

# NSK Ltd.

For Immediate Release

February 3, 2010

## CONSOLIDATED RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2009 (Unaudited)

|  |   |
|--|---|
| Company name                                   | NSK Ltd.  |
| Stock exchanges on which the shares are listed | Tokyo and Osaka Stock Exchanges in Japan            |
| Code number                                    | 6471  |
| URL  | <a href="http://www.nsk.com">http://www.nsk.com</a> |
| Representative                                 | Norio Otsuka, President and CEO                     |
| Contact person                                 | Yoshio Saito, Senior Vice President                 |
| Filing date of quarterly securities report     | February 12, 2010                                   |

( Figures are rounded down to the nearest million yen )

### 1. Consolidated Financial Highlights for the Nine Months Ended December 31, 2009

(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<br>Dec. 31, 2009 | 413,601         | (22.9) | 1,501            | (95.5) | (3,468)         | - | (2,550)         | - |
| Nine Months Ended<br>Dec. 31, 2008 | 536,536         | -      | 33,201           | -      | 31,249          | - | 17,067          | - |

|                                    | Net income per share -<br>Basic | Net income per share -<br>Diluted |
|------------------------------------|---------------------------------|-----------------------------------|
|                                    | Yen                             | Yen                               |
| Nine Months Ended<br>Dec. 31, 2009 | (4.72)                          | -                                 |
| Nine Months Ended<br>Dec. 31, 2008 | 31.57                           | 31.57                             |

(2) Consolidated financial position

|                     | Total assets    | Net assets      | Shareholders' equity<br>to total assets | Net assets per share |
|---------------------|-----------------|-----------------|---|----------------------|
|                     | Millions of Yen | Millions of Yen | %                                       | Yen                  |
| As of Dec. 31, 2009 | 755,924         | 255,337         | 31.6                                    | 442.21               |
| As of Mar. 31, 2009 | 744,229         | 248,787         | 31.4                                    | 431.74               |

( Note ) Equity capital As of Dec. 31, 2009 239,050 million yen As of Mar. 31, 2009 233,395 million yen

### 2. Cash Dividends

| (Record date)                           | Cash dividends per share  |                           |                           |          |                    |
|---|---------------------------|---------------------------|---------------------------|----------|--------------------|
|   | End of the<br>1st quarter | End of the<br>2nd quarter | End of the<br>3rd quarter | Year-end | Full-year<br>total |
|   | Yen                       | Yen                       | Yen                       | Yen      | Yen                |
| Year ended Mar. 31, 2009                | -                         | 10.00                     | -                         | 4.00     | 14.00              |
| Year ending Mar. 31, 2010               | -                         | 4.00                      | -                         | -        | -                  |
| Year ending Mar. 31, 2010<br>(Forecast) | -                         | -                         | -                         | 4.00     | 8.00               |

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

### 3. Forecast of Consolidated Results for the Year Ending March 31, 2010

( % 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<br>Mar. 31, 2010 | 570,000         | (12.0) | 8,000            | (63.8) | 0               | - | 0               | - | 0.00                 |

( 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): Yes

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

Note: For more details, please refer to page 7, "Qualitative Information and Consolidated Financial Statements: 4. Other".

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

Note: For more details, please refer to page 7 "Qualitative Information and Consolidated Financial Statements: 4. Other".

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

(i) Changes due to newly issued accounting pronouncements: None

(ii) Changes excluding the above: None

(4) Number of shares issued and outstanding (common stock)

(i) Number of shares issued and outstanding at the end of each period (including treasury stock):

|                     |                    |                     |                    |
|---------------------|--------------------|---------------------|--------------------|
| As of Dec. 31, 2009 | 551,268,104 shares | As of Mar. 31, 2009 | 551,268,104 shares |
|---------------------|--------------------|---------------------|--------------------|

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

|                     |                   |                     |                   |
|---------------------|-------------------|---------------------|-------------------|
| As of Dec. 31, 2009 | 10,687,834 shares | As of Mar. 31, 2009 | 10,671,192 shares |
|---------------------|-------------------|---------------------|-------------------|

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

|                                 |                    |                                 |                    |
|---------------------------------|--------------------|---------------------------------|--------------------|
| Nine Months Ended Dec. 31, 2009 | 540,586,020 shares | Nine Months Ended Dec. 31, 2008 | 540,598,286 shares |
|---------------------------------|--------------------|---------------------------------|--------------------|

#### 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. For details such as assumptions for results forecasts and notes, etc., please refer to page 6, "Qualitative Information Regarding Consolidated Business Forecast".

**(Reference) Consolidated Financial Highlights for the Three Months Ended December 31, 2009**

( % 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<br>Dec. 31, 2009 | 155,730         | 1.6 | 5,412            | 18.0 | 5,248           | 125.0 | 3,343           | - |
| Three months ended<br>Dec. 31, 2008 | 153,210         | -   | 4,588            | -    | 2,332           | -     | (598)           | - |

|                                     | Net income per share -<br>Basic | Net income per share -<br>Diluted |
|-------------------------------------|---------------------------------|-----------------------------------|
|                                     | Yen                             | Yen                               |
| Three months ended<br>Dec. 31, 2009 | 6.19                            | -                                 |
| Three months ended<br>Dec. 31, 2008 | (1.11)                          | -                                 |

## **【Qualitative Information and Consolidated Financial Statements】**

### **1. Qualitative Information Regarding Consolidated Business Results**

Although a rapid downturn occurred from the second half of the year ended March 31, 2009, the global economy appeared to gradually recover during the nine months ended December 31, 2009 due to the positive effect of economic stimulus policies implemented by governments around the world.

Among our business segments, sales to automakers showed a recovery trend due to the favorable stimulus policies enacted by various governments. On the other hand, recovery in the industrial machinery sector remained weak due to reduced capital expenditure caused by lower profitability levels across a wide range of industries and an excess of production equipment.

In response to this environment, we established a profitability improvement committee. We have striven to maintain production volume through sales expansion activities in the industrial machinery bearing and precision machinery and parts businesses. In addition to these measures, we have worked to reduce external procurement costs, SG&A expenses and to restructure our global production network. Furthermore, in October, we launched our new mid-term plan for the period through to March 31, 2013, aiming to establish a solid business foundation for next growth phase. By enhancing our business-based management, we will promote further growth strategy and profitability improvement.

Overall, consolidated net sales totaled ¥413,601 million, a year-on-year decrease of 22.9%. We made efforts to improve profitability by streamlining our global workforce, reducing general and administrative costs and reducing external procurement costs in response to volume reduction and reduced export profit margins caused by the appreciation of the Japanese yen. However, despite these efforts we recorded an operating income of ¥1,501 million, a year-on-year decrease of 95.5%. Ordinary loss was ¥3,468 million (ordinary income was ¥31,249 million in the same period last year). Net loss after adjusting for tax expenses and minority interests was ¥2,550 million (net income was ¥17,067 million in the same period last year), including a ¥1,279 million extraordinary loss for business restructuring expenses.

### **Business Segment Information**

#### **Industrial Machinery Bearings**

Sales to general industrial machinery manufacturers, electrical machinery manufacturers and the aftermarket sector declined due to the effect of the global recession. As a result, net sales in the industrial machinery bearings business totaled ¥118,577 million, a year-on-year decrease of 30.4%. Due to sharp volume reduction, operating income was ¥2,278 million, a year-on-year decrease of 89.0%, although we strove to streamline our global workforce and reduce general and administrative expenses.

#### **Automotive Products**

Sales in the automotive bearings and components business declined due to lower global automotive sales volume, although there have been signs of a recovery due to the positive effect of favorable stimulus policies enacted by various governments. As a result, net sales in the automotive products business totaled ¥260,028 million, a year-on-year decrease of 12.1%. Due to volume reduction and reduced export profit margins caused by the appreciation of the Japanese yen, operating income was ¥10,483 million, a year-on-year decrease of 14.8%, although we strove to streamline our global workforce, and reduce general administrative expenses and external procurement costs.

#### **Precision Machinery and Parts**

Sales of linear motion products, particularly ball screws, decreased due to a decline in sales to machine tool and semiconductor production equipment manufacturers. As a result, net sales in the precision machinery and parts business totaled ¥21,527 million, a year-on-year decrease of 53.7%.

Due to substantial volume reduction, we recorded an operating loss of ¥6,462 million (operating income was ¥2,569 million in the same period last year), although we strove to streamline our global workforce and reduce general and administrative expenses.

### **Other**

Sales in other business segments totaled ¥24,280 million, a year-on-year decrease of 44.9%. Other segments recorded an operating loss of ¥985 million (operating income was ¥1,934 million in the same period last year).

## **Geographical Segment Information**

### **Japan**

In the industrial machinery bearings business, sales to general industrial and electrical machinery manufacturers and the aftermarket sector decreased. In the automotive products business, sales declined due to reduced global automotive sales volume, although there were signs of a recovery in demand thanks to favorable stimulus policies such as tax credits for purchasing eco-friendly cars and subsidies for customers replacing older vehicles. In the precision machinery and parts business, sales to machine tool and semiconductor production equipment manufacturers declined.

As a result, net sales in Japan totaled ¥301,970 million, a year-on-year decrease of 25.1%. Due to drastic volume reduction and reduced export profit margins caused by the appreciation of the Japanese yen, operating loss was ¥2,526 million (operating income was ¥17,629 million in the same period last year), although initiatives to streamline our workforce and reduce general and administrative expenses contributed positively to the results.

### **The Americas**

In the industrial machinery bearings business, sales to general industrial and electrical machinery manufacturers and the aftermarket sector decreased. In the automotive products business, although there have been signs of a recovery, sales declined due to lower automobile sales. Sales in the precision machinery and parts business declined due to decreased demand from machine tool and semiconductor production equipment manufacturers.

As a result, net sales in the Americas totaled ¥48,688 million, a year-on-year decrease of 25.5%. Due to a sharp decline in volume, operating income was ¥967 million, a year-on-year decrease of 55.9%, although initiatives to streamline our workforce and reduce general and administrative expenses contributed positively to the results.

### **Europe**

In the industrial machinery bearings business, sales to general industrial manufacturers, electrical machinery manufacturers and the aftermarket sector decreased due to the negative effects of the economic recession. In the automotive products business, reduced sales of automobiles negatively affected results, although sales of electric power steering (EPS) systems increased due to favorable stimulus policies. In the precision machinery and parts business, sales to machine tool manufacturers decreased due to reduced demand.

As a result, net sales in Europe totaled ¥72,050 million, a year-on-year decrease of 23.2%. Operating income was ¥3,103 million, a year-on-year decrease of 60.5% due to a sharp decline in volume, although initiatives to streamline our workforce and reduce general and administrative expenses contributed positively to the results.

### **Asia**

In the industrial machinery bearings business, sales to general industrial machinery manufacturers, electrical machinery manufacturers and the aftermarket sector increased. In the automotive products business, although sales have started to recover due to the positive effect of favorable stimulus policies in China, stagnant sales of automobiles negatively affected overall results. In the precision machinery and parts business, sales of exposure equipment for LCD panel production decreased.

As a result, net sales in Asia totaled ¥72,288 million, a year-on-year decrease of 17.8%. Due to volume reduction, operating income was ¥4,322 million, a year-on-year decrease of 53.5%, although initiatives to streamline our workforce and reduce general and administrative expenses contributed positively to the results.

## **2. Qualitative Information Regarding Consolidated Financial Position**

### **Total assets**

Total assets were ¥755,924 million, an increase of ¥11,694 million compared to our total assets as of March 31, 2009. The main reasons for this increase are an increase of ¥26,236 million in notes and accounts receivable and ¥11,435 million in investment securities, which offset a decrease of ¥19,353 million in marketable securities, and a decrease of ¥10,124 million in losses on sales of property, plant and equipment.

Liabilities totaled ¥500,586 million, an increase of ¥5,144 million, compared to liabilities as of March 31, 2009. The main reason for this increase is an increase of ¥33,583 million in notes and accounts payable, which offsets a decrease of ¥13,765 million in short-term loans, a decrease of ¥6,700 million in redemption of corporate bonds, and ¥1,933 million in long-term loans.

### **Net assets**

Net assets totaled ¥255,337 million, an increase of ¥6,550 million compared to net assets as of March 31, 2009. The main reasons for this increase are an increase of ¥5,595 million in unrealized gains on securities and ¥4,774 million in translation adjustments, which offset a decrease of ¥2,550 million in net loss.

### **Cash Flows**

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

Net cash flow provided by operating activities totaled ¥31,077 million, including an increase of ¥33,997 million in notes and accounts payable, ¥27,478 million provided by depreciation and amortization, a decrease of ¥4,747 million in losses before tax expenses and minority interests, and an increase of ¥25,735 million in notes and accounts receivable. In the same period last year, net cash flow provided by operating activities totaled ¥21,549 million, a year-on-year increase of ¥9,528 million.

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

Net cash flow used in investing activities totaled ¥19,071 million, including an increase of ¥16,769 million due to acquisitions of sales of property, plant and equipment and ¥3,544 million in investment securities. In the same period last year, net cash flow used in investing activities totaled ¥36,208 million, a year-on-year decrease of ¥17,137 million.

#### **(3) Net cash flow provided by financing activities**

Net cash flow provided by financing activities totaled ¥29,626 million, including a decrease of ¥12,148 million in long-term loans, a decrease of ¥7,160 million in short-term loans, ¥7,000 million in payments for redemption of corporate bonds, and ¥4,218 million in dividends paid. In the same period last year, net cash flow used in financing activities totaled ¥51,024 million, a year-on-year decrease of ¥80,650 million.

In aggregate, cash and cash equivalents during the nine months ended December 31, 2009 totaled ¥108,842 million, a decrease of ¥16,101 million, compared to cash and cash equivalents as of March 31, 2009.

## **3. Qualitative Information Regarding Consolidated Business Forecast**

No revision has been made to the forecasts released on October 30, 2009 for the year ending March, 2010.

#### 4. Other

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

Although NSK Sales Co., Ltd, one of our consolidated subsidiaries, was absorbed into NSK Ltd. on August 1, 2009, this has no effect on our consolidated business results.

- (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 a 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 are 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

None.

## 5. Quarterly Consolidated Financial Statements

### (1) Consolidated Balance Sheets

|                                      | (Millions of Yen)   |                     |
|--------------------------------------|---------------------|---------------------|
|                                      | As of Dec. 31, 2009 | As of Mar. 31, 2009 |
| <b>Assets</b>                        |                     |                     |
| Current assets:                      |                     |                     |
| Cash and deposits                    | 84,361              | 77,712              |
| Notes and accounts receivable        | 124,126             | 97,890              |
| Marketable securities                | 26,947              | 46,300              |
| Finished goods                       | 61,220              | 60,965              |
| Work in process                      | 35,665              | 34,926              |
| Raw materials and supplies           | 10,707              | 10,777              |
| Others                               | 38,215              | 42,561              |
| Less allowance for doubtful accounts | (1,128)             | (1,543)             |
| Total current assets                 | 380,115             | 369,590             |
| Non-current assets:                  |                     |                     |
| Property, plant and equipment        |                     |                     |
| Buildings and structures             | 70,636              | 71,423              |
| Machinery, vehicles and equipment    | 115,658             | 122,494             |
| Others                               | 53,302              | 55,803              |
| Total property, plant and equipment  | 239,597             | 249,721             |
| Intangible fixed assets              | 10,564              | 10,483              |
| Investments and other assets         |                     |                     |
| Investment securities                | 70,277              | 58,842              |
| Prepaid pension costs                | 44,515              | 45,191              |
| Others                               | 11,388              | 10,949              |
| Less allowance for doubtful accounts | (534)               | (549)               |
| Total investments and other assets   | 125,647             | 114,433             |
| Total non-current assets             | 375,808             | 374,638             |
| Total assets                         | 755,924             | 744,229             |

(Millions of Yen)

|  | As of Dec. 31, 2009 | As of Mar. 31, 2009 |
|--|---------------------|---------------------|
| <b>Liabilities</b>                                 |                     |                     |
| Current liabilities:                               |                     |                     |
| Notes and accounts payable                         | 107,589             | 74,006              |
| Short-term loans                                   | 76,409              | 90,175              |
| Current portion of corporate bonds                 | 10,000              | 7,000               |
| Accrued income taxes                               | 2,892               | 1,915               |
| Others   | 35,067              | 37,225              |
| Total current liabilities                          | 231,958             | 210,322             |
| Non-current liabilities:                           |                     |                     |
| Corporate bonds                                    | 110,300             | 120,000             |
| Long-term loans                                    | 104,056             | 105,990             |
| Accrued employees' retirement benefits             | 24,111              | 25,170              |
| Accrued officers' retirement benefits              | 1,437               | 1,439               |
| Reserves for environmental safety measures         | 168                 | 174                 |
| Others   | 28,552              | 32,344              |
| Total non-current liabilities                      | 268,627             | 285,119             |
| Total liabilities                                  | 500,586             | 495,442             |
| <b>Net assets</b>                                  |                     |                     |
| Shareholders' equity                               |                     |                     |
| Common stock                                       | 67,176              | 67,176              |
| Additional paid-in capital                         | 78,326              | 78,324              |
| Retained earnings                                  | 129,750             | 134,455             |
| Treasury stock                                     | (4,159)             | (4,149)             |
| Total shareholders' equity                         | 271,093             | 275,807             |
| Valuation, translation adjustments and other       |                     |                     |
| Unrealized gains on securities                     | 11,123              | 5,528               |
| Translation adjustments                            | (43,166)            | (47,940)            |
| Total valuation, translation adjustments and other | (32,042)            | (42,412)            |
| Share subscription rights                          | 388                 | 289                 |
| Minority interests                                 | 15,898              | 15,102              |
| Total net assets                                   | 255,337             | 248,787             |
| Total liabilities and net assets                   | 755,924             | 744,229             |

## (2) Consolidated Statement of Operations

For the nine months ended December 31, 2009

|  | (Millions of Yen)                  |                                    |
|--|------------------------------------|------------------------------------|
|  | Nine months ended<br>Dec. 31, 2008 | Nine months ended<br>Dec. 31, 2009 |
| Net sales  | 536,536                            | 413,601                            |
| Cost of sales  | 422,062                            | 343,398                            |
| Gross profit   | 114,473                            | 70,203                             |
| Selling, general and administrative expenses             | 81,272                             | 68,701                             |
| Operating income   | 33,201                             | 1,501                              |
| Non-operating income:                                    |                                    |                                    |
| Interest income  | 1,524                              | 628                                |
| Dividend income  | 1,233                              | 1,060                              |
| Equity in earnings of affiliated companies               | 2,355                              | 1,871                              |
| Other  | 2,329                              | 2,367                              |
| Total non-operating income                               | 7,443                              | 5,927                              |
| Non-operating expenses:                                  |                                    |                                    |
| Interest expenses  | 4,570                              | 4,187                              |
| Warranty expenses  | -                                  | 4,444                              |
| Other  | 4,824                              | 2,265                              |
| Total non-operating expenses                             | 9,395                              | 10,897                             |
| Ordinary income (loss)                                   | 31,249                             | (3,468)                            |
| Extraordinary income:                                    |                                    |                                    |
| Gain on sales of property, plant and equipment           | 489                                | -                                  |
| Total extraordinary income                               | 489                                | -                                  |
| Extraordinary loss:                                      |                                    |                                    |
| Business restructuring expenses                          | -                                  | 1,279                              |
| Loss on devaluation of investment securities             | 4,439                              | -                                  |
| Total extraordinary loss                                 | 4,439                              | 1,279                              |
| Income (loss) before tax expenses and minority interests | 27,298                             | (4,747)                            |
| Income taxes   | 9,081                              | (2,691)                            |
| Minority interests                                       | 1,149                              | 494                                |
| Net income (loss)  | 17,067                             | (2,550)                            |

For the three months ended December 31, 2009

(Millions of Yen)

|  | Three months ended<br>Dec. 31, 2008 | Three months ended<br>Dec. 31, 2009 |
|--|-------------------------------------|-------------------------------------|
| Net sales  | 153,210                             | 155,730                             |
| Cost of sales  | 123,062                             | 127,139                             |
| Gross profit   | 30,148                              | 28,590                              |
| Selling, general and administrative expenses             | 25,560                              | 23,177                              |
| Operating income   | 4,588                               | 5,412                               |
| Non-operating income:                                    |                                     |                                     |
| Interest income  | 499                                 | 217                                 |
| Dividend income  | 447                                 | 408                                 |
| Equity in earnings of affiliated companies               | 402                                 | 858                                 |
| Other  | 708                                 | 589                                 |
| Total non-operating income                               | 2,058                               | 2,074                               |
| Non-operating expenses:                                  |                                     |                                     |
| Interest expenses  | 1,523                               | 1,269                               |
| Warranty expenses  | -                                   | 513                                 |
| Exchange loss  | 1,405                               | -                                   |
| Other  | 1,385                               | 456                                 |
| Total non-operating expenses                             | 4,314                               | 2,238                               |
| Ordinary income  | 2,332                               | 5,248                               |
| Extraordinary loss:                                      |                                     |                                     |
| Business restructuring expenses                          | -                                   | 159                                 |
| Loss on devaluation of investment securities             | 2,700                               | -                                   |
| Total extraordinary loss                                 | 2,700                               | 159                                 |
| Income (loss) before tax expenses and minority interests | (367)                               | 5,088                               |
| Income taxes   | 198                                 | 1,416                               |
| Minority interests                                       | 32                                  | 328                                 |
| Net income (loss)  | (598)                               | 3,343                               |

**(3) Consolidated Statement of Cash Flows**

(Millions of Yen)

|  | Nine months ended<br>Dec. 31, 2008 | Nine months ended<br>Dec. 31, 2009 |
|--|------------------------------------|------------------------------------|
| Operating activities   |                                    |                                    |
| Income (loss) before tax expenses and minority interests   | 27,298                             | (4,747)                            |
| Depreciation and amortization  | 29,398                             | 27,478                             |
| Amortization of goodwill   | 514                                | 667                                |
| Increase (decrease) in allowance for doubtful accounts   | (37)                               | (460)                              |
| Increase (decrease) in provision for retirement benefits<br>and prepaid pension cost                                       | (3,582)                            | (549)                              |
| Interest and dividend income   | (2,758)                            | (1,688)                            |
| Interest expenses  | 4,570                              | 4,187                              |
| Equity in losses (earnings) of affiliates  | (2,355)                            | (1,871)                            |
| Business restructuring expenses  | -                                  | 1,279                              |
| Loss (gain) on sales of property, plant and equipment  | (489)                              | -                                  |
| Loss (gain) on devaluation of investment securities  | 4,439                              | -                                  |
| Decrease (increase) in notes and accounts receivable   | 11,501                             | (25,735)                           |
| Decrease (increase) in inventories   | (30,095)                           | 409                                |
| Increase (decrease) in notes and accounts payable  | (4,683)                            | 33,997                             |
| Other  | (749)                              | (4,484)                            |
| Subtotal   | 32,970                             | 28,482                             |
| Interest and dividends received  | 6,813                              | 3,128                              |
| Interest paid  | (4,282)                            | (4,042)                            |
| Income taxes paid  | (13,951)                           | 3,508                              |
| Net cash provided by operating activities  | 21,549                             | 31,077                             |
| Investing activities   |                                    |                                    |
| Net decrease (increase) in time deposit  | (19)                               | (39)                               |
| Payments for acquisitions of marketable securities   | (3,501)                            | (0)                                |
| Proceeds from sales of marketable securities   | 8,286                              | 17                                 |
| Acquisitions to property, plant and equipment  | (39,910)                           | (16,769)                           |
| Proceeds from sales of property, plant and equipment   | 944                                | 1,286                              |
| Acquisitions of investment securities  | (964)                              | (3,544)                            |
| Proceeds from investment securities  | 860                                | 1,505                              |
| Proceeds from (payments for) acquisitions of subsidiary companies'<br>stock resulting in changes in scope of consolidation | -                                  | (413)                              |
| Payments for advances  | (109)                              | (72)                               |
| Proceeds from collection of advances   | 89                                 | 174                                |
| Other  | (1,884)                            | (1,215)                            |
| Net cash used in investing activities  | (36,208)                           | (19,071)                           |

|  | Nine months ended<br>Dec. 31, 2008 | Nine months ended<br>Dec. 31, 2009 |
|--|------------------------------------|------------------------------------|
| Financing activities   |                                    |                                    |
| Net increase (decrease) in short-term loans  | 9,862                              | (7,160)                            |
| Increase in long-term loans  | 77,648                             | 1,019                              |
| Repayments of long-term debts  | (15,483)                           | (12,148)                           |
| Payments for redemption of corporate bonds   | (10,000)                           | (7,000)                            |
| Acquisitions of treasury stock   | (58)                               | (15)                               |
| Dividends paid   | (10,561)                           | (4,218)                            |
| Dividends paid to minority shareholders  | (572)                              | (116)                              |
| Other  | 188                                | 14                                 |
| Net cash provided by (used in) financing activities  | 51,024                             | (29,626)                           |
| Effect of exchange rate changes on cash and cash equivalents   | (5,099)                            | 1,040                              |
| Net increase (decrease) in cash and cash equivalents   | 31,264                             | (16,579)                           |
| Cash and cash equivalents at beginning of the year   | 113,226                            | 124,944                            |
| Increase in cash and cash equivalents resulting<br>from changes in fiscal year-ends of consolidated subsidiaries | -                                  | 477                                |
| Cash and cash equivalents at end of the period   | 144,490                            | 108,842                            |

**(4) Going Concern Assumption**

None.

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

Three months ended December 31, 2008

(Millions of Yen)

|                                      | Industrial machinery bearings | Automotive products | Precision machinery & parts | Other  | Total   | Eliminations/corporate | Consolidated |
|--------------------------------------|-------------------------------|---------------------|-----------------------------|--------|---------|------------------------|--------------|
| Sales                                |                               |                     |                             |        |         |                        |              |
| (1)Sales to third parties            | 48,640                        | 81,550              | 15,474                      | 7,545  | 153,210 | -                      | 153,210      |
| (2)Inter-segment sales and transfers | -                             | -                   | -                           | 6,623  | 6,623   | (6,623)                | -            |
| Total                                | 48,640                        | 81,550              | 15,474                      | 14,169 | 159,834 | (6,623)                | 153,210      |
| Operating income (loss)              | 4,535                         | 1,486               | (404)                       | 176    | 5,794   | (1,206)                | 4,588        |

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, 2008

(Millions of Yen)

|                                      | Industrial machinery bearings | Automotive products | Precision machinery & parts | Other  | Total   | Eliminations/Corporate | Consolidated |
|--------------------------------------|-------------------------------|---------------------|-----------------------------|--------|---------|------------------------|--------------|
| Sales                                |                               |                     |                             |        |         |                        |              |
| (1)Sales to third parties            | 170,340                       | 295,689             | 46,527                      | 23,978 | 536,536 | -                      | 536,536      |
| (2)Inter-segment sales and transfers | -                             | -                   | -                           | 20,102 | 20,102  | (20,102)               | -            |
| Total                                | 170,340                       | 295,689             | 46,527                      | 44,081 | 556,638 | (20,102)               | 536,536      |
| Operating income (loss)              | 20,730                        | 12,309              | 2,569                       | 1,934  | 37,544  | (4,343)                | 33,201       |

Nine 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            | 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        |

【 Sales by Geographical Segment 】

Three months ended December 31, 2008

(Millions of Yen)

|                                   | Japan   | The Americas | Europe | Asia   | Total   | Eliminations/<br>corporate | Consolidated |
|-----------------------------------|---------|--------------|--------|--------|---------|----------------------------|--------------|
| Sales                             |         |              |        |        |         |                            |              |
| (1)Sales to third parties         | 94,479  | 16,091       | 21,215 | 21,424 | 153,210 | -                          | 153,210      |
| (2)Inter-area sales and transfers | 27,272  | 203          | 910    | 5,561  | 33,947  | (33,947)                   | -            |
| Total                             | 121,751 | 16,295       | 22,125 | 26,985 | 187,158 | (33,947)                   | 153,210      |
| Operating income                  | 1,221   | 31           | 1,723  | 2,552  | 5,529   | (941)                      | 4,588        |

Three months ended December 31, 2009

(Millions of Yen)

|                                   | Japan   | The Americas | Europe | Asia   | Total   | Eliminations/<br>corporate | Consolidated |
|-----------------------------------|---------|--------------|--------|--------|---------|----------------------------|--------------|
| Sales                             |         |              |        |        |         |                            |              |
| (1)Sales to third parties         | 89,005  | 17,828       | 25,100 | 23,795 | 155,730 | -                          | 155,730      |
| (2)Inter-area sales and transfers | 25,448  | 183          | 521    | 5,600  | 31,754  | (31,754)                   | -            |
| Total                             | 114,454 | 18,011       | 25,622 | 29,396 | 187,484 | (31,754)                   | 155,730      |
| Operating income                  | 2,595   | 852          | 890    | 2,655  | 6,993   | (1,581)                    | 5,412        |

Nine months ended December 31, 2008

(Millions of Yen)

|                                   | Japan   | The Americas | Europe | Asia   | Total   | Eliminations/<br>corporate | Consolidated |
|-----------------------------------|---------|--------------|--------|--------|---------|----------------------------|--------------|
| Sales                             |         |              |        |        |         |                            |              |
| (1)Sales to third parties         | 313,267 | 64,556       | 89,738 | 68,973 | 536,536 | -                          | 536,536      |
| (2)Inter-area sales and transfers | 89,996  | 786          | 4,096  | 18,997 | 113,876 | (113,876)                  | -            |
| Total                             | 403,263 | 65,343       | 93,835 | 87,970 | 650,412 | (113,876)                  | 536,536      |
| Operating income                  | 17,629  | 2,192        | 7,852  | 9,289  | 36,964  | (3,763)                    | 33,201       |

Nine months ended December 31, 2009

(Millions of Yen)

|                                   | Japan   | The Americas | Europe | Asia   | Total   | Eliminations/<br>corporate | Consolidated |
|-----------------------------------|---------|--------------|--------|--------|---------|----------------------------|--------------|
| Sales                             |         |              |        |        |         |                            |              |
| (1)Sales to third parties         | 235,852 | 48,338       | 70,678 | 58,731 | 413,601 | -                          | 413,601      |
| (2)Inter-area sales and transfers | 66,118  | 349          | 1,372  | 13,556 | 81,396  | (81,396)                   | -            |
| Total                             | 301,970 | 48,688       | 72,050 | 72,288 | 494,998 | (81,396)                   | 413,601      |
| Operating income                  | (2,526) | 967          | 3,103  | 4,322  | 5,867   | (4,366)                    | 1,501        |

**【 Sales by Customer Location 】**

Three months ended December 31, 2008

(Millions of Yen)

|   | The Americas | Europe | Asia   | Total   |
|---|--------------|--------|--------|---------|
| (1)Non-Japan sales                                    | 16,393       | 21,767 | 35,279 | 73,439  |
| (2)Consolidated net sales                             | -            | -      | -      | 153,210 |
| (3)Ratio of Non-Japan sales to consolidated net sales | 10.7%        | 14.2%  | 23.0%  | 47.9%   |

Three months ended December 31, 2009

(Millions of Yen)

|   | The Americas | Europe | Asia   | Total   |
|---|--------------|--------|--------|---------|
| (1)Non-Japan sales                                    | 18,296       | 25,072 | 33,826 | 77,194  |
| (2)Consolidated net sales                             | -            | -      | -      | 155,730 |
| (3)Ratio of Non-Japan sales to consolidated net sales | 11.7%        | 16.1%  | 21.7%  | 49.6%   |

Nine months ended December 31, 2008

(Millions of Yen)

|   | The Americas | Europe | Asia    | Total   |
|---|--------------|--------|---------|---------|
| (1)Non-Japan sales                                    | 65,826       | 91,028 | 107,049 | 263,904 |
| (2)Consolidated net sales                             | -            | -      | -       | 536,536 |
| (3)Ratio of Non-Japan sales to consolidated net sales | 12.3%        | 17.0%  | 20.0%   | 49.2%   |

Nine months ended December 31, 2009

(Millions of Yen)

|   | The Americas | Europe | Asia   | Total   |
|---|--------------|--------|--------|---------|
| (1)Non-Japan sales                                    | 49,607       | 70,575 | 88,137 | 208,320 |
| (2)Consolidated net sales                             | -            | -      | -      | 413,601 |
| (3)Ratio of Non-Japan sales to consolidated net sales | 12.0%        | 17.1%  | 21.3%  | 50.4%   |

**(6) Substantial Changes in Shareholders' Equity**

None.