

NSK Ltd.

For Immediate Release

May 9, 2014

CONSOLIDATED RESULTS FOR THE YEAR ENDED MARCH 31, 2014

(Unaudited)

[JP GAAP]

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	Norio Otsuka, President and CEO
Contact person	Toshihiko Enomoto, Vice President
Date of the ordinary general shareholders' meeting	June 25, 2014
Payment date of cash dividends	June 04, 2014
Filing date of securities report	June 25, 2014

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Highlights for the Year Ended March 31, 2014

(1) Consolidated financial results

(% of changes from the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Year ended Mar. 31, 2014	871,742	19.0	68,049	110.3	66,785	120.3	31,167	98.0
Year ended Mar. 31, 2013	732,842	(0.0)	32,361	(27.1)	30,310	(27.8)	15,739	(44.8)

(Note) Comprehensive income
 Year ended Mar. 31, 2014 61,539 million yen (26.6%)
 Year ended Mar. 31, 2013 48,597 million yen (64.6%)

	Net income per share	Net income per share	Return on equity	Ordinary income	Operating income
	- Basic	- Diluted	(ROE)	/Total assets	margin
	Yen	Yen	%	%	%
Year ended Mar. 31, 2014	57.70	57.63	9.2	7.1	7.8
Year ended Mar. 31, 2013	29.14	-	5.2	3.5	4.4

(Note) Equity in earnings of affiliates
 Year ended Mar. 31, 2014 3,854 million yen
 Year ended Mar. 31, 2013 3,627 million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity to total assets	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of Mar. 31, 2014	1,000,932	382,155	35.9	664.74
As of Mar. 31, 2013	882,547	340,812	36.2	591.36

(Note) Equity capital
 As of Mar. 31, 2014 359,201 million yen
 As of Mar. 31, 2013 319,286 million yen

(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, 2014	70,342	(42,402)	(3,204)	168,940
Year ended Mar. 31, 2013	53,797	(45,262)	(5,544)	141,653

2. Cash Dividends

(Record date)	Cash dividends per share			Total dividend (Full-year)	Dividend payout ratio (Consolidated)	Dividend on net assets (Consolidated)
	Interim	Year-end	Full-year total			
Year ended Mar. 31, 2013	Yen 6.00	Yen 5.00	Yen 11.00	Millions of Yen 5,943	% 37.7	% 2.0
Year ended Mar. 31, 2014	7.00	9.00	16.00	8,650	27.7	2.5
Year ending Mar. 31, 2015 (Forecast)	10.00	10.00	20.00		21.6	

3. Forecast of Consolidated Results for the Year Ending March 31, 2014

(% of changes from the previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Six months ending Sep. 30, 2014	444,000	7.3	33,000	14.8	31,500	11.9	21,500	45.8	39.79
Year ending Mar. 31, 2015	910,000	4.4	75,000	10.2	72,000	7.8	50,000	60.4	92.53

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, procedures and disclosures for presenting consolidated financial statements

(i) Changes due to newly issued accounting pronouncements: Yes

(ii) Changes excluding the above: Yes

(iii) Changes in accounting estimates: Yes

(iv) Restatement of corrections: None

Note: For more details, please refer to page 17 "(5) Notes to Consolidated Financial Statements".

(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, 2014 551,268,104 shares As of Mar. 31, 2013 551,268,104 shares

(ii) Number of treasury stock at the end of each period:

As of Mar. 31, 2014 10,901,237 shares As of Mar. 31, 2013 11,349,715 shares

(iii) Average number of shares issued and outstanding in each period:

Year ended Mar. 31, 2014 540,118,473 shares Year ended Mar. 31, 2013 540,133,363 shares

(Reference)

1. Non-Consolidated Financial Highlights for the Year Ended March 31, 2014

(1) Non-consolidated financial results

(% of changes from the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Year ended Mar. 31, 2014	459,060	1.8	21,890	145.5	23,412	130.0	3,011	(8.4)
Year ended Mar. 31, 2013	450,729	(8.1)	8,917	(46.9)	10,178	(44.2)	3,285	(60.9)

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
Year ended Mar. 31, 2014	5.57	5.56
Year ended Mar. 31, 2013	6.08	-

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity to total assets	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of Mar. 31, 2014	739,675	252,126	34.0	465.61
As of Mar. 31, 2013	702,039	248,056	35.3	458.12

(Note) Equity capital As of Mar. 31, 2014 251,798 million yen As of Mar. 31, 2013 247,545 million yen

Cautionary Statement with Respect to Forward-Looking Statements

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.

Please refer to page 4 "Business Forecast for the year ending March 31, 2015" for the assumptions and preconditions on which the forecast has been based on.

1. Business Overview

(1) Qualitative Information Regarding Consolidated Business Results

Reviewing the global economic environment during the fiscal year ended March 31, 2014, the Japanese economy continued its gradual recovery, backed by higher consumer spending and production due to the rush to beat the scheduled consumption tax rise, as well as the effect of the weaker Japanese yen. The U.S. economy also continued to expand steadily, while the European economy began to show signs of a mild recovery. In Asia, although there were signs of economic slowdown in the ASEAN region, the Chinese economy continued to show stable growth.

In this economic environment, the NSK Group launched its new mid-term management plan for the three years beginning April 2013, aiming to achieve net sales of ¥1 trillion in 2016 - the 100th anniversary of the company's foundation. The Group is implementing a business strategy of "growth with a focus on profitability," and implementing measures to "develop management capability to handle ¥1 trillion in sales volume" in order to enhance its corporate foundations.

As a result, consolidated net sales for this fiscal year totaled ¥871,742 million, a year-on-year increase of 19.0%, and operating income totaled ¥68,049 million, a year-on-year increase of 110.3%. Ordinary income was ¥66,785 million, a year-on-year increase of 120.3%. Net income after adjusting for tax expenses and minority interests was ¥31,167 million, a year-on-year increase of 98.0%, including extraordinary income of ¥2,839 million on sales of investment securities and ¥986 million on sales of fixed assets, and extraordinary losses of ¥16,269 million related to Antimonopoly Act loss.

In September 2013, NSK Ltd. ("NSK") and its subsidiaries agreed to plead guilty and to pay a total of a fine of US\$68.2 million for participating in activities that violated the U.S. antitrust laws in relation to sales of bearings. In addition, in January 2014, NSK was ordered to pay a fine of CA\$ 4.5 million by the Quebec Superior Court of Justice for participating in activities that violated the Canadian Competition Act in relation to certain sales of automotive bearings in Canada.

Moreover, in March 2014, the European Commission has imposed a fine of € 62,406,000 on NSK Ltd. and its wholly owned subsidiaries for their participating in activities that violated the European Competition Law in relation to sales of automotive bearings. We recorded these amounts as an extraordinary loss related to Antimonopoly Act related loss.

Business Segment Information

Industrial Machinery Business Segment

Demand in the industrial machinery business has continued to recover since the third quarter of the previous fiscal year. Looking at results on a regional basis, in Japan demand for general machinery showed signs of recovery, and sales increased, particularly in the aftermarket and IT/electrical sectors. In the Americas, sales rose due to the impact of currency rates in addition to the gradual recovery in demand. In Europe, sales in the IT/electrical sector increased and demand in the machine tool sector showed signs of recovery. In Asia, Chinese sales increased due to a steady increase in demand in the machine tool and aftermarket sectors and a recovery trend in the aftermarket sector. In ASEAN, sales increased due to the impact of currency rates, despite a slowdown in the economy.

As a result, net sales in the industrial machinery business totaled ¥242,969 million, a year-on-year increase of 12.4%. Operating income was ¥23,712 million, a year-on-year increase of 82.1%.

Automotive Business Segment

Strong demand in China and the U.S drove the global automotive market, which continues to expand. Looking at the geographic breakdown, sales in Japan declined as automakers shifted production overseas, despite a boost as consumers rushed to beat the consumption tax rise. In the Americas the automotive market performed strongly due to steady demand from consumers replacing older vehicles. The European automotive market trended towards recovery from summer onwards, and sales of automotive bearings increased with the launch of new projects. In China, in addition to sales increase of automotive bearings caused by steady automotive production expansion, sales of electric power steering (EPS) systems rose significantly due to the launch of new models. Although growth in

each ASEAN market varied, overall sales of automotive bearings increased due to the impact of winning new projects.

As a result, net sales in the automotive business totaled ¥590,545 million, a year-on-year increase of 20.4%. Operating income totaled ¥49,201 million, a year-on-year increase of 96.9%.

Business Forecast for the Year Ending March 31, 2015

The global economic outlook remains uncertain due to rising geopolitical risk and economic risk in emerging countries, particularly China. However, the global economy is expected to continue its gradual recovery despite areas of weakness.

Given such circumstances, NSK forecasts the following financial results for the year ending March 31, 2015.

	<u>Year ending Mar. 31, 2015</u>	<u>% change from previous year</u>
Consolidated Financial Highlights		
Net sales	¥ 910,000 million	+4.4%
Operating income	75,000	+10.2%
Ordinary income	72,000	+7.8%
Net income	50,000	+60.4%
Industrial Machinery Business		
Net sales	¥ 255,000	+5.0%
Operating income	28,500	+20.2%
Automotive Business		
Net sales	¥ 615,000	+4.1%
Operating income	51,000	+3.7%

- Exchange rate forecast for the year ending March 31, 2015:
U.S.\$1=¥100, 1€=¥135

Notes

All forecasts are based on a number of assumptions regarding business environment and policies, and are subject to change with various factors. Actual financial results may differ materially and NSK accepts no liability whatsoever for any direct or consequential loss arising from any use of this report.

(2) Qualitative Information Regarding Consolidated Financial Position

Assets and Liabilities

Total assets were ¥1,000,932 million, an increase of ¥118,384 million, compared to total assets as of March 31, 2013. The main reasons for this increase were increases of ¥13,676 million in cash and deposits, ¥24,101 million in notes and accounts receivable, ¥13,908 million in short-term investment securities, ¥24,080 million in property, plant and equipment, ¥15,296 million in investment securities, and ¥47,740 million in net defined benefit assets, which offset a decrease of ¥42,579 million in prepaid pension costs.

Total liabilities were ¥618,776 million, an increase of ¥77,041 million, compared to total liabilities as of March 31, 2013. The main reasons for this increase were increases of ¥12,936 million in notes and accounts payable, ¥9,671 million in accrued income taxes, ¥28,189 million in long-term loans, and ¥36,438 million in net defined benefit liabilities, which offset decreases of ¥18,439 million in current portion of long-term loans payable and ¥19,855 million in accrued employee retirement benefits.

Net assets

Net assets totaled ¥382,155 million, an increase of ¥41,343 million, compared to net assets as of March 31, 2013. The main reasons for this increase were ¥31,167 million in net income, ¥9,400 million in valuation difference on available-for-sale securities, and ¥17,670 million in translation adjustments, which offset a decrease of ¥10,225 million in remeasurements of defined benefit plans.

Cash Flows

Total cash and cash equivalents at the end of the period were ¥168,940 million, a year-on-year increase of ¥27,286 million.

Net cash flow provided by operating activities

Net cash flow provided by operating activities totaled ¥70,342 million, an increase of ¥16,545 million, compared to the same period of the previous year. This includes ¥54,341 million in income before tax expenses and minority interests, ¥35,086 million provided by depreciation and amortization, and an increase of ¥16,269 million in accrued Antimonopoly Act related loss, which offset an increase of ¥16,330 million in notes and accounts receivable, ¥6,422 million in Antimonopoly Act related loss paid, and ¥8,729 million in income taxes paid.

Net cash flow used in investing activities

Net cash flow used in investing activities totaled ¥42,402 million, a decrease of ¥2,860 million compared to the same period of the previous year. This includes ¥42,921 million for purchase of property, plant and equipment.

Net cash flow used in financing activities

Net cash flow used in financing activities totaled ¥3,204 million, a decrease of ¥2,340 million compared to the same period of the previous year. This includes a net increase of ¥49,634 million in long-term loans, which was offset by a decrease of ¥2,575 million in short-term loans, ¥42,715 million of repayments of long-term loans, and ¥6,479 million of dividends paid.

	As of Mar. 31, 2011	As of Mar. 31, 2012	As of Mar. 31, 2013	As of Mar. 31, 2014
Shareholders' equity to total assets (%)	32.6	33.2	36.2	35.9
Shareholders' equity to total assets at market value (%)	49.1	40.7	43.7	57.3
Cash flow to interest ratio (Years)	4.2	5.2	5.7	4.5
Interest coverage ratio (Times)	14.0	11.8	11.4	14.4

- Shareholders' equity to total assets: Shareholders' equity/Total assets
- Shareholders' equity to total assets at market value: Market capitalization/Total assets
- Cash flow to interest ratio: Interest bearing debts/Net cash provided by operating activities
- Interest coverage ratio: Net cash provided by operating activities/Interest paid

(Notes) 1. All indices have been calculated based on consolidated data.

2. Market capitalization has been calculated as:

“Closing share price at end of the year” × “Common shares outstanding at end of the year”

3. Net cash provided by operating activities refers to the net cash provided by operating activities on the consolidated statements of cash flows. Interest-bearing debts refer to the total amount of liabilities paying interests on the balance sheet.

(3) Basic Policy on Appropriation of Retained Earnings and Dividends

NSK places great importance on shareholder returns. We will maintain our basic policy of issuing a consistent dividend, and ensure that our dividends better reflect our consolidated payout ratio and business results.

Considering this dividend policy, the year-end dividend for the fiscal year ended March 31, 2014 will be ¥9.00 per share. Including the dividend of ¥7.00 per share for the first half of the year, paid on December 3, 2013, the full year dividend will be ¥16.00 per share, a year-on-year increase of ¥5.00.

Dividends for the year ending March 31, 2015 are planned to be ¥20.00 per share (¥10.00 per share for the first half of the year).

2. Management Policy Statement

(1) Basic Management Policies

NSK aims to contribute to the well-being and safety of society and to protect the global environment through its innovative technology integrating “MOTION & CONTROL”. We are guided by our vision of NSK as a truly international enterprise, and are working across national boundaries to improve relationships between people throughout the world.

We have the following management principles to achieve our goals.

To serve our customers through innovative and responsive solutions, taking advantage of our world leading technologies.

To provide challenges and opportunities to our employees, channeling their skills and fostering their creativity and individuality.

To identify the needs of the times and of the future and to use all of NSK's resources to meet those needs by being versatile, responsive and dynamic.

To work together with our employees and contribute to the communities in which we operate.

To manage our business from an international perspective and to develop a strong presence throughout the world.

(2) Key Indicators

NSK will focus on improving its asset efficiency to increase return on equity (ROE) and net debt-equity ratio and recognizes operating income margin as a key indicator of profit stability.

(3) Mid-Term Strategies

NSK launched its new mid-term plan for three years from April 2013, with an aim to achieve net sales of ¥1 trillion in 2016, the 100th anniversary of the company's establishment. In this plan, NSK sets a mid-term vision of “establishing corporate fundamentals appropriate for a company with net sales of ¥1 trillion” by enhancing management quality – a step which is necessary to support net sales of ¥1 trillion. Based on a corporate foundation of “Safety, Quality, and Compliance”, NSK will further promote its current growth strategy and profitability improvement initiatives, and has set goals of “growth with a focus on profitability” and “developing management capability to handle ¥1 trillion in sales volume”. Through these initiatives, NSK aims to enhance its business strategies and operating foundations in preparation for next growth phase, which will take place amidst a dramatically changed business environment.

To achieve its mid-term vision, NSK will undertake the following seven business challenges:

Measures to Achieve “Growth with Focus on Profitability”

- Growth in emerging countries
- Enhancement of customer and sector strategies
- Enhancement of production and technology development capabilities
- Strategic alliances

Measures for “Developing Management Capability to Handle ¥1 Trillion in Sales Volume”

- Enhancement of corporate governance and compliance
- Reform of business structure
- Advancement of global management

(4) Key Management Tasks

The external business environment for the fiscal year ending March 31, 2015 is still uncertain due to various risks including slowing growth in emerging countries and geopolitical rising tensions. Despite this environment, NSK will navigate these risks and strengthen its business strategies and operating foundations in order to achieve its vision of establishing a corporate structure appropriate for a company with net sales of ¥1 trillion.

In addition, we recognize that contributing to the reduction of global energy loss through our business activities is our social responsibility, and for this reason we will steadily improve our environmental management. NSK contributes to global environmental protection by meeting increasingly tough demands for energy conservation,

and by further expanding our line-up of environmentally-friendly products.

The headquarter and related sales branches of NSK's subsidiary Amatsuji Steel Ball Mfg. Co., Ltd. were investigated in January 2014 by the Japan Fair Trade Commission ("JFTC") in relation to the Japan Antimonopoly Act for sales of its products. NSK and Amatsuji Steel Ball Mfg. Co., Ltd. are cooperating fully with JFTC in its respective investigation.

NSK sincerely apologizes to its shareholders, customers, and other stakeholders for the great deal of concern caused by this matter. NSK and its subsidiaries regard the situation with the utmost seriousness and have taken and will continue to take comprehensive measures with the help of outside experts and others to ensure strict compliance with all applicable laws and regulations during our corporate activities. We will devote every effort to restoring the trust of all stakeholders and the public.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2013	As of March 31, 2014
Assets		
Current assets:		
Cash and deposits	54,643	68,319
Notes and accounts receivable	141,706	165,808
Short-term investment securities	86,272	100,181
Finished goods	63,930	71,431
Work in process	38,534	40,683
Raw materials and supplies	16,804	19,620
Deferred tax assets	10,371	13,034
Others	37,252	43,036
Less allowance for doubtful accounts	(1,326)	(1,502)
Total current assets	448,187	520,614
Non-current assets:		
Property, plant and equipment		
Buildings and structures	206,587	217,801
Accumulated depreciation	(129,569)	(137,807)
Buildings and structures, net	77,017	79,994
Machinery, vehicles and equipment	562,997	607,313
Accumulated depreciation	(429,809)	(456,167)
Machinery, vehicles and equipment, net	133,188	151,146
Tools, furniture and fixtures	62,164	68,000
Accumulated depreciation	(53,102)	(57,238)
Tools, furniture and fixtures, net	9,061	10,761
Land	37,499	37,471
Lease assets	2,771	3,436
Accumulated depreciation	(1,598)	(2,245)
Lease assets, net	1,173	1,191
Construction in progress	22,149	23,603
Total property, plant and equipment	280,089	304,169
Intangible fixed assets		
Goodwill	483	226
Others	13,487	12,052
Total intangible fixed assets	13,970	12,278
Investments and other assets		
Investment securities	88,635	103,932
Long-term loans receivable	308	267
Deferred tax assets	2,578	3,008
Prepaid pension costs	42,579	-
Net defined benefit asset	-	47,740
Others	6,687	9,428
Less allowance for doubtful accounts	(490)	(507)
Total investments and other assets	140,299	163,869
Total non-current assets	434,359	480,317
Total assets	882,547	1,000,932

(Millions of Yen)

	As of March 31, 2013	As of March 31, 2014
Liabilities		
Current liabilities:		
Notes and accounts payable	117,808	130,745
Short-term loans	70,789	71,469
Current portion of long-term loans payable	42,637	24,197
Current portion of corporate bonds	-	15,000
Accrued income taxes	2,356	12,028
Others	55,870	78,005
Total current liabilities	289,462	331,445
Non-current liabilities:		
Corporate bonds	35,000	20,000
Long-term loans	156,676	184,866
Deferred tax liabilities	27,098	35,665
Accrued employees' retirement benefits	19,855	-
Accrued officers' retirement benefits	1,693	1,567
Reserves for environmental safety measures	163	178
Net defined benefit liability	-	36,438
Others	11,786	8,615
Total non-current liabilities	252,272	287,330
Total liabilities	541,735	618,776
Net assets		
Shareholders' equity		
Common stock	67,176	67,176
Additional paid-in capital	78,343	78,560
Retained earnings	188,034	210,739
Treasury stock	(4,518)	(4,369)
Total shareholders' equity	329,036	352,107
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21,986	31,387
Translation adjustments	(31,737)	(14,067)
Remeasurements of defined benefit plans	-	(10,225)
Total accumulated other comprehensive income	(9,750)	7,094
Share subscription rights	510	328
Minority interests	21,015	22,626
Total net assets	340,812	382,155
Total liabilities and net assets	882,547	1,000,932

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

Consolidated Statements of Operations

(Millions of Yen)

	Year ended Mar. 31, 2013	Year ended Mar. 31, 2014
Net sales	732,842	871,742
Cost of sales	596,297	686,109
Gross profit	136,544	185,633
Selling, general and administrative expenses		
Packing and haulage expenses	16,521	18,884
Sales commission	1,060	1,424
Salaries and wages	36,135	42,735
Welfare expenses	6,667	7,837
Retirement payments	477	88
Provision for retirement benefits	2,895	-
Retirement benefit expenses	-	1,421
Provision for officers' retirement benefits	332	249
Rent expenses	5,782	5,429
Depreciation and amortization	3,651	4,324
Transportation and communication expenses	4,899	6,004
Provision of allowance for doubtful accounts	266	210
Research and development expenses	8,975	8,500
Others	16,516	20,471
Total selling, general and administrative expenses	104,183	117,583
Operating income	32,361	68,049
Non-operating income:		
Interest income	512	658
Dividend income	1,313	1,465
Equity in earnings of affiliated companies	3,627	3,854
Others	2,697	2,993
Total non-operating income	8,150	8,971
Non-operating expenses:		
Interest expenses	4,865	4,811
Product compensation	2,866	2,877
Others	2,469	2,547
Total non-operating expenses	10,201	10,235
Ordinary income	30,310	66,785
Extraordinary income:		
Gain on sales of investment securities	275	2,839
Gain on sales of fixed assets	1,134	986
Total extraordinary income	1,409	3,826
Extraordinary loss:		
Antimonopoly Act related loss	6,005	16,269
Loss on devaluation of investment securities	419	-
Total extraordinary loss	6,424	16,269
Income before tax expenses and minority interests	25,296	54,341
Current income taxes	7,108	18,576
Deferred income taxes	600	1,952
Total income taxes	7,709	20,528
Income before minority interests	17,586	33,812
Minority interests	1,847	2,645

Consolidated Statements of Operations

(Millions of Yen)

	Year ended Mar. 31, 2013	Year ended Mar. 31, 2014
Net income	15,739	31,167

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Year ended Mar. 31, 2013	Year ended Mar. 31, 2014
Income before minority interests	17,586	33,812
Other comprehensive income		
Valuation difference on available-for-sale securities	7,233	9,369
Translation adjustments	23,354	17,815
Share of other comprehensive income of associates accounted for using equity method	423	540
Total other comprehensive income	31,010	27,726
Comprehensive income	48,597	61,539
(Details)		
Comprehensive income attributable to parent company	45,205	58,238
Comprehensive income attributable to minority interests	3,391	3,300

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2013

(Millions of Yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	67,176	78,340	178,186	(4,188)	319,514
Changes of items during the period					
Cash dividends			(5,943)		(5,943)
Net income			15,739		15,739
Increase due to changes in fiscal year-ends of consolidated subsidiaries and affiliates			53		53
Purchase of treasury stock				(332)	(332)
Disposal of treasury stock		2		3	6
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	2	9,848	(329)	9,522
Balance at the end of current period	67,176	78,343	188,034	(4,518)	329,036

	Accumulated other comprehensive income				Share subscription rights	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Translation adjustments	Remeasurements of defined benefit plans	Total other comprehensive income			
Balance at the beginning of current period	14,766	(53,969)	-	(39,202)	540	18,212	299,066
Changes of items during the period							
Cash dividends							(5,943)
Net income							15,739
Increase due to changes in fiscal year-ends of consolidated subsidiaries and affiliates							53
Purchase of treasury stock							(332)
Disposal of treasury stock							6
Net changes of items other than shareholders' equity	7,219	22,231	-	29,451	(30)	2,802	32,224
Total changes of items during the period	7,219	22,231	-	29,451	(30)	2,802	41,746
Balance at the end of current period	21,986	(31,737)	-	(9,750)	510	21,015	340,812

Year ended March 31, 2014

(Millions of Yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	67,176	78,343	188,034	(4,518)	329,036
Changes of items during the period					
Cash dividends			(8,650)		(8,650)
Net income			31,167		31,167
Increase due to changes in fiscal year-ends of consolidated subsidiaries and affiliates			188		188
Purchase of treasury stock				(40)	(40)
Disposal of treasury stock		217		188	405
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	217	22,704	148	23,070
Balance at the end of current period	67,176	78,560	210,739	(4,369)	352,107

	Accumulated other comprehensive income				Share subscription rights	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Translation adjustments	Remeasurements of defined benefit plans	Total other comprehensive income			
Balance at the beginning of current period	21,986	(31,737)	-	(9,750)	510	21,015	340,812
Changes of items during the period							
Cash dividends							(8,650)
Net income							31,167
Increase due to changes in fiscal year-ends of consolidated subsidiaries and affiliates							188
Purchase of treasury stock							(40)
Disposal of treasury stock							405
Net changes of items other than shareholders' equity	9,400	17,670	(10,225)	16,845	(182)	1,610	18,272
Total changes of items during the period	9,400	17,670	(10,225)	16,845	(182)	1,610	41,343
Balance at the end of current period	31,387	(14,067)	(10,225)	7,094	328	22,626	382,155

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	Year ended Mar. 31, 2013	Year ended Mar. 31, 2014
Operating activities		
Income before income taxes and minority interests	25,296	54,341
Depreciation and amortization	34,598	35,086
Amortization of goodwill	722	264
Increase (decrease) in allowance for doubtful accounts	210	76
Provision for retirement benefits and prepaid pension cost	(1,906)	-
Net defined benefit liabilities and net defined benefit assets	-	(4,523)
Interest and dividend income	(1,826)	(2,123)
Interest expenses	4,865	4,811
Equity in losses (earnings) of affiliates	(3,627)	(3,854)
Loss (gain) on investments in securities	(275)	(2,839)
Loss (gain) on property, plant and equipment	(1,134)	(986)
Antimonopoly Act related loss	6,005	16,269
Loss (gain) on evaluation of investment securities	419	-
Decrease (increase) in notes and accounts receivable	21,769	(16,330)
Decrease (increase) in inventories	5,398	(4,602)
Increase (decrease) in notes and accounts payable	(22,884)	9,754
Others	(2,991)	(1,265)
Subtotal	64,639	84,079
Interest and dividends received	4,486	6,285
Interest paid	(4,722)	(4,869)
Antimonopoly Act related loss paid	-	(6,422)
Income taxes paid	(10,606)	(8,729)
Net cash provided by operating activities	53,797	70,342
Investing activities		
Net decrease (increase) in time deposits	2,506	(1,304)
Purchase of short-term investment securities	(5,600)	(400)
Proceeds from sales of short-term investment securities	7,201	1,101
Purchase of property, plant and equipment	(45,866)	(42,921)
Proceeds from sales of property, plant and equipment	1,626	1,809
Purchase of investment securities	(228)	(57)
Proceeds from sales of investment securities	1,531	3,352
Payments for loans receivable	(127)	(594)
Collection of loans receivable	118	191
Others	(6,424)	(3,578)
Net cash used in investing activities	(45,262)	(42,402)

(Millions of Yen)

	Year ended Mar. 31, 2013	Year ended Mar. 31, 2014
Financing activities		
Net increase (decrease) in short-term loans	(3,089)	(2,575)
Increase in long-term loans	49,100	49,634
Repayments of long-term loans	(13,801)	(42,715)
Payments for redemption of corporate bonds	(30,000)	-
Acquisition of treasury stock	(327)	(34)
Dividends paid	(6,480)	(6,479)
Dividends paid to minority shareholders	(605)	(911)
Others	(340)	(121)
Net cash provided by (used in) financing activities	(5,544)	(3,204)
Effect of exchange rate changes on cash and cash equivalents	3,457	2,527
Net increase (decrease) in cash and cash equivalents	6,447	27,263
Cash and cash equivalents at beginning of the year	135,307	141,653
Increase (decrease) in cash and cash equivalents resulting from changes in fiscal year-ends of consolidated subsidiaries	(101)	22
Cash and cash equivalents at end of the period	141,653	168,940

(5) Notes to Consolidated Financial Statements

(Going Concern Assumption)

None.

(Important Items Regarding Preparation of Consolidated Financial Statements)

1. Items Regarding the Scope of Consolidated Subsidiaries and Affiliates

(1) Consolidated subsidiaries

Number of consolidated subsidiaries:

93 companies (21 Japanese entities and 72 non-Japanese entities).

Names of principal companies:

NSK Steering Systems Co., Ltd.,
NSK Needle Bearings 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.,
P.T. NSK Bearings Manufacturing Indonesia, NSK Korea Co., Ltd.

(2) Affiliated companies accounted for by the equity method

Number of affiliated companies accounted for by the equity method:

16 companies (9 Japanese entities and 7 non-Japanese entities).

Name of principal company:

NSK-Warner Kabushiki Kaisha

(3) Changes in the scope of consolidated subsidiaries and affiliates

Consolidated subsidiaries

- Increase due to the inclusion of newly established entity: 1 company

NSK Bearings Manufacturing Mexico S.A. de C.V.

2. Items Regarding the Balance Sheet Dates of Consolidated Subsidiaries

The balance sheet date is February 28 for Kuribayashi Seisakusho Co., Ltd. In preparing the consolidated financial statement, the non-consolidated financial statement as of the aforementioned date is used, and necessary adjustments are made for important transactions between consolidated subsidiaries occurring between the aforementioned date and the consolidated balance sheet date.

Previously when preparing consolidated financial statements, Rane NSK Steering Systems Ltd. had been consolidated using financial statements of the period ending three-month prior to the consolidated reporting period, after adjusting for important transactions between consolidated subsidiaries. From the first quarter of the fiscal year ended March 31, 2014, Rane NSK Steering Systems Ltd. has been consolidated using its financial statements for the consolidated balance sheet date.

Notes regarding items other than those mentioned above have been omitted as there have not been any significant changes to the notes disclosed in the most recent Securities Report (filed on June 25, 2013).

(Changes in Accounting Principles)

1. In the past, the NSK Group generally adopted the moving-average method for evaluation of supplies. When implementing its new accounting system, the Group reviewed operations from the perspective of speed and efficiency, and as a result judged that generally adopting the first-in first-out method was more appropriate. There is no retroactive application as the impact of this change is immaterial.

2. From the end of the fiscal year ended March 31, 2014, the NSK Group has applied the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and the "Implementation Guidance for the

Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012) (excluding, however, the provisions found in the body text of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Implementation Guidance for the Accounting Standard for Retirement Benefits). Under the new standard, the NSK Group revised its method of accounting for retirement benefit obligations, recording the amount deducting the plan assets from these obligations as net defined benefit asset and liability, and accordingly, recording unrecognized actuarial differences and unrecognized prior service costs as net defined benefit asset and liability.

With regard to the application of the Accounting Standard for Retirement Benefits, in accordance with the provisions on transitional implementation indicated in Paragraph 37 of the Accounting Standard for Retirement Benefits, the impact of these changes is included in remeasurements of defined benefit plans within accumulated other comprehensive income as of March 31, 2014.

As a result, as of March 31, 2014, the NSK Group recorded net defined benefit asset of ¥47,740 million, net defined benefit liability of ¥36,438 million and decreased accumulated other comprehensive income by ¥10,225 million.

The amount of financial impact on per share information is included in the Per Share Information section.

(Changes in Accounting Estimates)

The NSK Group had generally depreciated overseas subsidiaries’ “machinery and equipment” in property, plant and equipment, with a life span of 10 years. However, the Group decided to change to a life span of 12 years from the first quarter of the fiscal year ended March 31, 2014.

In the mid-term plan which started from the beginning of this fiscal year, the Group strengthened globally product availability by accelerating capital expenditure in overseas production sites, principally in China and ASEAN, and by significantly increasing the overseas production ratio of items previously manufactured in Japan. In addition, the Group has established a production system resistant to changes in the business environment by compensating for demand fluctuations across its global sites. Furthermore, the Group is striving to extend the life span of its production equipment by establishing a high-quality maintenance system. On this occasion, the Group reviewed the life period, analyzed the estimated duration of service for each equipment at overseas production sites, and decided to adopt a useful life of 12 years, which more accurately reflects actual usage.

The impact of this change during the year ended March 31, 2014 includes a decrease of ¥2,607 million in depreciation, and increases of ¥2,332 million in operating income, ordinary income, and income before tax expenses and minority interests, respectively.

(Changes in Accounting Policies for Items that are Difficult to Categorize as Changes in Accounting Estimates)

In the past, NSK and the NSK Group’s Japanese subsidiaries generally applied the declining-balance method for depreciation of property, plant and equipment, excluding buildings obtained after April 1, 1998. On the occasion of the launch of its new mid-term plan, NSK and its principal Japanese subsidiaries reviewed the depreciation method in order to accurately reflect the actual status of production equipment.

As stable operation and smooth production levels are expected in Japan, NSK and its principal Japanese subsidiaries judged that the straight-line method, which equalizes cost for the duration of life span, is more appropriate for the depreciation method for property, plant and equipment. As a result, NSK and its principal Japanese subsidiaries switched to the straight-line method from the beginning of the first quarter of the year ended March 31, 2014.

The impact of this change during the year ended March 31, 2014 includes a decrease of ¥1,467 million in depreciation, and increases of ¥1,278 million in operating income, ordinary income, and income before income taxes and minority interests, respectively.

(Changes in Matters Concerning Consolidated Balance Sheets)

Litigation and Other Legal Matters

Investigations by authorities

(The year ended Mar. 31, 2013)

Regarding sales of bearing products, NSK's sales subsidiary in Germany was investigated in November 2011 by the European Commission in relation to EU competition law. Moreover, our subsidiary in the U.S. received from the United States Department of Justice a subpoena, which requested that it provide information regarding sales of the bearing products in November 2011. Furthermore, our manufacturing and sales subsidiary in Korea was investigated in July 2012 by the Korea Fair Trade Commission in relation to the Monopoly Regulation and Fair Trade Act. In addition, our sales subsidiary in Singapore was investigated in February 2013 by the Competition Commission Singapore in relation to the Competition Act.

Moreover, NSK's subsidiaries are under investigation by relevant authorities in some other countries.

NSK and the NSK Group are cooperating fully with any relevant authorities in their respective investigations.

As a result of the above, financial losses, such as surcharge payments, may occur in the future; however, it is difficult to provide a reasonable estimate of the amount of such losses at this time. Their impact on NSK's operational results, etc. is uncertain.

(The year ended Mar. 31, 2014)

Regarding sales of bearing products, NSK's manufacturing and sales subsidiary in Korea was investigated in July 2012 by the Korean Fair Trade Commission in relation to the Monopoly Regulation and Fair Trade Act. In addition, our sales subsidiary in Singapore was investigated in February 2013 by the Competition Commission Singapore in relation to the Competition Act.

Moreover, the headquarter and related sales branches of NSK's subsidiary Amatsuji Steel Ball Mfg. Co., Ltd. were investigated in January 2014 by JFTC in relation to the Japan Antimonopoly Act for sales of its products.

Moreover, NSK's subsidiaries are under investigation by relevant authorities in some other countries.

NSK and the NSK Group are cooperating fully with any relevant authorities in their respective investigations.

As a result of the above, financial losses, such as surcharge payments, may occur in the future; however, it is difficult to provide a reasonable estimate of the amount of such losses at this time. Their impact on NSK's operational results, etc. is uncertain.

Class actions filed

In the United States, the Plaintiffs, representing purchasers, etc. of bearing products, have filed class actions against the Defendants including NSK and its subsidiary located in the United States (the "Actions"). The Plaintiffs allege, among others, that the Defendants conspired with each other to restrict competition regarding transactions related to bearing products in the United States, and seek damages, injunctive relief, and other relief against the Defendants in the Actions. In addition, in Canada, similar kinds of class actions against the Defendants including NSK and its subsidiary located in Canada have been filed.

NSK and its subsidiaries located in the United States and Canada are going to insist on propriety and contest the Plaintiffs' claim. Although the amounts of damages claimed are not specified in the complaints, as a result of these actions, it is possible that NSK's operational results, etc. will be affected.

NSK or its subsidiaries or its affiliated companies may face additional follow-on actions similar to these actions.

No change has been made since the fiscal year ended March 31, 2013.

(Changes in Matters Concerning Consolidated Statements of Changes in Net Assets)

Previously when preparing consolidated financial statements, Rane NSK Steering Systems Ltd. had been consolidated using financial statements of the period ending three-month prior to the consolidated reporting period, after adjusting for important transactions between consolidated subsidiaries. From the first quarter of the fiscal year ended March 31, 2014, Rane NSK Steering Systems Ltd. has been consolidated using its financial statements for the consolidated balance sheet date.

Profit and loss for the three months from January and March 2013 has been adjusted for as retained earnings.

【Segment Information】

1. Outline of Reportable Segments

The Company has defined its reportable segments to be units composing the Company, for which financial information can be separately obtained. The Company's Board of Directors periodically monitors these business segments in order to determine the allocation of management resources and evaluate business results.

The Company's organization centers on its customer/product-based division headquarters, which plans comprehensive business strategies not only for business in Japan but globally. Therefore, the Company has decided to designate its customer/product-based Industrial Machinery Business segment and Automotive Business segment as its two reportable segments.

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

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

2. Calculation Method of Sales, Income (Loss), Assets, Liabilities and Other Items by Reportable Segments

The accounting methods used in the accounting for reportable segments are basically the same as the "Important Items Regarding the Preparation of the Consolidated Financial Statements". Please note that the income (loss) figures of the reportable segments are operating income based figures.

Inter-segment sales and transfers are based on market-prices.

3. Sales, Income (Loss), Assets, Liabilities and Other Items by Reportable Segments

Year ended March 31, 2013

(Millions of Yen)

	Reportable segments			Others (Note)	Total	Adjustments	Consolidated
	Industrial machinery business	Automotive business	Sub-total				
Sales							
Sales to third parties	216,142	490,545	706,687	26,154	732,842	-	732,842
Inter-segment sales and transfers	-	-	-	27,124	27,124	(27,124)	-
Total	216,142	490,545	706,687	53,278	759,966	(27,124)	732,842
Segment income (Operating income)	13,020	24,992	38,012	2,164	40,176	(7,815)	32,361
Segment assets	253,030	392,081	645,112	81,343	726,456	156,091	882,547
Other items							
Depreciation and amortization	12,321	19,716	32,037	3,159	35,197	(599)	34,598
Investments in affiliated companies	4,698	15,951	20,650	615	21,265	-	21,265
Increase in tangible and intangible assets	11,896	31,936	43,832	4,735	48,567	(542)	48,025

(Note) "Others" includes production of plant and equipment, and production and sales of steel balls, and systemized products.

Year ended March 31, 2014

(Millions of Yen)

	Reportable segments			Others (Note)	Total	Adjustments	Consolidated
	Industrial machinery business	Automotive business	Sub-total				
Sales							
Sales to third parties	242,969	590,545	833,515	38,226	871,742	-	871,742
Inter-segment sales and transfers	-	-	-	26,465	26,465	(26,465)	-
Total	242,969	590,545	833,515	64,692	898,208	(26,465)	871,742
Segment income (Operating income)	23,712	49,201	72,914	2,900	75,815	(7,765)	68,049
Segment assets	280,010	446,852	726,862	93,097	819,959	180,972	1,000,932
Other items							
Depreciation and amortization	12,556	20,189	32,746	2,907	35,653	(567)	35,086
Investments in affiliated companies	7,154	14,771	21,925	620	22,545	-	22,545
Increase in tangible and intangible assets	10,580	32,613	43,194	2,536	45,731	(282)	45,448

(Note) "Others" includes production of plant and equipment, and production and sales of steel balls, and systemized products.

【 Related Information 】

Year ended March 31, 2013

1. Information by Products and Services

Same as 【 Segment Information 】 .

2. Information by Region**(1) Sales**

(Millions of Yen)

Japan	The Americas	Europe	China	Other Asia	Total
333,348	103,352	102,667	91,442	102,030	732,842

(2) Tangible assets

(Millions of Yen)

Japan	The Americas	Europe	China	Other Asia	Total
139,457	19,719	25,472	61,232	34,208	280,089

3. Information by Major Customers

Not applicable.

Year ended March 31, 2014

1. Information by Products and Services

Same as 【 Segment Information 】 .

2. Information by Region**(1) Sales**

(Millions of Yen)

Japan	The Americas	Europe	China	Other Asia	Total
329,136	134,482	124,590	167,239	116,293	871,742

(2) Tangible assets

(Millions of Yen)

Japan	The Americas	Europe	China	Other Asia	Total
133,670	26,088	30,880	75,180	38,349	304,169

3. Information by Major Customers

Not applicable.

【Per Share Information】

Year ended Mar. 31, 2013		Year ended Mar. 31, 2014	
Net assets per share - (Yen)	591.36	Net assets per share - (Yen)	664.74
Net income per share - Basic (Yen)	29.14	Net income per share - Basic (Yen)	57.70
Net income per share - Diluted (Yen)	Not applicable.	Net income per share - Diluted (Yen)	57.63

Note 1: Net income per share and diluted net income per share have been calculated on the basis of the following data;

	Year ended Mar. 31, 2013	Year ended Mar. 31, 2014
Net income per share - Basic		
Net income (Millions of Yen)	15,739	31,167
Amounts not attributable to common stock (Millions of Yen)	-	-
Net income attributable to common stock (Millions of Yen)	15,739	31,167
Average number of shares outstanding during each period (Thousands of shares)	540,133	540,118
Net income per share - Diluted		
Adjustments to net income (Millions of Yen)	-	-
Increase in number of common stock (Thousands of shares)	-	708
(Share subscription rights included (Thousands of shares))	(-)	(708)

	Year ended Mar. 31, 2013	Year ended Mar. 31, 2014
Outline of dilutive shares not included in the calculation of diluted net income per share as they do not have a dilutive effect	<p>Stock options (share subscription rights) approved at the General Shareholders' Meeting held on June 26, 2007 Number of share subscription rights: 743</p> <p>Stock options (share subscription rights) approved at the General Shareholders' Meeting held on June 25, 2008 Number of share subscription rights: 785</p> <p>Stock options (share subscription rights) approved at the General Shareholders' Meeting held on June 25, 2009 Number of share subscription rights: 816</p> <p>Stock options (share subscription rights) approved at the General Shareholders' Meeting held on June 25, 2010 Number of share subscription rights: 823</p> <p>Stock options (share subscription rights) approved at the General Shareholders' Meeting held on June 24, 2011 Number of share subscription rights: 779</p>	<p>Stock options (share subscription rights) approved at the General Shareholders' Meeting held on June 25, 2008 Number of share subscription rights: 785</p>

Note 2: As described in "Changes in Accounting Policies," the Accounting Standard for Retirement Benefits are applied, in accordance with the provisions on transitional implementation indicated in Paragraph 37 of the Accounting Standard for Retirement Benefits.
As a result, net assets per share at the end of the fiscal year decreased by ¥18.92.

【Subsequent Events】

Not applicable.

4. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Millions of Yen)

	As of Mar. 31, 2013	As of Mar. 31, 2014
Assets		
Current assets		
Cash and deposits	18,164	15,993
Notes receivable	5,494	6,602
Electronically recorded monetary claims	4,506	5,007
Accounts receivables - trade	81,213	86,240
Marketable securities	85,062	100,071
Finished products	15,619	18,182
Work in process	10,380	9,622
Raw materials and supplies	2,127	2,141
Accounts receivables - other	42,083	40,937
Deferred tax assets	4,393	4,564
Others	9,604	12,300
Less allowance for doubtful accounts	(177)	(158)
Total current assets	278,473	301,507
Non-current assets		
Property, plant and equipment		
Buildings	25,587	24,169
Structures	1,333	1,244
Machinery and equipment	29,620	27,375
Vehicles and transportation equipment	30	30
Tools and spare parts	1,496	1,653
Land	15,910	15,472
Lease assets	798	657
Construction in progress	1,981	2,914
Total property, plant and equipment	76,759	73,516
Intangible fixed assets		
Leasehold rights	930	930
Others	9,095	8,829
Total intangible fixed assets	10,025	9,759
Investment and other assets		
Investment securities	56,353	67,477
Affiliated company stocks	199,036	199,269
Investments in affiliated companies	32,999	35,124
Long-term loans	4,828	5,346
Long-term prepaid expenses	233	221
Prepaid pension costs	39,588	43,758
Other investments and assets	4,139	4,092
Less allowance for doubtful accounts	(398)	(399)
Total investments and assets	336,780	354,891
Total non-current assets	423,565	438,168
Total assets	702,039	739,675

(Millions of Yen)

	As of Mar. 31, 2013	As of Mar. 31, 2014
Liabilities		
Current liabilities		
Notes payable	2,620	2,503
Electronically recorded obligations	23,854	26,871
Accounts payable - trade	87,344	82,072
Short-term loans	123,120	107,764
Current portion of corporate bonds	-	15,000
Lease obligations	243	177
Accounts payable - other	10,602	24,613
Accrued expenses	11,616	14,614
Accrued income taxes	576	6,751
Deposits received	1,458	1,206
Others	12	41
Total current liabilities	261,450	281,616
Non-current liabilities		
Corporate bonds	35,000	20,000
Long-term loans	134,500	158,500
Lease obligations	579	504
Deferred tax liabilities	18,574	23,182
Accrued officers' retirement benefits	1,693	1,567
Reserves for environmental safety measures	147	147
Other non-current liabilities	2,037	2,030
Total non-current liabilities	192,532	205,932
Total liabilities	453,983	487,548
Net assets		
Shareholders' equity		
Common stock	67,176	67,176
Additional paid-in capital		
Capital reserve	77,923	77,923
Other additional paid-in capital	273	483
Total additional paid-in capital	78,197	78,407
Retained earnings		
Legal reserve	10,292	10,292
Other retained earnings		
Reserve for R&D	1,627	1,627
Reserve for advanced depreciation	3,806	4,201
General reserves	66,266	63,766
Retained earnings carried forward	3,798	2,428
Total retained earnings	85,790	82,315
Treasury stock	(4,261)	(4,118)
Total shareholders' equity	226,903	223,781
Valuation, translation adjustments and other		
Unrealized holding gains on securities	20,641	28,016
Total valuation, translation adjustments and other	20,641	28,016
Share subscription rights	510	328
Total net assets	248,056	252,126
Total liabilities and net assets	702,039	739,675

(2) Non-Consolidated Statements of Operations

(Millions of Yen)

	Year ended Mar. 31, 2013	Year ended Mar. 31, 2014
Net sales	450,729	459,060
Cost of sales	387,859	379,435
Gross profit	62,870	79,624
Selling, general and administrative expenses	53,952	57,733
Operating income	8,917	21,890
Non-operating income:		
Interest and dividend income	5,439	6,198
Others	1,435	781
Total non-operating income	6,875	6,979
Non-operating expenses:		
Interest expenses	3,545	3,152
Others	2,067	2,305
Total non-operating expenses	5,613	5,458
Ordinary income	10,178	23,412
Extraordinary income:		
Gain on sales of investment securities	200	2,839
Gain on sales of property, plant and equipment	1,134	986
Total extraordinary income	1,335	3,826
Extraordinary expenses:		
Antimonopoly Act related loss	6,005	16,269
Loss on valuation of stocks of subsidiaries and affiliates	1,119	499
Loss on devaluation of investment securities	417	-
Total extraordinary expenses	7,543	16,769
Income before income taxes	3,971	10,468
Current income taxes	593	6,847
Deferred income taxes	91	610
Total income taxes	685	7,457
Net income	3,285	3,011

(3) Non-Consolidated Statements of Changes in Net Assets

Year ended March 31, 2013

(Millions of Yen)

	Shareholders' equity			
	Common stock	Additional paid-in capital		
		Capital reserves	Other additional paid-in capital	Total paid-in capital
Balance at the beginning of current period	67,176	77,923	271	78,194
Changes of items during the period				
Cash dividends				-
Provision of reserve				-
Reversal of reserve				-
Increase by change of tax rates				-
Net income				-
Purchase of treasury stock				-
Disposal of treasury stock			2	2
Net changes of items other than shareholders' equity				-
Total changes of items during the period	-	-	2	2
Balance at the end of current period	67,176	77,923	273	78,197

	Shareholders' equity					
	Retained earnings					
	Legal reserves	Other retained earnings				Total retained earnings
		Reserve for corporate research	Reserve for advanced depreciation of fixed assets	General reserve	Retained earnings carried forward	
Balance at the beginning of current period	10,292	1,627	3,932	64,266	8,874	88,992
Changes of items during the period						
Cash dividends					(6,488)	(6,488)
Provision of reserve			-	2,000	(2,000)	-
Reversal of reserve			(126)	-	126	-
Increase by change of tax rates			-		-	-
Net income					3,285	3,285
Purchase of treasury stock						-
Disposal of treasury stock						-
Net changes of items other than shareholders' equity						-
Total changes of items during the period	-	-	(126)	2,000	(5,075)	(3,202)
Balance at the end of current period	10,292	1,627	3,806	66,266	3,798	85,790

(Millions of

Yen)

	Shareholders' equity		Valuation and translation adjustments		Share subscription rights	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at the beginning of current period	(3,936)	230,426	14,614	14,614	540	245,582
Changes of items during the period						
Cash dividends		(6,488)		-		(6,488)
Provision of reserve		-		-		-
Reversal of reserve		-		-		-
Increase by change of tax rates		-		-		-
Net income		3,285		-		3,285
Purchase of treasury stock	(327)	(327)		-		(327)
Disposal of treasury stock	3	6		-		6
Net changes of items other than shareholders' equity		-	6,027	6,027	(30)	5,997
Total changes of items during the period	(324)	(3,523)	6,027	6,027	(30)	2,473
Balance at the end of current period	(4,261)	226,903	20,641	20,641	510	248,056

Year ended March 31, 2014

(Millions of Yen)

	Shareholders' equity			
	Common stock	Additional paid-in capital		
		Capital reserves	Other additional paid-in capital	Total paid-in capital
Balance at the beginning of current period	67,176	77,923	273	78,197
Changes of items during the period				
Cash dividends				-
Provision of reserve				-
Reversal of reserve				-
Increase by change of tax rates				-
Net income				-
Purchase of treasury stock				-
Disposal of treasury stock			209	209
Net changes of items other than shareholders' equity				-
Total changes of items during the period	-	-	209	209
Balance at the end of current period	67,176	77,923	483	78,407

	Shareholders' equity					
	Retained earnings					
	Legal reserves	Other retained earnings				Total retained earnings
		Reserve for corporate research	Reserve for advanced depreciation of fixed assets	General reserve	Retained earnings carried forward	
Balance at the beginning of current period	10,292	1,627	3,806	66,266	3,798	85,790
Changes of items during the period						
Cash dividends					(6,485)	(6,485)
Provision of reserve			493		(493)	-
Reversal of reserve			(104)	(2,500)	2,604	-
Increase by change of tax rates			6		(6)	-
Net income					3,011	3,011
Purchase of treasury stock						-
Disposal of treasury stock						-
Net changes of items other than shareholders' equity						-
Total changes of items during the period	-	-	395	(2,500)	(1,369)	(3,474)
Balance at the end of current period	10,292	1,627	4,201	63,766	2,428	82,315

(Millions of Yen)

	Shareholders' equity		Valuation and translation adjustments		Share subscription rights	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at the beginning of current period	(4,261)	226,903	20,641	20,641	510	248,056
Changes of items during the period						
Cash dividends		(6,485)		-		(6,485)
Provision of reserve		-		-		-
Reversal of reserve		-		-		-
Increase by change of tax rates		-		-		-
Net income		3,011		-		3,011
Purchase of treasury stock	(45)	(45)		-		(45)
Disposal of treasury stock	188	398		-		398
Net changes of items other than shareholders' equity		-	7,374	7,374	(182)	7,191
Total changes of items during the period	142	(3,121)	7,374	7,374	(182)	4,070
Balance at the end of current period	(4,118)	223,781	28,016	28,016	328	252,126

(4) Notes on Going Concern Assumptions

Not applicable.

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