at the time of accrual and past service cost is recognised as an expense at the time of accrual.

(11) Advance appropriation method of dividend

Under Japan GAAP, dividends from retained earnings were based on the advance appropriation method, whereas under IFRS, this was changed to the fixed appropriation method.

(12) Retained earnings

The impact of the application of IFRS on retained earnings is as follows.

(Millions of yen)

| | As of Apr.1,2014 | As of Mar.31, 2015 | Note |
|--|------------------|--------------------|------|
| Reconciliation related to obligations, etc. concerning unused annual leave | -2,860 | -3,113 | (9) |
| Reconciliation related to net defined benefit asset and liability | -14,587 | -12,086 | (10) |
| Reconciliation related to exchange differences on translating foreign operations | -14,067 | -14,067 | |
| Reconciliation related to dividends brought forward | 4,867 | 8,665 | (11) |
| Others | -2,178 | -1,851 | |
| Total reconciliation of retained earnings | -28,826 | -22,453 | |

5) Significant reconciliation of consolidated statements of cash flows from April 1, 2014 to March 31, 2015

There is no material difference between the consolidated statements of cash flows disclosed in accordance with IFRS and the consolidated statements of cash flows disclosed in accordance with Japan GAAP.