

NSK Ltd.

For Immediate Release

July 30, 2012

CONSOLIDATED RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2012 (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	Yukio Ikemura, Vice President
Filing date of quarterly securities report	August 9, 2012

(Amounts are rounded down to the nearest million yen)

1. Consolidated Financial Highlights for the Three Months Ended June 30, 2012

(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, 2012	190,075	14.4	12,130	21.8	11,286	17.7	6,996	19.0
Three months ended Jun. 30, 2011	166,092	(4.5)	9,961	(3.6)	9,591	6.4	5,880	14.9

(Note) Comprehensive income Year ended Jun. 30, 2012 (5,264) million yen - %
Year ended Jun. 30, 2011 5,545 million yen - %

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
Three months ended Jun. 30, 2012	12.94	—
Three months ended Jun. 30, 2011	10.88	10.88

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity to total assets
	Millions of Yen	Millions of Yen	%
As of Jun. 30, 2012	834,656	293,414	33.0
As of Mar. 31, 2012	845,073	299,066	33.2

(Note) Equity capital As of Jun. 30, 2012 275,098 million yen As of Mar. 31, 2012 280,312 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, 2012	—	6.00	—	6.00	12.00
Year ending Mar. 31, 2013	—	—	—	—	—
Year ending Mar. 31, 2013 (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, 2013

(% 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, 2012	385,000	9.4	22,000	(4.1)	20,000	(8.4)	12,000	(16.6)	22.20
Year ending Mar. 31, 2013	780,000	6.4	50,000	12.6	46,000	9.5	30,000	5.2	55.50

(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: 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 Jun. 30, 2012	551,268,104 shares	As of Mar. 31, 2012	551,268,104 shares
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(ii) Number of treasury stock at the end of each period:

As of Jun. 30, 2012	10,709,663 shares	As of Mar. 31, 2012	10,708,237 shares
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(iii) Average number of shares issued and outstanding in each period:

Three months ended Jun. 30, 2012	540,558,404 shares	Three months ended Jun. 30, 2011	540,563,234 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 31, 2013, overall economic growth showed a downturn due to the effect of financial uncertainty in several European countries, although Japanese economic growth gradually recovered supported by demand recovery following the Great East Japan Earthquake.

In this economic situation, the NSK Group has promoted growth strategy and profitability improvement, and has striven to expand sales and reduce cost.

As a result, consolidated net sales totaled ¥190,075 million, a year-on-year increase of 14.4%, and operating income totaled ¥12,130 million, a year-on-year increase of 21.8%. Ordinary income was ¥11,286 million, a year-on-year increase of 17.7%. Net income after adjusting for tax expenses and minority interests was ¥6,996 million, a year-on-year increase of 19.0%.

Business Segment Information

① Industrial Machinery Business Segment

In the industrial machinery business, demand has slowed since the beginning of the third quarter for the fiscal year ended March 31, 2012. Despite sales promotions in each region, sales of both industrial machinery bearings and precision machinery and parts decreased except in ASEAN countries. Looking at results on a regional basis, in Japan, demand in the machine tool sector, which showed favorable performance during the previous fiscal year, and in the construction sector decreased due to slowed economic growth in China. In the Americas, demand in the aftermarket sector declined, mainly in South America, and in Europe, demand in the IT/electrical sector decreased. In China, demand in aftermarket sector and machine tool sector declined.

As a result, net sales in the industrial machinery business totaled ¥57,117 million, a year-on-year decrease of 15.9%, and operating income was ¥5,395 million, a year-on-year decrease of 29.5%.

② Automotive Business Segment

In the automotive business, sales for both automotive bearings and automotive products increased. Looking at the geographic breakdown, in Japan, sales greatly expanded thanks to the production recovery from the Great East Japan Earthquake and the effect of government subsidies for eco-cars. In the Americas, sales by Japanese automakers recovered, and demand for electric power steering (EPS) systems increased. In Europe, sales declined due to market stagnation as well as the appreciation of the Japanese yen. In Asia, despite the impact of the slowing Chinese economy, demand for automotive bearings and EPS systems expanded, supported by factors such as the automotive purchasing promotion policy in Thailand.

As a result, net sales in the automotive business totaled ¥126,160 million, a year-on-year increase of 39.8%, and operating income totaled ¥7,804 million, a year-on-year increase of 155.7%, despite the appreciation of the Japanese yen.

(2) Qualitative Information Regarding Consolidated Financial Position

Assets and Liabilities

Total assets were ¥834,656 million, a decrease of ¥10,417 million, compared to total assets as of March 31, 2012. The main reasons for this were decreases of ¥20,599 million in cash and deposits, ¥6,539 million in notes and accounts receivable, ¥4,191 million in property, plant and equipment, and ¥6,356 million in investment securities, which offset an increase of ¥26,102 million in short-term investment securities.

Total liabilities were ¥541,242 million, a decrease of ¥4,765 million, compared to total liabilities as of

March 31, 2012. The main reasons for this were decreases of ¥2,110 million in short-term loans and ¥1,607 million in accrued income taxes.

Net assets

Net assets totaled ¥293,414 million, a decrease of ¥5,652 million, compared to net assets as of March 31, 2012. The main reasons for this were decreases of ¥3,335 million in valuation difference on available-for-sale securities, and ¥8,928 million in translation adjustments, which offset an increase of ¥6,996 million in net income.

Cash Flows

Total cash and cash equivalents at the end of the period were ¥141,427 million, an increase of ¥6,120 million, compared to total cash and cash equivalents as of March 31, 2012, and a year-on-year decrease of ¥1,945 million.

① Net cash flow provided by operating activities

Net cash flow provided by operating activities totaled ¥22,391 million, an increase of ¥14,244 million compared to the same period previous year. This includes ¥10,627 million in income before tax expenses and minority interests, ¥8,114 million provided by depreciation and amortization, a decrease of ¥2,007 million in notes and accounts receivable, and an increase of ¥2,107 million in notes and accounts payable, which offset an increase of ¥5,266 million in inventories.

② Net cash flow used in investing activities

Cash flow used in investing activities totaled ¥11,267 million, a decrease of ¥510 million compared to the same period previous year. This includes ¥11,625 million for purchase of property, plant and equipment.

③ Net cash flow used in financing activities

Net cash flow used in financing activities totaled ¥3,681 million, an increase of ¥30,922 million compared to the same period previous year. This includes ¥3,112 million for dividends paid.

(3) Qualitative Information Regarding Consolidated Business Forecast

No revision has been made to the forecasts released on May 11, 2012 for the year ending March 31, 2013.

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

(Changes in Accounting Policies for Items that are Difficult to Categorize as 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 three months ended June 30, 2012. The impact of these changes on income during the three months ended June 30, 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 Jun. 30, 2012
Assets		
Current assets:		
Cash and deposits	72,726	52,127
Notes and accounts receivable	155,234	148,695
Short-term investment securities	66,067	92,169
Finished goods	62,881	62,817
Work in process	37,476	37,585
Raw materials and supplies	15,059	15,665
Others	46,202	46,583
Less allowance for doubtful accounts	(1,015)	(976)
Total current assets	454,631	454,667
Non-current assets:		
Property, plant and equipment		
Buildings and structures	70,129	68,572
Machinery, vehicles and equipment	112,551	112,547
Others	68,963	66,334
Total property, plant and equipment	251,644	247,453
Intangible fixed assets	12,526	12,717
Investments and other assets		
Investment securities	74,811	68,455
Prepaid pension costs	42,712	42,719
Others	9,211	9,107
Less allowance for doubtful accounts	(464)	(464)
Total investments and other assets	126,271	119,818
Total non-current assets	390,442	379,988
Total assets	845,073	834,656

(Millions of Yen)

	As of Mar. 31, 2012	As of Jun. 30, 2012
Liabilities		
Current liabilities:		
Notes and accounts payable	137,607	138,514
Short-term loans	84,403	82,293
Current portion of corporate bonds	30,000	30,000
Accrued income taxes	4,764	3,157
Others	51,725	52,869
Total current liabilities	308,501	306,834
Non-current liabilities:		
Corporate bonds	35,000	35,000
Long-term loans	147,346	147,332
Accrued employees' retirement benefits	20,990	20,324
Accrued officers' retirement benefits	1,592	1,443
Reserves for environmental safety measures	136	136
Others	32,439	30,170
Total non-current liabilities	237,506	234,407
Total liabilities	546,007	541,242
Net assets		
Shareholders' equity		
Common stock	67,176	67,176
Additional paid-in capital	78,340	78,340
Retained earnings	178,186	185,236
Treasury stock	(4,188)	(4,189)
Total shareholders' equity	319,514	326,563
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,766	11,431
Translation adjustments	(53,969)	(62,897)
Total accumulated other comprehensive income	(39,202)	(51,465)
Share subscription rights	540	570
Minority interests	18,212	17,745
Total net assets	299,066	293,414
Total liabilities and net assets	845,073	834,656

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

Consolidated Statements of Operations

	(Millions of Yen)	
	Three months ended Jun. 30, 2011	Three months ended Jun. 30, 2012
Net sales	166,092	190,075
Cost of sales	130,123	152,227
Gross profit	35,969	37,847
Selling, general and administrative expenses	26,008	25,716
Operating income	9,961	12,130
Non-operating income:		
Interest income	190	145
Dividend income	473	628
Equity in earnings of affiliated companies	698	888
Others	566	450
Total non-operating income	1,928	2,113
Non-operating expenses:		
Interest expenses	1,199	1,185
Exchange loss	277	1,074
Others	820	697
Total non-operating expenses	2,298	2,957
Ordinary income	9,591	11,286
Extraordinary loss:		
Loss on devaluation of investment securities	—	658
Total extraordinary loss	—	658
Income before tax expenses and minority interests	9,591	10,627
Income taxes	3,442	3,129
Income before minority interests	6,148	7,497
Minority interests	268	501
Net income	5,880	6,996

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Three months ended Jun. 30, 2011	Three months ended Jun. 30, 2012
Income before minority interests	6,148	7,497
Other comprehensive income		
Valuation difference on available-for-sale securities	229	(3,318)
Translation adjustments	(809)	(9,364)
Share of other comprehensive income of associates accounted for using equity method	(23)	(78)
Total other comprehensive income	(603)	(12,761)
Comprehensive income	5,545	(5,264)
(Details)		
Comprehensive income attributable to parent company	5,442	(5,268)
Comprehensive income attributable to minority interests	103	4

(3) Consolidated Statement of Cash Flows

(Millions of Yen)

	Three months ended Jun. 30, 2011	Three months ended Jun. 30, 2012
Operating activities		
Income before income taxes and minority interests	9,591	10,627
Depreciation and amortization	8,413	8,114
Amortization of goodwill	171	191
Increase (decrease) in allowance for doubtful accounts	283	21
Increase (decrease) in provision for retirement benefits and prepaid pension cost	363	117
Interest and dividend income	(663)	(773)
Interest expenses	1,199	1,185
Equity in losses (earnings) of affiliates	(698)	(888)
Loss (gain) on devaluation of investment securities	—	658
Decrease (increase) in notes and accounts receivable	(1,411)	2,007
Decrease (increase) in inventories	(7,791)	(5,266)
Increase (decrease) in notes and accounts payable	(6,951)	2,107
Others	10,253	8,204
Subtotal	12,760	26,307
Interest and dividends received	1,134	1,575
Interest paid	(795)	(1,031)
Income taxes paid	(4,952)	(4,459)
Net cash provided by operating activities	8,147	22,391
Investing activities		
Net decrease (increase) in time deposits	396	634
Purchase of short-term investment securities	—	(2,200)
Proceeds from sales of short-term investment securities	—	2,400
Purchase of property, plant and equipment	(11,258)	(11,625)
Proceeds from sales of property, plant and equipment	54	138
Purchase of investment securities	(159)	(13)
Proceeds from sales of investment securities	3	100
Payments for loans receivable	(21)	(28)
Collection of loans receivable	27	47
Others	(821)	(720)
Net cash used in investing activities	(11,777)	(11,267)
Financing activities		
Net increase (decrease) in short-term loans	10,357	194
Increase in long-term loans	14,323	731
Repayments of long-term loans	(3,613)	(552)
Payments for redemption of corporate bonds	(300)	—
Acquisition of treasury stock	(2)	(1)
Dividends paid	(3,117)	(3,112)
Dividends paid to minority shareholders	(353)	(471)
Others	9,946	(468)
Net cash provided by (used in) financing activities	27,240	(3,681)
Effect of exchange rate changes on cash and cash equivalents	(412)	(1,220)
Net increase (decrease) in cash and cash equivalents	23,197	6,221
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	143,372	141,427

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

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.

NSK and the NSK Group are cooperating fully with authorities in Japan and elsewhere in their respective investigations.

These investigations are still continuing. As a result of the above, it is possible that NSK's operation results will be affected.

(6) Segment Information

Sales by Reportable Segments

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

Three months ended June 30, 2012

(Millions of Yen)

	Reportable segments			Other	Total	Adjustments	Consolidated
	Industrial machinery business	Automotive business	Sub-total				
Sales							
(1) Sales to third parties	57,117	126,160	183,277	6,798	190,075	—	190,075
(2) Inter-segment sales and transfers	—	—	—	7,508	7,508	(7,508)	—
Total	57,117	126,160	183,277	14,307	197,584	(7,508)	190,075
Segment income (Operating income)	5,395	7,804	13,200	846	14,046	(1,915)	12,130

(7) Substantial Changes in Shareholders' Equity

None.

(8) Subsequent Event

Our manufacturing and sales subsidiary in Korea was investigated on July 4 and 5, 2012 (local time), by the Korea Fair Trade Commission ("KFTC") in relation to the Monopoly Regulation and Fair Trade Act, regarding sales of bearings of NSK.

NSK and the NSK Group are fully cooperating with KFTC's investigation.

This investigation is still continuing. As a result of the investigation, it is possible that NSK's operation results will be affected.

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