

NSK Ltd.

For Immediate Release

August 1, 2011

CONSOLIDATED RESULTS FOR THE THREE MONTHS ENDED JUNE 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	August 9, 2011

(Amounts are rounded down to the nearest million yen)

1. Consolidated Financial Highlights for the Three Months Ended June 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	%
Three months ended Jun. 30, 2011	166,092	(4.5)	9,961	(3.6)	9,591	6.4	5,880	14.9
Three months ended Jun. 30, 2010	173,979	50.2	10,332	—	9,011	—	5,117	—

(Note) Comprehensive income Year ended Jun. 30, 2011 5,545 million yen —%
Year ended Jun. 30, 2010 (7,217) million yen —%

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
Three months ended Jun. 30, 2011	10.88	10.88
Three months ended Jun. 30, 2010	9.47	9.47

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity to total assets
	Millions of Yen	Millions of Yen	%
As of Jun. 30, 2011	821,970	281,491	32.1
As of Mar. 31, 2011	788,626	275,269	32.6

(Note) Equity capital As of Jun. 30, 2011 263,554 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	—	—	—	—	—
Year ending Mar. 31, 2012 (Forecast)	—	6.00	—	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
Six months ending Sep. 30, 2011	340,000	(3.6)	18,500	(8.8)	16,500	(4.9)	10,000	(5.3)	18.50
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 Jun. 30, 2011	551,268,104 shares	As of Mar. 31, 2011	551,268,104 shares
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(ii) Number of treasury stock at the end of each period:

As of Jun. 30, 2011	10,706,482 shares	As of Mar. 31, 2011	10,702,137 shares
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(iii) Average number of shares issued and outstanding in each period:

Three months ended Jun. 30, 2011	540,563,234 shares	Three months ended Jun. 30, 2010	540,590,929 shares
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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

During the first quarter of the year ending March 2012, economic growth in emerging countries, particularly in China and the ASEAN countries, brought overall recovery in the global economy.

Although there was concern that the effects of the Great East Japan Earthquake would spread to the real economy, such effects have been limited and the global economy has steadily progressed.

However, there are still inherent risks which could negatively affect the real economy, including a slowdown in economic growth in emerging countries, financial uncertainty in several European countries and low economic growth in the U.S. economy.

Among our business segments, in the automotive business demand from automakers declined compared to the same period last year due to the effect of the Great East Japan Earthquake.

Regionally, sales in China and India expanded as the automotive market in Asia grew. However, production in Japan slowed as customer production levels declined due to the Great East Japan Earthquake. In the U.S., sales of major Japanese automakers declined, and sales in Europe also decreased as vehicle sales fell with the end of government purchasing incentives.

With the exception of emerging countries, sales in each region declined.

In the industrial machinery business, demand for both industrial machinery bearings and precision machinery and parts increased due to economic growth in the countries in which NSK operates.

Sales in each region were robust overall. In Japan, sales of construction machinery and machine tools increased due to strong demand for exports from countries such as China, as well as robust domestic demand. Sales in the Americas and Europe also rose due to higher aftermarket demand as the economy recovered. In China, sales to the machine tool and infrastructure-related sectors rose.

The NSK Group has taken every possible measure to minimize the effect of the Great East Japan Earthquake and to ensure the continued stable supply of high quality products, while striving to reduce costs.

As a result, consolidated net sales for the period totaled ¥166,092 million, a year-on-year decrease of 4.5%. Operating income was ¥9,961 million, a year-on-year decrease of 3.6%, and ordinary income was ¥9,591 million, a year-on-year increase of 6.4%. Net income after adjusting for tax expenses and minority interests was ¥5,880 million, a year-on-year increase of 14.9%.

Business Segment Information

① Industrial Machinery Business Segment

In the industrial machinery bearing business, sales to the machine tool, construction machinery and aftermarket sectors increased due to economic recovery in the countries in which NSK operates.

In the precision machinery and parts business, sales to machine tool manufacturers increased in Japan, Europe, China and other Asian countries.

As a result, net sales in the industrial machinery business totaled ¥67,955 million, a year-on-year increase of 9.9%. Despite reduction of export profit margins caused by the strong Japan yen, operating income was ¥7,651 million (a year-on-year increase of 102.9%) due to significant volume increase, and cost reductions.

② Automotive Business Segment

Sales of both automotive bearings and components decreased year-on-year due to the effect of Great East Japan Earthquake.

As a result, net sales in the automotive business totaled ¥90,245 million (a year-on-year decrease of 14.6%). Due to the strength of the Japanese yen and a reduction in sales volume, operating income was ¥3,052 million, (a year-on-year decrease of 58.1%).

(2)Qualitative Information Regarding Consolidated Financial Position

Assets and Liabilities

Total assets were ¥821,970 million, a increase of ¥33,344 million compared to total assets as of March 31, 2011. The main reasons for this were increases of ¥1,987 million in notes and accounts receivable, ¥32,840 million in short-term investment securities, ¥3,461 million in finished goods and ¥2,121 million in fixed assets, which offset a decrease of ¥7,173 million in cash and deposits.

Total liabilities were ¥540,479 million, a increase of ¥27,121 million, compared to total liabilities as of March 31, 2011. The main reasons for this were an increase of ¥8,318 million in short-term loans and ¥13,739 million in long-term loans. This offset a decrease of ¥6,813 million in notes and accounts payable.

Net assets

Net assets totaled ¥281,491 million, an increase of ¥6,222 million compared to net assets as of March 31, 2011, due to ¥5,880 million in net income.

Cash flows

Cash flow totaled ¥143,372 million, an increase of ¥23,039 million compared to cash and cash equivalents as of March 31, 2011. And an increase of ¥17,481 million compared to the same period during the previous fiscal year.

①Net cash flow provided by operating activities

Net cash flow provided by operating activities totaled ¥8,147 million, a decrease of ¥17,972 million compared to the same period of the previous fiscal year. This includes ¥9,591 million in income before tax expenses and minority interests, ¥8,413 million provided by depreciation and amortization and an increase of ¥1,411 million in notes and accounts receivable, which offset an increase of ¥7,791 million in inventories, and a decrease of ¥6,951 million in notes and accounts payable.

②Net cash flow used in investing activities

Cash flow used in investing activities totaled ¥11,777 million, an increase of ¥5,410 million compared to the corresponding period during the previous fiscal year. This includes ¥11,258 million for purchase of property, plant and equipment.

③Net cash flow used in financing activities

Net cash flow used in financing activities totaled ¥27,240 million, a decrease of ¥42,645 million compared to the corresponding period during the previous fiscal year. This includes ¥10,357 million for increase of short-term loans, ¥14,323 million for increase of long-term loans and ¥3,117 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 specific 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, 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

(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 changes 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 Jun. 30, 2011
Assets		
Current assets:		
Cash and deposits	71,047	63,873
Notes and accounts receivable	136,016	138,003
Short-term investment securities	51,387	84,227
Finished goods	61,871	65,332
Work in process	36,582	38,697
Raw materials and supplies	13,195	15,380
Others	49,418	45,178
Less allowance for doubtful accounts	(934)	(1,209)
Total current assets	418,584	449,484
Non-current assets:		
Property, plant and equipment		
Buildings and structures	69,429	68,633
Machinery, vehicles and equipment	104,983	106,100
Others	61,493	63,294
Total property, plant and equipment	235,906	238,028
Intangible fixed assets	10,509	10,560
Investments and other assets		
Investment securities	72,207	72,997
Prepaid pension costs	42,339	41,763
Others	9,542	9,599
Less allowance for doubtful accounts	(463)	(463)
Total investments and other assets	123,626	123,897
Total non-current assets	370,042	372,485
Total assets	788,626	821,970

(Millions of Yen)

	As of Mar. 31, 2011	As of Jun. 30, 2011
Liabilities		
Current liabilities:		
Notes and accounts payable	124,103	117,289
Short-term loans	81,442	89,761
Current portion of corporate bonds	30,300	30,000
Accrued income taxes	6,061	5,108
Others	51,973	65,405
Total current liabilities	293,881	307,564
Non-current liabilities:		
Corporate bonds	65,000	65,000
Long-term loans	97,842	111,582
Accrued employees' retirement benefits	21,142	20,838
Accrued officers' retirement benefits	1,689	1,333
Reserves for environmental safety measures	160	160
Others	33,641	33,999
Total non-current liabilities	219,475	232,914
Total liabilities	513,357	540,479
Net assets		
Shareholders' equity		
Common stock	67,176	67,176
Additional paid-in capital	78,334	78,334
Retained earnings	155,062	162,044
Treasury stock	(4,180)	(4,183)
Total shareholders' equity	296,392	303,372
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,213	12,448
Translation adjustments	(51,593)	(52,266)
Total accumulated other comprehensive income	(39,379)	(39,818)
Share subscription rights	569	604
Minority interests	17,686	17,332
Total net assets	275,269	281,491
Total liabilities and net assets	788,626	821,970

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

Consolidated Statements of Operations

	(Millions of Yen)	
	Three months ended Jun. 30, 2010	Three months ended Jun. 30, 2011
Net sales	173,979	166,092
Cost of sales	138,064	130,123
Gross profit	35,914	35,969
Selling, general and administrative expenses	25,582	26,008
Operating income	10,332	9,961
Non-operating income:		
Interest income	189	190
Dividend income	389	473
Equity in earnings of affiliated companies	1,003	698
Other	530	566
Total non-operating income	2,113	1,928
Non-operating expenses:		
Interest expenses	1,154	1,199
Exchange loss	1,138	—
Other	1,141	1,098
Total non-operating expenses	3,434	2,298
Ordinary income	9,011	9,591
Income before tax expenses and minority interests	9,011	9,591
Income taxes	3,576	3,442
Income before minority interests	5,435	6,148
Minority interests	317	268
Net income	5,117	5,880

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Three months ended Jun. 30, 2010	Three months ended Jun. 30, 2011
Income before minority interests	5,435	6,148
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,557)	229
Translation adjustments	(8,036)	(809)
Share of other comprehensive income of associates accounted for using equity method	(57)	(23)
Total other comprehensive income	(12,652)	(603)
Comprehensive income	(7,217)	5,545
(Details)		
Comprehensive income attributable to parent company	(7,247)	5,442
Comprehensive income attributable to minority interests	30	103

(3) Consolidated Statement of Cash Flows

(Millions of Yen)

	Three months ended Jun. 30, 2010	Three months ended Jun. 30, 2011
Operating activities		
Income before income taxes and minority interests	9,011	9,591
Depreciation and amortization	8,486	8,413
Amortization of goodwill	176	171
Increase (decrease) in allowance for doubtful accounts	(158)	283
Increase (decrease) in provision for retirement benefits and prepaid pension cost	665	363
Interest and dividend income	(579)	(663)
Interest expenses	1,154	1,199
Equity in losses (earnings) of affiliates	(1,003)	(698)
Decrease (increase) in notes and accounts receivable	(4,279)	(1,411)
Decrease (increase) in inventories	(3,586)	(7,791)
Increase (decrease) in notes and accounts payable	7,175	(6,951)
Other	12,154	10,253
Subtotal	29,217	12,760
Interest and dividends received	811	1,134
Interest paid	(729)	(795)
Income taxes paid	(3,179)	(4,952)
Net cash provided by operating activities	26,119	8,147
Investing activities		
Net decrease (increase) in time deposits	(159)	396
Purchase of short-term investment securities	(0)	—
Purchase of property, plant and equipment	(6,137)	(11,258)
Proceeds from sales of property, plant and equipment	60	54
Purchase of investment securities	(9)	(159)
Proceeds from sales of investment securities	500	3
Payments for loans receivable	(9)	(21)
Collection of loans receivable	22	27
Other	(634)	(821)
Net cash used in investing activities	(6,367)	(11,777)
Financing activities		
Net increase (decrease) in short-term loans	(3,089)	10,357
Increase in long-term loans	704	14,323
Repayments of long-term loans	(739)	(3,613)
Payments for redemption of corporate bonds	(10,000)	(300)
Acquisition of treasury stock	(4)	(2)
Dividends paid	(2,072)	(3,117)
Dividends paid to minority shareholders	(231)	(353)
Other	28	9,946
Net cash provided by (used in) financing activities	(15,404)	27,240
Effect of exchange rate changes on cash and cash equivalents	(1,892)	(412)
Net increase (decrease) in cash and cash equivalents	2,454	23,197
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	125,891	143,372

(4) Going Concern Assumption

None.

(5) Segment Information

Sales by Reportable Segments

Three months ended June 30, 2010

(Millions of Yen)

	Reportable segments			Other	Total	Adjustments	Consolidated
	Industrial machinery business	Automotive business	Sub-total				
Sales							
(1) Sales to third parties	61,813	105,636	167,449	6,529	173,979	—	173,979
(2) Inter-segment sales and transfers	—	—	—	6,293	6,293	(6,293)	—
Total	61,813	105,636	167,449	12,823	180,273	(6,293)	173,979
Segment income (Operating income)	3,770	7,281	11,052	1,192	12,245	(1,912)	10,332

Three months ended June 30, 2011

(Millions of Yen)

	Reportable segments			Other	Total	Adjustments	Consolidated
	Industrial machinery business	Automotive business	Sub-total				
Sales							
(1) Sales to third parties	67,955	90,245	158,200	7,892	166,092	—	166,092
(2) Inter-segment sales and transfers	—	—	—	7,224	7,224	(7,224)	—
Total	67,955	90,245	158,200	15,116	173,317	(7,224)	166,092
Segment income (Operating income)	7,651	3,052	10,704	808	11,512	(1,551)	9,961

Systemized Products (Photo Fabrication Exposure Equipment) have been moved to “Other” since April 1, 2011.

(6) Substantial Changes in Shareholders' Equity

None.

(7) Subsequent event

NSK's headquarters and some other sales branches were investigated on July 26 and 27, 2011 by Japan Fair Trade Commission (“JFTC”) in relation to the Japan Antimonopoly Act regarding sales of certain products.

NSK is fully cooperating with the relevant JFTC investigation.

As the investigation by JFTC is ongoing, it is difficult to accurately assess the financial effects on NSK at this time.