

NSK Ltd.

For Immediate Release

February 4, 2011

CONSOLIDATED RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2010 (Unaudited) [JP GAAP]

Company name	NSK Ltd.
Stock exchanges on which the shares are listed	Tokyo and Osaka Stock Exchanges in Japan
Code number	6471
URL	http://www.nsk.com/
Representative	Norio Otsuka, President and CEO
Contact person	Yoshio Saito, Senior Vice President
Filing date of quarterly securities report	February 10, 2011

(Amounts are rounded down to the nearest million yen)

1. Consolidated Financial Highlights for the Nine Months Ended December 31, 2010

(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	%
Nine Months Ended Dec. 31, 2010	532,736	28.8	32,917	—	29,532	—	18,617	—
Nine Months Ended Dec. 31, 2009	413,601	(22.9)	1,501	(95.5)	(3,468)	—	(2,550)	—

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
Nine Months Ended Dec. 31, 2010	34.44	34.43
Nine Months Ended Dec. 31, 2009	(4.72)	—

(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 Dec. 31, 2010	791,809	267,925	31.6	462.87
As of Mar. 31, 2010	789,624	264,688	31.4	458.65

(Note) Equity capital As of Dec. 31, 2010 250,217 million yen As of Mar. 31, 2010 247,941 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, 2010	—	4.00	—	4.00	8.00
Year ending Mar. 31, 2011	—	5.00	—	—	—
Year ending Mar. 31, 2011 (Forecast)	—	—	—	5.00	10.00

(Note) Revisions to the forecast of cash dividends in the current quarter: None

3. Forecast of Consolidated Results for the Year Ending March 31, 2011

(% 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
Year ending Mar. 31, 2011	715,000	21.7	45,000	298.0	40,000	426.4	25,000	424.6	46.25

(Note) Revisions to the forecast of consolidated results in the current quarter: Yes

4. Others (For more details, please refer to page 6 "2. Other")

(1) Changes in the significant subsidiaries during the period (Changes in specified subsidiaries resulting in change in the scope of consolidation): None

Note: This item indicates whether there were changes in significant subsidiaries affecting the scope of consolidation during the period.

(2) Adoption of simplified accounting methods and special accounting methods for presenting quarterly consolidated financial statements: Yes

Note: This item indicates whether there was adoption of simplified accounting methods and 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

Note: This items indicates whether there were changes of accounting policies applied, procedures and disclosures for presenting quarterly consolidated financial statements, described in "Changes in Bases of Presenting Quarterly Consolidated Financial Statements."

(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, 2010	551,268,104 shares	As of Mar. 31, 2010	551,268,104 shares
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(ii) Number of treasury stock at the end of each period:

As of Dec. 31, 2010	10,694,913 shares	As of Mar. 31, 2010	10,682,916 shares
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(iii) Average number of shares issued and outstanding in each period:

Nine Months Ended Dec. 31, 2010	540,588,443 shares	Nine Months Ended Dec. 31, 2009	540,586,020 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.

(Reference) Consolidated Financial Highlights for the Three Months Ended December 31, 2010

(% 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, 2010	179,950	15.6	12,623	133.2	12,185	132.2	8,052	140.8
Three months ended Dec. 31, 2009	155,730	1.6	5,412	18.0	5,248	125.0	3,343	—

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
Three months ended Dec. 31, 2010	14.90	14.89
Three months ended Dec. 31, 2009	6.19	—

1. Qualitative Information and Consolidated Financial Statements

(1) Qualitative Information Regarding Consolidated Business Results

During the nine months ended December 31, 2010, strong 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 and rapid exchange fluctuations.

Among our business segments, in the automotive business demand recovered compared to the same period last year. Expanding automobile markets in emerging countries and economic recovery in each country contributed to the improved results. Looking at the geographic breakdown, car sales increased in Japan supported by favorable policies, such as tax credits for purchasing eco-friendly cars and 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 exports. In Asia, demand was robust across all regions. Growth was led by China, which became the world's largest car market. In the industrial machinery business, demand for both industrial machinery bearings and precision machinery and parts increased due to economic recovery in each country and economic growth in emerging countries, mainly in China and the ASEAN countries. Demand was strong across all regions. 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 stronger demand in the Americas and Europe. Particularly in Europe, demand from industrial machinery and the aftermarket sector recovered, due to the weaker euro. In Asia, demand increased in each region. Infrastructure-related demand and demand for exposure equipment used in LCD panel production increased in China.

As a result, consolidated net sales for the period totaled ¥532,736 million, a year-on-year increase of 28.8%. Although there were negative effects of reduced export profit margins caused by the appreciation of the Japanese yen, operating income was ¥32,917 million (operating income was ¥1,501 million in the same period last year), due to an increase in sales, improved capacity utilization due to growth of production, productivity improvement and reduction of external procurement costs. Ordinary income was ¥29,532 million (ordinary loss was ¥3,468 million in the same period last year). Net income after adjusting for tax expenses and minority interests was ¥18,617 million (net loss was ¥2,550 million in the same period last year), including a ¥366 million extraordinary loss for loss on devaluation of investment securities.

Results by Business Segment

① Industrial Machinery Business Segment

In the industrial machinery bearings business, sales expansion activities and strong demand due to economic growth in China and the ASEAN countries as well as economic recovery in Europe and the Americas led to higher global sales to the general industrial and electrical machinery and the aftermarket sector.

In the precision machinery and parts business, among all, sales in Japan increased significantly due to strong exports of machine tools and semiconductor production equipment to China and ASEAN countries.

As a result, net sales in the industrial machinery business totaled ¥192,908 million, a year-on-year increase of 37.7%. Despite reduced export profit margins caused by the strong Japanese yen, operating income was ¥14,249 million, due to significantly higher volume, productivity improvement and reduced external procurement costs (operating loss was ¥4,184 million in the same period last year).

②Automotive Business Segment

Sales of both automotive bearings and components increased in each region. Demand for hub unit bearings and electric power steering (EPS) systems increased due to expanding automotive markets in emerging countries, such as China. Increased demand due to economic recovery in each country, and the expansion of eco-friendly car sales 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 ¥319,635 million, a year-on-year increase of 22.9%. Although there were cost increase factors, such as higher prices for raw materials and the appreciation of the Japanese yen, operating income was ¥20,974 million, a year-on-year increase of 100.1% due to significantly higher volume, productivity improvement and reduction of external procurement costs.

(2) Qualitative Information Regarding Consolidated Financial Position

Assets and Liabilities

Total assets were ¥791,809 million, an increase of ¥2,185 million, compared to total assets as of March 31, 2010. The main reasons for this increase were increases of ¥9,991 million in cash and deposits, ¥3,687 million in notes and accounts receivable, which offset a decrease of ¥4,045 million in investment securities and ¥9,247 million decrease of property, plant and equipment.

Total liabilities were ¥523,884 million, a decrease of ¥1,051 million, compared to total liabilities as of March 31, 2010. The main reasons for this decrease were a decrease of ¥10,000 million in corporate bonds and ¥12,088 million in long-term loans. These offset an increase of ¥18,869 million in notes and accounts payable.

Net assets

Net assets totaled ¥267,925 million, an increase of ¥3,236 million, compared to net assets as of March 31, 2010. The main reason for this increase is an increase of ¥18,617 million in net income. This offsets a decrease of ¥1,124 million in unrealized gains on securities and a decrease of ¥12,503 million in translation adjustments.

Cash Flows

①Net cash flow provided by operating activities

Net cash flow provided by operating activities totaled ¥49,647 million, an increase of ¥18,569 million, compared to the same period last year. This includes ¥29,166 million income before tax expenses and minority interests, ¥25,777 million provided by depreciation and amortization and an increase of ¥19,793 million in notes and accounts payable, which offset an increase of ¥9,748 million in notes and accounts receivable and an increase of ¥7,299 million in inventories.

②Net cash flow used in investing activities

Cash flow used in investing activities totaled ¥21,451 million, an increase of ¥2,379 million, compared to the same period last year. This includes ¥21,577 million for purchase of property, plant and equipment.

③Net cash flow used in financing activities

Net cash flow used in financing activities totaled ¥17,794 million, a decrease of ¥11,831 million, compared to the same period last year. This includes ¥4,939 million repayment of long-term loans, ¥10,000 million redemption of corporate bonds and ¥4,745 million of dividends paid.

In the aggregate, cash and cash equivalents totaled ¥131,247 million, an increase of ¥7,810 million compared to March 31, 2010, and an increase of ¥22,405 million from the same period last year.

(3) Qualitative Information Regarding Consolidated Business Forecast

Although uncertainties in the business environment still remain, we are revising our year-end consolidated business forecast for the year ending March 31, 2011, in light of the company's business results for the nine months ended December 31, 2010.

- Business forecast for the year ending March, 2011

Net sales ¥715.0 billion, Operating income ¥45.0 billion, Ordinary income ¥40.0 billion,
Net income ¥25.0 billion

- 【Reference】 Business forecast for the year ending March, 2011 announced in October, 2010

Net sales ¥700.0 billion, Operating income ¥42.0 billion, Ordinary income ¥37.0 billion,
Net income ¥22.5 billion

The factors behind the revision are stated below.

- Forecasted exchange rate for the forth quarter of the year ending March 31, 2011:

U.S.\$1=¥80, 1Euro=¥110

- Although there have been no significant changes in the economic environment since releasing the last revised business forecast, we expect demand for industrial machinery and automotive products to continue to be strong. We therefore expect income in both our industrial machinery and automotive businesses to increase.

Notes

All forecasts are based on a number of assumptions regarding business environment and policies, and are subject to change with various developments. Actual financial results may differ materially and NSK Ltd. accepts no liability whatsoever for any direct or consequential loss arising from any use of this report.

2. Other

- (1) Changes in significant subsidiaries during the period (Changes in specific subsidiaries resulting in change in the scope of consolidation)

None.

- (2) Adoption of simplified financial accounting methods and 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 reasonably estimated annual effective tax rate for this fiscal year including this quarter.

When there has been no marked change in the business environment or taxable temporary differences since the end of the previous fiscal year, the potential recovery of deferred tax assets is determined based on the business performance forecasts of the previous fiscal year and tax planning methods.

Income taxes-deferred is stated on our consolidated statement of operations as "Income Taxes".

- (3) Changes to accounting policies applied, procedures and disclosures for presenting quarterly consolidated financial statements

Application of the accounting standards for asset retirement obligations

Effective from the first quarter of the year ending March 31, 2011, the "Accounting Standards for Asset Retirement Obligations" (ASBJ Statement No. 18), as issued on March 31, 2008 and its'

implementation guidance, "Guidance on Accounting Standards for Asset Retirement Obligations" (ASBJ Guidance No. 21), as issued on March 31, 2008, have been applied. The effect of this application on income is immaterial.

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of Yen)	
	As of Dec. 31, 2010	As of Mar. 31, 2010
Assets		
Current assets:		
Cash and deposits	88,412	78,421
Notes and accounts receivable	138,096	134,409
Short-term investment securities	45,393	49,438
Finished goods	58,250	59,356
Work in process	35,433	35,341
Raw materials and supplies	12,751	10,831
Others	52,477	44,606
Less allowance for doubtful accounts	(988)	(1,237)
Total current assets	429,826	411,167
Non-current assets:		
Property, plant and equipment		
Buildings and structures	65,814	70,356
Machinery, vehicles and equipment	104,191	114,460
Others	58,497	52,933
Total property, plant and equipment	228,502	237,750
Intangible fixed assets	10,524	10,594
Investments and other assets		
Investment securities	71,288	75,833
Prepaid pension costs	42,512	44,247
Others	9,613	10,619
Less allowance for doubtful accounts	(457)	(589)
Total investments and other assets	122,955	130,111
Total non-current assets	361,982	378,456
Total assets	791,809	789,624

(Millions of Yen)

	As of Dec. 31, 2010	As of Mar. 31, 2010
Liabilities		
Current liabilities:		
Notes and accounts payable	133,422	114,552
Short-term loans	77,033	71,367
Current portion of corporate bonds	15,300	25,000
Accrued income taxes	6,091	4,347
Others	39,954	42,439
Total current liabilities	271,801	257,706
Non-current liabilities:		
Corporate bonds	95,000	95,300
Long-term loans	101,181	113,270
Accrued employees' retirement benefits	20,605	22,948
Accrued officers' retirement benefits	1,607	1,541
Reserves for environmental safety measures	186	167
Others	33,501	34,001
Total non-current liabilities	252,083	267,229
Total liabilities	523,884	524,935
Net assets		
Shareholders' equity		
Common stock	67,176	67,176
Additional paid-in capital	78,334	78,330
Retained earnings	150,815	134,902
Treasury stock	(4,174)	(4,160)
Total shareholders' equity	292,151	276,248
Valuation, translation adjustments and other		
Unrealized gains on securities	12,576	13,701
Translation adjustments	(54,511)	(42,007)
Total valuation, translation adjustments and other	(41,934)	(28,306)
Share subscription rights	533	423
Minority interests	17,174	16,323
Total net assets	267,925	264,688
Total liabilities and net assets	791,809	789,624

(2) Consolidated Statement of Operations

For the nine months ended December 31, 2010

	(Millions of Yen)	
	Nine months ended Dec. 31, 2009	Nine months ended Dec. 31, 2010
Net sales	413,601	532,736
Cost of sales	343,398	422,388
Gross profit	70,203	110,347
Selling, general and administrative expenses	68,701	77,430
Operating income	1,501	32,917
Non-operating income:		
Interest income	628	632
Dividend income	1,060	814
Equity in earnings of affiliated companies	1,871	2,683
Other	2,367	1,876
Total non-operating income	5,927	6,006
Non-operating expenses:		
Interest expenses	4,187	3,494
Product compensation	4,444	2,031
Other	2,265	3,865
Total non-operating expenses	10,897	9,391
Ordinary income (loss)	(3,468)	29,532
Extraordinary loss:		
Loss on devaluation of investment securities	—	366
Business restructuring expenses	1,279	—
Total extraordinary loss	1,279	366
Income (loss) before tax expenses and minority interests	(4,747)	29,166
Income taxes	(2,691)	9,541
Income before minority interests	—	19,624
Minority interests	494	1,007
Net income (loss)	(2,550)	18,617

For the three months ended December 31, 2010

(Millions of Yen)

	Three months ended Dec. 31, 2009	Three months ended Dec. 31, 2010
Net sales	155,730	179,950
Cost of sales	127,139	141,361
Gross profit	28,590	38,589
Selling, general and administrative expenses	23,177	25,965
Operating income	5,412	12,623
Non-operating income:		
Interest income	217	221
Dividend income	408	380
Equity in earnings of affiliated companies	858	887
Other	589	745
Total non-operating income	2,074	2,234
Non-operating expenses:		
Interest expenses	1,269	1,188
Product compensation	513	—
Other	456	1,484
Total non-operating expenses	2,238	2,673
Ordinary income	5,248	12,185
Extraordinary loss:		
Loss on devaluation of investment securities	—	366
Business restructuring expenses	159	—
Total extraordinary loss	159	366
Income before tax expenses and minority interests	5,088	11,819
Income taxes	1,416	3,426
Income before minority interests	—	8,392
Minority interests	328	340
Net income	3,343	8,052

(3) Consolidated Statement of Cash Flows

(Millions of Yen)

	Nine months ended Dec. 31, 2009	Nine months ended Dec. 31, 2010
Operating activities		
Income (loss) before tax expenses and minority interests	(4,747)	29,166
Depreciation and amortization	27,478	25,777
Amortization of goodwill	667	574
Increase (decrease) in allowance for doubtful accounts	(460)	(277)
Increase (decrease) in provision for retirement benefits and prepaid pension cost	(549)	771
Interest and dividend income	(1,688)	(1,446)
Interest expenses	4,187	3,494
Equity in losses (earnings) of affiliates	(1,871)	(2,683)
Loss (gain) on devaluation of investment securities	-	366
Business restructuring expenses	1,279	-
Decrease (increase) in notes and accounts receivable	(25,735)	(9,748)
Decrease (increase) in inventories	409	(7,299)
Increase (decrease) in notes and accounts payable	33,997	19,793
Other	(4,484)	(3,934)
Subtotal	<u>28,482</u>	<u>54,554</u>
Interest and dividends received	3,128	5,026
Interest paid	(4,042)	(3,105)
Income taxes paid	3,508	(6,826)
Net cash provided by operating activities	<u>31,077</u>	<u>49,647</u>
Investing activities		
Net decrease (increase) in time deposits	(39)	(63)
Purchase of short-term investment securities	(0)	(4,800)
Proceeds from sales of short-term investment securities	17	4,800
Purchase of property, plant and equipment	(16,769)	(21,577)
Proceeds from sales of property, plant and equipment	1,286	363
Purchase of investment securities	(3,544)	(130)
Proceeds from sales of investment securities	1,505	1,859
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	(72)	(38)
Collection of loans receivable	174	172
Other	(1,215)	(2,052)
Net cash used in investing activities	<u>(19,071)</u>	<u>(21,451)</u>
Financing activities		
Net increase (decrease) in short-term loans	(7,160)	1,566
Increase in long-term loans	1,019	782
Repayments of long-term loans	(12,148)	(4,939)
Payments for redemption of corporate bonds	(7,000)	(10,000)
Acquisition of treasury stock	(15)	(17)
Dividends paid	(4,218)	(4,745)
Dividends paid to minority shareholders	(116)	(244)
Other	14	(196)
Net cash used in financing activities	<u>(29,626)</u>	<u>(17,794)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>1,040</u>	<u>(2,591)</u>

	(Millions of Yen)	
	Nine months ended Dec. 31, 2009	Nine months ended Dec. 31, 2010
Net increase (decrease) in cash and cash equivalents	(16,579)	7,810
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	108,842	131,247

(4) Going Concern Assumption

None.

(5) Segment Information**【Sales by Business Segment】**

Three months ended December 31, 2009

(Millions of Yen)

	Industrial machinery bearings	Automotive products	Precision machinery & parts	Other	Total	Eliminations/corporate	Consolidated
Sales							
(1)Sales to third parties	42,401	100,269	7,902	5,157	155,730	—	155,730
(2)Inter-segment sales and transfers	—	—	—	4,205	4,205	(4,205)	—
Total	42,401	100,269	7,902	9,363	159,936	(4,205)	155,730
Operating income (loss)	1,946	6,742	(1,990)	(45)	6,652	(1,240)	5,412

Nine months ended December 31, 2009

(Millions of Yen)

	Industrial machinery bearings	Automotive products	Precision machinery & parts	Others	Total	Eliminations/Corporate	Consolidated
Sales							
(1)Sales to third parties	118,577	260,028	21,527	13,467	413,601	—	413,601
(2)Inter-segment sales and transfers	—	—	—	10,813	10,813	(10,813)	—
Total	118,577	260,028	21,527	24,280	424,414	(10,813)	413,601
Operating income (loss)	2,278	10,483	(6,462)	(985)	5,314	(3,812)	1,501

【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. Sales by Reportable Segments

Nine months ended December 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	192,908	319,635	512,544	20,192	532,736	—	532,736
(2) Inter-segment sales and transfers	—	—	—	19,878	19,878	(19,878)	—
Total	192,908	319,635	512,544	40,071	552,615	(19,878)	532,736
Segment income (Operating income)	14,249	20,974	35,224	3,044	38,268	(5,351)	32,917

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

Three months ended December 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	65,447	107,466	172,914	7,036	179,950	—	179,950
(2) Inter-segment sales and transfers	—	—	—	6,937	6,937	(6,937)	—
Total	65,447	107,466	172,914	13,974	186,888	(6,937)	179,950
Segment income (Operating income)	6,012	7,391	13,404	888	14,293	(1,669)	12,623

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

(Additional information)

Effective from the first quarter of the year ending March 31, 2011, the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17), as issued on March 27, 2009, and its' implementation guidance, "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20), as issued on March 21, 2008, have been applied.

(6) Substantial Changes in Shareholders' Equity

None.