

NSK

CONSOLIDATED BUSINESS RESULTS OF THE FIRST QUARTER ENDED JUNE 30, 2004

July 29, 2004
NSK Ltd.

Cautionary Statements with Respect to Forward-Looking Statements

Statements made in this report with respect to plans, strategies and future performance that are not historical fact are forward-looking statements. NSK cautions that a number of factors could cause actual results to differ materially from those discussed in the forward-looking statements.

Note : This document is an English translation of material written initially in Japanese. The Japanese original should be considered the primary version.

Summary of the Consolidated Business Results for FY 2004:Q1

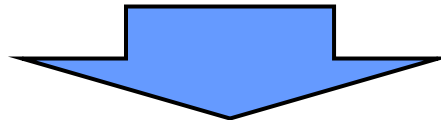


Results for the first quarter of FY 2004

Off to a good start towards our year-end goal of achieving record sales and operating income

Outlook for the first half of FY 2004

- **Strong demand expected to continue**
- **Sales and profits expected to exceed our initial forecasts set at the start of fiscal 2004**



We have decided to revise our sales and profit forecasts upward

Summary of the Consolidated Business Results for FY 2004:Q1



FY 2003	FY 2004							
	1st quarter	Y-O-Y						
1st quarter Japan: Apr.-Jun. Overseas: Jan.-Mar. <Actual>	2nd quarter Japan: Jul.-Sep. Overseas: Apr.-Jun. <Actual>	3rd quarter Japan: Oct.-Dec. Overseas: Jul.-Sep. <Actual>	4th quarter Japan: Jan.-Mar. Overseas: Oct.-Dec. <Actual>	Full year Japan: Apr.-Mar. Overseas: Jan.-Dec. <Actual>	1st quarter Japan: Apr.-Jun. Overseas: Jan.-Mar. <Actual>	1st half <Initial forecast>		
Sales	1,257	1,281	1,297	1,387	5,222	1,403	+11.6%	2,730
Operating income	41	54	72	93	260	95	+129.7%	165
Ordinary income	34	27	61	69	191	85	+148.4%	125
Profit before tax	40	40	89	96	265	91	+125.4%	125
Net income	14	24	52	53	143	49	+258.2%	70
(Rate: 1 US\$=)	(¥118.95)	(¥119.32)	(¥117.63)	(¥109.15)	(¥116.26)	(¥107.37)		(¥110)
(Rate: 1 EURO=)	(¥127.65)	(¥135.76)	(¥132.40)	(¥129.46)	(¥131.32)	(¥133.14)		(¥130)

Net sales

–By customer location–



FY 2003	FY 2003				FY 2004		
	1 st quarter <Actual>	2 nd quarter <Actual>	3 rd quarter <Actual>	4 th quarter <Actual>	1 st quarter <Actual>	Y-O-Y	1 st half <Initial forecast>
Sales	1,257	1,281	1,297	1,387	1,403	+11.6%	2,730
Japan	658	666	697	765	737	+12.0%	1,405
The Americas	188	198	187	176	199	+6.0%	400
Europe	223	218	191	222	235	+5.6%	455
Asia	188	199	222	224	232	+22.7%	470

- Japan:** Strength continues in sales to the automotive industry, machine tool sector and the general industrial sector.
- The Americas:** Sales in Brazil were robust, and demand in the U.S is on the recovery.
- Europe:** Sales to the automotive industry were robust, with sales expansion activities leading to an increase in automotive bearing sales. Sales of bearings to the general industrial sectors are also on the recovery.
- Asia:** Strong demand continues in China. Sales to the automotive industry and demand for our photofabrication machinery were robust.

Business results

– By geographical segment –



(¥100 million)	FY 2003				FY 2004		
	1 st quarter <Actual>	2 nd quarter <Actual>	3 rd quarter <Actual>	4 th quarter <Actual>	1 st quarter <Actual>	Y-O-Y	1 st half <Initial forecast>
Sales	1,257	1,281	1,297	1,387	1,403	+11.6%	2,730
Japan	931	937	992	1,058	1,042	+11.9%	2,030
The Americas	185	194	184	175	195	+5.4%	390
Europe	232	228	202	236	248	+7.0%	480
Asia	139	141	143	153	151	+8.4%	310
Elimination	-230	-219	-224	-235	-233		-480
Operating income	41 <3.3%>	54 <4.1%>	72 <5.6%>	93 <6.7%>	95 <6.8%>	+129.7%	165 <6.0%>
Japan	33 <3.5%>	35 <3.7%>	55 <5.5%>	69 <6.5%>	64 <6.1%>	+93.9%	125 <6.2%>
The Americas	3 <1.6%>	5 <2.6%>	1 <0.5%>	-3 <-1.7%>	6 <3.1%>	+106.1%	10 <2.6%>
Europe	-2 <-0.9%>	5 <2.2%>	5 <2.5%>	18 <7.6%>	13 <5.2%>		20 <4.2%>
Asia	13 <9.4%>	9 <6.4%>	8 <5.6%>	8 <5.2%>	7 <4.6%>	-38.9%	20 <6.5%>
Elimination	-6	0	3	1	5		-10

- **Japan:** Profitability remains healthy, backed by strong domestic demand.
- **Overseas:** Profitability in the Americas is on the recovery.
Profitability of our European business stabilizing.
Profitability of our Asian business remains strong, backed by the strength of the Chinese economy.

Business results

–By business segment –



(\yen 100 million)	FY 2003				FY 2004		
	1 st quarter <Actual>	2 nd quarter <Actual>	3 rd quarter <Actual>	4 th quarter <Actual>	1 st quarter <Actual>	Y-O-Y	1 st half <Initial forecast>
Sales	1,257	1,281	1,297	1,387	1,403	+11.6%	2,730
Industrial bearings	435	437	427	464	452	+4.0%	912
Automotive products	691	708	709	750	755	+9.1%	1,448
Precision machinery	95	102	125	149	159	+68.9%	310
Others	49	53	49	44	43	-14.7%	90
Elimination	-13	-19	-13	-20	-6		-30
Operating income	41 <3.3%>	54 <4.1%>	72 <5.6%>	93 <6.7%>	95 <6.8%>	+129.7%	165 <6.0%>
Industrial bearings	25 <5.8%>	24 <5.4%>	33 <7.6%>	40 <8.6%>	46 <10.2%>	+86.8%	72 <7.9%>
Automotive products	28 <4.1%>	42 <5.9%>	40 <5.6%>	47 <6.3%>	46 <6.1%>	+59.4%	78 <5.4%>
Precision machinery	-8 <-8.4%>	-7 <-6.7%>	1 <0.7%>	14 <9.0%>	10 <6.3%>		30 <9.7%>
Others	4 <7.4%>	2 <4.9%>	3 <7.0%>	3 <4.8%>	1 <2.3%>	-60.9%	5 <5.6%>
Elimination	-8	-7	-5	-11	-8		-20

The profitability of the Industrial bearings and Automotive products segments are improving, and the Precision machinery and parts business is also contributing to Group profits.

Consolidated balance sheets



(¥100 million)	FY 2003				FY 2004	
	(1st quarter ended Jun. 30, '03) FY 2003: Q1	(2nd quarter ended Sep. 30, '03) FY 2003: Q2	(3rd quarter ended Dec. 31, '03) FY 2003: Q3	(4th quarter ended Mar. 31, '04) FY 2003: Q4	(1st quarter ended Jun. 30, '04) FY 2004: Q1	Difference from the period ended Mar. 31, '04
Assets						
Current assets	2,936	2,829	2,829	2,955	3,047	+92
Non-current assets	3,158	3,331	3,233	3,264	3,242	-22
Total assets	6,094	6,160	6,062	6,219	6,289	+70
Liabilities and Shareholder's equity						
Current liabilities	2,377	2,260	2,129	2,456	2,428	-28
Long-term liabilities	1,846	1,943	1,969	1,755	1,961	+206
Total liabilities	4,223	4,203	4,098	4,211	4,389	+178
Minority interests	118	124	119	121	122	+1
Total shareholder's equity	1,753	1,833	1,845	1,887	1,778	-109
Total liabilities and shareholder's equity	6,094	6,160	6,062	6,219	6,289	+70
(Rate: 1US\$=)	(¥120.20)	(¥119.80)	(¥111.25)	(¥107.13)	(¥105.69)	
(Rate: 1EURO=)	(¥129.83)	(¥136.92)	(¥129.19)	(¥133.74)	(¥128.88)	

Inventories



(¥100 million)	FY 2003				FY 2004			
	(1st quarter ended Jun. 30, '03) FY 2003: Q1	(2nd quarter ended Sep. 30, '03) FY 2003: Q2	(3rd quarter ended Dec. 31, '03) FY 2003: Q3	(4th quarter ended Mar. 31, '04) FY 2003: Q4	(1st quarter ended Jun. 30, '04) FY 2004: Q1	Difference from the period ended Mar. 31, '04	Excluding effect of FOREX, etc.	Difference in local currencies
Japan	355	362	362	338	358	+20		+20
Overseas	454	464	438	421	414	-7	-8	+1
The Americas	161	166	155	141	137	-4	-2	-2
Europe	186	190	184	184	179	-5	-5	0
Asia	107	108	99	96	98	+2	-1	+3
Total	809	826	800	759	772	+13	-8	+21

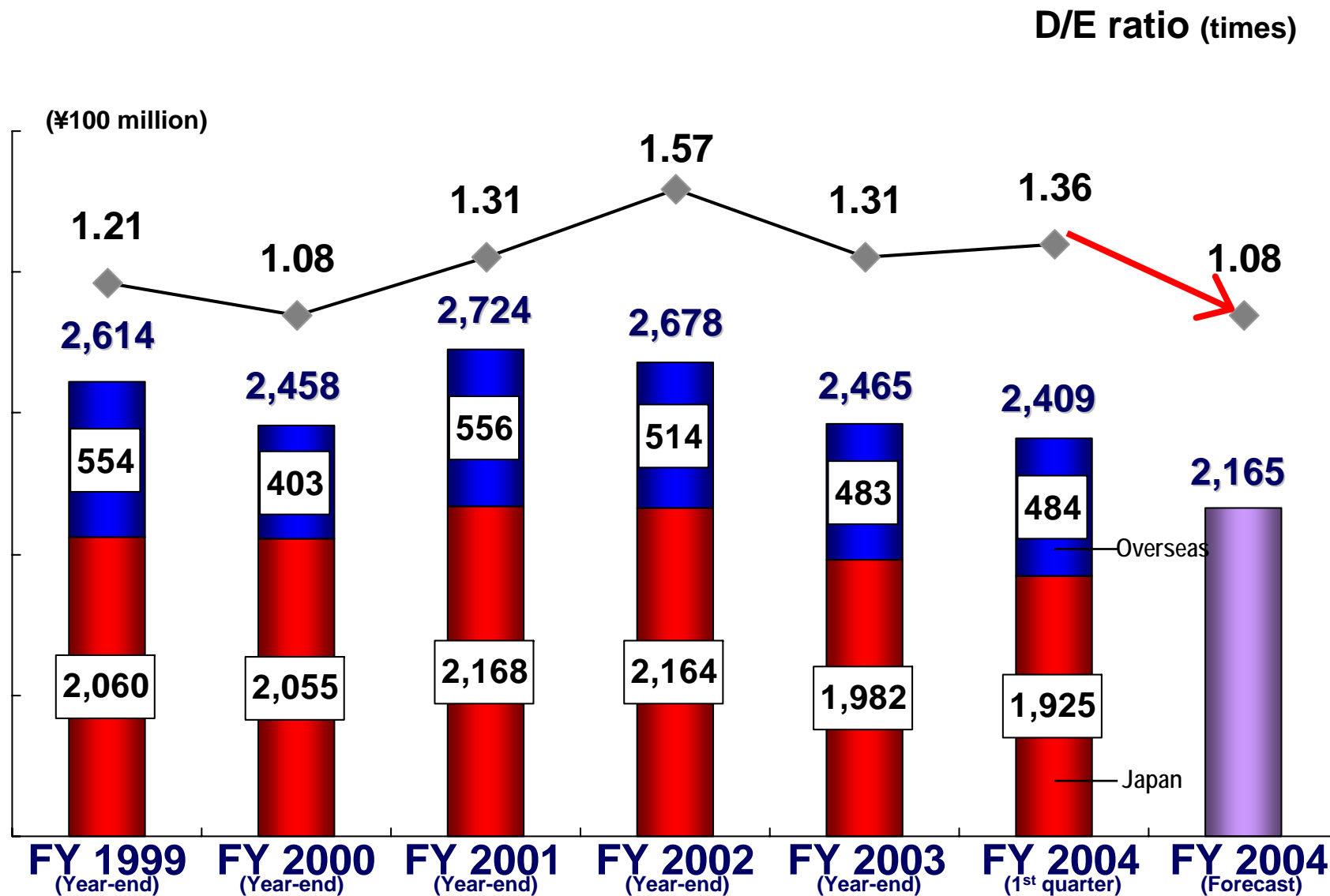
Capital expenditures Depreciation and Amortization



(¥100 million)	FY 2003				FY 2004	
	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	1 st quarter	Full year plan
Capital expenditures	46	62	56	91	62	300
Japan	17	38	33	60	44	195
<Non-consolidated>	<10>	<21>	<14>	<30>	<20>	<124>
Overseas	29	24	23	31	18	105
The Americas	8	9	8	3	4	27
Europe	8	7	4	9	4	27
Asia	13	8	11	19	10	51

(¥100 million)	FY 2003				FY 2004	
	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	1 st quarter	Full year plan
Depreciation	64	69	68	65	63	270
Japan	34	39	40	43	36	160
<Non-consolidated>	<19>	<20>	<20>	<22>	<18>	<78>
Overseas	30	30	28	22	27	110

Interest bearing debts



Revised forecasts for FY 2004

(¥100 million)	FY 2003		FY 2004			
	1 st half <Actual>	Full year <Actual>	1 st half <Initial forecast>	Full year <Initial forecast>	1 st half <Revised forecast>	Full year <Revised forecast>
Sales	2,538	5,222	2,730	5,550	2,850	5,670
Operating income	95	260	165	350	185	370
Ordinary income	61	191	125	270	155	300
Profit before tax	80	265	125	270	161	306
Net income	38	143	70	155	90	175
(Rate: 1 US\$=)	(¥119.14)	(¥116.26)	(¥110)	(¥110)	(¥108.69)	(¥109.34)
(Rate: 1 EURO=)	(¥131.71)	(¥131.32)	(¥130)	(¥130)	(¥131.57)	(¥130.79)

We have revised our sales and profit forecasts for the first half of fiscal 2004 upward

<Outlook for the business environment for the second quarter of fiscal 2004>

- **Japan:** Strong demand expected to continue in all business segments.
- **Overseas:** The economies in the Americas and Europe are expected to continue to recover.

Revised forecasts

–By customer location–



(¥100 million)	FY 2003		FY 2004			
	1 st half <Actual>	Full year <Actual>	1 st half <Initial forecast>	Full year <Initial forecast>	1 st half <Revised forecast>	Full year <Revised forecast>
Sales	2,538	5,222	2,730	5,550	2,850	5,670
Japan	1,324	2,786	1,405	2,922	1,478	2,995
The Americas	386	749	400	820	411	831
Europe	440	854	455	866	485	896
Asia	388	833	470	942	476	948

Revised forecasts

–By geographical segment–



(¥100 million)	FY 2003				FY 2004							
	1 st half		Full year		1 st half		Full year		1 st half		Full year	
	<Actual>		<Actual>		<Initial forecast>		<Initial forecast>		<Revised forecast>		<Revised forecast>	
Sales	2,538		5,222		2,730		5,550		2,850		5,670	
Japan	1,868		3,918		2,030		4,170		2,108		4,248	
The Americas	379		738		390		800		403		813	
Europe	460		898		480		920		514		954	
Asia	280		576		310		620		312		622	
Elimination	-449		-908		-480		-960		-487		-967	
Operating income	95	<3.7%>	260	<5.0%>	165	<6.0%>	350	<6.3%>	185	<6.5%>	370	<6.5%>
Japan	68	<3.6%>	192	<4.9%>	125	<6.2%>	275	<6.6%>	131	<6.2%>	281	<6.6%>
The Americas	8	<2.1%>	6	<0.8%>	10	<2.6%>	20	<2.5%>	10	<2.5%>	20	<2.5%>
Europe	3	<0.7%>	26	<2.9%>	20	<4.2%>	35	<3.8%>	24	<4.7%>	39	<4.1%>
Asia	22	<7.9%>	38	<6.6%>	20	<6.5%>	40	<6.5%>	15	<4.8%>	35	<5.6%>
Elimination	-6		-2		-10		-20		5		-5	

Revised forecasts

–By business segment–



(#100 million)	FY 2003		FY 2004			
	1 st half	Full year	1 st half	Full year	1 st half	Full year
	<Actual>	<Actual>	<Initial forecast>	<Initial forecast>	<Revised forecast>	<Revised forecast>
Sales	2,538	5,222	2,730	5,550	2,850	5,670
Industrial bearings	872	1,763	912	1,810	908	1,806
Automotive products	1,399	2,858	1,448	2,980	1,540	3,072
Precision machinery	197	471	310	630	330	650
Others	102	195	90	190	78	178
Elimination	-32	-65	-30	-60	-6	-36
Operating income	95 <3.7%>	260 <5.0%>	165 <6.0%>	350 <6.3%>	185 <6.5%>	370 <6.5%>
Industrial bearings	49 <5.6%>	122 <6.9%>	72 <7.9%>	140 <7.7%>	82 <9.0%>	150 <8.3%>
Automotive products	70 <5.0%>	157 <5.5%>	78 <5.4%>	170 <5.7%>	85 <5.5%>	177 <5.8%>
Precision machinery	-15 <-7.5%>	0 <-0.0%>	30 <9.7%>	70 <11.1%>	30 <9.1%>	70 <10.8%>
Others	6 <6.1%>	12 <6.1%>	5 <5.6%>	10 <5.3%>	5 <6.4%>	10 <5.6%>
Elimination	-15	-31	-20	-40	-17	-37

Additional information



(¥100 million)	FY 2003				FY 2004
	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	1 st quarter
Research & Development	20	22	21	24	23

(Number of employees)	FY 2003				FY 2004
	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	1 st quarter
Employees	19,368	20,052	19,844	19,772	20,182
Japan	8,161	8,975	8,862	8,819	9,080
Parent company (Non-consolidated)	3,636	3,697	3,675	3,680	3,696
The Americas	3,015	3,039	3,030	3,058	3,036
Europe	4,693	4,559	4,425	4,254	4,283
Asia	3,499	3,479	3,527	3,641	3,783