

# NSK Ltd.

For Immediate Release

May 11, 2015

## CONSOLIDATED RESULTS FOR THE YEAR ENDED MARCH 31, 2015

(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 24, 2015
Payment date of cash dividends	June 03, 2015
Filing date of securities report	June 24, 2015

(Figures are rounded down to the nearest million yen)

### 1. Consolidated Financial Highlights for the Year Ended March 31, 2015

#### (1) Consolidated financial results

(% indicates 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, 2015	974,885	11.8	97,327	43.0	91,002	36.3	61,962	98.8
Year ended Mar. 31, 2014	871,742	19.0	68,049	110.3	66,785	120.3	31,167	98.0
(Note) Comprehensive income	Year ended Mar. 31, 2015		121,393 million yen		97.3%			
	Year ended Mar. 31, 2014		61,539 million yen		26.6%			

	Net income per share - Basic	Net income per share - Diluted	Return on equity (ROE)	Ordinary income /Total assets	Operating income margin
	Yen	Yen	%	%	%
Year ended Mar. 31, 2015	114.56	114.42	15.3	8.6	10.0
Year ended Mar. 31, 2014	57.70	57.63	9.2	7.1	7.8

(Note) Equity in earnings of affiliates Year ended Mar. 31, 2015 2,659 million yen Year ended Mar. 31, 2014 3,854 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, 2015	1,129,164	481,859	40.4	842.69
As of Mar. 31, 2014	1,000,932	382,155	35.9	664.74

(Note) Equity capital As of Mar. 31, 2015 456,046 million yen As of Mar. 31, 2014 359,201 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, 2015	67,709	(46,335)	(8,304)	184,374
Year ended Mar. 31, 2014	70,342	(42,402)	(3,204)	168,940

### 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, 2014	Yen 7.00	Yen 9.00	Yen 16.00	Millions of Yen 8,650	% 27.7	% 2.5
Year ended Mar. 31, 2015	12.00	16.00	28.00	15,161	24.4	3.7
Year ending Mar. 31, 2016 (Forecast)	17.00	17.00	34.00		26.3	

### 3. Forecast of Consolidated Results for the Year Ending March 31, 2016

(% indicates 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, 2015	490,000	5.5	47,000	15.3	46,000	12.4	31,000	19.7	57.28
Year ending Mar. 31, 2016	1,020,000	4.6	102,000	4.8	100,000	9.9	70,000	13.0	129.35

### 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: None

(iv) Restatement of corrections: 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, 2015 551,268,104 shares As of Mar. 31, 2014 551,268,104 shares

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

As of Mar. 31, 2015 10,085,598 shares As of Mar. 31, 2014 10,901,237 shares

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

Year ended Mar. 31, 2015 540,865,077 shares Year ended Mar. 31, 2014 540,118,473 shares

### (Reference)

#### 1. Non-Consolidated Financial Highlights for the Year Ended March 31, 2015

##### (1) Non-consolidated financial results

(% indicates 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, 2015	464,780	1.2	21,502	(1.8)	38,566	64.7	32,537	980.6
Year ended Mar. 31, 2014	459,060	1.8	21,890	145.5	23,412	130.0	3,011	(8.4)

	Net income per share - Basic	Net income per share - Diluted
Year ended Mar. 31, 2015	Yen 60.11	Yen 60.03
Year ended Mar. 31, 2014	5.57	5.56

##### (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, 2015	762,221	278,631	36.5	513.98
As of Mar. 31, 2014	739,675	252,126	34.0	465.61

(Note) Equity capital As of Mar. 31, 2015 278,378 million yen As of Mar. 31, 2014 251,798 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, 2016" for the assumptions and preconditions on which the forecast has been based on.

## 1. Business Overview

### (1) Qualitative Information Regarding Consolidated Business Results

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

Looking at global economic conditions for the year ended March 31, 2015, the Japanese economy showed signs of a gradual recovery due to the impact of lower crude oil prices and various policies by the Japanese government and the Bank of Japan, despite slow recovery in consumer spending following the consumption tax rise. The U.S. economy continued to recover steadily. The European economy also showed signs of an upturn, primarily in the Eurozone, despite the impact of government debt problems and geopolitical risks. In Asia, economic conditions in the ASEAN bloc remained weak overall, although the Indian economy showed signs of recovery. Meanwhile, the pace of economic growth in China also slowed.

In this economic environment, consolidated net sales for the year ended March 31, 2015 totaled ¥974,885 million, a year-on-year increase of 11.8%, and operating income totaled ¥97,327 million, a year-on-year increase of 43.0%. Ordinary income was ¥91,002 million, a year-on-year increase of 36.3%. Net income after adjusting for income taxes, minority interests, and other factors was ¥61,962 million, a year-on-year increase of 98.8%.

### Business Segment Information

#### ① Industrial Machinery Business Segment

Demand in the industrial machinery business continued to gradually recover worldwide. Looking at results by region, sales in Japan increased, primarily in the machine tool and semiconductor sectors, driven by steady demand for smartphone-related machinery. Sales in the Americas grew, primarily in the general machinery sector. In Europe, sales increased due to steady demand in the wind turbine and machine tool sectors. In China, government stimulus policies drove strong demand in the railway and wind turbine sectors. Despite market stagnation, sales of industrial machinery bearings in the ASEAN region grew, primarily in the aftermarket sector.

As a result, net sales in the industrial machinery business totaled ¥276,361 million, a year-on-year increase of 13.7%, and operating income was ¥34,362 million, a year-on-year increase of 44.9%.

#### ② Automotive Business Segment

The global automotive market continued its gradual expansion, driven by the strong North American market, despite slower demand growth in China. Looking at results by geographic breakdown, the automotive market in Japan was slow to recover from the impact of the consumption tax rise, and sales declined as NSK shifted part of its production overseas in line with automakers' requirements for local procurement. In the Americas, sales increased due to strong market demand in North America in addition to the effect of production transfer from Japan. In Europe, continued recovery in the automotive market led to higher sales. In China, electric power steering system (EPS) sales rose significantly due to the intake of new orders, while sales of automotive bearings—primarily to European and Japanese automakers—were also strong despite slower market growth. Meanwhile, although market conditions in other parts of Asia varied by country, sales to Japanese and Korean automakers rose.

As a result, net sales in the automotive business totaled ¥656,998 million, a year-on-year increase of 11.3%, and operating income totaled ¥65,718 million, a year-on-year increase of 33.6%.

## **Business Forecast for the Year Ending March 31, 2016**

The global economic outlook remains uncertain due to the impact of U.S. monetary policy on emerging countries, particularly China, as well as rising geopolitical and economic risks. 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, 2016.

	Year ending Mar. 31, 2016	% change from previous year
<b>Consolidated Financial Highlights</b>		
Net sales	¥ 1,020,000 million	+4.6%
Operating income	102,000	+4.8%
Ordinary income	100,000	+9.9%
Net income	70,000	+13.0%
<b>Industrial Machinery Business</b>		
Net sales	¥ 292,000	+5.7%
Operating income	38,000	+10.6%
<b>Automotive Business</b>		
Net sales	¥ 701,000	+6.7%
Operating income	70,000	+6.5%

- Exchange rate forecast for the year ending March 31, 2016:  
U.S.\$1=¥115, 1€=¥125

### 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 ¥1,129,164 million, an increase of ¥128,232 million compared to total assets as of March 31, 2014. The main reasons for this increase were increases of ¥7,770 million in cash and deposits, ¥23,826 million in notes and accounts receivable, ¥5,960 million in short-term investment securities, ¥30,726 million in property, plant and equipment, ¥14,740 million in investment securities, and ¥29,621 million in net defined benefit assets.

Total liabilities were ¥647,304 million, an increase of ¥28,527 million compared to total liabilities as of March 31, 2014. The main reasons for this increase were increases of ¥23,371 million in current portion of long-term loans payable, ¥40,000 million in corporate bonds, and ¥12,422 million in deferred tax liabilities, which offset decreases of ¥15,000 million in current portion of corporate bonds and ¥35,374 million in long-term loans.

### **Net assets**

Net assets totaled ¥481,859 million, an increase of ¥99,704 million compared to net assets as of March 31, 2014. The main reasons for this increase were ¥61,962 million in net income, ¥21,659 million in translation adjustments, and ¥19,542 million from remeasurements of defined benefit plans.

### **Cash Flows**

Total cash and cash equivalents at the end of the period were ¥184,374 million, a year-on-year increase of ¥15,434 million.

#### **① Net cash flow provided by operating activities**

Net cash flow provided by operating activities totaled ¥67,709 million, a decrease of ¥2,633 million, compared to the same period of the previous year. This includes ¥87,976 million in income before tax expenses and minority interests, and ¥38,453 million provided by depreciation and amortization, which

offset an increase of ¥16,119 million in notes and accounts receivable, ¥18,878 million in Antimonopoly Act related loss paid, and ¥30,687 million in income taxes paid.

**② Net cash flow used in investing activities**

Net cash flow used in investing activities totaled ¥46,335 million, an increase of ¥3,932 million compared to the same period of the previous year. This includes ¥43,891 million for purchase of property, plant and equipment.

**③ Net cash flow used in financing activities**

Net cash flow used in financing activities totaled ¥8,304 million, an increase of ¥5,100 million compared to the same period of the previous year. This includes a net increase of ¥40,000 million in proceeds from issuance of corporate bonds, which was offset by decreases of ¥25,123 million due to repayment of long-term loans, ¥15,000 million due to repayment of corporate bonds, and ¥11,353 million in dividends paid.

	As of Mar. 31, 2012	As of Mar. 31, 2013	As of Mar. 31, 2014	As of Mar. 31, 2015
Shareholders' equity to total assets (%)	33.2	36.2	35.9	40.4
Shareholders' equity to total assets at market value (%)	40.7	43.7	57.3	84.3
Cash flow to interest ratio (Years)	5.2	5.7	4.5	4.8
Interest coverage ratio (Times)	11.8	11.4	14.4	13.2

- 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, 2015 will be ¥16.00 per share. Including the dividend of ¥12.00 per share for the first half of the year, paid on December 2, 2014, the full year dividend will be ¥28.00 per share, a year-on-year increase of ¥12.00.

Dividends for the year ending March 31, 2016 are planned to be ¥34.00 per share (¥17.00 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.

- ① To serve our customers through innovative and responsive solutions, taking advantage of our world leading technologies.
- ② To provide challenges and opportunities to our employees, channeling their skills and fostering their creativity and individuality.
- ③ 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.
- ④ To work together with our employees and contribute to the communities in which we operate.
- ⑤ 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 100<sup>th</sup> 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.

### **3. Basic Stance on Selection of Accounting Standards**

The NSK Group is preparing to adopt International Financial Reporting Standards (IFRS) in order to standardize the Group's financial reporting and enhance comparability of financial information across international capital markets. The Group is considering the specific timing of IFRS adoption from an overall perspective, including preparation of internal framework, management viewpoint, and trends in IFRS-related matters in Japan and overseas.

#### 4. Consolidated Financial Statements

##### (1) Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2014	As of March 31, 2015
<b>Assets</b>		
Current assets:		
Cash and deposits	68,319	76,089
Notes and accounts receivable	165,808	189,635
Short-term investment securities	100,181	106,141
Finished goods	71,431	74,060
Work in process	40,683	45,363
Raw materials and supplies	19,620	22,746
Deferred tax assets	13,034	11,807
Others	43,036	49,985
Less allowance for doubtful accounts	(1,502)	(2,674)
Total current assets	520,614	573,157
Non-current assets:		
Property, plant and equipment		
Buildings and structures	217,801	228,425
Accumulated depreciation	(137,807)	(143,425)
Buildings and structures, net	79,994	84,999
Machinery, vehicles and equipment	607,313	655,604
Accumulated depreciation	(456,167)	(484,269)
Machinery, vehicles and equipment, net	151,146	171,335
Tools, furniture and fixtures	68,000	76,789
Accumulated depreciation	(57,238)	(62,799)
Tools, furniture and fixtures, net	10,761	13,989
Land	37,471	37,836
Lease assets	3,436	3,198
Accumulated depreciation	(2,245)	(2,197)
Lease assets, net	1,191	1,001
Construction in progress	23,603	25,734
Total property, plant and equipment	304,169	334,896
Intangible fixed assets		
Goodwill	226	111
Others	12,052	11,680
Total intangible fixed assets	12,278	11,791
Investments and other assets		
Investment securities	103,932	118,672
Long-term loans receivable	267	283
Deferred tax assets	3,008	3,113
Net defined benefit asset	47,740	77,361
Others	9,428	10,267
Less allowance for doubtful accounts	(507)	(380)
Total investments and other assets	163,869	209,319
Total non-current assets	480,317	556,007
Total assets	1,000,932	1,129,164

(Millions of Yen)

	As of March 31, 2014	As of March 31, 2015
<b>Liabilities</b>		
Current liabilities:		
Notes and accounts payable	130,745	137,900
Short-term loans	71,469	69,339
Current portion of long-term loans payable	24,197	47,569
Current portion of corporate bonds	15,000	—
Accrued income taxes	12,028	5,804
Others	78,005	78,823
Total current liabilities	331,445	339,436
Non-current liabilities:		
Corporate bonds	20,000	60,000
Long-term loans	184,866	149,491
Deferred tax liabilities	35,665	48,088
Accrued officers' retirement benefits	1,567	1,674
Reserves for environmental safety measures	178	179
Net defined benefit liability	36,438	40,059
Others	8,615	8,375
Total non-current liabilities	287,330	307,867
Total liabilities	618,776	647,304
<b>Net assets</b>		
Shareholders' equity		
Common stock	67,176	67,176
Additional paid-in capital	78,560	78,938
Retained earnings	210,739	252,667
Treasury stock	(4,369)	(4,083)
Total shareholders' equity	352,107	394,699
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	31,387	44,438
Translation adjustments	(14,067)	7,592
Remeasurements of defined benefit plans	(10,225)	9,316
Total accumulated other comprehensive income	7,094	61,347
Share subscription rights	328	252
Minority interests	22,626	25,560
Total net assets	382,155	481,859
Total liabilities and net assets	1,000,932	1,129,164

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

**Consolidated Statements of Operations**

(Millions of Yen)

	Year ended Mar. 31, 2014	Year ended Mar. 31, 2015
Net sales	871,742	974,885
Cost of sales	686,109	749,374
Gross profit	185,633	225,511
Selling, general and administrative expenses		
Packing and haulage expenses	18,884	20,558
Sales commission	1,424	1,533
Salaries and wages	42,735	46,761
Welfare expenses	7,837	8,770
Retirement payments	88	103
Retirement benefit expenses	1,421	2,221
Provision for officers' retirement benefits	249	285
Rent expenses	5,429	5,704
Depreciation and amortization	4,324	4,681
Transportation and communication expenses	6,004	6,290
Provision of allowance for doubtful accounts	210	(72)
Research and development expenses	8,500	9,071
Others	20,471	22,274
Total selling, general and administrative expenses	117,583	128,183
Operating income	68,049	97,327
Non-operating income:		
Interest income	658	834
Dividend income	1,465	1,913
Equity in earnings of affiliated companies	3,854	2,659
Others	2,993	3,683
Total non-operating income	8,971	9,090
Non-operating expenses:		
Interest expenses	4,811	5,059
Product compensation	2,877	5,507
Others	2,547	4,848
Total non-operating expenses	10,235	15,415
Ordinary income	66,785	91,002
Extraordinary income:		
Gain on sales of investment securities	2,839	—
Gain on sales of fixed assets	986	—
Total extraordinary income	3,826	—
Extraordinary loss:		
Antimonopoly Act related loss	16,269	3,025
Total extraordinary loss	16,269	3,025
Income before tax expenses and minority interests	54,341	87,976
Current income taxes	18,576	20,340
Deferred income taxes	1,952	2,380
Total income taxes	20,528	22,721
Income before minority interests	33,812	65,255
Minority interests	2,645	3,293
Net income	31,167	61,962

## Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Year ended Mar. 31, 2014	Year ended Mar. 31, 2015
Income before minority interests	33,812	65,255
Other comprehensive income		
Valuation difference on available-for-sale securities	9,369	13,040
Translation adjustments	17,815	23,016
Remeasurement of defined benefit plans	—	19,678
Share of other comprehensive income of associates accounted for using equity method	540	402
Total other comprehensive income	27,726	56,138
Comprehensive income	61,539	121,393
(Details)		
Comprehensive income attributable to parent company	58,238	116,215
Comprehensive income attributable to minority interests	3,300	5,178

### (3) Consolidated Statements of Changes in Net Assets

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
Cumulative effects of changes in accounting policies					—
Restated Balance	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
Cumulative effects of changes in accounting policies							
Restated Balance	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

Year ended March 31, 2015

(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	78,560	210,739	(4,369)	352,107
Cumulative effects of changes in accounting policies			(4,872)		(4,872)
Restated Balance	67,176	78,560	205,867	(4,369)	347,234
Changes of items during the period					
Cash dividends			(15,161)		(15,161)
Net income			61,962		61,962
Purchase of treasury stock				(49)	(49)
Disposal of treasury stock		378		335	714
Net changes of items other than shareholders' equity					—
Total changes of items during the period	—	378	46,800	285	47,464
Balance at the end of current period	67,176	78,938	252,667	(4,083)	394,699

	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	31,387	(14,067)	(10,225)	7,094	328	22,626	382,155
Cumulative effects of changes in accounting policies							(4,872)
Restated Balance	31,387	(14,067)	(10,225)	7,094	328	22,626	377,283
Changes of items during the period							
Cash dividends							(15,161)
Net income							61,962
Purchase of treasury stock							(49)
Disposal of treasury stock							714
Net changes of items other than shareholders' equity	13,050	21,659	19,542	54,253	(75)	2,934	57,112
Total changes of items during the period	13,050	21,659	19,542	54,253	(75)	2,934	104,576
Balance at the end of current period	44,438	7,592	9,316	61,347	252	25,560	481,859

#### (4) Consolidated Statements of Cash Flows

(Millions of Yen)

	Year ended Mar. 31, 2014	Year ended Mar. 31, 2015
Operating activities		
Income before income taxes and minority interests	54,341	87,976
Depreciation and amortization	35,086	38,453
Amortization of goodwill	264	114
Increase (decrease) in allowance for doubtful accounts	76	907
Net defined benefit liabilities and net defined benefit assets	(4,523)	(2,272)
Interest and dividend income	(2,123)	(2,748)
Interest expenses	4,811	5,059
Equity in losses (earnings) of affiliates	(3,854)	(2,659)
Antimonopoly Act related loss	16,269	3,025
Loss (gain) on investments in securities	(2,839)	—
Loss (gain) on property, plant and equipment	(986)	—
Decrease (increase) in notes and accounts receivable	(16,330)	(16,119)
Decrease (increase) in inventories	(4,602)	(4,470)
Increase (decrease) in notes and accounts payable	9,754	3,404
Others	(1,265)	3,807
Subtotal	84,079	114,478
Interest and dividends received	6,285	7,917
Interest paid	(4,869)	(5,120)
Antimonopoly Act related loss paid	(6,422)	(18,878)
Income taxes paid	(8,729)	(30,687)
Net cash provided by operating activities	70,342	67,709
Investing activities		
Net decrease (increase) in time deposits	(1,304)	(96)
Purchase of short-term investment securities	(400)	(200)
Proceeds from sales of short-term investment securities	1,101	540
Purchase of property, plant and equipment	(42,921)	(43,891)
Proceeds from sales of property, plant and equipment	1,809	1,008
Purchase of investment securities	(57)	(46)
Proceeds from sales of investment securities	3,352	227
Payments for loans receivable	(594)	(755)
Collection of loans receivable	191	151
Others	(3,578)	(3,271)
Net cash used in investing activities	(42,402)	(46,335)

(Millions of Yen)

	Year ended Mar. 31, 2014	Year ended Mar. 31, 2015
Financing activities		
Net increase (decrease) in short-term loans	(2,575)	(4,527)
Increase in long-term loans	49,634	9,647
Repayments of long-term loans	(42,715)	(25,123)
Proceeds from issuance of corporate bonds	—	40,000
Payments for redemption of corporate bonds	—	(15,000)
Acquisition of treasury stock	(34)	(44)
Dividends paid	(6,479)	(11,353)
Dividends paid to minority shareholders	(911)	(2,244)
Others	(121)	340
Net cash provided by (used in) financing activities	(3,204)	(8,304)
Effect of exchange rate changes on cash and cash equivalents	2,527	2,364
Net increase (decrease) in cash and cash equivalents	27,263	15,434
Cash and cash equivalents at beginning of the year	141,653	168,940
Increase (decrease) in cash and cash equivalents resulting from changes in fiscal year-ends of consolidated subsidiaries	22	—
Cash and cash equivalents at end of the period	168,940	184,374

## **(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 Ltd., Amatsuji Steel Ball Mfg. Co., Ltd.,  
NSK Americas, Inc., NSK Brasil Ltda., NSK Europe Ltd.,  
NSK (China) Investment Co., Ltd., Kunshan NSK Co., Ltd.,  
PT. NSK Bearings Manufacturing Indonesia, NSK Korea Co., Ltd.

##### (2) 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 K. K.

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

None.

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, 2014).

### **(Changes in Accounting Principles)**

#### **① Application of the Accounting Standard for Retirement Benefits**

From the beginning of the first quarter of the year ended March 31, 2015, the NSK Group has applied the "Accounting Standard for Retirement Benefits" (ASBJ\* Statement No. 26, May 17, 2012, hereafter referred as the "Accounting Standards for Retirement Benefits") and its accompanying implementation guide, "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015) with respect to certain provisions described in Paragraph 35 of the standard and in Paragraph 67 of the guidance. In applying these accounting standards, there was a change from the straight-line basis to the benefit formula basis as the method for attributing the expected retirement benefit to periods of service for the calculation of the retirement benefit obligation and service cost, and amending the determination method for discount rate from one based on the period of years approximate to the average remaining working years of employees to one reflecting the estimated period of benefit payment.

Concerning the application of the Accounting Standards for Retirement Benefits, based on the provisional treatment set out in Paragraph 37 of the accounting standards, the impact of such changes for the year ended March 31, 2015 was adjusted in the beginning balance of retained earnings.

As a result, for the year ended March 31, 2015, the beginning balance of net defined benefit asset decreased by ¥7,024 million, that of net defined benefit liability increased by ¥357 million, and that of retained earnings decreased by ¥4,872 million. The impact of these changes on the consolidated statements of operations for the year ended March 31, 2015 is immaterial.

The impact on per share information is stated in the appropriate section.

\*ASBJ: Accounting Standards Board of Japan

## **② Early Application of the Revised Accounting Standard for Business Combinations and Related Standards**

Effective from the beginning of the fiscal year started on or after April 1, 2014, it has become possible to apply the “Revised Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013, hereafter referred as the “Revised Accounting Standard for Business Combinations”), the “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013, hereafter referred as the “Revised Accounting Standards for Consolidated Financial Statements”), and the “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013, hereafter referred as the “Revised Accounting Standard for Business Divestitures”), etc. Accordingly, the NSK Group has applied these accounting standards (except for the provisions of Paragraph 39 of the Accounting Standards for Consolidated Financial Statements) from the first quarter of the fiscal year ended March 31, 2015. As a result, the method of recording the amount of difference caused by changes in the Group’s ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Group was changed to one in which it is recorded as capital surplus, and the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred. Moreover, for business combinations carried out on or after April 1, 2014, the accounting method was changed to one in which the reviewed acquisition cost allocation resulting from the finalization of the tentative accounting treatment is reflected in the quarterly consolidated financial statements for the quarterly period in which the business combination occurs.

Application of the Revised Accounting Standard for Business Combinations, etc. is in line with the transitional measures provided in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. Application of these standards commenced as of the beginning of the first quarter of the year ended 31, 2015, and will continue going forward.

These changes have no impact on consolidated financial statements.

## **(Changes in Matters Concerning Consolidated Balance Sheets)**

### **Litigation and Other Legal Matters**

#### **(The year ended Mar. 31, 2014)**

##### **① Investigations by authorities**

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, 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.

##### **② 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.

**(The year ended Mar. 31, 2015)**

Regarding sales of products, NSK and its subsidiaries are under investigation by relevant authorities outside of Japan, in relation to the competition laws. NSK and the NSK Group are cooperating fully with any relevant authorities in their respective investigations.

In addition, 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.

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

As a result of the above investigations, 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.

**【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, 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.

Year ended March 31, 2015

(Millions of Yen)

	Reportable segments			Others (Note)	Total	Adjustments	Consolidated
	Industrial machinery business	Automotive business	Sub-total				
Sales							
Sales to third parties	276,361	656,998	933,359	41,525	974,885	—	974,885
Inter-segment sales and transfers	—	—	—	31,391	31,391	(31,391)	—
Total	276,361	656,998	933,359	72,917	1,006,277	(31,391)	974,885
Segment income (Operating income)	34,362	65,718	100,080	5,778	105,859	(8,531)	97,327
Segment assets	299,611	528,424	828,035	102,273	930,309	198,855	1,129,164
Other items							
Depreciation and amortization	12,573	23,247	35,821	3,246	39,067	(499)	38,568
Investments in affiliated companies	5,435	14,787	20,222	659	20,882	—	20,882
Increase in tangible and intangible assets	11,812	34,646	46,458	3,217	49,675	(477)	49,197

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

**【Related Information】**

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.

Year ended March 31, 2015

**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
328,837	164,821	133,752	210,236	137,238	974,885

**(2) Tangible assets**

(Millions of Yen)

Japan	The Americas	Europe	China	Other Asia	Total
133,531	32,081	29,993	93,789	45,499	334,896

**3. Information by Major Customers**

Not applicable.

## 【Per Share Information】

Year ended Mar. 31, 2014		Year ended Mar. 31, 2015	
Net assets per share - (Yen)	664.74	Net assets per share - (Yen)	842.69
Net income per share - Basic (Yen)	57.70	Net income per share - Basic (Yen)	114.56
Net income per share - Diluted (Yen)	57.63	Net income per share - Diluted (Yen)	114.42

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, 2014	Year ended Mar. 31, 2015
Net income per share - Basic		
Net income (Millions of Yen)	31,167	61,962
Amounts not attributable to common stock (Millions of Yen)	—	—
Net income attributable to common stock (Millions of Yen)	31,167	61,962
Average number of shares outstanding during each period (Thousands of shares)	540,118	540,865
Net income per share - Diluted		
Adjustments to net income (Millions of Yen)	—	—
Increase in number of common stock (Thousands of shares)	708	683
(Share subscription rights included (Thousands of shares))	(708)	(683)
Outline of dilutive shares not included in the calculation of diluted net income per share as they do not have a dilutive effect	Stock options (share subscription rights) approved at the General Shareholders' Meeting held on June 25, 2008 Number of share subscription rights: 785	Stock options (share subscription rights) approved at the General Shareholders' Meeting held on July 29, 2014 Number of share subscription rights: 778

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 ¥9.00. The impacts on both net income per share – basic and net income per share – diluted are

## 【Subsequent Events】

NSK Ltd. decided to transfer its 100% stake in NSK Technology Co., Ltd. to V Technology Co., Ltd. at an extraordinary meeting of the NSK Board of Directors held on April 21, 2015.

### 1. Reason for the Share Transfer

NSK Technology Co., Ltd. was established in 2011 by spinning off NSK's business for making exposure equipment used in flat-panel display (FPD) production. The aim was to strengthen the business and enable it to respond quickly to market changes and meet diverse customer needs. NSK Technology has steadily improved its market position, while overcoming severe market conditions and stagnant demand resulting from a downturn in the business cycle.

Demand is growing in newly emerging countries such as China, along with needs for high-definition TVs.

The market for exposure equipment is expected to expand in the medium to long term, and downward pressure is also anticipated along with price reductions for LCD TVs and smartphones. NSK has been engaged in ongoing discussions concerning how to further streamline its business and increase competitiveness.

Therefore, a recent offer from V Technology to acquire this business prompted NSK to make thorough investigations into the sale. Ultimately, it was determined that management integration with the industry-leading technical and service capabilities of V Technology would be the best choice for maximizing the value of the exposure equipment business. Now NSK is pleased to announce that it has accepted V Technology's offer for the acquisition of NSK Technology.

## **2. Name of the Purchasing Company**

V Technology Co., Ltd.

## **3. Planned Share Transfer Date**

June 1, 2015 (Scheduled)

## **4. Name and Business Description of the Subsidiary to Be Transferred**

Name: NSK Technology Co., Ltd.

Business Description: Manufacture and sale of exposure equipment and components for FPD production

## **5. Share Ownership Before and After the Transfer**

Number of shares owned by NSK before the transfer:	4,000 shares
Number of shares to be transferred:	4,000 shares
Number of shares owned by NSK after the transfer:	0 shares
Price of transferred shares:	2,000 million yen

## **6. Reportable Segment including the Business to Be Transferred**

The transferred "Exposure Equipment for Liquid Cristal Panel Production" business is not included in reportable segments, but in "Others" segment.

## 5. Non-Consolidated Financial Statements

### (1) Non-Consolidated Balance Sheets

(Millions of Yen)

	As of Mar. 31, 2014	As of Mar. 31, 2015
<b>Assets</b>		
Current assets		
Cash and deposits	15,993	15,220
Notes receivable	6,602	6,910
Electronically recorded monetary claims	5,007	5,886
Accounts receivables - trade	86,240	89,375
Marketable securities	100,071	106,081
Finished products	18,182	19,346
Work in process	9,622	11,030
Raw materials and supplies	2,141	2,163
Accounts receivables - other	40,937	45,761
Deferred tax assets	4,564	4,351
Others	12,300	12,628
Less allowance for doubtful accounts	(158)	—
Total current assets	301,507	318,756
Non-current assets		
Property, plant and equipment		
Buildings	24,169	23,126
Structures	1,244	1,174
Machinery and equipment	27,375	27,568
Vehicles and transportation equipment	30	42
Tools and spare parts	1,653	1,974
Land	15,472	15,466
Lease assets	657	575
Construction in progress	2,914	3,182
Total property, plant and equipment	73,516	73,112
Intangible fixed assets		
Leasehold rights	930	930
Others	8,829	8,154
Total intangible fixed assets	9,759	9,085
Investment and other assets		
Investment securities	67,477	78,997
Affiliated company stocks	199,269	198,757
Investments in affiliated companies	35,124	35,626
Long-term loans	5,346	4,131
Long-term prepaid expenses	221	224
Prepaid pension costs	43,758	39,838
Others	4,092	3,948
Less allowance for doubtful accounts	(399)	(258)
Total investments and assets	354,891	361,266
Total non-current assets	438,168	443,464
Total assets	739,675	762,221

(Millions of Yen)

	As of Mar. 31, 2014	As of Mar. 31, 2015
<b>Liabilities</b>		
Current liabilities		
Notes payable	2,503	2,968
Electronically recorded obligations	26,871	28,402
Accounts payable - trade	82,072	84,558
Short-term loans	107,764	127,150
Current portion of corporate bonds	15,000	—
Lease obligations	177	143
Accounts payable - other	24,613	12,020
Accrued expenses	14,614	15,997
Accrued income taxes	6,751	1,186
Deposits received	1,206	1,204
Others	41	25
Total current liabilities	281,616	273,657
Non-current liabilities		
Corporate bonds	20,000	60,000
Long-term loans	158,500	124,500
Lease obligations	504	455
Deferred tax liabilities	23,182	21,198
Accrued officers' retirement benefits	1,567	1,674
Reserves for environmental safety measures	147	147
Others	2,030	1,955
Total non-current liabilities	205,932	209,931
Total liabilities	487,548	483,589
<b>Net assets</b>		
Shareholders' equity		
Common stock	67,176	67,176
Additional paid-in capital		
Capital reserve	77,923	77,923
Other additional paid-in capital	483	862
Total additional paid-in capital	78,407	78,785
Retained earnings		
Legal reserve	10,292	10,292
Other retained earnings		
Reserve for R&D	1,627	1,627
Reserve for advanced depreciation	4,201	4,267
General reserves	63,766	51,766
Retained earnings carried forward	2,428	31,000
Total retained earnings	82,315	98,954
Treasury stock	(4,118)	(3,826)
Total shareholders' equity	223,781	241,090
Valuation, translation adjustments and other		
Unrealized holding gains on securities	28,016	37,288
Total valuation, translation adjustments and other	28,016	37,288
Share subscription rights	328	252
Total net assets	252,126	278,631
Total liabilities and net assets	739,675	762,221

**(2) Non-Consolidated Statements of Operations**

(Millions of Yen)

	Year ended Mar. 31, 2014	Year ended Mar. 31, 2015
Net sales	459,060	464,780
Cost of sales	379,435	381,588
Gross profit	79,624	83,192
Selling, general and administrative expenses	57,733	61,690
Operating income	21,890	21,502
Non-operating income:		
Interest and dividend income	6,198	24,649
Others	781	1,862
Total non-operating income	6,979	26,511
Non-operating expenses:		
Interest expenses	3,152	3,194
Others	2,305	6,253
Total non-operating expenses	5,458	9,447
Ordinary income	23,412	38,566
Extraordinary income:		
Gain on sales of investment securities	2,839	—
Gain on sales of property, plant and equipment	986	—
Total extraordinary income	3,826	—
Extraordinary expenses:		
Antimonopoly Act related loss	16,269	3,025
Loss on valuation of stocks of subsidiaries and affiliates	499	511
Total extraordinary expenses	16,769	3,537
Income before income taxes	10,468	35,028
Current income taxes	6,847	4,020
Deferred income taxes	610	(1,528)
Total income taxes	7,457	2,491
Net income	3,011	32,537

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

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
Cumulative effects of changes in accounting policies				—
Restated Balance	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
Cumulative effects of changes in accounting policies						—
Restated Balance	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
Cumulative effects of changes in accounting policies		—		—		—
Restated Balance	(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

Year ended March 31, 2015

(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	483	78,407
Cumulative effects of changes in accounting policies				—
Restated Balance	67,176	77,923	483	78,407
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			378	378
Net changes of items other than shareholders' equity				—
Total changes of items during the period	—	—	378	378
Balance at the end of current period	67,176	77,923	862	78,785

	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	4,201	63,766	2,428	82,315
Cumulative effects of changes in accounting policies					(4,535)	(4,535)
Restated Balance	10,292	1,627	4,201	63,766	(2,107)	77,779
Changes of items during the period						
Cash dividends					(11,362)	(11,362)
Provision of reserve						—
Reversal of reserve			(140)	(12,000)	11,933	(206)
Increase by change of tax rates			206			206
Net income					32,537	32,537
Purchase of treasury stock						—
Disposal of treasury stock						—
Net changes of items other than shareholders' equity						—
Total changes of items during the period	—	—	66	(12,000)	33,107	21,174
Balance at the end of current period	10,292	1,627	4,267	51,766	31,000	98,954

(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	(4,118)	223,781	28,016	28,016	328	252,126
Cumulative effects of changes in accounting policies		(4,535)		—		(4,535)
Restated Balance	(4,118)	219,245	28,016	28,016	328	247,590
Changes of items during the period						
Cash dividends		(11,362)		—		(11,362)
Provision of reserve		—		—		—
Reversal of reserve		(206)		—		(206)
Increase by change of tax rates		206		—		206
Net income		32,537		—		32,537
Purchase of treasury stock	(44)	(44)		—		(44)
Disposal of treasury stock	335	714		—		714
Net changes of items other than shareholders' equity		—	9,272	9,272	(75)	9,196
Total changes of items during the period	291	21,844	9,272	9,272	(75)	31,041
Balance at the end of current period	(3,826)	241,090	37,288	37,288	252	278,631

**(4) Notes on Going Concern Assumptions**

Not applicable.

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