NSK Ltd.

For Immediate Release

July 29, 2015

CONSOLIDATED RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2015 (Unaudited) [JP GAAP]

Company name

Stock exchanges on which the shares are listed

Code number

URL

Representative

Contact person

Filing date of quarterly securities report

NSK Ltd.

Tokyo Stock Exchange in Japan

6471

http://www.nsk.com

Toshihiro Uchiyama, President and CEO

Kenichi Yamana, Vice President

August 6, 2015

(Amounts are rounded down to the nearest million yen)

1. Consolidated Financial Highlights for the Three Months Ended June 30, 2015

(1) Consolidated financial results

(% of changes from the same period last year)

| () | ` . | | • | , , | | | | | |
|-------------------------------------|-----------------|------|-----------------|------------------|-----------------|-----------------|-----------------|---|--|
| | Net sales | | Operating in | Operating income | | Ordinary income | | Net income attributable to shareholders of the parent | |
| | Millions of Yen | % | Millions of Yen | % | Millions of Yen | % | Millions of Yen | % | |
| Three months ended Jun. 30, 2015 | 251,222 | 9.6 | 26,060 | 27.8 | 27,616 | 35.3 | 17,837 | 26.6 | |
| Three months ended Jun. 30, 2014 | 229,307 | 11.9 | 20,395 | 59.1 | 20,409 | 50.6 | 14,091 | 49.6 | |

(Note) Comprehensive income

Year ended Jun. 30, 2015

25,744 million yen

79.7 %

(36.7) %

| | Year ended Jun. | 30, 2014 14,329 milli | on yen |
|-------------------------------------|------------------------|------------------------|--------|
| | Net income per share - | Net income per share - | |
| | Basic | Diluted | |
| | Yen | Yen | |
| Three months ended Jun. 30, 2015 | 32.95 | 32.92 | |
| Three months ended Jun. 30, 2014 | 26.07 | 26.04 | |

(2) Consolidated financial position

| | Total assets | Net assets | Shareholders' equity to total assets |
|---------------------|-----------------|-----------------|--------------------------------------|
| | Millions of Yen | Millions of Yen | % |
| As of Jun. 30, 2015 | 1,150,251 | 505,175 | 41.8 |
| As of Mar. 31, 2015 | 1,129,164 | 481,859 | 40.4 |

(Note) Equity capital

As of Jun. 30, 2015 480,984 million yen

As of Mar. 31, 2015 456,046 million yen

2. Cash Dividends

| 21 - Caon 21 1 1 aon ao | | | | | | | | | |
|---|--------------------------|-------------|-------------|-----------|-----------|--|--|--|--|
| | Cash dividends per share | | | | | | | | |
| (Record date) | End of the | End of the | End of the | Year-end | Full-year | | | | |
| | 1st quarter | 2nd quarter | 3rd quarter | real-ellu | total | | | | |
| | Yen | Yen | Yen | Yen | Yen | | | | |
| Year ended Mar. 31, 2015 | _ | 12.00 | _ | 16.00 | 28.00 | | | | |
| Year ending Mar. 31, 2016 | - | | | | | | | | |
| Year ending Mar. 31, 2016 (Forecast) | | 17.00 | | 17.00 | 34.00 | | | | |

(Note) Revisions to the forecast of cash dividends from the latest announcement: None

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

| | | | (70 Of Chariges | ווטווו נוופ | same penou last year) | | | | | | |
|--|------------------------------------|-----------------|-----------------|------------------|-----------------------|-----------------|------|----------------------------|------|----------------------|--|
| | | Net sales | | Operating income | | Ordinary income | | Net income attributable to | | Net income per share | |
| | | TVCt Sales | , | Operating income | | Ordinary income | | shareholders of the parent | | Net income per snare | |
| | | 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 | |

(Note) Revisions to the forecast of consolidated results from the latest announcement: 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

Note: For more details, please refer to page 5 "2. Matters Regarding Summary Information (Others) (2) Adoption of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements."

- (3) Changes to accounting policies applied, procedures and disclosures for presenting quarterly consolidated financial standards
 - (i) Changes due to newly issued accounting pronouncements: None
 - (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 Jun. 30, 2015 551,268,104 shares As of Mar. 31, 2015 551,268,104 shares

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

As of Jun. 30, 2015 9,939,193 shares As of Mar. 31, 2015 10,085,598 shares

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

Three months ended Jun. 30, 2015 541,280,082 shares Three months ended Jun. 30, 2014 540,531,191 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.

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, with a vision of establishing a corporate fundamentals appropriate for a 1 trillion yen company in the year of 2016—the 100th anniversary of the company's foundation. The NSK Group has adopted a business strategy of growth with a focus on profitability, and in order to enhance its corporate fundamentals, NSK is implementing measures to develop the management capability required to handle ¥1 trillion in sales volume.

Reviewing the overall global economy during the first quarter of the year ending March 31, 2016, the Japanese economy showed signs of a gradual recovery due to the impact of lower crude oil prices and policies enacted by the Japanese government and the Bank of Japan. The U.S. economy continued to recover steadily, driven primarily by strong consumer spending. The European economy also showed signs of an upturn, primarily in the Eurozone. On the other hand, economic growth in China slowed gradually, and economic conditions in the ASEAN bloc remained weak overall.

In this economic environment, consolidated net sales totaled ¥251,222 million, a year-on-year increase of 9.6%. Operating income totaled ¥26,060 million, a year-on-year increase of 27.8%. Ordinary income was ¥27,616 million, a year-on year increase of 35.3%. Net income attributable to shareholders of the parent was ¥17,837 million, a year-on-year increase of 26.6%.

Business Segment Information

① Industrial Machinery Business Segment

Demand in the industrial machinery business continues to gradually recover worldwide. Looking at results by region, sales in Japan increased, primarily in the machine tool and semiconductor sectors. In the Americas, sales in the general machinery sector grew. In Europe, sales declined due to lower demand in the aftermarket sector, despite steady demand in the wind turbine. In China, sales in the machine tool and wind turbine sectors rose, while sales in the home electrical appliance sector declined. In other Asian countries, sales increased, primarily in the aftermarket sector.

As a result, net sales in the industrial machinery business totaled ¥70,285 million, a year-on-year increase of 6.9%. Operating income was ¥9,384 million, a year-on-year increase of 25.1%.

② Automotive Business Segment

The global automotive market continued to expand gradually, driven by the steady demand in North America, despite a decline in Chinese automotive sales. Looking at the automotive business by geographic breakdown, in Japan, sales increased, driven primarily by demand for automatic transmissions. In the Americas, steady market demand in North America led to higher sales of electric power steering (EPS) systems. In Europe, the automotive market continued to gradually recover, and overall sales rose. In China, sales to Japanese automakers rose, while sales also increased in other parts of Asia, primarily due to demand for EPS systems—although market conditions varied between countries.

As a result, net sales in the automotive business totaled ¥173,542 million, a year-on-year increase of 12.3%. Operating income totaled ¥17,806 million, a year-on-year increase of 28.5%.

(2) Qualitative Information Regarding Consolidated Financial Position

Assets and Liabilities

Total assets were ¥1,150,251 million, an increase of ¥21,087 million compared to total assets as of March 31, 2015. The main reasons for this were increases of ¥14,951 million in short-term investment securities, ¥4,571 million in finished goods and ¥3,225 million in property, plant and equipment. Total liabilities were ¥645,076 million, a decrease of ¥2,228 million, compared to total liabilities as of March 31, 2015.

Net assets

Net assets totaled ¥505,175 million, an increase of ¥23,315 million compared to net assets as of March 31, 2015. The main reasons for this were increases of ¥17,837 million in net income attributable to shareholders of the parent and ¥5,881 million in translation adjustments.

Cash Flows

Total cash and cash equivalents at the end of the period were ¥202,960 million, an increase of ¥18,586 million compared to total cash and cash equivalents as of March 31, 2015. This represents an increase of ¥35,861 million from the same period of the previous year.

Net cash flow provided by operating activities

Net cash flow provided by operating activities totaled ¥34,126 million, an increase of ¥19,791 million compared to the same period of the previous year. This includes ¥27,616 million in income before tax expenses and non-controlling interests and ¥10,199 million provided by depreciation and amortization, which offset ¥5,553 million in income taxes paid.

② Net cash flow used in investing activities

Cash flow used in investing activities totaled ¥4,787 million, a decrease of ¥4,096 million compared to the same period of the previous year.

3 Net cash flow used in financing activities

Net cash flow used in financing activities totaled ¥11,766 million, an increase of ¥4,841 million compared to the same period of the previous year. This includes ¥8,526 million for dividends paid and ¥2,571 million for dividends paid to non-controlling interests.

(3) Qualitative Information Regarding Consolidated Business Forecast

No revision has been made to the consolidated business forecasts for the year ending March 31, 2016 announced on May 11, 2015.

Notes

All forecasts are based on a number of assumptions for 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. Matters Regarding Summary Information (Others)
- (1) Changes in Significant Subsidiaries during the Period None.
- (2) Adoption of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements
 (Method of Calculating Tax Expenses, Deferred Tax Expenses and Deferred Tax Liabilities)
 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 None.

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

| | As of Mar. 31, 2015 | (Millions of Yen As of Jun. 30, 2015 |
|--------------------------------------|---------------------|---|
| Assets | A3 01 Mai. 31, 2013 | A3 01 3011. 30, 2013 |
| Current assets: | | |
| Cash and deposits | 76,089 | 74,750 |
| Notes and accounts receivable | 189,635 | 191,252 |
| Short-term investment securities | 106,141 | 121,093 |
| Finished goods | 74,060 | 78,631 |
| Work in process | 45,363 | 42,851 |
| Raw materials and supplies | 22,746 | 23,003 |
| Others | 61,793 | 61,546 |
| Less allowance for doubtful accounts | (2,674) | (2,719) |
| Total current assets | | |
| | 573,157 | 590,410 |
| Non-current assets: | | |
| Property, plant and equipment | 04.000 | 05.004 |
| Buildings and structures | 84,999 | 85,624 |
| Machinery, vehicles and equipment | 171,335 | 176,606 |
| Others | 78,561 | 75,891 |
| Total property, plant and equipment | 334,896 | 338,121 |
| Intangible fixed assets | 11,791 | 11,628 |
| Investments and other assets | | |
| Investment securities | 118,672 | 119,159 |
| Net defined benefit asset | 77,361 | 77,458 |
| Others | 13,664 | 13,853 |
| Less allowance for doubtful accounts | (380) | (380) |
| Total investments and other assets | 209,319 | 210,090 |
| Total non-current assets | 556,007 | 559,841 |
| Total assets | 1,129,164 | 1,150,251 |

(Millions of Yen)

| | As of Mar. 31, 2015 | (Millions of Yen As of Jun. 30, 2015 |
|---|---------------------|---|
| Liabilities | AS 01 Mai. 31, 2013 | AS 01 Juli. 30, 2015 |
| | | |
| Current liabilities: Notes and accounts payable | 137,900 | 142,101 |
| Short-term loans | 116,909 | 121,284 |
| | 5,804 | |
| Accrued income taxes | | 5,286 |
| Others | 78,823 | 71,248 |
| Total current liabilities | 339,436 | 339,920 |
| Non-current liabilities: | 00.000 | 00.000 |
| Corporate bonds | 60,000 | 60,000 |
| Long-term loans | 149,491 | 146,064 |
| Accrued officers' retirement benefits | 1,674 | 1,453 |
| Reserves for environmental safety measures | 179 | 180 |
| Net defined benefit liability | 40,059 | 39,903 |
| Others | 56,463 | 57,553 |
| Total non-current liabilities | 307,867 | 305,155 |
| Total liabilities | 647,304 | 645,076 |
| Net assets | | |
| Shareholders' equity | | |
| Common stock | 67,176 | 67,176 |
| Additional paid-in capital | 78,938 | 79,013 |
| Retained earnings | 252,667 | 270,504 |
| Treasury stock | (4,083) | (4,028) |
| Total shareholders' equity | 394,699 | 412,666 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 44,438 | 46,493 |
| Translation adjustments | 7,592 | 13,474 |
| Remeasurements of defined benefit plans | 9,316 | 8,350 |
| Total accumulated other comprehensive income | 61,347 | 68,317 |
| Share subscription rights | 252 | 264 |
| Non-controlling interests | 25,560 | 23,926 |
| Total net assets | 481,859 | 505,175 |
| otal liabilities and net assets | 1,129,164 | 1,150,251 |

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

Consolidated Statements of Operations

| | Three months ended Jun. 30, 2014 | (Millions of Yen) Three months ended Jun. 30, 2015 |
|--|-------------------------------------|--|
| Net sales | 229,307 | 251,222 |
| Cost of sales | 177,760 | 192,280 |
| Gross profit | 51,546 | 58,941 |
| Selling, general and administrative expenses | 31,151 | 32,881 |
| Operating income | 20,395 | 26,060 |
| Non-operating income: | | |
| Interest income | 205 | 167 |
| Dividend income | 815 | 969 |
| Equity in earnings of affiliated companies | 874 | 982 |
| Others | 632 | 1,388 |
| Total non-operating income | 2,527 | 3,508 |
| Non-operating expenses: | | |
| Interest expenses | 1,217 | 1,221 |
| Others | 1,295 | 730 |
| Total non-operating expenses | 2,513 | 1,951 |
| Ordinary income | 20,409 | 27,616 |
| Income before income taxes and non-controlling interests | 20,409 | 27,616 |
| Income taxes | 5,605 | 8,917 |
| Net income | 14,804 | 18,699 |
| Net income attributable to non-controlling interests | 712 | 862 |
| Net income attributable to shareholders of the parent | 14,091 | 17,837 |

Consolidated Statements of Comprehensive Income

(Millions of Yen)

| | | (William of Tota) |
|---|-------------------------------------|-------------------------------------|
| | Three months ended Jun. 30, 2014 | Three months ended Jun. 30, 2015 |
| Net Income | 14,804 | 18,699 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 2,081 | 2,065 |
| Translation adjustments | (2,772) | 5,991 |
| Remeasurements of defined benefit plans | 363 | (977) |
| Share of other comprehensive income of associates accounted for using equity method | (146) | (33) |
| Total other comprehensive income | (474) | 7,045 |
| Comprehensive income | 14,329 | 25,744 |
| (Details) | | |
| Comprehensive income attributable to parent company | 13,800 | 24,807 |
| Comprehensive income attributable to non-controlling interests | 529 | 937 |

(3) Consolidated Statement of Cash Flows

| | | (Millions of Yen) |
|--|--------------------|--------------------|
| | Three months ended | Three months ended |
| On a series at the series of t | Jun. 30, 2014 | Jun. 30, 2015 |
| Operating activities | 00.400 | 07.040 |
| Income before income taxes and non-controlling interests | 20,409 | 27,616 |
| Depreciation and amortization | 9,088 | 10,199 |
| Amortization of goodwill | 28 | 27 |
| Increase (decrease) in allowance for doubtful accounts | (74) | 48 |
| Net defined benefit liabilities and net defined benefit assets | (1,115) | (1,802) |
| Interest and dividend income | (1,020) | (1,137) |
| Interest expenses | 1,217 | 1,221 |
| Equity in losses (earnings) of affiliates | (874) | (982) |
| Decrease (increase) in notes and accounts receivable | (5,750) | (3,348) |
| Decrease (increase) in inventories | (5,501) | (3,378) |
| Increase (decrease) in notes and accounts payable | 4,433 | 4,095 |
| Others | 14,110 | 6,523 |
| Subtotal | 34,950 | 39,084 |
| Interest and dividends received | 1,326 | 1,696 |
| Interest paid | (1,172) | (1,100) |
| Antimonopoly Act related loss paid | (9,103) | _ |
| Income taxes paid | (11,666) | (5,553) |
| Net cash provided by operating activities | 14,334 | 34,126 |
| Investing activities | | |
| Net decrease (increase) in time deposits | (89) | (57) |
| Proceeds from sales of short-term investment securities | 166 | 6 |
| Purchase of property, plant and equipment | (7,832) | (10,727) |
| Proceeds from sales of property, plant and equipment | 126 | 246 |
| Purchase of investment securities | (10) | (10) |
| Proceeds from sales of investment securities | 19 | 3,055 |
| Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation | _ | 1,042 |
| Payments for loans receivable | (288) | (3,000) |
| Collection of loans receivable | 35 | 5,180 |
| Others | (1,011) | (522) |
| Net cash used in investing activities | (8,883) | (4,787) |
| Financing activities | | |
| Net increase (decrease) in short-term loans | (634) | (332) |
| Increase in long-term loans | 4,889 | _ |
| Repayments of long-term loans | (4,448) | (342) |
| Acquisition of treasury stock | (6) | (1) |
| Dividends paid | (4,771) | (8,526) |
| Dividends paid to non-controlling interests | (2,009) | (2,571) |
| Others | 56 | 8 |
| Net cash provided by (used in) financing activities | (6,925) | (11,766) |
| Effect of exchange rate changes on cash and cash equivalents | (366) | 1,014 |
| Net increase (decrease) in cash and cash equivalents | (1,841) | 18,586 |
| Cash and cash equivalents at beginning of the year | 168,940 | 184,374 |
| · | · | |
| Cash and cash equivalents at end of the period | 167,098 | 202,960 |

(4) Going Concern Assumption

None.

(5) Notes to Quarterly Consolidated Balance Sheet

1. Litigation and Other Legal Matters

(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 and Canada, the Plaintiffs, representing purchasers, etc. of bearing products, etc., have filed class actions and other actions against the Defendants including NSK and its subsidiary located in the United States and Canada (the "Actions"). The Plaintiffs allege, among others, that the Defendants conspired with each other to restrict competition regarding transactions related to bearing products, etc., in these countries, and seek damages, injunctive relief, and other relief against the Defendants in the Actions. NSK and its subsidiaries located in the United States and Canada are going to insist on propriety and contest the Plaintiffs' claim. 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.

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.

(The first quarter of the year ending Mar. 31, 2016)

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(6) Segment Information Sales by Reportable Segments

Three months ended June 30, 2014

(Millions of Yen)

| Reportable segments | | | | | | | |
|---------------------------------------|-------------------------------------|---------------------|-----------|--------|---------|-------------|--------------|
| | Industrial machinery business | Automotive business | Sub-total | Other | Total | Adjustments | Consolidated |
| Sales | | | | | | | |
| (1) Sales to third parties | 65,738 | 154,554 | 220,292 | 9,014 | 229,307 | _ | 229,307 |
| (2) Inter-segment sales and transfers | _ | _ | _ | 6,650 | 6,650 | (6,650) | _ |
| Total | 65,738 | 154,554 | 220,292 | 15,664 | 235,957 | (6,650) | 229,307 |
| Segment income (Operating income) | 7,502 | 13,855 | 21,358 | 1,058 | 22,417 | (2,021) | 20,395 |

Three months ended June 30, 2015

(Millions of Yen)

| | Rep | ortable segme | ents | | | | |
|---------------------------------------|-------------------------------------|---------------------|-----------|--------|---------|-------------|--------------|
| | Industrial machinery business | Automotive business | Sub-total | Other | Total | Adjustments | Consolidated |
| Sales | | | | | | | |
| (1) Sales to third parties | 70,285 | 173,542 | 243,827 | 7,395 | 251,222 | _ | 251,222 |
| (2) Inter-segment sales and transfers | _ | _ | _ | 6,464 | 6,464 | (6,464) | _ |
| Total | 70,285 | 173,542 | 243,827 | 13,859 | 257,687 | (6,464) | 251,222 |
| Segment income (Operating income) | 9,384 | 17,806 | 27,190 | 1,123 | 28,313 | (2,253) | 26,060 |

(7) Substantial Changes in Shareholders' Equity

None.

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