

4. Others

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

One exclusion. (NSK Precision Co., Ltd.)

(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: Yes

(ii) Changes excluding the above: None

(iii) Changes in accounting estimates: Yes

(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 Dec. 31, 2012 551,268,104 shares As of Mar. 31, 2012 551,268,104 shares

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

As of Dec. 31, 2012 11,349,067 shares As of Mar. 31, 2012 10,708,237 shares

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

Nine months ended Dec. 31, 2012 540,204,905 shares Nine months ended Dec. 31, 2011 540,564,156 shares

(Reference) Consolidated Financial Highlights for the Three Months Ended December 31, 2012

(% 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 Dec. 31, 2012	170,032	(8.0)	4,079	(60.2)	4,907	(47.2)	1,645	(71.5)
Three months ended Dec. 31, 2011	184,753	2.7	10,249	(18.8)	9,301	(23.7)	5,775	(28.3)

(Note) Comprehensive income Three months ended Dec. 31, 2012 26,757 million yen 308.5%
Three months ended Dec. 31, 2011 6,549 million yen (16.2)%

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
Three months ended Dec. 31, 2012	3.05	—
Three months ended Dec. 31, 2011	10.68	—

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 nine months ended December 31, 2012, although economic recovery in the Americas gradually continued, stagnation caused by fiscal and financial uncertainty remained in Europe. In emerging countries, led by China, economic growth slowed due to declining export demand. In Japan, the economy weakened due to declining export demand caused by stagnation in overseas economies and the continued strength of the yen.

In this economic environment, the NSK Group promoted growth strategy and profitability improvement, while striving to expand sales and reduce costs.

As a result, consolidated net sales totaled ¥539,434 million, a year-on-year increase of 0.5%, while operating income totaled ¥22,496 million, a year-on-year decrease of 32.2% due to the impact of the appreciation of the Japanese yen. Ordinary income was ¥21,862 million, a year-on-year decrease of 29.8%. Net income after adjusting for income taxes and minority interests was ¥13,503 million, a year-on-year decrease of 33.0%.

Business Segment Information

① Industrial Machinery Business Segment

Demand in the industrial machinery business has slowed since the beginning of the third quarter of the previous fiscal year. Despite sales promotions in each region, sales of both industrial machinery bearings and precision machinery and parts declined. Looking at results on a regional basis, in Japan, sales in the machine tool and construction machinery sectors, both of which showed steady performance during the previous fiscal year, decreased due to slowing economic growth in China. In the Americas, demand in the aftermarket sector declined, mainly in South America. In Europe, demand in the general machinery and IT/electrical sectors declined. In China, demand in the aftermarket and machine tool sectors declined.

As a result, net sales in the industrial machinery business totaled ¥161,996 million, a year-on-year decrease of 16.4%, and operating income was ¥10,150 million, a year-on-year decrease of 51.2%.

② Automotive Business Segment

In the automotive business, sales of both automotive bearings and automotive components increased. Looking at the geographic breakdown, in Japan, sales increased due to production recovery from the Great East Japan Earthquake and the effect of government subsidies for eco-cars. In the Americas, Japanese automakers' sales recovered and demand for electric power steering (EPS) systems increased as the economy improved. Sales in Europe declined due to continued market stagnation. In China, market expansion slowed, and the impact of declining sales by Japanese automakers affected demand. In Thailand, demand for automotive bearings and EPS systems grew, supported by automotive purchasing incentives and other factors.

As a result, net sales in the automotive business totaled ¥358,237 million, a year-on-year increase of 13.0%, and despite the appreciation of the Japanese yen, operating income totaled ¥16,598 million, a year-on-year increase of 10.4% in line with higher sales.

(2) Qualitative Information Regarding Consolidated Financial Position

Assets and Liabilities

Total assets were ¥839,712 million, a decrease of ¥5,360 million, compared to total assets as of March 31, 2012. The main reasons for this were decreases of ¥23,505 million in cash and deposits and ¥24,300 million in notes and accounts receivable, which offset increases of ¥16,604 million in short-term investment securities, and ¥14,276 million in property, plant and equipment.

Total liabilities were ¥521,129 million, a decrease of ¥24,877 million, compared to total liabilities as of March 31, 2012. The main reasons for this were decreases of ¥18,514 million in notes and accounts payable and ¥38,962 million in long-term loans, which offset an increase of ¥46,520 million in short-term loans.

Net assets

Net assets totaled ¥318,582 million, an increase of ¥19,516 million, compared to net assets as of March 31, 2012. The main reasons for this were increases of ¥13,503 million in net income and ¥7,976 million in translation adjustments.

Cash Flows

Total cash and cash equivalents at the end of the period were ¥131,700 million, a decrease of ¥3,606 million, compared to total cash and cash equivalents as of March 31, 2012, and a year-on-year decrease of ¥27,540 million.

① Net cash flow provided by operating activities

Net cash flow provided by operating activities totaled ¥30,344 million, a decrease of ¥175 million compared to the same period of the previous year. This includes ¥21,508 million in income before income taxes and minority interests, ¥25,093 million provided by depreciation and amortization, and a decrease of ¥26,843 million in notes and accounts receivable, which offset a decrease of ¥19,481 million in notes and accounts payable, an increase of ¥6,534 million in inventories, and ¥9,033 million in income taxes paid.

② Net cash flow used in investing activities

Cash flow used in investing activities totaled ¥32,391 million, a decrease of ¥6,585 million compared to the same period of the previous year. This includes ¥34,066 million for purchase of property, plant and equipment.

③ Net cash flow used in financing activities

Net cash flow used in financing activities totaled ¥2,552 million, an increase of ¥52,804 million compared to the same period of the previous year. Major inflows included an increase of ¥8,086 million in short-term loans, while major outflows included ¥4,880 million for repayments of long-term loans and ¥6,346 million for dividends paid.

(3) Qualitative Information Regarding Consolidated Business Forecast

No revision has been made to the forecasts released on October 30, 2012 for the year ending March 31, 2013.

Exchange rate forecast for the fourth quarter of the year ending March 31, 2013:

U.S.\$1=¥85, 1Euro=¥110

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)

NSK Precision Co., Ltd., one of our consolidated subsidiaries, was absorbed into NSK Ltd. on July 1, 2012.

(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

(Changes in Accounting Policies for Items that are Difficult to be Distinguished from Changes in Accounting Estimates)

In accordance with revisions to the Corporation Tax Act, the Company and its domestic consolidated subsidiaries have revised their method of accounting for depreciation for property, plant and equipment acquired on or after April 1, 2012, in accordance with the post-revision Corporation Tax Act, from the nine months ended December 31, 2012. The impact of these changes on income during the nine months ended December 31, 2012, was immaterial.

(4) Additional Information

(Change in matters concerning fiscal year of consolidated subsidiaries)

2 consolidated subsidiaries used an account closing date of December 31. In order to disclose consolidated financial information in an appropriate manner, from the first quarter of this fiscal year, these companies changed their fiscal year end from December 31 to March 31. Profit and loss for the 3 months from January to March 2012 has been adjusted for as retained earnings.

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of Yen)	
	As of Mar. 31, 2012	As of Dec. 31, 2012
Assets		
Current assets:		
Cash and deposits	72,726	49,220
Notes and accounts receivable	155,234	130,934
Short-term investment securities	66,067	82,671
Finished goods	62,881	68,358
Work in process	37,476	39,875
Raw materials and supplies	15,059	17,734
Others	46,202	47,426
Less allowance for doubtful accounts	(1,015)	(1,132)
Total current assets	454,631	435,088
Non-current assets:		
Property, plant and equipment		
Buildings and structures	70,129	74,825
Machinery, vehicles and equipment	112,551	122,679
Others	68,963	68,416
Total property, plant and equipment	251,644	265,920
Intangible fixed assets	12,526	13,286
Investments and other assets		
Investment securities	74,811	74,756
Prepaid pension costs	42,712	42,032
Others	9,211	9,093
Less allowance for doubtful accounts	(464)	(465)
Total investments and other assets	126,271	125,417
Total non-current assets	390,442	404,624
Total assets	845,073	839,712

(Millions of Yen)

	As of Mar. 31, 2012	As of Dec. 31, 2012
Liabilities		
Current liabilities:		
Notes and accounts payable	137,607	119,093
Short-term loans	84,403	130,924
Current portion of corporate bonds	30,000	30,000
Accrued income taxes	4,764	2,452
Others	51,725	40,015
Total current liabilities	308,501	322,484
Non-current liabilities:		
Corporate bonds	35,000	35,000
Long-term loans	147,346	108,384
Accrued employees' retirement benefits	20,990	19,842
Accrued officers' retirement benefits	1,592	1,610
Reserves for environmental safety measures	136	136
Others	32,439	33,670
Total non-current liabilities	237,506	198,644
Total liabilities	546,007	521,129
Net assets		
Shareholders' equity		
Common stock	67,176	67,176
Additional paid-in capital	78,340	78,340
Retained earnings	178,186	188,501
Treasury stock	(4,188)	(4,516)
Total shareholders' equity	319,514	329,502
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,766	15,084
Translation adjustments	(53,969)	(45,992)
Total accumulated other comprehensive income	(39,202)	(30,907)
Share subscription rights	540	497
Minority interests	18,212	19,490
Total net assets	299,066	318,582
Total liabilities and net assets	845,073	839,712

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

Consolidated Statements of Operations

	(Millions of Yen)	
	Nine months ended Dec. 31, 2011	Nine months ended Dec. 31, 2012
Net sales	536,630	539,434
Cost of sales	425,589	439,239
Gross profit	111,041	100,194
Selling, general and administrative expenses	77,855	77,698
Operating income	33,185	22,496
Non-operating income:		
Interest income	554	383
Dividend income	978	1,193
Equity in earnings of affiliated companies	2,287	2,335
Others	2,429	1,931
Total non-operating income	6,250	5,843
Non-operating expenses:		
Interest expenses	3,653	3,650
Others	4,641	2,826
Total non-operating expenses	8,294	6,477
Ordinary income	31,141	21,862
Extraordinary loss:		
Loss on devaluation of investment securities	863	353
Total extraordinary loss	863	353
Income before tax expenses and minority interests	30,277	21,508
Income taxes	9,469	6,633
Income before minority interests	20,807	14,874
Minority interests	643	1,371
Net income	20,164	13,503

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Nine months ended Dec. 31, 2011	Nine months ended Dec. 31, 2012
Income before minority interests	20,807	14,874
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,122)	339
Translation adjustments	(11,971)	8,433
Share of other comprehensive income of associates accounted for using equity method	(166)	49
Total other comprehensive income	(15,260)	8,822
Comprehensive income	5,547	23,697
(Details)		
Comprehensive income attributable to parent company	5,589	21,813
Comprehensive income attributable to minority interests	(41)	1,883

(3) Consolidated Statement of Cash Flows

(Millions of Yen)

	Nine months ended Dec. 31, 2011	Nine months ended Dec. 31, 2012
Operating activities		
Income before income taxes and minority interests	30,277	21,508
Depreciation and amortization	26,299	25,093
Amortization of goodwill	555	533
Increase (decrease) in allowance for doubtful accounts	71	67
Provision for retirement benefits and prepaid pension cost	(44)	(857)
Interest and dividend income	(1,533)	(1,577)
Interest expenses	3,653	3,650
Equity in losses (earnings) of affiliates	(2,287)	(2,335)
Loss (gain) on devaluation of investment securities	863	353
Decrease (increase) in notes and accounts receivable	(15,819)	26,843
Decrease (increase) in inventories	(17,518)	(6,534)
Increase (decrease) in notes and accounts payable	15,923	(19,481)
Others	(1,615)	(8,009)
Subtotal	38,825	39,255
Interest and dividends received	3,978	3,572
Interest paid	(3,257)	(3,449)
Income taxes paid	(9,027)	(9,033)
Net cash provided by operating activities	30,519	30,344
Investing activities		
Net decrease (increase) in time deposits	(333)	1,867
Purchase of short-term investment securities	(3,600)	(4,800)
Proceeds from sales of short-term investment securities	4,044	6,004
Purchase of property, plant and equipment	(36,374)	(34,066)
Proceeds from sales of property, plant and equipment	1,126	570
Purchase of investment securities	(482)	(211)
Proceeds from sales of investment securities	307	822
Payments for loans receivable	(46)	(64)
Collection of loans receivable	73	96
Others	(3,691)	(2,609)
Net cash used in investing activities	(38,976)	(32,391)
Financing activities		
Net increase (decrease) in short-term loans	7,423	8,086
Increase in long-term loans	62,343	1,761
Repayments of long-term loans	(12,466)	(4,880)
Payments for redemption of corporate bonds	(300)	—
Acquisition of treasury stock	(7)	(324)
Dividends paid	(6,353)	(6,346)
Dividends paid to minority shareholders	(380)	(605)
Others	(6)	(244)
Net cash provided by (used in) financing activities	50,251	(2,552)
Effect of exchange rate changes on cash and cash equivalents	(2,728)	1,093
Net increase (decrease) in cash and cash equivalents	39,066	(3,505)
Cash and cash equivalents at beginning of the year	120,333	135,307
Increase (decrease) in cash and cash equivalents resulting from changes in fiscal year-ends of consolidated subsidiaries	(157)	(101)
Cash and cash equivalents at end of the period	159,241	131,700

(4) Going Concern Assumption

None.

(5) Notes to Quarterly Consolidated Balance Sheet

1. Litigation and Other Legal Matters

(The year ended Mar. 31, 2012)

None.

(The third quarter of the year ending Mar. 31, 2013)

① Prosecution by the Tokyo District Public Prosecutors Office, etc.

The headquarters and its relevant sales branches of NSK were investigated in July 2011, by JFTC in relation to the Japan Antimonopoly Act regarding sales of bearings of NSK. In addition, in April 2012, NSK was searched by the Special Investigation Department of the Tokyo District Public Prosecutors Office and JFTC in relation to the Japan Antimonopoly Act. Furthermore, in June 2012, NSK, its former officers, and its former employee were prosecuted by the Tokyo District Public Prosecutors Office for violating the Antimonopoly Act of Japan regarding sales of bearing products. Moreover, our sales subsidiary in Germany was inspected in November 2011, by the European Commission in relation to EU competition law regarding sales of bearings, and our subsidiary in the U.S. received from the United States Department of Justice a subpoena, which requested that it provide information regarding sales of bearings in November 2011. Besides, our manufacturing and sales subsidiary in Korea was investigated in July 2012, by the Korea Fair Trade Commission in relation to the Monopoly Regulation and Fair Trade Act, regarding sales of bearings of NSK. NSK and the NSK Group are cooperating fully with authorities in Japan and elsewhere 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

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.

NSK and its subsidiary located in the United States 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 the 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 the Actions.

(6) Segment Information

Sales by Reportable Segments

Nine months ended December 31, 2011

(Millions of Yen)

	Reportable segments			Other	Total	Adjustments	Consolidated
	Industrial machinery business	Automotive business	Sub-total				
Sales							
(1) Sales to third parties	193,882	316,975	510,858	25,772	536,630	—	536,630
(2) Inter-segment sales and transfers	—	—	—	21,208	21,208	(21,208)	—
Total	193,882	316,975	510,858	46,981	557,839	(21,208)	536,630
Segment income (Operating income)	20,790	15,036	35,826	2,617	38,443	(5,258)	33,185

Nine months ended December 31, 2012

(Millions of Yen)

	Reportable segments			Other	Total	Adjustments	Consolidated
	Industrial machinery business	Automotive business	Sub-total				
Sales							
(1) Sales to third parties	161,996	358,237	520,233	19,200	539,434	—	539,434
(2) Inter-segment sales and transfers	—	—	—	21,305	21,305	(21,305)	—
Total	161,996	358,237	520,233	40,506	560,740	(21,305)	539,434
Segment income (Operating income)	10,150	16,598	26,749	1,639	28,388	(5,891)	22,496

(7) Substantial Changes in Shareholders' Equity

None.

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