

NSK Ltd.(URL <http://www.nsk.com>)

For Immediate Release

MAY 13, 2008

**CONSOLIDATED RESULTS
FOR THE YEAR ENDED MARCH 31, 2008 (unaudited)****Consolidated Financial Highlights**

(Millions of yen)	Year ended Mar. 31,		Year ended Mar. 31,	
	2007	Change %	2008	Change %
Net sales	¥ 717,225	14.1	¥ 772,036	7.6
Operating income	62,383	46.6	69,343	11.2
Ordinary income	57,595	48.0	64,854	12.6
Net income	34,853	36.2	42,613	22.3
(Yen)				
Net income per share				
Basic	¥ 64.53		¥ 78.84	
Diluted	64.47		78.79	
(%)				
ROE	14.0%		16.1%	
Ordinary income/total assets	7.4%		7.9%	
Operating income margin	8.7%		9.0%	

Consolidated Financial Position

(Millions of yen)	As of Mar. 31,	As of Mar. 31,
	2007	2008
Total assets	¥ 815,788	¥ 828,580
Net assets	276,727	283,775
(%)		
Shareholders' equity to total assets	32.2%	32.3%
(Yen)		
Net assets per share	¥ 485.62	¥ 495.61

Consolidated Results of Cash Flow

(Millions of yen)	Year ended Mar. 31,	Year ended Mar. 31,
	2007	2008
Net cash provided by operating activities	¥ 64,153	¥ 69,236
Net cash used in investing activities	(64,600)	(23,187)
Net cash used in financing activities	20,929	(5,923)
Cash and cash equivalents at end of the period	73,319	113,226

Dividends

(Yen)	Year ended Mar. 31,	Year ended Mar. 31,
	2007	2008
Dividends per share		
Interim	¥ 7.00	¥ 9.00
Year-end	9.00	10.00
Full year	16.00	19.00

(Millions of yen)	Year ended Mar. 31,	Year ended Mar. 31,
	2007	2008
Total dividend (full year)	¥ 8,650	¥ 10,277
(%)		
Dividends payout ratio	24.8%	24.1%
Dividends on net assets	3.5%	3.9%

Forecasts for the Year Ending March 31, 2009

(Millions of yen)	Year ending Mar.31, 2009			
	1st half	Change %	Full year	Change %
Net sales	¥ 380,000	2.9	¥ 800,000	3.6
Operating income	31,500	(0.2)	71,000	2.4
Ordinary income	29,500	0.4	67,000	3.3
Net income	19,500	10.2	44,000	3.3

(Yen)

Net income per share Basic	¥ 36.07	¥ 81.39
-------------------------------	---------	---------

Dividends per share

	Year ending Mar.31, 2009
(Yen)	
Interim	10.00
Year-end	10.00
Full year	20.00

(%)

Dividends payout ratio	24.6%
------------------------	-------

(Reference)

Non-Consolidated Financial Highlights

(Millions of yen)	Year ended Mar. 31,		Year ended Mar. 31,	
	2007	Change %	2008	Change %
Net sales	¥ 446,588	5.0	¥ 471,553	5.6
Operating income	19,248	40.5	17,050	(11.4)
Ordinary income	19,375	46.1	18,171	(6.2)
Net income	15,247	23.2	14,443	(5.3)
(Yen)				
Net income per share				
Basic	¥ 28.21		¥ 26.70	
Diluted	28.18		26.68	

Non-Consolidated Financial Position

(Millions of yen)	As of Mar. 31,	As of Mar. 31,
	2007	2008
Total assets	¥ 715,341	¥ 709,473
Net assets	264,411	252,223
(%)		
Shareholders' equity to total assets	37.0%	35.5%
(Yen)		
Net assets per share	¥ 488.84	¥ 465.91

Consolidated Balance Sheets

(Millions of yen)	As of Mar. 31	As of Mar. 31	Change
	2007	2008	
Assets			
Current assets	¥ 389,067	¥ 404,412	¥ 15,345
Cash and deposits	68,354	66,259	(2,094)
Notes and accounts receivable	131,417	137,439	6,021
Marketable securities	40,339	51,600	11,260
Inventories	105,043	101,849	(3,194)
Deferred tax assets	10,190	9,219	(971)
Other current assets	35,481	39,268	3,787
Less allowance for doubtful accounts	(1,759)	(1,223)	535
Non-current assets	426,721	424,167	(2,553)
Property, plant and equipment	256,872	268,055	11,182
Buildings and structures	72,737	77,773	5,036
Machinery and transportation equipment	124,679	125,577	897
Land	37,110	36,979	(131)
Other property, plant and equipment	22,345	27,724	5,379
Intangible assets	9,438	10,520	1,082
Investments and other assets	160,410	145,591	(14,818)
Investment securities	112,352	91,051	(21,301)
Long-term loans - receivable	216	442	225
Deferred tax assets	2,855	3,018	162
Prepaid pension costs	38,063	43,830	5,766
Other investments and other assets	8,059	8,039	(20)
Less allowance for doubtful accounts	(1,138)	(789)	348
Total assets	¥ 815,788	¥ 828,580	¥ 12,791

(Millions of yen)	As of Mar. 31,		Change
	2007	2008	
Liabilities			
Current liabilities	¥ 297,489	¥ 294,318	¥ (3,171)
Notes and accounts payable	122,115	130,966	8,850
Short-term loans	84,869	84,787	(81)
Current portion of corporate bonds	23,000	10,000	(13,000)
Accrued income taxes	11,183	6,199	(4,984)
Other current liabilities	56,320	62,364	6,043
Long-term liabilities	241,571	250,486	8,915
Corporate bonds	102,000	127,000	25,000
Long-term loans	45,687	42,625	(3,061)
Deferred tax liabilities	39,536	29,737	(9,798)
Accrued employees' retirement benefits	39,893	36,592	(3,300)
Accrued officers' retirement benefits	938	1,202	264
Reserves for environmental safety measures expenses	685	268	(416)
Other long-term liabilities	12,830	13,058	227
Total liabilities	539,061	544,804	5,743
Net assets			
Shareholders' equity	262,736	296,193	33,456
Common stock	67,176	67,176	—
Additional paid-in capital	78,238	78,304	66
Retained earnings	121,441	154,846	33,405
Treasury stock	(4,119)	(4,134)	(15)
Valuation, translation adjustments and other	(311)	(28,279)	(27,968)
Unrealized holding gains on securities	36,548	18,216	(18,331)
Translation adjustments	(11,963)	(21,586)	(9,622)
Unfunded retirement benefits obligation of overseas subsidiaries	(24,895)	(24,909)	(13)
Share subscription rights	56	170	114
Minority interests	14,245	15,690	1,445
Total net assets	276,727	283,775	7,048
Total liabilities and net assets	¥ 815,788	¥ 828,580	¥ 12,791

Consolidated Statements of Operations

(Millions of yen)	Year ended Mar. 31, 2007	Year ended Mar. 31, 2008	Change	
				%
Net sales	¥ 717,225	¥ 772,036	¥ 54,811	7.6
Cost of sales	551,069	593,736	42,667	7.7
Gross profit	166,155	178,299	12,144	7.3
Selling, general and administrative expenses	103,772	108,956	5,183	5.0
Operating income	62,383	69,343	6,960	11.2
Non-operating income:	9,783	10,882	1,099	11.2
Interest and dividend income	2,425	3,091	665	27.4
Equity in earnings of affiliates	3,925	4,475	549	14.0
Other	3,431	3,316	(115)	(3.4)
Non-operating expenses:	14,571	15,371	800	5.5
Interest expense	5,473	6,246	773	14.1
Other	9,098	9,125	27	0.3
Ordinary income	57,595	64,854	7,259	12.6
Extraordinary income:	1,883	871	(1,011)	(53.7)
Gain on sales of investment securities	—	871	871	—
Gain on sales of property, plant and equipment	1,342	—	(1,342)	—
Gain on sales of stocks of affiliates	540	—	(540)	—
Extraordinary losses:	2,441	2,112	(329)	(13.5)
Loss on compensation for damages	—	1,948	1,948	—
Loss on sales of stocks of affiliates	—	164	164	—
Cost related to business restructuring	2,441	—	(2,441)	—
Net income before income taxes and minority interests	57,037	63,613	6,576	11.5
Income taxes:				
Current	17,371	15,646	(1,724)	(9.9)
Deferred	2,827	3,526	698	24.7
Minority interests	1,985	1,827	(158)	(8.0)
Net income	¥ 34,853	42,613	¥ 7,760	22.3

Consolidated Statements of Changes in Net Assets

Year ended Mar. 31, 2007

(Millions of yen)

	Shareholders' Equity				Total shareholders' equity
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	
Balance at Mar. 31, 2006	¥67,176	¥78,097	¥71,241	¥(4,224)	¥212,290
Changes during the year					
Cash dividends			(8,650)		(8,650)
Net income			34,853		34,853
Effect of changes in fiscal year ends of consolidated subsidiaries and affiliates*			906		906
Repurchase of treasury stock				(135)	(135)
Sales of treasury stock		140		240	381
Net change during the year, except for items under shareholders' equity			23,091		23,091
Total change during the year	—	140	50,200	105	50,446
Balance at Mar. 31, 2007	¥67,176	¥78,238	¥121,441	¥(4,119)	¥262,736

	Valuation, translation adjustments and other				Share subscription rights	Minority interests	Total net assets
	Unrealized holding gains on securities	Translation adjustments	Unfunded retirement benefits obligation of overseas subsidiaries	Total valuation, translation adjustments and other			
Balance at Mar. 31, 2006	¥42,297	¥(18,871)	¥ —	¥ 23,425	¥ —	¥12,107	¥247,823
Changes during the year							
Cash dividends							(8,650)
Net income							34,853
Effect of changes in fiscal year ends of consolidated subsidiaries and affiliates*							906
Repurchase of treasury stock							(135)
Sales of treasury stock							381
Net change during the year, except for items under shareholders' equity	(5,749)	6,908	(24,895)	(23,736)	56	2,137	1,549
Total change during the year	(5,749)	6,908	(24,895)	(23,736)	56	2,137	28,903
Balance at Mar. 31, 2007	¥36,548	¥(11,963)	¥(24,895)	¥ (311)	¥ 56	¥14,245	¥276,727

* Effect of changes in fiscal year ends of consolidated subsidiaries and affiliates includes changes in 40 consolidated subsidiaries and 3 affiliates accounted for by the equity method, which mainly changed their fiscal year ends from December 31 to March 31.

Year ended Mar. 31, 2008

(Millions of yen)

	Shareholders' Equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at Mar. 31, 2007	¥67,176	¥78,238	¥121,441	¥(4,119)	¥262,736
Changes during the year					
Cash dividends			(10,277)		(10,277)
Net income			42,613		42,613
Effect of changes in fiscal year ends of consolidated subsidiaries and affiliates*			1,069		1,069
Repurchase of treasury stock				(130)	(130)
Sales of treasury stock		66		114	181
Net change during the year, except for items under shareholders' equity					
Total change during the year	—	66	33,405	(15)	33,456
Balance at Mar. 31, 2008	¥67,176	¥78,304	¥154,846	¥(4,134)	¥296,193

	Valuation, translation adjustments and other						
	Unrealized holding gains on securities	Translation adjustments	Unfunded retirement benefits obligation of overseas subsidiaries	Total valuation, translation adjustments and other	Share subscription rights	Minority interests	Total net assets
Balance at Mar. 31, 2007	¥36,548	¥(11,963)	¥(24,895)	¥ (311)	¥ 56	¥14,245	¥276,727
Changes during the year							
Cash dividends							(10,277)
Net income							42,613
Effect of changes in fiscal year ends of consolidated subsidiaries and affiliates*							1,069
Repurchase of treasury stock							(130)
Sales of treasury stock							181
Net change during the year, except for items under shareholders' equity	(18,331)	(9,622)	(13)	(27,968)	114	1,445	(26,408)
Total change during the year	(18,331)	(9,622)	(13)	(27,968)	114	1,445	7,048
Balance at Mar. 31, 2008	¥18,216	¥ (21,586)	¥(24,909)	¥(28,279)	¥ 170	¥15,690	¥283,775

* Effect of changes in fiscal year ends of consolidated subsidiaries and affiliates includes changes in 8 consolidated subsidiaries, which changed their fiscal year ends from December 31 to March 31.

Consolidated Statements of Cash Flows

(Millions of yen)	Year ended Mar. 31, 2007	Year ended Mar. 31, 2008	Change
Operating activities			
Income before income taxes and minority interests	¥ 57,037	¥63,613	¥ 6,576
Depreciation and amortization	35,316	38,380	3,063
Amortization of goodwill	730	756	26
Increase (decrease) in allowance for doubtful accounts	(44)	(852)	(807)
Increase (decrease) in provision for retirement benefits and prepaid pension cost	(11,010)	(8,969)	2,041
Interest and dividend income	(2,425)	(3,091)	(665)
Interest expense	5,473	6,246	773
Equity in earnings of affiliates	(3,925)	(4,475)	(549)
Gain on sales of property, plant and equipment	(1,342)	—	1,342
Gain on sales of investment securities	—	(871)	(871)
Gain on sales of stocks of affiliates	(594)	—	594
Loss on sales of stocks of affiliates	—	164	164
Loss on compensation for damages	—	1,948	1,948
Cost related to business restructuring	1,903	—	(1,903)
Decrease (increase) in notes and accounts receivable	(7,884)	(8,607)	(723)
Decrease (Increase) in inventories	477	(590)	(1,067)
Increase (decrease) in notes and accounts payable	8,223	9,392	1,168
Other	(2,575)	(1,394)	1,181
Subtotal	79,357	91,649	12,292
Interest and dividends received	7,339	5,104	(2,235)
Interest paid	(5,660)	(6,275)	(615)
Income taxes paid	(16,883)	(21,242)	(4,359)
Net cash provided by operating activities	64,153	69,236	5,083
Investing activities			
Net decrease (increase) in time deposit	(10,220)	14,442	24,662
Payments for acquisition of marketable securities	(17,973)	(14,287)	3,686
Proceeds from sales of marketable securities	2,524	30,849	28,325
Additions to property, plant and equipment	(39,062)	(46,782)	(7,720)
Proceeds from sales of property, plant and equipment	2,020	1,047	(972)
Acquisition of investment securities	(1,245)	(10,263)	(9,018)
Proceeds from sales of investment securities	45	1,979	1,934
Proceeds from acquisition of subsidiaries' stock resulting in changes in scope of consolidation	—	772	772
Proceeds from sales of subsidiaries' stock resulting in changes in scope of consolidation	1,861	—	(1,861)
Payments for advances	(285)	(474)	(189)
Proceeds from collection of advances	124	221	96
Other	(2,391)	(692)	1,698
Net cash used in investing activities	(64,600)	(23,187)	41,413
Financing activities			
Net increase (decrease) in short-term loans	4,704	(6,690)	(11,395)
Net increase (decrease) in commercial paper issued	(5,000)	—	5,000
Increase in long-term loans	13,238	10,050	(3,187)
Long-term debt – repayments	(14,515)	(11,392)	3,123
Proceeds from the issue of corporate bonds	40,000	35,000	(5,000)
Payments for redemption of corporate bonds	(10,000)	(23,000)	(13,000)
Payments for acquisition of treasury stock	(121)	(121)	(0)
Dividends paid	(7,291)	(9,731)	(2,439)
Dividends paid to minority shareholders	(435)	(423)	11
Other	350	386	35
Net cash used in financing activities	20,929	(5,923)	(26,853)
Effect of exchange rate changes on cash and cash equivalents	969	(945)	(1,914)
Net increase (decrease) in cash and cash equivalents	21,452	39,180	17,728
Cash and cash equivalents at beginning of the year	51,812	73,319	21,506
Increase (decrease) in cash and cash equivalents resulting in changes in fiscal year ends of consolidated subsidiaries	54	726	671
Cash and cash equivalents at end of the year	¥ 73,319	¥ 113,226	¥ 39,907

Sales by Business Segment

(Millions of yen)	Year ended Mar. 31, 2007						Consolidated
	Industrial machinery bearings	Automotive products	Precision machinery and parts	Other	Total	Eliminations/corporate	
Sales to third parties	¥ 216,338	¥ 397,863	¥ 77,719	¥ 25,303	¥ 717,225	¥ —	¥ 717,225
Inter-segment sales and transfers	—	—	—	19,812	19,812	(19,812)	—
Total	216,338	397,863	77,719	45,116	737,037	(19,812)	717,225
Operating expenses	186,786	375,175	66,179	42,717	670,858	(16,016)	654,842
Operating income	29,551	22,687	11,540	2,398	66,178	(3,795)	62,383
Assets	228,627	291,650	64,177	84,748	669,203	146,585	815,788
Depreciation expenses	13,144	17,564	3,436	2,375	36,519	(1,202)	35,316
Capital expenditures	12,174	19,550	3,402	3,038	38,164	(475)	37,689

(Millions of yen)	Year ended Mar. 31, 2008						Consolidated
	Industrial machinery bearings	Automotive products	Precision machinery and parts	Other	Total	Eliminations/corporate	
Sales to third parties	¥ 239,056	¥ 435,705	¥ 68,186	¥ 29,087	¥ 772,036	¥ —	¥ 772,036
Inter-segment sales and transfers	—	—	—	27,140	27,140	(27,140)	—
Total	239,056	435,705	68,186	56,227	799,176	(27,140)	772,036
Operating expenses	205,567	405,044	59,565	53,388	723,566	(20,873)	702,692
Operating income	33,489	30,660	8,620	2,839	75,610	(6,266)	69,343
Assets	238,546	313,795	63,851	86,146	702,340	126,240	828,580
Depreciation expenses	14,570	18,369	3,731	2,717	39,388	(1,008)	38,380
Capital expenditures	22,400	22,982	4,517	5,199	55,100	(1,194)	53,905

Sales by Geographical Segment

(Millions of yen)	Year ended Mar. 31, 2007					Eliminations/corporate	Consolidated
	Japan	Americas	Europe	Asia	Total		
Sales to third parties	¥ 416,479	¥ 102,349	¥ 121,101	¥ 77,294	¥ 717,225	¥ —	¥ 717,225
Inter-area sales and transfers	105,858	571	6,479	21,399	134,309	(134,309)	—
Total	522,338	102,921	127,581	98,694	851,534	(134,309)	717,225
Operating expenses	474,943	99,114	120,927	89,241	784,227	(129,384)	654,842
Operating income	47,394	3,806	6,653	9,453	67,307	(4,924)	62,383
Assets	¥ 639,878	¥ 69,466	¥ 89,871	¥ 94,528	¥ 893,744	¥ (77,955)	¥ 815,788

(Millions of yen)	Year ended Mar. 31, 2008					Eliminations/corporate	Consolidated
	Japan	Americas	Europe	Asia	Total		
Sales to third parties	¥ 440,823	¥ 105,131	¥ 132,310	¥ 93,769	¥ 772,036	¥ —	¥ 772,036
Inter-area sales and transfers	117,181	872	7,645	24,224	149,923	(149,923)	—
Total	558,004	106,004	139,956	117,994	921,959	(149,923)	772,036
Operating expenses	511,171	101,137	129,815	104,804	846,927	(144,235)	702,692
Operating income	¥ 46,833	¥ 4,867	¥ 10,141	¥ 13,189	¥ 75,031	¥ (5,688)	¥ 69,343
Assets	¥ 671,168	¥ 63,598	¥ 95,304	¥ 107,735	¥ 937,805	¥ (109,225)	¥ 828,580

Sales by Customer Location

	Year ended Mar. 31, 2007			
(Millions of yen)	Americas	Europe	Asia	Total
Non-Japan sales	¥ 105,111	¥ 121,698	¥ 126,021	¥ 352,830
Consolidated net sales				717,225
Ratio of Non-Japan sales to consolidated net sales	14.6%	17.0%	17.6%	49.2%

	Year ended Mar. 31, 2008			
(Millions of yen)	Americas	Europe	Asia	Total
Non-Japan sales	¥ 107,321	¥ 133,853	¥ 141,933	¥ 383,109
Consolidated net sales				772,036
Ratio of Non-Japan sales to consolidated net sales	13.9%	17.3%	18.4%	49.6%

Per Share Data

	Year ended Mar.31, 2007	Year ended Mar. 31, 2008
(Yen)		
Net assets per share	¥ 485.62	¥ 495.61
Net income per share		
Basic	64.53	78.84
Diluted	64.47	78.79

(Note) The followings are the basis for calculation of net income per share data.

	Year ended Mar. 31, 2007	Year ended Mar. 31, 2008
(Millions of yen)		
Basic net income per share		
Net income	¥ 34,853	¥ 42,613
Amount not available for common stock	—	—
Net income related to common stock	34,853	42,613
Average shares of common stock (thousands of shares)	540,106	540,504
Diluted net income per share		
Number of common stocks increased (thousands of shares)	508	362
Share subscription rights as part of number of common stocks increased (thousands of shares)	508	362

Outline of the residual shares not included in the calculation of diluted net income per share due to no dilution effects

— Share subscription rights
743
(Share subscription rights)
Stock option approved at the ordinary general meeting of shareholders held on June 26th, 2007

Overview of the Year Ended March 31, 2008

1. Business Overview

Business performance during the period

The global economy in the year ended March 31, 2008 remained robust overall. However, in addition to high crude oil prices and raw material costs, financial uncertainty stemming from the subprime loan crisis has impacted upon the real economy and brought about economical uncertainty. The Japanese economy continued to grow, backed by an increase in exports, although consumer spending and capital expenditures stayed flat and the economy slowed in the latter half of the year. The U.S. economy was negatively affected by a slump in housing investment and a slowdown in consumer spending and capital expenditure. Economies in the EU and U.K. exhibited steady recovery. In Asia, the economy continued to expand in China and other countries in the region.

Among the company's business segments, the precision machinery and parts segment was negatively affected by a decline in demand from semiconductor and liquid crystal production equipment manufacturers. However, in the industrial machinery bearing and automotive products segments, NSK Group's manufacturing sites continued to operate at high levels worldwide due to global economic expansion and an increase in orders backed by growing demand from emerging markets such as China and India.

Under these conditions, we have strived to enhance profitability to build a strong corporate structure that does not depend solely on quantity, and have aggressively deployed growth strategies in the industrial machinery bearing and automotive products segments, with our mid-term vision "To Become No. 1 in Total Quality" in mind.

As a result, our consolidated net sales for the year totaled ¥772,036 million, a year-on-year increase of 7.6%. Operating income was ¥69,343 million, an increase of 11.2% compared to the same period last year, backed by improved capacity utilization resulting from volume and production growth, productivity improvement, improvement in export profit margins due to depreciation of the Japanese yen, and reduction of external procurement costs. Our ordinary income was ¥64,854 million, a year-on-year increase of 12.6%.

After factoring a ¥871 million gain on sales of investment securities under extraordinary income and a ¥1,948 million of loss on compensation for damages under extraordinary losses, net income after adjusting for income taxes, tax expenses and minority interests was ¥42,613 million, a year-on-year increase of 22.3%.

Results by Business Segment

Industrial Machinery Bearings

In Japan, sales to the machine tools and construction machinery sectors increased. Demand from the construction machinery and general machinery sectors was strong in the Americas. In Europe, sales increased, particularly in the wind turbine and machine tool sectors. Sales in Asia were favorable with brisk demand from the electrical machinery, machine tools and general machinery sectors in China. In addition, sales increased substantially in India, and sales in the aftermarket sector grew in all regions.

Overall industrial machinery bearing sales totaled ¥239,056 million, a year-on-year increase of 10.5%. Operating income was ¥33,489 million, a year-on-year increase of 13.3%, backed by volume growth.

Automotive Products

In the automotive bearings business, sales of needle roller bearings in Japan grew, backed by an increase in demand from automatic transmission (AT) makers. In the Americas, sales increased in Brazil and Canada. However, demand for minivans in the U.S. declined, and total sales in the Americas was flat year-on-year. Sales in Europe and Asia were strong. In

particular, sales of hub unit bearings in China grew substantially, backed by sales and local production expansion.

In the automotive component business, sales of high-power electric power steering (EPS) systems grew in Japan due to sales expansion activities. Sales of AT components were also strong. In the Americas, although sales to Japanese automotive manufacturers increased, sales of automotive components decreased due to a cease in production of car models that use them. In Europe, sales of EPS systems decreased due to replacement of car models that use them. In Asia, sales of steering columns increased in Thailand and China.

Net sales in the automotive products segment increased 9.5% year-on-year to ¥435,705 million. Operating income also increased 35.1% year-on-year to ¥30,660 million due to volume growth and reduction of external procurement costs.

Precision Machinery and Parts

Sales to the machine tool sector continued to be robust worldwide, and sales of linear motion products, particularly ball screws, increased. However, sales of photofabrication equipment for LCD color filter production decreased due to decline in demand from semiconductor and liquid crystal production equipment manufacturers.

As a result, overall sales totaled ¥68,186 million, a year-on-year decrease of 12.3%. Operating income was ¥8,620 million, a year-on-year decrease of 25.3% due to a decrease in production and sales volume.

Other

Sales in other business segment totaled ¥56,227 million, a year-on-year increase of 24.6%, backed by an increase in export of equipment and sales of steel balls to third parties. Operating income increased 18.4% year-on-year to ¥2,839 million due to volume growth.

Results by Region

Japan

In the industrial machinery bearings segment, sales to the machine tool, construction machinery and aftermarket sectors increased. In the automotive product segment, sales of needle roller bearings grew, backed by an increase in AT demand. Sales of automotive components increased, with substantially increased sales of high-power EPS systems, backed by sales expansion, and sales of AT components also increased. In the precision machinery and parts segment, demand from machine tool makers was robust, while demands from the semiconductor and liquid crystal production equipment sectors were stagnant, and sales of photofabrication equipment for LCD color filter production decreased.

As a result, overall sales in Japan totaled ¥558,004 million, a year-on-year increase of 6.8%. Operating income was ¥46,833 million, a year-on-year decrease of 1.2%. This decrease in operating income is a result of a drop in sales of precision machinery and parts, an increase in depreciation due to an amendment to the Japanese Corporate Tax Law, and an increase in selling, general and administrative expenses, although we had positive effects of volume growth in industrial machinery bearing and automotive products segments, and an improvement in export profit margins due to the depreciation of the Japanese yen.

The Americas

Sales of industrial machinery bearings increased with growing demand from the aftermarket sector in Brazil and construction machinery and general machinery manufacturers in the U.S. In the automotive product segment, sales of automotive bearings were flat year-on-year due to a decrease in demand for minivans in the U.S., while sales in Brazil and Canada increased. Although sales to Japanese automotive manufacturers increased, sales of automotive components decreased due to cease in production of car models that use them. In the precision machinery and parts segment, sales to semiconductor production sectors decreased, while sales to machine tools makers increased.

Net sales in the Americas totaled ¥106,004 million, an increase of 3.0% compared to the last fiscal year. Operating income, which was affected positively by an increase in sales of industrial machinery bearings, was ¥4,867 million, an increase of 27.9% compared to the last fiscal year.

Europe

Sales of industrial machinery bearings saw a substantial increase in the wind turbine, machine tools and aftermarket sectors. In the automotive product segment, sales of automotive bearings increased. However, in the automotive components business, sales of EPS systems decreased due to changes in the models that use them. In the precision machinery and parts segment, sales to the machine tool and general machinery sectors grew.

As a result, overall sales in Europe totaled ¥139,956 million, a year-on-year increase of 9.7%. Operating income was ¥10,141 million, an increase of 52.4% compared to the last fiscal year, due to a sales increase in the industrial machinery bearings segment.

Asia

In the industrial machinery bearing segment, sales to the electrical machinery, machine tool, general machinery and aftermarket sectors increased substantially in China, and sales also increased in India, particularly in the aftermarket sector. In the automotive product segment, sales of hub unit bearings were boosted in China by the expansion of sales and local production. Sales of precision machinery and parts to machine tool sector strengthened in ASEAN, China and Taiwan, with favorable demand from machine tool makers, while sales of photofabrication equipment for LCD color filter production to the semiconductor and liquid crystal production equipment makers decreased in South Korea and Taiwan.

Overall sales in Asia totaled ¥117,994 million, a year-on-year increase of 19.6%. Our operating income was ¥13,189 million, a year-on-year increase of 39.5% due to improved capacity utilization resulting from volume growth.

Business Forecast for the Year Ending March 31, 2009

Uncertainties such as a slowdown in the global economy, material cost pressures and a weak U.S. dollar and strong yen remain. However, we forecast our financial results for the year ending March 31, 2009 as follows, due to the factors described below.

(Millions of yen)	Year ending Mar. 31, 2009
Net sales	¥ 800,000
Operating income	71,000
Ordinary income	67,000
Net income	44,000

Forecasted exchange rate for the year ending March 31, 2009:
U.S.\$1=¥100, 1Euro=¥155

Industrial machinery bearings:

Recent demand remains robust, and demand for large and ultra-large sized bearings continues to expand. Therefore, we expect sales in this segment to increase year-on-year.

Automotive products

We expect sales in this segment to increase year-on-year, backed by growing demand in emerging markets such as China and India, although automotive production is expected to decrease due to sales drops in Japan, North America and Western Europe.

Precision machinery and parts

Demand from machine tool makers continues to be robust, and receipt of orders of photofabrication equipment for LCD color filter production has increased. In light of these factors, sales of this segment are expected to increase year-on-year.

Notes

All forecasts are based on a number of assumptions for business environment and policies, and are subject to change with various factors. 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. Financial Position

Assets, Liabilities and Net Assets

Total assets were ¥828,580 million, an increase of ¥12,791 million from our position on March 31, 2007. The main reasons for this increase are an increase of ¥15,345 million in current assets including notes and accounts receivable, which grew by marketable securities and sales increases, an increase of ¥11,182 million in fixed assets due to an increase in capital expenditures for investment in growing fields, and a ¥14,818 million decrease in investments and other assets due to a decline in investment securities.

Liabilities totaled ¥544,804 million, an increase of ¥5,743 million from our standing as of March 31, 2007, including a ¥12,000 million increase in corporate bonds.

Net assets totaled ¥283,775 million, with an increase of ¥7,048 million from our position as of March 31, 2007. The reasons for this increase are a ¥33,456 million increase in shareholders' equity due to increase in retained earnings and a decrease of ¥27,968 million in differences on revaluation and translation.

Cash Flows

Net cash flow provided by operating activities amounted to ¥69,236 million, including ¥63,613 million of income before income taxes and minority interests, ¥38,380 million provided by depreciation and amortization, and ¥21,242 million income taxes paid.

Including ¥30,849 million of income due to sales of marketable securities and ¥46,782 million in capital expenditures for investing in growing fields, cash flow used in investing activities totaled ¥23,187 million.

Net cash used in financing activities totaled ¥5,923 million, including payments for ¥35,000 million for issue of corporate bonds, ¥6,690 million for repayment for debts, and ¥9,731 million for dividends paid.

In aggregate, the net increase in cash and cash equivalents was ¥39,907 million, resulting in cash and cash equivalents at the end of the period totaling ¥113,226 million.

	As of Mar. 31, 2005	As of Mar. 31, 2006	As of Mar. 31, 2007	As of Mar. 31, 2008
Shareholders' equity to total assets (%)	30.0	31.7	32.2	32.3
Shareholders' equity to total assets at market value (%)	47.3	74.3	74.5	49.3
Debt redemption period (Years)	3.6	3.4	4.0	3.8
Interest coverage ratio (times)	11.3	15.0	11.3	11.0

- Shareholders' equity to total assets (%): Shareholders' equity/Total assets
- Shareholders' equity to total assets at market value (%): Market capitalization/Total assets
- Debt redemption period (Years): Interest bearing debts/ Net cash provided by operating activities
- Interest coverage ratio: Net cash provided by operating activities/Interest paid

(Notes) 1. All indices have been calculated based on consolidated data.

2. Market capitalization has been calculated as:

“Closing share price at end of the year” × “Common shares outstanding at end of the year”

3. Net cash provided by operating activities refers to the net cash provided by operating activities on the consolidated statements of cash flows. Interest-bearing debts refer to the total amount of liabilities paying interests on the balance sheet.

3. Basic Policy on Appropriation of Retained Earnings and Dividends

NSK places great importance on shareholder returns. We will maintain our basic policy of issuing a consistent dividend, and ensure that our dividends better reflect our consolidated payout ratio and business results.

Considering this dividend policy, we are planning to increase the dividend by ¥1.00 for the second half of the year ended March 31, 2008 to ¥10.00 per share from the ¥9.00 per share that was announced in October 31, 2007. The full year dividend will be ¥19.00 per share with a dividend of ¥9.00 per share for the first half of the year.

Dividend for the year ending March 31, 2009 is planned to be ¥20.00 per share. (¥10.00 per share for the first half year)

4. Management Policy Statement

(1) Basic Policy, (2) Key Indicators

NSK has not changed its basic policy nor key indicators announced in November 1, 2006. Please refer to the following URL for details.

NSK HP

<http://www.nsk.com/index.html>

Tokyo Stock Exchange HP (Listed Company Information – Company Search)

<http://www.tse.or.jp/listing/compsearch/index.html>

(3) Mid -Term Strategies

NSK marked the 90th anniversary of its founding on November 8, 2006, and we chose the name “Next 10” for our policy over the next 10 years, which means we will continue working to consider where NSK should be at the time of its centenary. The three-year mid-term plan launched in April 2006 forms the first stage of the countdown to our centenary year. We have two pillars of growth strategy and profitability enhancement as our basic policies, and we are striving to build a strong corporate structure that does not depend solely on quantity.

Our mid-term vision is to “Become No.1 in total quality”, which includes quality not only in products, which is the most fundamental requirement of a manufacturer, but also in all services we provide.

To realize this vision, we have put in place the following four key strategies:

- (1) Reinforcement of manufacturing capability
- (2) Reinforcement of product development capability
- (3) Reinforcement of global management capability
- (4) Reinforcement of overseas operations

(4) Key Management Tasks

The fiscal year ending March 31, 2009 is the final year of our mid-term plan. The external environment thus far has been favorable to our Group business, but it has recently become more challenging due to the negative factors such as raw material cost pressure, increasing downside risks in the global economy and a strong yen.

Although the environment has become severe, we will further strive to promote profitability enhancement, reinforce our ability to manage risks, and improve the quality of our products and operations to realize our mid-term vision.

Key management tasks by business segments are as follows.

In the industrial machinery bearings segment, we will invest aggressively to improve production capacity of roller bearings, which are high value-added products. Along with this, we will expand our global sales by enhancing marketing and production capabilities. In the automotive product segment, we will strengthen profitability by reducing costs through measures such as promoting global procurement, increasing the percentage of in-house manufacturing at overseas plants, and developing new facilities and processing technologies. In the precision machinery and parts segment, we will enhance customer satisfaction levels by responding quickly to users' needs and

delivering our products in a timely manner. We will also reinforce our marketing capability in Japan and overseas, and improve profitability.

NSK recognizes that contributing to the reduction of global energy loss through our business activities is our social responsibility, and for which we will steadily improve our environmental management levels. We contribute to global environmental protection by meeting increasingly tough customer demands for energy conservation, and by further expanding our line-up of environmentally-friendly products. We will also comply with new, stricter toxic chemical substances regulations, and strengthen the management of chemical substances used in each stage of the manufacturing and sales process, from procurement of parts and raw materials, to production and shipment. Therefore, we will globally supply products that quickly respond to changing regulations.

With these initiatives, NSK will focus on achieving our mid-term vision and make efforts to enhance our corporate value.

5. Changes in Important Items Regarding the Basis of Preparation of Financial Statements

Method of depreciation of tangible fixed assets

Due to an amendment to the Japanese Corporate Tax Law in 2007, NSK and its domestic consolidated subsidiaries have changed the method of depreciation of tangible fixed assets on or after April 1, 2007 to the method prescribed in the amended Corporate Tax Law.

The changes in accounting for depreciation did not have a material impact on the results of operating income, ordinary income, income before taxes, nor minority interests.

(Additional information)

Pursuant to an amendment to the Japanese Corporate Tax Law, the Company and its domestic consolidated subsidiaries depreciate the difference between 5% of the acquisition cost of assets acquired on or before March 31, 2007 and the book value of said assets uniformly over a five-year period, starting the year following the fiscal year in which the depreciated value of said assets reaches 5% of the acquisition price using the pre-amendment depreciation method. Depreciated amounts are included in depreciation expenses.

As a result of this change, operating income decreased ¥1,888 million, and ordinary income and income before taxes and minority interests decreased ¥1,946 million respectively compared to the results using the pre-amendment method.

Accounting standard for tax effects accounting

From the year ended March 31, 2008, NSK has adopted “Practical Guidelines for Tax Effects on Consolidated Financial Statements”– JICPA Laws and Regulations Committee Report No.6, March 29, 2007.

The changes in adopting the guidelines did not have a material impact on the results of net income.

NON-CONSOLIDATED RESULTS FOR THE YEAR ENDED MARCH 31, 2008 (unaudited)

Non-consolidated Balance Sheets

(Millions of yen)	As of Mar. 31, 2007	As of Mar. 31, 2008	Change
Assets			
Current assets	¥ 259,892	¥ 262,282	¥ 2,390
Cash and deposits	39,283	31,116	(8,167)
Notes receivable	278	265	(12)
Accounts receivable – trade	100,743	100,303	(439)
Marketable securities	37,168	45,017	7,849
Finished products	10,839	12,711	1,872
Work in process	11,498	10,955	(543)
Materials	346	399	52
Supplies	811	927	115
Accounts receivable – other	40,727	44,448	3,721
Deferred income taxes	3,968	3,231	(737)
Short-term loans	11,075	10,112	(962)
Other current assets	3,150	2,792	(357)
Non-current assets	455,449	447,190	(8,258)
Property, plant and equipment	84,558	89,689	5,131
Buildings	26,921	29,824	2,903
Structures	1,631	1,871	240
Machinery and equipment	33,010	33,471	460
Vehicles and transportation equipment	78	93	15
Tools and spare parts	3,021	2,714	(306)
Land	15,924	15,808	(115)
Construction in progress	3,970	5,904	1,934
Intangible assets	3,257	5,113	1,855
Leasehold right	1,027	1,024	(3)
Other intangible assets	2,230	4,088	1,858
Investments and other assets	367,632	352,387	(15,245)
Investment securities	76,378	55,644	(20,733)
Stocks of affiliates	208,888	210,681	1,793
Investments in affiliates	12,588	14,223	1,634
Long-term loans – receivable	95	95	—
Long-term loans to affiliates – receivable	28,085	24,356	(3,729)
Long-term prepaid costs	223	186	(36)
Prepaid pension costs	38,035	43,752	5,716
Other investments and assets	4,358	4,119	(238)
Less allowance for doubtful accounts	(1,020)	(673)	347
Total assets	¥ 715,341	¥ 709,473	¥ (5,868)

(Millions of yen)	As of Mar. 31, 2007	As of Mar. 31, 2008	Change
Liabilities			
Current liabilities	¥ 271,770	¥ 262,107	¥ (9,662)
Notes payable	1,865	2,178	313
Accounts payable – trade	125,023	129,800	4,777
Short-term loans	91,960	91,833	(127)
Current portion of corporate bonds	23,000	10,000	(13,000)
Accounts payable – other	12,260	13,811	1,551
Accrued expenses	11,204	12,408	1,204
Accrued income taxes	5,577	1,211	(4,366)
Other current liabilities	879	864	(15)
Long-term liabilities	179,159	195,141	15,982
Corporate bonds	102,000	127,000	25,000
Long-term loans	41,000	41,500	500
Deferred tax liabilities	32,369	22,852	(9,516)
Accrued officers' retirement benefits	938	1,202	264
Reserves for environmental safety measures expenses	516	255	(261)
Other long-term liabilities	2,335	2,331	(4)
Total liabilities	450,929	457,249	6,319
Net assets			
Shareholders' equity	229,114	233,890	4,775
Common stock	67,176	67,176	—
Additional paid-in capital	78,092	78,159	66
Capital reserve	77,923	77,923	—
Other additional paid-in capital	168	235	66
Retained earnings	87,738	92,446	4,708
Legal reserve	10,292	10,292	—
Other retained earnings	77,446	82,154	4,708
Treasury stock	(3,893)	(3,892)	0
Valuation, translation adjustments and other	35,240	18,162	(17,078)
Unrealized holding gains on securities	35,240	18,162	(17,078)
Share subscription rights	56	170	114
Total net assets	264,411	252,223	(12,187)
Total liabilities and net assets	¥ 715,341	¥ 709,473	¥ (5,868)

Non-consolidated Statements of Operations

(Millions of yen)	Year ended Mar. 31, 2007	Year ended Mar. 31, 2008	Change	
				%
Net sales	¥ 446,588	¥ 471,553	¥ 24,964	5.6
Cost of sales	383,512	408,055	24,542	6.4
Gross profit	63,075	63,497	422	0.7
Selling, general and administrative expenses	43,827	46,447	2,620	6.0
Operating income	<u>19,248</u>	<u>17,050</u>	<u>(2,198)</u>	<u>(11.4)</u>
Non-operating income:	<u>7,391</u>	<u>9,583</u>	<u>2,192</u>	<u>29.7</u>
Interest and dividend income	6,724	8,418	1,693	25.2
Other	666	1,165	498	74.9
Non-operating expenses:	<u>7,264</u>	<u>8,462</u>	<u>1,197</u>	<u>16.5</u>
Interest expense	3,007	3,774	767	25.5
Other	4,256	4,687	430	10.1
Ordinary income	<u>19,375</u>	<u>18,171</u>	<u>(1,203)</u>	<u>(6.2)</u>
Extraordinary income:	<u>2,289</u>	<u>871</u>	<u>(1,418)</u>	<u>(61.9)</u>
Gain on sales of investment securities	—	871	871	—
Gain on sales of stocks of affiliates	1,617	—	(1,617)	—
Gain on sales of property, plant and equipment	672	—	(672)	—
Extraordinary losses:	<u>—</u>	<u>207</u>	<u>207</u>	<u>—</u>
Loss on sales of investment in affiliates	—	207	207	—
Income before income taxes	<u>21,665</u>	<u>18,836</u>	<u>(2,829)</u>	<u>(13.1)</u>
Income taxes:				
Current taxes	4,362	1,663	(2,699)	(61.9)
Deferred taxes	2,054	2,728	674	32.8
Net income	<u>15,247</u>	<u>14,443</u>	<u>(804)</u>	<u>(5.3)</u>

Non-consolidated Statements of Changes in Net Assets

(Year ended Mar. 31, 2007)

(Millions of yen)

	Shareholders' equity												
	Common stock	Additional paid-in capital			Legal reserve	Retained earnings						Treasury stock	Total shareholders' equity
		Capital reserve	Other additional paid-in capital	Total Additional paid-in capital		Reserve for R&D	Other retained earnings				Total retained earnings		
							Reserve for compression of fixed assets	Reserve for advanced depreciation	General reserve	Retained earnings carried forward			
Balance at Mar. 31, 2006	67,176	77,923	62	77,986	10,292	1,627	2,617	-	53,266	11,983	79,786	(4,006)	220,942
Changes during the year													
Cash dividends										(7,295)	(7,295)		(7,295)
Transferred to reserves							667	94	4,000	(4,761)	-		-
Reversal of reserves							(81)			81	-		-
Reserves during the year							94	320		(320)	94		94
Reversal of reserves during the year							(67)	(94)		67	(94)		(94)
Net income										15,247	15,247		15,247
Repurchase of treasury stock												(113)	(113)
Disposal of treasury stock			106	106								226	333
Net change during the year, except for items under shareholders' equity													
Total change during the year	-	-	106	106	-	-	611	320	4,000	3,020	7,952	113	8,172
Balance at Mar. 31, 2007	67,176	77,923	168	78,092	10,292	1,627	3,229	320	57,266	15,003	87,738	(3,893)	229,114

	Valuation, translation adjustments and other	Share subscription rights	Total net assets
	Unrealized holding gains on securities		
Balance at Mar. 31, 2006	40,218	-	261,160
Changes during the year			
Cash dividends			(7,295)
Transferred to reserves			-
Reversal of reserves			-
Reserves during the year			94
Reversal of reserves during the year			(94)
Net income			15,247
Repurchase of treasury stock			(113)
Disposal of treasury stock			333
Net change during the year, except for items under shareholders' equity	(4,977)	56	(4,920)
Total change during the year	(4,977)	56	3,251
Balance at Mar. 31, 2007	35,240	56	264,411

(Year ended Mar. 31, 2008)
(Millions of yen)

	Shareholders' equity												
	Common stock	Additional paid-in capital			Retained earnings							Treasury stock	Total shareholders' equity
		Capital reserve	Other additional paid-in capital	Total Additional paid-in capital	Legal reserve	Other retained earnings					Total retained earnings		
						Reserve for R&D	Reserve for compression of fixed assets	Reserve for advanced depreciation	General reserve	Retained earnings carried forward			
Balance at Mar. 31, 2007	67,176	77,923	168	78,092	10,292	1,627	3,229	320	57,266	15,003	87,738	(3,893)	229,114
Changes during the year													
Cash dividends										(9,735)	(9,735)		(9,735)
Reserves							335		5,000	(5,335)	-		-
Reversal of reserves							(71)	(320)		391	-		-
Net income										14,443	14,443		14,443
Repurchase of treasury stock												(114)	(114)
Disposal of treasury stock			66	66								114	181
Net change during the year, except for items under shareholders' equity													
Total change during the year	-	-	66	66	-	-	264	(320)	5,000	(235)	4,708	0	4,775
Balance at Mar. 31, 2008	67,176	77,923	235	78,159	10,292	1,627	3,493	-	62,266	14,768	92,446	(3,892)	233,890

	Valuation, translation adjustments and other	Share subscription rights	Total net assets
	Unrealized holding gains on securities		
Balance at Mar. 31, 2007	35,240	56	264,411
Changes during the year			
Cash dividends			(9,735)
Reserve			-
Reversal of reserves			-
Net income			14,443
Repurchase of treasury stock			(114)
Disposal of treasury stock			181
Net change during the year, except for items under shareholders' equity	(17,078)	114	(16,963)
Total change during the year	(17,078)	114	(12,187)
Balance at Mar. 31, 2008	18,162	170	252,223