

NSK Ltd.

For Immediate Release

October 31, 2011

CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2011 (Unaudited) [JP GAAP]

Company name	NSK Ltd.
Stock exchanges on which the shares are listed	Tokyo and Osaka Stock Exchanges in Japan
Code number	6471
URL	http://www.nsk.com
Representative	Norio Otsuka, President and CEO
Contact person	Yoshio Saito, Senior Vice President
Filing date of quarterly securities report	November 11, 2011
Payment date of cash dividends	December 2, 2011

(Amounts are rounded down to the nearest million yen)

1. Consolidated Financial Highlights for the Six Months Ended September 30, 2011

(1) Consolidated financial results (% of changes from the same period last year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Six months ended Sep. 30, 2011	351,877	(0.3)	22,935	13.0	21,839	25.9	14,388	36.2
Six months ended Sep. 30, 2010	352,785	36.8	20,293	—	17,347	—	10,565	—

(Note) Comprehensive income Six months ended Sep. 30, 2011 (1,001) million yen —%
Six months ended Sep. 30, 2010 (2,489) million yen —%

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
Six months ended Sep. 30, 2011	26.62	26.61
Six months ended Sep. 30, 2010	19.54	19.54

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity to total assets
	Millions of Yen	Millions of Yen	%
As of Sep. 30, 2011	793,533	271,592	32.0
As of Mar. 31, 2011	788,626	275,269	32.6

(Note) Equity capital As of Sep. 30, 2011 254,044 million yen As of Mar. 31, 2011 257,012 million yen

2. Cash Dividends

(Record date)	Cash dividends per share				
	End of the 1st quarter	End of the 2nd quarter	End of the 3rd quarter	Year-end	Full-year total
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2011	—	5.00	—	6.00	11.00
Year ending Mar. 31, 2012	—	6.00			
Year ending Mar. 31, 2012 (Forecast)			—	6.00	12.00

(Note) Revisions to the forecast of cash dividends in the current quarter: None

3. Forecast of Consolidated Results for the Year Ending March 31, 2012

(% of changes from the same period last 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
Year ending Mar. 31, 2012	730,000	2.8	50,000	14.9	46,000	19.3	31,000	18.7	57.35

(Note) Revisions to the forecast of consolidated results in the current quarter: None

4. Others

- (1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting in change in the scope of consolidation): None
- (2) Adoption of simplified accounting methods and special accounting methods for presenting quarterly consolidated financial statements: Yes
- (3) Changes to accounting policies applied, procedures and disclosures for presenting quarterly consolidated financial standards
- (i) Changes due to newly issued accounting pronouncements: Yes
 - (ii) Changes excluding the above: None
 - (iii) Changes in accounting estimates: None
 - (iv) Retrospective restatements: None
- (4) 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 Sep. 30, 2011	551,268,104 shares	As of Mar. 31, 2011	551,268,104 shares
---------------------	--------------------	---------------------	--------------------
 - (ii) Number of treasury stock at the end of each period:

As of Sep. 30, 2011	10,700,714 shares	As of Mar. 31, 2011	10,702,137 shares
---------------------	-------------------	---------------------	-------------------
 - (iii) Average number of shares issued and outstanding in each period:

Six months ended Sep. 30, 2011	540,563,656 shares	Six months ended Sep. 30, 2010	540,591,541 shares
--------------------------------	--------------------	--------------------------------	--------------------

Information Regarding the Implementation of Quarterly Review Procedures

These quarterly financial results are not subject to quarterly review procedures. Therefore, at the time of this disclosure, the quarterly financial statement review procedures based on the "Financial Instruments and Exchange Law", have not been completed.

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.

(Reference) Consolidated Financial Highlights for the Three Months Ended September 30, 2011

(% of changes from the same period last year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Three months ended Sep. 30, 2011	185,784	3.9	12,974	30.3	12,247	46.9	8,508	56.2
Three months ended Sep. 30, 2010	178,806	25.9	9,960	—	8,335	—	5,448	—

(Note) Comprehensive income Six months ended Sep. 30, 2011 (6,546) million yen —%
Six months ended Sep. 30, 2010 4,728 million yen —%

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
Three months ended Sep. 30, 2011	15.74	15.74
Three months ended Sep. 30, 2010	10.08	—

1. Business Overview

(1) Qualitative Information Regarding Consolidated Business Results

During the first half of the year ending March 31, 2012, despite concerns about the effects of the Great East Japan Earthquake in each global region, the actual impact was limited, and economic growth in emerging countries, particularly in China and ASEAN countries, drove an overall recovery in the global economy. However, the outlook for the global economy is still uncertain due to the risk of rapid exchange fluctuations, slowing growth in emerging economies, financial uncertainty in several European countries, and low economic growth in the U.S. economy.

Among our business segments, demand in the automotive business decreased compared to the same period last year due to the impact of the Great East Japan Earthquake. Looking at the geographic breakdown, in Japan, despite initial disruption to our customers' production due to the earthquake, their swift restoration of operations led to a recovery in production output. Major Japanese automakers' sales declined in the Americas, and automotive markets slowed in major European countries. In Asia, however, the Chinese and Indian automotive markets expanded. In the industrial machinery business, demand for both industrial machinery bearings and precision machinery and parts increased due to economic growth in emerging countries, as well as economic recovery in the countries in which NSK operates. In Japan, sales to machine tool manufacturers increased supported by domestic demand as well as overseas demand, mainly from China. In the Americas and Europe, demand from the aftermarket sector increased with the gradual economic recovery, and in China, sales of machine tools and infrastructure-related equipments increased. Overall, demand expanded steadily.

The NSK Group has striven to reduce costs and to ensure the continued stable supply of high quality products to minimize the effect of the Great East Japan Earthquake. As a result, consolidated net sales totaled ¥351,877 million, a year-on-year decrease of 0.3% and operating income was ¥22,935 million, a year-on-year increase of 13.0%. Ordinary income was ¥21,839 million, a year-on-year increase of 25.9%. Net income after adjusting for tax expenses and minority interests was ¥14,388 million, a year-on-year increase of 36.2%.

Business Segment Information

① Industrial Machinery Business Segment

In the industrial machinery bearings business, sales in the machine tool and aftermarket sectors increased, thanks to increased demand driven by economic recovery in each country.

In the precision machinery and parts business, sales in machine tool increased mainly in Japan, Europe, and China, supported by steady demand in each region.

As a result, net sales in the industrial machinery business totaled ¥133,112 million (a year-on-year increase of 4.4%). Despite reduced export profit margins caused by the strong Japanese yen, operating income was ¥15,045 million (a year-on-year increase of 82.7%), thanks to higher volume and reduced costs.

② Automotive Business Segment

Although automotive market expansion in emerging countries, mainly in China and India, contributed to increased demand, sales of both automotive bearings and components declined compared to the same period last year due to the lower production in Japan ensuing from the Great East Japan Earthquake.

As a result, net sales in the automotive business totaled ¥200,106 million (a year-on-year decrease of 5.7%), and operating income was ¥9,187 million (a year-on-year decrease of 32.4%) due to volume reduction and the appreciation of the Japanese yen.

(2) Qualitative Information Regarding Consolidated Financial Position

Assets and Liabilities

Total assets were ¥793,533 million, an increase of ¥4,907 million compared to total assets as of March 31, 2011. The main reasons for this were increases of ¥7,756 million in notes and accounts receivable, ¥17,097 million in short-term investment securities, which offset a decrease of ¥19,414 million in cash and deposits.

Total liabilities were ¥521,941 million, an increase of ¥8,583 million, compared to total liabilities as of March 31, 2011. The main reason for this was an increase of ¥15,270 million in long-term loans.

Net assets

Net assets totaled ¥271,592 million, a decrease of ¥3,676 million compared to net assets as of March 31, 2011, due to an increase of ¥14,388 million in net income, and a decrease of ¥3,363 million in valuation difference on available-for-sale securities and ¥11,851 million in translation adjustments.

Cash flows

Cash flow totaled ¥117,023 million, a decrease of ¥3,309 million compared to cash and cash equivalents as of March 31, 2011, and a decrease of ¥6,446 million compared to the same period during the previous fiscal year.

① Net cash flow provided by operating activities

Net cash flow provided by operating activities totaled ¥10,939 million, a decrease of ¥23,365 million compared to the same period of the previous fiscal year. This includes ¥21,839 million in income before tax expenses and minority interests, ¥17,154 million provided by depreciation and amortization, which offset an increase of ¥12,715 million in notes and accounts receivable, and ¥11,536 million in inventories.

② Net cash flow used in investing activities

Cash flow used in investing activities totaled ¥26,198 million, an increase of ¥10,922 million compared to the corresponding period during the previous fiscal year. This includes ¥24,993 million for purchase of property, plant and equipment.

③ Net cash flow used in financing activities

Net cash flow used in financing activities totaled ¥14,690 million, a decrease of ¥31,817 million compared to the corresponding period during the previous fiscal year. This includes ¥13,143 million for increase of short-term loans, ¥17,334 million for increase of long-term loans, ¥11,782 million of repayments of long-term loans, and ¥3,247 million of dividends paid.

(3) Qualitative Information Regarding Consolidated Business Forecast

No revision has been made to the forecasts released on June 27, 2011 for the year ending March 31, 2012.

2. Matters Regarding Summary Information (Others)

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting in change in scope of consolidation)

None.

(2) Adoption of special accounting methods for presenting quarterly consolidated financial statements (Method of calculating tax expenses)

Tax expenses were calculated using a reasonably estimated annual effective tax rate for this fiscal year including this quarter.

(3) Changes in accounting principles, changes in accounting estimates, and retrospective restatements for the preparation of the quarterly consolidated financial statements

(Application of Accounting Standards for Per-Share Net Income)

From the first quarter of the subject fiscal year, the Company has applied "Accounting Standard for Earnings Per Share"(ASBJ Statement No.2, June 30, 2010); "Guidance on Accounting Standard for Earnings Per Share"(ASBJ Guidance No.4, June 30, 2010).

(4) Additional Information

(Application of Accounting Standard for Accounting Changes and Error Corrections)

For accounting changes and error corrections to be conducted from the beginning of the first quarter of the subject fiscal year, the Company has applied "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No.24, December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No.24, December 4, 2009).

(Change in matters concerning fiscal year of consolidated subsidiaries)

14 consolidated subsidiaries including NSK (CHINA) Investment Co., LTD currently use an account closing date of December 31. In order to disclose consolidated financial information in an appropriate manner, these companies have changed their fiscal year end from December 31 to March 31. Profit and loss for 3 months of January to March 2011 has been adjusted for as retained earnings.

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of Yen)	
	As of Mar. 31, 2011	As of Sep. 30, 2011
Assets		
Current assets:		
Cash and deposits	71,047	51,632
Notes and accounts receivable	136,016	143,772
Short-term investment securities	51,387	68,484
Finished goods	61,871	66,275
Work in process	36,582	35,856
Raw materials and supplies	13,195	14,818
Others	49,418	49,078
Less allowance for doubtful accounts	(934)	(931)
Total current assets	418,584	428,988
Non-current assets:		
Property, plant and equipment		
Buildings and structures	69,429	66,730
Machinery, vehicles and equipment	104,983	106,770
Others	61,493	61,526
Total property, plant and equipment	235,906	235,028
Intangible fixed assets	10,509	10,659
Investments and other assets		
Investment securities	72,207	67,098
Prepaid pension costs	42,339	42,781
Others	9,542	9,439
Less allowance for doubtful accounts	(463)	(461)
Total investments and other assets	123,626	118,857
Total non-current assets	370,042	364,545
Total assets	788,626	793,533

(Millions of Yen)

	As of Mar. 31, 2011	As of Sep. 30, 2011
Liabilities		
Current liabilities:		
Notes and accounts payable	124,103	126,473
Short-term loans	81,442	83,056
Current portion of corporate bonds	30,300	30,000
Accrued income taxes	6,061	5,728
Others	51,973	45,729
Total current liabilities	293,881	290,987
Non-current liabilities:		
Corporate bonds	65,000	65,000
Long-term loans	97,842	113,113
Accrued employees' retirement benefits	21,142	20,164
Accrued officers' retirement benefits	1,689	1,420
Reserves for environmental safety measures	160	137
Others	33,641	31,118
Total non-current liabilities	219,475	230,953
Total liabilities	513,357	521,941
Net assets		
Shareholders' equity		
Common stock	67,176	67,176
Additional paid-in capital	78,334	78,340
Retained earnings	155,062	167,307
Treasury stock	(4,180)	(4,184)
Total shareholders' equity	296,392	308,639
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,213	8,849
Translation adjustments	(51,593)	(63,444)
Total accumulated other comprehensive income	(39,379)	(54,595)
Share subscription rights	569	481
Minority interests	17,686	17,066
Total net assets	275,269	271,592
Total liabilities and net assets	788,626	793,533

(2) Consolidated Statement of Operations

For the six months ended September 30

	(Millions of Yen)	
	Six months ended Sep. 30, 2010	Six months ended Sep. 30, 2011
Net sales	352,785	351,877
Cost of sales	281,027	276,943
Gross profit	71,758	74,934
Selling, general and administrative expenses	51,464	51,998
Operating income	20,293	22,935
Non-operating income:		
Interest income	410	388
Dividend income	433	508
Equity in earnings of affiliated companies	1,796	1,526
Others	1,131	1,888
Total non-operating income	3,772	4,311
Non-operating expenses:		
Interest expenses	2,306	2,427
Exchange loss	1,267	1,222
Others	3,143	1,758
Total non-operating expenses	6,718	5,408
Ordinary income	17,347	21,839
Income before tax expenses and minority interests	17,347	21,839
Income taxes	6,115	6,902
Income before minority interests	11,232	14,936
Minority interests	666	547
Net income	10,565	14,388

Consolidated Statements of Comprehensive Income

For the six months ended September 30

(Millions of Yen)

	Six months ended Sep. 30, 2010	Six months ended Sep. 30, 2011
Income before minority interests	11,232	14,936
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,533)	(3,357)
Translation adjustments	(9,068)	(12,419)
Share of other comprehensive income of associates accounted for using equity method	(119)	(161)
Total other comprehensive income	(13,721)	(15,938)
Comprehensive income	(2,489)	(1,001)
(Details)		
Comprehensive income attributable to parent company	(2,817)	(827)
Comprehensive income attributable to minority interests	328	(173)

(3) Consolidated Statement of Cash Flows

(Millions of Yen)

	Six months ended Sep. 30, 2010	Six months ended Sep. 30, 2011
Operating activities		
Income before tax expenses and minority interests	17,347	21,839
Depreciation and amortization	17,070	17,154
Amortization of goodwill	386	384
Increase (decrease) in allowance for doubtful accounts	(222)	86
Increase (decrease) in provision for retirement benefits and prepaid pension cost	305	(467)
Interest and dividend income	(844)	(896)
Interest expenses	2,306	2,427
Equity in losses (earnings) of affiliates	(1,796)	(1,526)
Increase (decrease) in notes and accounts receivable	(6,908)	(12,715)
Increase (decrease) in inventories	(3,860)	(11,536)
Increase (decrease) in notes and accounts payable	11,010	3,512
Others	4,035	(1,008)
Subtotal	38,830	17,253
Interest and dividend received	2,151	2,091
Interest paid	(2,138)	(2,219)
Income taxes paid	(4,538)	(6,186)
Net cash provided by operating activities	34,304	10,939
Investing activities		
Net increase (decrease) in time deposit	(947)	(611)
Purchase of short-term investment securities	(4,800)	(3,300)
Proceeds from sales of short-term investment securities	4,800	3,545
Purchase of property, plant and equipment	(15,164)	(24,993)
Proceeds from sales of property, plant and equipment	263	1,134
Purchase of investment securities	(20)	(372)
Proceeds from sales of investment securities	1,500	305
Payments for loans receivable	(26)	(45)
Collection of loans receivable	153	56
Others	(1,034)	(1,916)
Net cash used in investing activities	(15,276)	(26,198)
Financing activities		
Net increase (decrease) in short-term loans	(3,580)	13,143
Increase in long-term loans	709	17,334
Repayments of long-term loans	(1,712)	(11,782)
Payments for redemption of corporate bonds	(10,000)	(300)
Acquisition of treasury stock	(8)	(6)
Dividends paid	(2,166)	(3,247)
Dividends paid to minority shareholders	(244)	(380)
Others	(123)	(70)
Net cash provided by (used in) financing activities	(17,126)	14,690
Effect of exchange rate changes on cash and cash equivalents	(1,868)	(2,583)
Net increase (decrease) in cash and cash equivalents	33	(3,151)
Cash and cash equivalents at beginning of the year	123,437	120,333
Increase (decrease) in cash and cash equivalents resulting from changes in fiscal year-ends of consolidated subsidiaries	-	(157)
Cash and cash equivalents at end of the period	123,470	117,023

(4) Going Concern Assumption

None.

(5) Segment Information

Sales by Reportable Segments

Six months ended September 30, 2010

(Millions of Yen)

	Reportable segments			Other	Total	Adjustments	Consolidated
	Industrial machinery business	Automotive business	Sub-total				
Sales							
(1) Sales to third parties	127,461	212,168	339,630	13,155	352,785	—	352,785
(2) Inter-segment sales and transfers	—	—	—	12,941	12,941	(12,941)	—
Total	127,461	212,168	339,630	26,096	365,727	(12,941)	352,785
Segment income (Operating income)	8,236	13,582	21,819	2,155	23,975	(3,682)	20,293

Six months ended September 30, 2011

(Millions of Yen)

	Reportable segments			Other	Total	Adjustments	Consolidated
	Industrial machinery business	Automotive business	Sub-total				
Sales							
(1) Sales to third parties	133,112	200,106	333,218	18,658	351,877	—	351,877
(2) Inter-segment sales and transfers	—	—	—	14,097	14,097	(14,097)	—
Total	133,112	200,106	333,218	32,756	365,975	(14,097)	351,877
Segment income (Operating income)	15,045	9,187	24,233	2,025	26,258	(3,322)	22,935

Systemized Products (Photofabrication Exposure Equipment) have been moved from the "Industrial Machinery Business" segment to the "Other" segment from April 1, 2011.

(6) Substantial Changes in Shareholders' Equity

None.