

# NSK Ltd.

For Immediate Release

May 12, 2011

## CONSOLIDATED RESULTS FOR THE YEAR ENDED MARCH 31, 2011

(Unaudited)

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
Date of the ordinary general shareholders' meeting	June 24, 2011
Payment date of cash dividends	June 14, 2011
Filing date of securities report	June 24, 2011

(Figures are rounded down to the nearest million yen)

### 1. Consolidated Financial Highlights for the Year Ended March 31, 2011

#### (1) Consolidated financial results

(% of 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, 2011	710,431	20.9	43,524	285.0	38,572	407.6	26,110	447.9
Year ended Mar. 31, 2010	587,572	(9.3)	11,305	(48.9)	7,598	(55.2)	4,765	4.5

(Note) Comprehensive income  
 Year ended Mar. 31, 2011 15,877 million yen (20.2%)  
 Year ended Mar. 31, 2010 19,905 million yen —

	Net income per share	Net income per share	Return on equity	Ordinary income	Operating income
	- Basic	- Diluted	(ROE)	/Total assets	margin
Year ended Mar. 31, 2011	Yen 48.30	Yen 48.29	% 10.3	% 4.9	% 6.1
Year ended Mar. 31, 2010	8.82	—	2.0	1.0	1.9

(Note) Equity in earnings of affiliates  
 Year ended Mar. 31, 2011 3,568 million yen  
 Year ended Mar. 31, 2010 2,984 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, 2011	788,626	275,269	32.6	475.45
As of Mar. 31, 2010	789,624	264,688	31.4	458.65

(Note) Equity capital  
 As of Mar. 31, 2011 257,012 million yen  
 As of Mar. 31, 2010 247,941 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, 2011	64,973	(33,348)	(32,966)	120,333
Year ended Mar. 31, 2010	51,108	(29,355)	(24,956)	123,437

### 2. Cash Dividends

(Record date)	Cash dividends per share			Total dividend	Dividend payout ratio	Dividend on net assets
	Interim	Year-end	Full-year total	(Full-year)	(Consolidated)	(Consolidated)
Year ended Mar. 31, 2010	Yen 4.00	Yen 4.00	Yen 8.00	Millions of Yen 4,327	% 90.7	% 1.8
Year ended Mar. 31, 2011	5.00	6.00	11.00	5,950	22.8	2.4
Year ending Mar. 31, 2012 (Forecast)	TBD	TBD	TBD		TBD	

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

Due to the difficulty of assessing the impact of the Great East Japan Earthquake at this current time, the Company is currently unable to reasonably provide financial forecasts for the fiscal year ending March 31, 2012. The Company will announce the forecasts as soon as they are available.

### 4. Others

(1) Changes in 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: 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, 2011 551,268,104 shares As of Mar. 31, 2010 551,268,104 shares

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

As of Mar. 31, 2011 10,702,137 shares As of Mar. 31, 2010 10,682,916 shares

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

Year ended Mar. 31, 2011 540,583,220 shares Year ended Mar. 31, 2010 540,585,178 shares

### (Reference)

#### 1. Non-Consolidated Financial Highlights for the Year Ended March 31, 2011

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

(% of 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, 2011	488,639	25.7	9,634	—	10,065	—	8,753	55.8
Year ended Mar. 31, 2010	388,620	(3.9)	(5,284)	—	(9,973)	—	5,616	—

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
Year ended Mar. 31, 2011	16.18	16.18
Year ended Mar. 31, 2010	10.38	—

##### (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, 2011	688,191	241,670	35.0	445.67
As of Mar. 31, 2010	698,402	239,349	34.2	441.64

(Note) Equity capital As of Mar. 31, 2011 241,101 million yen As of Mar. 31, 2010 238,926 million yen

#### Cautionary Statement with Respect to Forward-Looking Statements

Due to the difficulty of assessing the impact of the Great East Japan Earthquake at this current time, the Company is currently unable to reasonably provide financial forecasts for the fiscal year ending March 31, 2012. The Company will announce the forecasts as soon as they are available.

## **1. Qualitative Information and Consolidated Financial Statements**

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

During the fiscal year ended March 31, 2011, economic growth in emerging countries, particularly in China and the ASEAN countries, brought about a gradual overall recovery in the global economy. However, concerns about negative effects to the real economy still exist, due to the risk of slowing growth in emerging economies, higher crude oil prices caused by the changing situation in the Middle East, and a downturn in production activities and consumer confidence due to the impact of the Great East Japan Earthquake.

Among our business segments, demand in the automotive business recovered compared to the previous fiscal year. Expanding automotive markets in emerging countries and economic recovery in all countries in which NSK operates contributed to the improvement in results. Looking at the geographic breakdown, car production in Japan increased thanks to rising exports, although domestic car sales decreased due to the end of subsidies for customers replacing older vehicles. Demand from major car manufacturers in the Americas recovered, while in Europe the weaker euro led to higher automobile production through strong export sales. In China and other Asian countries, demand increased by expanding automobile markets. In the industrial machinery business, demand for both industrial machinery bearings and precision machinery and parts increased due to economic recovery in all countries in which NSK operates, and economic growth in emerging countries. In Japan, demand from construction machinery, machine tool and semi-conductor production equipment manufacturers increased, supported by overseas demand, mainly from China. The gradual economic recovery contributed to increase in demand from the aftermarket sector in the Americas and Europe. In China and other Asian countries, demand for machine tools and infrastructure-related demand and exposure equipment used in LCD panel production increased.

As a result, consolidated net sales totaled ¥710,431 million, a year-on-year increase of 20.9%. Although there were negative effects from reduced export profit margins caused by the appreciation of the Japanese yen, operating income was ¥43,524 million, a year-on-year increase of 285.0%, due to an increase in sales, improved capacity utilization led by growth in production, productivity improvement and reduction of external procurement costs. Ordinary income was ¥38,572 million, a year-on-year increase of 407.6%. Net income after adjusting for tax expenses and minority interests was ¥26,110 million, a year-on-year increase of 447.9%, including a ¥333 million extraordinary loss on devaluation of investment securities.

### **Results by Business Segment**

#### **① Industrial Machinery Business Segment**

In the industrial machinery bearings business, sales to construction machinery and machine tool sector increased greatly in Japan, China and other Asian countries, supported by overseas demand driven by economic growth in emerging countries. In addition, gradual economic recovery and sales expansion activities led to higher sales in the aftermarket sector in the Americas and Europe.

In the precision machinery and parts business, sales in Japan increased significantly, supported by strong demand from machine tool and semiconductor manufacturers in emerging countries. Sales of exposure equipment used in LCD panel production also increased due to robust demand in China and South Korea.

As a result, net sales in the industrial machinery business totaled ¥259,095 million, a year-on-year increase of 28.3%. Despite reduced export profit margins caused by the strong Japanese yen, operating income was ¥20,379 million, thanks to significantly higher volume, productivity improvement and reduced external procurement costs (operating loss was ¥1,660 million in the previous fiscal year).

#### **② Automotive Business Segment**

Sales of both automotive bearings and components increased across all regions despite the negative impact of the Great East Japan Earthquake. Demand for hub unit bearings and electric power steering

(EPS) systems increased, led by expanding automotive markets in emerging countries such as China, and increased demand due to economic recovery in each country. The expansion of the eco-friendly car market in developed countries due to increasing consumer awareness of environmental issues and fuel efficiency also contributed to results.

As a result, net sales in the automotive business totaled ¥424,157 million, a year-on-year increase of 15.7%. Although there were cost increase factors, such as higher prices for raw materials and the appreciation of the Japanese yen, operating income was ¥26,898 million, a year-on-year increase of 47.1% due to significantly higher volume, productivity improvement and reduction of external procurement costs.

### **Business Forecast for the Year Ending March 31, 2012**

Uncertainties remain in the business environment surrounding our production and sales activities due to unfixed future production plans of our automotive customers and restrictions on electricity supply caused by the Great East Japan Earthquake, despite an expected continuation of the gradual recovery in the global economy brought about by increasing demand in emerging markets.

The Company is therefore currently unable to reasonably provide financial forecasts for the fiscal year ending March 31, 2012, due to the difficulty involved in assessing the full impact of the Great East Japan Earthquake at this current time. The Company will announce forecasts as soon as they are available.

## **(2) Qualitative Information Regarding Consolidated Financial Position**

### **Assets and Liabilities**

Total assets were ¥788,626 million, a decrease of ¥997 million compared to total assets as of March 31, 2010. The main reasons for this were decreases of ¥7,373 million in cash and deposits, ¥3,625 million in investment securities, which offset increases of ¥1,948 million in short-term investment securities and ¥2,514 million in finished goods and ¥2,363 million in raw materials and supplies.

Total liabilities were ¥513,357 million, a decrease of ¥11,578 million, compared to total liabilities as of March 31, 2010. The main reasons for this were a decrease of ¥30,300 million in corporate bonds and ¥15,427 million in long-term loans. These offset increases of ¥9,550 million in notes and accounts payable, ¥9,968 million in current portion of long-term loans and ¥5,300 million in current portion of corporate bonds.

### **Net assets**

Net assets totaled ¥275,269 million, an increase of ¥10,580 million compared to net assets as of March 31, 2010. The main reason for this is ¥26,110 million in net income. This offset decreases of ¥1,487 million in unrealized gains on securities and ¥9,585 million in translation adjustments.

### **Cash Flows**

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

Net cash flow provided by operating activities totaled ¥64,973 million, an increase of ¥13,865 million compared to the same period previous year. This includes ¥38,239 million in income before tax expenses and minority interests, ¥34,943 million provided by depreciation and amortization and an increase of ¥10,474 million in notes and accounts payable, which offset an increase of ¥5,366 million in notes and accounts receivable and an increase of ¥10,312 million in inventories.

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

Cash flow used in investing activities totaled ¥33,348 million, an increase of ¥3,993 million compared to the same period previous year. This includes ¥33,543 million for purchase of property, plant and equipment.

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

Net cash flow used in financing activities totaled ¥32,966 million, an increase of ¥8,009 million

compared to the same period previous year. This includes ¥6,330 million for repayment of long-term loans, ¥25,000 million for redemption of corporate bonds and ¥4,873 million of dividends paid.

In aggregate, cash and cash equivalents totaled ¥120,333 million, a year-on-year decrease of ¥3,103 million compared to the end of the previous year.

	As of Mar. 31, 2008	As of Mar. 31, 2009	As of Mar. 31, 2010	As of Mar. 31, 2011
Shareholders' equity to total assets (%)	32.3	31.4	31.4	32.6
Shareholders' equity to total assets at market value (%)	49.3	27.4	50.5	49.1
Debt redemption period (Years)	3.8	27.4	6.0	4.2
Interest coverage ratio (Times)	11.0	2.0	9.2	14.0

•Shareholders' equity to total assets (%): Shareholders' equity/Total assets

•Shareholders' equity to total assets at market value (%): Market capitalization/Total assets

•Debt redemption period (Years): 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, 2011 will be 6.00 yen per share. The full year dividend will be ¥11.00 per share with a dividend of ¥5.00 per share for the first half of the year.

Dividend distribution plan for the year ending March 31, 2012 has not been determined due to the inability to establish a reasonable business forecast. The company will announce a dividend distribution plan as soon as it is formulated.

## 2. Management Policy Statement

### (1) Basic Management Policies

NSK Ltd.'s goal is to establish itself as a world-class company by increasing the value of our corporate brand. Consistent with our corporate philosophy of "Contributing to the World through our Motion & Control technology," our goals are:

- ① To improve the QCDS (i.e. Quality, Cost, Delivery and Service) capabilities of our engineering, manufacturing and sales operations so that we will be able to meet the increasingly diverse needs of our customers and become the No.1 company in terms of customer satisfaction.
- ② To continue to reduce negative environmental impact by effectively using our expertise in tribology, the science of anti-friction and lubrication technologies, which is our core technology and forms the basis of our entire business.
- ③ To be an outstanding corporate citizen in all the locations where we operate.

### (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

In October 2009, we launched our new mid-term plan for the period through to March 31, 2012. In this plan, NSK's mid-term vision is to "Become No.1 in Total Quality". This encompasses not only quality in products, which is the most fundamental requirement of a manufacturer, but also in all the services we provide. In addition to the usual two pillars of growth strategy and profitability enhancement as our basic policies, we will accelerate customer and business-based management, which are supported by sales, production and technology departments through reinforcement of business-based management. By promoting these policies, we will build a business foundation in preparation for next growth phase, which will take place in a dramatically changed business environment.

To realize our mid-term vision, we have put in place the following five key strategies:

- (1) Reinforcement of marketing capability
- (2) Reinforcement of product development capability
- (3) Reinforcement of production capability
- (4) Reinforcement of global management
- (5) Reinforcement of human resource development

### (4) Key Management Tasks

Regarding the external business environment during the fiscal year ending March 31, 2012, although the global economy is on a recovery trend, uncertainties in the business environment still remain, including business risks such as slowdown in emerging countries, the impact of the Great East Japan Earthquake, and fluctuations in exchange rates. Even in this severe environment, we will promote two basic policies - growth strategy and profitability enhancement - through business-based management, in order to enhance the capability of risk resistance and to improve quality in all products and services we provide.

As for countermeasures to realize these basic policies, on the sales side, we will strengthen sales expansion efforts to emerging countries such as China and India and to environmental, infrastructure and energy-related fields. On the technology front, we will create new products in response to technological innovations represented by hybrid-cars and electric vehicles, and will accelerate new-product development. On the production side, we will enhance production capability, including the reinforcement and streamlining of global production sites. By promoting these policies, we will accelerate business-based management, which is supported by the sales, production and technology departments.

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 levels. We

contribute to global environmental protection by meeting increasingly tough demands for energy conservation, and by further expanding our line-up of environmentally-friendly products.

By focusing up to the many tasks at hand, we will continue striving to enhance our corporate value.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2010	As of March 31, 2011
Assets		
Current assets:		
Cash and deposits	78,421	71,047
Notes and accounts receivable	134,409	136,016
Marketable securities	49,438	51,387
Finished goods	59,356	61,871
Work in process	35,341	36,582
Raw materials and supplies	10,831	13,195
Deferred tax assets	10,258	10,452
Others	34,347	38,966
Less allowance for doubtful accounts	(1,237)	(934)
Total current assets	411,167	418,584
Non-current assets:		
Property, plant and equipment		
Buildings and structures	187,951	189,953
Accumulated depreciation	(117,594)	(120,524)
Buildings and structures, net	70,356	69,429
Machinery, vehicles and equipment	508,651	502,261
Accumulated depreciation	(394,191)	(397,277)
Machinery, vehicles and equipment, net	114,460	104,983
Tools, furniture and fixtures	54,339	55,655
Accumulated depreciation	(47,480)	(48,858)
Tools, furniture and fixtures, net	6,858	6,797
Land	37,581	37,554
Lease assets	2,069	2,328
Accumulated depreciation	(801)	(1,017)
Lease assets, net	1,267	1,311
Construction in progress	7,225	15,830
Total property, plant and equipment	237,750	235,906
Intangible fixed assets		
Goodwill	2,548	1,854
Others	8,046	8,655
Total intangible fixed assets	10,594	10,509
Investments and other assets		
Investment securities	75,833	72,207
Long-term loans - receivables	210	250
Deferred tax assets	2,917	2,693
Prepaid pension costs	44,247	42,339
Others	7,491	6,599
Less allowance for doubtful accounts	(589)	(463)
Total investments and other assets	130,111	123,626
Total non-current assets	378,456	370,042
Total assets	789,624	788,626



(Millions of Yen)

	As of March 31, 2010	As of March 31, 2011
Liabilities		
Current liabilities:		
Notes and accounts payable	114,552	124,103
Short-term loans	65,191	65,298
Current portion of long-term loans payable	6,175	16,144
Current portion of corporate bonds	25,000	30,300
Accrued income taxes	4,347	6,061
Others	42,439	51,973
Total current liabilities	257,706	293,881
Non-current liabilities:		
Corporate bonds	95,300	65,000
Long-term loans	113,270	97,842
Deferred tax liabilities	22,811	22,471
Accrued employees' retirement benefits	22,948	21,142
Accrued officers' retirement benefits	1,541	1,689
Reserves for environmental safety measures	167	160
Others	11,189	11,170
Total non-current liabilities	267,229	219,475
Total liabilities	524,935	513,357
Net assets		
Shareholders' equity		
Common stock	67,176	67,176
Additional paid-in capital	78,330	78,334
Retained earnings	134,902	155,062
Treasury stock	(4,160)	(4,180)
Total shareholders' equity	276,248	296,392
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,701	12,213
Translation adjustments	(42,007)	(51,593)
Total accumulated other comprehensive income	(28,306)	(39,379)
Share subscription rights	423	569
Minority interests	16,323	17,686
Total net assets	264,688	275,269
Total liabilities and net assets	789,624	788,626

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

**Consolidated Statements of Operations**

(Millions of Yen)

	Year ended Mar. 31, 2010	Year ended Mar. 31, 2011
Net sales	587,572	710,431
Cost of sales	482,743	562,952
Gross profit	104,829	147,478
Selling, general and administrative expenses		
Packing and haulage expenses	14,391	17,631
Sales commission	1,435	1,685
Salaries and wages	33,286	36,634
Welfare expenses	5,487	5,731
Retirement payments	668	283
Provision for retirement benefits	3,106	2,823
Provision for officers' retirement benefits	419	325
Rent expenses	5,948	5,834
Depreciation and amortization	3,336	3,369
Transportation and communication expenses	4,397	4,827
Provision of allowance for doubtful accounts	276	85
Research and development expenses	7,524	9,087
Others	13,246	15,636
Total selling, general and administrative expenses	93,524	103,954
Operating income	11,305	43,524
Non-operating income:		
Interest income	815	864
Dividend income	1,121	878
Equity in earnings of affiliated companies	2,984	3,568
Others	4,407	2,865
Total non-operating income	9,328	8,177
Non-operating expenses:		
Interest expenses	5,441	4,656
Product compensation	4,516	3,125
Exchange loss	—	1,388
Others	3,075	3,957
Total non-operating expenses	13,034	13,128
Ordinary income	7,598	38,572
Extraordinary loss:		
Loss on devaluation of investment securities	—	333
Business restructuring expenses	1,263	—
Total extraordinary loss	1,263	333
Income before tax expenses and minority interests	6,335	38,239
Current income taxes	5,030	10,219
Deferred income taxes	(4,211)	586
Total income taxes	819	10,805
Income before minority interests	—	27,434
Minority interests	750	1,324
Net income	4,765	26,110

## Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Year ended Mar. 31, 2010	Year ended Mar. 31, 2011
Income before minority interests	—	27,434
Other comprehensive income		
Valuation difference on available-for-sale securities	—	(1,535)
Translation adjustments	—	(10,032)
Share of other comprehensive income of associates accounted for using equity method	—	9
Total other comprehensive income	—	(11,557)
Comprehensive income	—	15,877
(Details)		
Comprehensive income attributable to parent company	—	15,118
Comprehensive income attributable to minority interests	—	758

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

(Millions of Yen)

	Year ended Mar. 31, 2010	Year ended Mar. 31, 2011
Shareholders' equity		
Common stock		
Balance at the end of previous period	67,176	67,176
Balance at the end of current period	67,176	67,176
Additional paid-in capital		
Balance at the end of previous period	78,324	78,330
Changes of items during the period		
Disposal of treasury stock	5	4
Total changes of items during the period	5	4
Balance at the end of current period	78,330	78,334
Retained earnings		
Balance at the end of previous period	134,455	134,902
Changes of items during the period		
Cash dividends	(4,327)	(5,950)
Net income	4,765	26,110
Increase due to changes in fiscal year-ends of consolidated subsidiaries and affiliates	9	—
Total changes of items during the period	447	20,159
Balance at the end of current period	134,902	155,062
Treasury stock		
Balance at the end of previous period	(4,149)	(4,160)
Changes of items during the period		
Purchase of treasury stock	(22)	(27)
Disposal of treasury stock	10	7
Total changes of items during the period	(11)	(19)
Balance at the end of current period	(4,160)	(4,180)
Total shareholders' equity		
Balance at the end of previous period	275,807	276,248
Changes of items during the period		
Cash dividends	(4,327)	(5,950)
Net income	4,765	26,110
Increase due to changes in fiscal year-ends of consolidated subsidiaries and affiliates	9	—
Purchase of treasury stock	(22)	(27)
Disposal of treasury stock	16	12
Total changes of items during the period	441	20,144
Balance at the end of current period	276,248	296,392

(Millions of Yen)

	Year ended Mar. 31, 2010	Year ended Mar. 31, 2011
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	5,528	13,701
Changes of items during the period		
Net changes of items other than shareholders' equity	8,172	(1,487)
Total changes of items during the period	8,172	(1,487)
Balance at the end of current period	13,701	12,213
Translation adjustments		
Balance at the end of previous period	(47,940)	(42,007)
Changes of items during the period		
Net changes of items other than shareholders' equity	5,932	(9,585)
Total changes of items during the period	5,932	(9,585)
Balance at the end of current period	(42,007)	(51,593)
Total other comprehensive income		
Balance at the end of previous period	(42,412)	(28,306)
Changes of items during the period		
Net changes of items other than shareholders' equity	14,105	(11,073)
Total changes of items during the period	14,105	(11,073)
Balance at the end of current period	(28,306)	(39,379)
Share subscription rights		
Balance at the end of previous period	289	423
Changes of items during the period		
Net changes of items other than shareholders' equity	133	146
Total changes of items during the period	133	146
Balance at the end of current period	423	569
Minority interests		
Balance at the end of previous period	15,102	16,323
Changes of items during the period		
Net changes of items other than shareholders' equity	1,221	1,363
Total changes of items during the period	1,221	1,363
Balance at the end of current period	16,323	17,686
Total net assets		
Balance at the end of previous period	248,787	264,688
Changes of items during the period		
Cash dividends	(4,327)	(5,950)
Net income	4,765	26,110
Increase due to changes in fiscal year-ends of consolidated subsidiaries and affiliates	9	—
Purchase of treasury stock	(22)	(27)
Disposal of treasury stock	16	12
Net changes of items other than shareholders' equity	15,460	(9,563)
Total changes of items during the period	15,901	10,580
Balance at the end of current period	264,688	275,269

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

(Millions of Yen)

	Year ended Mar. 31, 2010	Year ended Mar. 31, 2011
Operating activities		
Income before income taxes and minority interests	6,335	38,239
Depreciation and amortization	37,149	34,943
Amortization of goodwill	866	760
Increase (decrease) in allowance for doubtful accounts	(287)	(363)
Increase (decrease) in provision for retirement benefits and prepaid pension cost	(943)	822
Interest and dividend income	(1,936)	(1,743)
Interest expenses	5,441	4,656
Equity in losses (earnings) of affiliates	(2,984)	(3,568)
Loss (gain) on devaluation of investment securities	—	333
Business restructuring expenses	1,263	—
Decrease (increase) in notes and accounts receivable	(36,523)	(5,366)
Decrease (increase) in inventories	2,178	(10,312)
Increase (decrease) in notes and accounts payable	41,112	10,474
Other	(768)	3,567
Subtotal	50,902	72,444
Interest and dividends received	3,276	5,242
Interest paid	(5,554)	(4,638)
Income taxes paid	2,483	(8,074)
Net cash provided by operating activities	51,108	64,973
Investing activities		
Net decrease (increase) in time deposits	(5)	(874)
Purchase of short-term investment securities	(4,802)	(8,299)
Proceeds from sales of short-term investment securities	40	9,600
Purchase of property, plant and equipment	(22,053)	(33,543)
Proceeds from sales of property, plant and equipment	930	498
Purchase of investment securities	(3,564)	(140)
Proceeds from sales of investment securities	2,309	1,840
Proceeds from purchase of subsidiary companies' stock resulting in changes in scope of consolidation	—	15
Payments for purchase of subsidiary companies' stock resulting in changes in scope of consolidation	(413)	—
Payments for loans receivable	(340)	(58)
Collection of loans receivable	498	344
Other	(1,955)	(2,730)
Net cash provided by investing activities	(29,355)	(33,348)
Financing activities		
Net increase (decrease) in short-term loans	(11,874)	1,908
Increase in long-term loans	11,479	1,626
Repayments of long-term loans	(13,007)	(6,330)
Payments for redemption of corporate bonds	(7,000)	(25,000)
Acquisition of treasury stock	(22)	(22)
Dividends paid	(4,335)	(4,873)
Dividends paid to minority shareholders	(157)	(244)
Other	(38)	(29)
Net cash provided by financing activities	(24,956)	(32,966)

(Millions of Yen)

	Year ended Mar. 31, 2010	Year ended Mar. 31, 2011
Effect of exchange rate changes on cash and cash equivalents	1,219	(1,762)
Net increase (decrease) in cash and cash equivalents	(1,984)	(3,103)
Cash and cash equivalents at beginning of the year	124,944	123,437
Increase in cash and cash equivalents resulting from changes in fiscal year-ends of consolidated subsidiaries	477	—
Cash and cash equivalents at end of the period	123,437	120,333

## (5) Going Concern Assumption

None.

## (6) Important Items Regarding the Preparation of the Consolidated Financial Statements

### 1. Items Regarding the Scope of Consolidated Subsidiaries and Affiliates

#### (1) Consolidated subsidiaries

Number of consolidated subsidiaries:

90 companies (21 Japanese entities and 69 non-Japanese entities).

Names of principal companies:

NSK Steering Systems Co., Ltd.,  
NSK Precision Co., Ltd., NSK Needle Bearings Co., Ltd.,  
Amatsuji Steel Ball Mfg. Co., Ltd., NSK Americas, Inc., NSK Brasil Ltda.,  
NSK Europe Ltd., P.T. NSK Bearings Manufacturing Indonesia,  
Kunshan NSK Co., Ltd., NSK Korea Co., Ltd.

#### (2) Affiliated companies accounted for by the equity method

Number of affiliated companies accounted for by the equity method:

14 companies (9 Japanese entities and 5 non-Japanese entities).

Names of principal companies:

NSK-Warner Kabushiki Kaisha

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

Consolidated subsidiaries

- Increase due to the inclusion of newly established entities: 2 companies  
ADTech Corporation  
Shenyang NSK Co., Ltd.
- Increase due to transfer from the scope of affiliates accounted for by the equity method: 1 company  
Rane NSK Steering Systems Ltd.
- Decrease due to absorption-type merger: 3 companies  
NSK Fukushima Co., Ltd.  
NSK-Sayama Co., Ltd.  
NSK Precision Europe GMBH
- Decrease due to liquidation : 1 company  
NSK Career Support Co., Ltd.

Affiliates accounted for by the equity method

- Decrease due to transfer to the scope of consolidated subsidiaries: 1 company  
Rane NSK Steering Systems Ltd.
- Decrease due to transfer of stock: 1 company  
Industria Cusinetti SpA

### 2. Items Regarding the Balance Sheet Dates of Consolidated Subsidiaries

The balance sheet date is December 31 for 17 non-Japanese subsidiaries, February 28 for Kuribayashi Seisakusho Co., Ltd., and March 31 for all other subsidiaries.

In preparing the consolidated financial statements, the non-consolidated financial statements as of the aforementioned dates are used, and necessary adjustments are made for important transactions between consolidated subsidiaries occurring between the aforementioned dates and the consolidated balance sheet date.



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, 2010).

## **(7) Changes to Important Items Regarding the Preparation of the Consolidated Financial Statements**

Beginning from the first quarter of the fiscal year ended March 31, 2011, the Company has applied “Accounting Standard for Asset Retirement Obligations”(ASBJ Statement No.18) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No.21).

The effect of this change on consolidated financial statements was not material.

## **(8) Notes to the Consolidated Financial statements**

### **① Consolidated Statement of Comprehensive Income**

#### **Year ended March 31, 2011**

	(Million of yen)
Consolidated comprehensive income for the fiscal year immediately preceding the fiscal year ended March 31, 2011	
Comprehensive income attributable to parent company	18,870
Comprehensive income attributable to minority interests	1,034
<b>Total</b>	<b>19,905</b>
Other consolidated comprehensive income for the fiscal year immediately preceding the fiscal year ended March 31, 2011	
Valuation difference on available-for-sale securities	8,184
Translation adjustments	6,113
Share of other comprehensive income of associates accounted for using equity method	91
<b>Total</b>	<b>14,389</b>

## 【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 segment and Automotive segment as its two reportable segments.

The Industrial Machinery business is in charge of production and sales of industrial machinery bearings, ball screws, linear guides and exposure equipment for LCD panel production.

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, 2010

(Millions of Yen)

	Reportable segments			Other (Note)	Total	Adjustments	Consolidated
	Industrial machinery business	Automotive business	Sub-total				
Sales							
(1) Sales to third parties	201,963	366,463	568,427	19,145	587,572	—	587,572
(2) Inter-segment sales and transfers	—	—	—	15,753	15,753	(15,753)	—
Total	201,963	366,463	568,427	34,898	603,326	(15,753)	587,572
Segment income (loss) (Operating income)	(1,660)	18,281	16,621	(171)	16,449	(5,144)	11,305
Segment assets	270,544	320,036	590,581	72,276	662,858	126,766	789,624
Other items							
Depreciation and amortization	18,134	16,895	35,029	2,982	38,011	(862)	37,149
Investments in affiliated companies	3,445	13,173	16,619	630	17,250	—	17,250
Increase in tangible and intangible assets	9,321	11,218	20,540	1,278	21,818	—	21,818

(Note) "Other" includes production of plant and equipment, and production and sales of steel balls.

Year ended March 31, 2011

(Millions of Yen)

	Reportable segments			Other (Note)	Total	Adjustments	Consolidated
	Industrial machinery business	Automotive business	Sub-total				
Sales							
(1) Sales to third parties	259,095	424,157	683,253	27,178	710,431	—	710,431
(2) Inter-segment sales and transfers	—	—	—	25,930	25,930	(25,930)	—
Total	259,095	424,157	683,253	53,108	736,362	(25,930)	710,431
Segment income (Operating income)	20,379	26,898	47,278	3,500	50,778	(7,254)	43,524
Segment assets	269,886	320,709	590,595	80,273	670,869	117,757	788,626
Other items							
Depreciation and amortization	15,786	17,038	32,824	2,882	35,707	(764)	34,943
Investments in affiliated companies	3,772	12,515	16,288	629	16,917	—	16,917
Increase in tangible and intangible assets	16,927	21,099	38,027	3,636	41,664	(369)	41,294

(Note) "Other" includes production of plant and equipment, and production and sales of steel balls.

**【Related Information】**

Year ended March 31, 2011

**1. Information by Products and Services**

Same as 【Segment Information】 .

**2. Information by Region****(1) Sales**

Year ended March 31, 2011

(Millions of Yen)

Japan	The Americas	Europe	China	Other Asia	Total
354,542	85,466	102,176	82,587	85,658	710,431

**(2) Tangible assets**

Year ended March 31, 2011

(Millions of Yen)

Japan	The Americas	Europe	China	Other Asia	Total
149,989	16,363	19,865	25,193	24,495	235,906

**3. Information by Major Customers**

Not applicable.

## 【Per Share Information】

Year ended Mar. 31, 2010		Year ended Mar. 31, 2011	
Net income per share - Basic (Yen)	458.65	Net income per share - Basic (Yen)	475.45
Net income per share (Yen)	8.82	Net income per share (Yen)	48.30
		Net income per share - Diluted (Yen)	48.29
※Net income per share - Diluted (Yen) is not described because there are no potentially dilutive securities.			

Note: Net income per share and diluted net income per share have been calculated on the basis of the following data;

	Year ended Mar. 31, 2010	Year ended Mar. 31, 2011
Net income per share - Basic		
Net income (Millions of Yen)	4,765	26,110
Amounts not attributable to common stock (Millions of Yen)	—	—
Net income attributable to common stock (Millions of Yen)	4,765	26,110
Average number of shares outstanding during each period	540,585	540,583
Net income per share - Diluted		
Adjustments to net income (Millions of Yen)	—	—
Increase in number of common stock (Thousands of shares)	—	135
(Share subscription rights included (Thousands of shares))	(—)	(135)

	Year ended Mar. 31, 2010	Year ended Mar. 31, 2011
Outline of dilutive shares not included in the calculation of diluted net income per share as they do not have a dilutive effect	<p>Stock options (share subscription rights) approved at the General Shareholders' Meeting held on June 29, 2005 Number of share subscription rights: 398</p> <p>Stock options (share subscription rights) approved at the General Shareholders' Meeting held on June 27, 2006 Number of share subscription rights: 662</p> <p>Stock options (share subscription rights) approved at the General Shareholders' Meeting held on June 26, 2007 Number of share subscription rights: 743</p> <p>Stock options (share subscription rights) approved at the General Shareholders' Meeting held on June 25, 2008 Number of share subscription rights: 785</p> <p>Stock options (share subscription rights) approved at the General Shareholders' Meeting held on June 25, 2009 Number of share subscription rights: 828</p>	<p>Stock options (share subscription rights) approved at the General Shareholders' Meeting held on June 27, 2006 Number of share subscription rights: 662</p> <p>Stock options (share subscription rights) approved at the General Shareholders' Meeting held on June 26, 2007 Number of share subscription rights: 743</p> <p>Stock options (share subscription rights) approved at the General Shareholders' Meeting held on June 25, 2008 Number of share subscription rights: 785</p>

**【Subsequent events】**

Not applicable.

#### 4. Non-Consolidated Financial Statements

##### (1) Non-Consolidated Balance Sheets

(Millions of Yen)

	As of Mar. 31, 2010	As of Mar. 31, 2011
<b>Assets</b>		
Current assets		
Cash and deposits	38,453	31,628
Notes receivable	4,001	7,576
Accounts receivables - trade	95,305	95,815
Marketable securities	43,055	45,107
Finished products	19,342	20,388
Work in process	11,768	11,240
Raw materials and supplies	1,357	1,589
Prepaid expenses	792	976
Deferred tax assets	6,257	5,110
Short-term loans - receivables	8,838	7,407
Accounts receivables - other	44,767	48,041
Others	2,033	3,089
Allowance for doubtful accounts	(165)	(159)
Total current assets	275,806	277,813
Non-current assets		
Property, plant and equipment		
Buildings	92,117	93,499
Accumulated depreciation	(64,647)	(66,649)
Buildings, net	27,469	26,850
Structures	8,069	8,228
Accumulated depreciation	(6,446)	(6,701)
Structures, net	1,622	1,526
Machinery and equipment	174,936	193,889
Accumulated depreciation	(142,758)	(161,918)
Machinery and equipment, net	32,177	31,970
Vehicles and transportation equipment	578	593
Accumulated depreciation	(511)	(545)
Vehicles and transportation equipment, net	67	47
Tools and spare parts	21,308	22,817
Accumulated depreciation	(19,506)	(20,896)
Tools and spare parts, net	1,801	1,921
Land	16,309	16,292
Lease assets	602	816
Accumulated depreciation	(100)	(250)
Lease assets, net	501	566
Construction in progress	1,280	2,969
Total property, plant and equipment	81,231	82,146
Intangible fixed assets		
Leasehold rights	983	983
Software	5,273	5,773
Others	293	317
Total intangible fixed assets	6,550	7,074

(Millions of Yen)

	As of Mar. 31, 2010	As of Mar. 31, 2011
Investment and other assets		
Investment securities	49,245	46,370
Affiliated company stocks	207,525	202,613
Investments in affiliated companies	20,225	23,295
Long-term loans - receivables	95	95
Long-term loans to affiliated companies - receivables	10,107	4,804
Claims provable in bankruptcy, claims provable in rehabilitation and other	221	147
Long-term prepaid expenses	156	129
Prepaid pension costs	42,552	40,127
Other investments and assets	5,150	3,973
Allowance for doubtful accounts	(465)	(399)
Total investments and assets	<u>334,814</u>	<u>321,157</u>
Total non-current assets	<u>422,595</u>	<u>410,378</u>
Total assets	<u>698,402</u>	<u>688,191</u>



(Millions of Yen)

	As of Mar. 31, 2010	As of Mar. 31, 2011
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable	1,439	1,837
Accounts payable - trade	123,409	123,881
Short-term loans	63,978	68,490
Current portion of long-term loans payable	—	14,000
Current portion of corporate bonds	25,000	30,000
Lease obligations	125	166
Accounts payable - other	5,191	10,365
Accrued expenses	12,520	13,991
Accrued income taxes	756	1,544
Advances received	768	603
Deposits received	992	977
Notes payable-facilities	15	62
<b>Total current liabilities</b>	<b>234,198</b>	<b>265,920</b>
<b>Non-current liabilities</b>		
Corporate bonds	95,000	65,000
Long-term loans	103,100	89,100
Long-term loans payable to subsidiaries and affiliates	4,000	5,000
Lease obligations	385	405
Deferred tax liabilities	18,300	16,788
Accrued employees' retirement benefits	350	379
Accrued officers' retirement benefits	1,541	1,689
Reserves for environmental safety measures	160	133
Other non-current liabilities	2,015	2,103
<b>Total non-current liabilities</b>	<b>224,854</b>	<b>180,600</b>
<b>Total liabilities</b>	<b>459,053</b>	<b>446,520</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	67,176	67,176
Additional paid-in capital		
Capital reserve	77,923	77,923
Other additional paid-in capital	260	265
<b>Total additional paid-in capital</b>	<b>78,184</b>	<b>78,189</b>
<b>Retained earnings</b>		
Legal reserve	10,292	10,292
Other retained earnings		
Reserve for R&D	1,627	1,627
Reserve for advanced depreciation	3,532	3,449
General reserves	65,766	61,766
Retained earnings carried forward	1,978	9,945
<b>Total retained earnings</b>	<b>83,196</b>	<b>87,080</b>
Treasury stock	(3,917)	(3,933)
<b>Total shareholders' equity</b>	<b>224,639</b>	<b>228,512</b>
<b>Valuation, translation adjustments and other</b>		
Unrealized holding gains on securities	14,287	12,588
<b>Total valuation, translation adjustments and other</b>	<b>14,287</b>	<b>12,588</b>
Share subscription rights	423	569

(Millions of Yen)

	As of Mar. 31, 2010	As of Mar. 31, 2011
Total net assets	239,349	241,670
Total liabilities and net assets	698,402	688,191

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

(Millions of Yen)

	Year ended Mar. 31, 2010	Year ended Mar. 31, 2011
Net sales	388,620	488,639
Cost of sales	344,912	422,544
Gross profit	43,707	66,094
Selling, general and administrative expenses		
Packing and haulage expenses	9,480	12,264
Sales commission	2,043	2,629
Salaries and wages	11,935	15,134
Welfare expenses	1,897	2,170
Retirement payments	156	68
Provision for retirement benefits	2,624	1,639
Provision for officers' retirement benefits	419	325
Rent expenses	3,100	3,368
Depreciation and amortization	1,806	1,812
Transportation and communication expenses	1,401	1,715
Provision of allowance for doubtful accounts	25	—
Research and development expenses	5,850	6,059
Others	8,251	9,272
Total selling, general and administrative expenses	48,992	56,459
Operating income (loss)	(5,284)	9,634
Non-operating income:		
Interest income	416	295
Interest on securities	78	36
Dividend income	2,082	6,430
Others	630	1,024
Total non-operating income	3,207	7,787
Non-operating expenses:		
Interest expenses	2,072	2,077
Interest on bonds	2,059	1,779
Exchange losses	187	423
Product compensation	2,933	1,775
Others	644	1,300
Total non-operating expenses	7,896	7,356
Ordinary income (loss)	(9,973)	10,065
Extraordinary income:		
Gain on cancellation of shares due to absorption of a subsidiary	10,862	—
Total extraordinary income	10,862	—
Extraordinary expenses:		
Loss on devaluation of investment securities	—	332
Total extraordinary expenses	—	332
Income before income taxes	889	9,732
Current income taxes	(797)	(240)
Deferred income taxes	(3,930)	1,219
Total income taxes	(4,727)	979
Net income	5,616	8,753

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

(Millions of Yen)

	Year ended Mar. 31, 2010	Year ended Mar. 31, 2011
Shareholders' equity		
Common stock		
Balance at the end of previous period	67,176	67,176
Balance at the end of current period	67,176	67,176
Additional paid-in capital		
Capital reserves		
Balance at the end of previous period	77,923	77,923
Balance at the end of current period	77,923	77,923
Other additional paid-in capital		
Balance at the end of previous period	255	260
Changes of items during the period		
Disposal of treasury stock	5	4
Total changes of items during the period	5	4
Balance at the end of current period	260	265
Total additional paid-in capital		
Balance at the end of previous period	78,178	78,184
Changes of items during the period		
Disposal of treasury stock	5	4
Total changes of items during the period	5	4
Balance at the end of current period	78,184	78,189
Retained earnings		
Legal reserves		
Balance at the end of previous period	10,292	10,292
Balance at the end of current period	10,292	10,292
Other retained earnings		
Reserve for corporate research		
Balance at the end of previous period	1,627	1,627
Balance at the end of current period	1,627	1,627
Reserve for advanced depreciation of fixed assets		
Balance at the end of previous period	3,620	3,532
Changes of items during the period		
Reversal of reserve for advanced depreciation of fixed assets	(88)	(82)
Total changes of items during the period	(88)	(82)
Balance at the end of current period	3,532	3,449
General reserve		
Balance at the end of previous period	65,766	65,766
Changes of items during the period		
Reversal of other reserve	—	(4,000)
Total changes of items during the period	—	(4,000)
Balance at the end of current period	65,766	61,766
Retained earnings carried forward		
Balance at the end of previous period	601	1,978
Changes of items during the period		
Cash dividends	(4,327)	(4,869)
Net income	5,616	8,753
Reversal of reserve for advanced depreciation of fixed assets	88	82

(Millions of Yen)

	Year ended Mar. 31, 2010	Year ended Mar. 31, 2011
Reversal of other reserve	—	4,000
Total changes of items during the period	1,377	7,966
Balance at the end of current period	1,978	9,945
Total retained earnings		
Balance at the end of previous period	81,907	83,196
Changes of items during the period		
Cash dividends	(4,327)	(4,869)
Net income	5,616	8,753
Reversal of reserve for advanced depreciation of fixed assets	—	—
Provision of general reserve	—	—
Total changes of items during the period	1,288	3,884
Balance at the end of current period	83,196	87,080
Treasury stock		
Balance at the end of previous period	(3,910)	(3,917)
Changes of items during the period		
Purchase of treasury stock	(18)	(22)
Disposal of treasury stock	10	7
Total changes of items during the period	(7)	(15)
Balance at the end of current period	(3,917)	(3,933)
Total shareholders' equity		
Balance at the end of previous period	223,352	224,639
Changes of items during the period		
Cash dividends	(4,327)	(4,869)
Net income	5,616	8,753
Purchase of treasury stock	(18)	(22)
Disposal of treasury stock	16	12
Total changes of items during the period	1,286	3,873
Balance at the end of current period	224,639	228,512
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	7,206	14,287
Changes of items during the period		
Net change during the year, excluding items under shareholders' equity	7,081	(1,698)
Total changes of items during the period	7,081	(1,698)
Balance at the end of current period	14,287	12,588
Total valuation and translation adjustments		
Balance at the end of previous period	7,206	14,287
Changes of items during the period		
Net change during the year, excluding items under shareholders' equity	7,081	(1,698)
Total changes of items during the period	7,081	(1,698)
Balance at the end of current period	14,287	12,588
Share subscription rights		
Balance at the end of previous period	289	423
Changes of items during the period		
Net change during the year, excluding items under shareholders' equity	133	146
Total changes of items during the period	133	146
Balance at the end of current period	423	569

(Millions of Yen)

	Year ended Mar. 31, 2010	Year ended Mar. 31, 2011
Total net assets		
Balance at the end of previous period	230,848	239,349
Changes of items during the period		
Cash dividends	(4,327)	(4,869)
Net income	5,616	8,753
Purchase of treasury stock	(18)	(22)
Disposal of treasury stock	16	12
Net change during the year, excluding items under shareholders' equity	7,214	(1,552)
Total changes of items during the period	8,501	2,321
Balance at the end of current period	239,349	241,670

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

Not applicable.