

# CONSOLIDATED BUSINESS RESULTS OF THE FIRST QUARTER ENDED JUNE 30, 2003

August 07, 2003  
NSK Ltd.

## Cautionary Statements with Respect to Forward-Looking Statements

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

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

# Summary of the Consolidated Business Results for FY 2003:Q1

- First quarter business results in line with forecasts.
- European and precision machinery businesses expected to return to profitability due to business restructuring efforts.

(¥100 million)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2003</u>
	<b>1<sup>st</sup> half</b> (Six months ended Sep. 30, 2002) <Actual>	<b>1<sup>st</sup> half</b> (Six months ending Sep. 30, 2003) <Initial Forecast>	<b>1<sup>st</sup> quarter</b> (Japan: Apr.~Jun. Overseas: Jan.~Mar.) <Actual>
<b>Sales</b>	2,607	2,470	<b>1,257</b>
<b>Operating income</b>	65	90	<b>41</b>
<b>Ordinary income</b>	32	65	<b>34</b>
<b>Profit before tax</b>	75	70	<b>40</b>
<b>Net income</b>	8	20	<b>14</b>
(Rate: 1 US\$= )	(¥129.67)	(¥118)	(¥118.95)
(Rate: 1 STG£=)	(¥187.30)	(¥192)	(¥191.39)
(Rate: 1 EURO=)	(¥115.98)	(¥120)	(¥127.65)

## (1) Changes in the scope of consolidated subsidiaries

(76 companies → 75 companies)

### < Increase due to establishment of new corporate entities: 1 company >

- NSK (China) Investment Co., Ltd. (Equity: 100%)

### < Decrease due to sale of the company: 2 companies >

- NSK Autoliv Co., Ltd.
- NSK Safety Technology (Thailand) Co., Ltd.

## (2) Changes in affiliates accounted for under the equity method

(22 companies)

### < No change >

**July 2003: Transition of NSK Torrington Co., Ltd. (NTC) into a majority owned (98%) subsidiary**

NTC will be accounted for under the equity method until FY 2003: Q1 and will be accounted for as a consolidated subsidiary from FY 2003: Q2

# Consolidated net sales –By customer location–

(¥100 million)	FY 2003: Q1 <Actual>
<b>Sales</b>	1,257
Japan	656
The Americas	188
Europe	223
Asia	190

FY 2003: 1H <Ref: Initial Forecast>
2,470
1,272
398
416
384

- **Japan:** Robust sales to the automotive and general industries.
- **The Americas:** Strong sales in Canada and Brazil.  
Weak demand from the U.S. general industrial sector.
- **Europe:** Strong sales to the automotive industry.  
Sales to the general industrial sector were sluggish.
- **Asia:** Sales to China remained strong, however, IT-related sales in the Asean region were disappointing.

# Consolidated business results

—By geographical segment—



(¥100 million)	FY 2003: Q1 <Actual>	
<b>Sales</b>	1,257	
Japan	931	
The Americas	185	
Europe	232	
Asia	139	
Elimination	-230	
<b>Operating income</b>	41	<3.3%>
Japan	31	<3.3%>
The Americas	3	<1.6%>
Europe	-3	<-1.3%>
Asia	12	<8.6%>
Elimination	-2	

FY 2003: 1H <Ref: Initial Forecast>	
2,470	
1,830	
377	
431	
275	
-443	
90	<3.6%>
68	<3.7%>
7	<1.9%>
-1	<-0.2%>
20	<7.3%>
-4	

# Consolidated business results

–By business segment–

(¥100 million)	FY 2003: Q1 <Actual>	
<b>Sales</b>	1,257	
Bearings	808	
Automotive components	318	
Precision machinery	95	
Others	36	
<b>Operating income</b>	41	<3.3%>
Bearings	43	<5.3%>
Automotive components	10	<3.2%>
Precision machinery	-8	<-8.4%>
Others	4	<11.1%>
General expenses	-8	

FY 2003: 1H <Ref: Initial Forecast>	
2,470	
1,600	
610	
200	
60	
90	<3.6%>
90	<5.6%>
18	<3.0%>
0	<0.0%>
2	<3.3%>
-20	

- **Precision machinery and parts:** Recovery on track.  
Will return to profit in FY 2003: Q2.

# Consolidated balance sheets (Assets)

(¥100 million)

	(Year ended Mar. 31, 2002) <b>FY 2001</b>	(Year ended Mar. 31, 2003) <b>FY 2002</b>	(First quarter ended Jun. 30, 2003) <b>FY 2003: Q1</b>	Difference from the previous fiscal year
<b>Current assets</b>	<b>2,915</b>	<b>2,858</b>	<b>2,936</b>	<b>+78</b>
Cash and deposits	245	373	433	+60
Notes and accounts receivable	1,127	1,135	1,116	-19
Marketable securities	307	176	156	-20
Inventories	975	835	809	-26
Other current assets	261	339	422	+83
<b>Non-current assets</b>	<b>3,513</b>	<b>3,073</b>	<b>3,158</b>	<b>+85</b>
Property, plant and equipment	2,202	2,014	1,960	-54
Investment securities	1,228	797	858	+61
Prepaid pension expenses	—	148	229	+81
Deferred tax assets	16	53	52	-1
Others	67	61	59	-2
<b>*&lt;Capital expenditure&gt;</b>	<b>&lt;362&gt;</b>	<b>&lt;230&gt;</b>	<b>&lt;46&gt;</b>	<b>&lt;—&gt;</b>
<b>Total assets</b>	<b>6,428</b>	<b>5,931</b>	<b>6,094</b>	<b>+163</b>
(Rate: 1 US\$= )	(¥131.95)	(¥119.90)	(¥120.20)	
(Rate: 1 STG £ =)	(¥191.53)	(¥192.44)	(¥189.45)	
(Rate: 1 EURO=)	(¥116.51)	(¥125.08)	(¥129.83)	

# Consolidated inventories

(¥100 million)	(Year ended March. 31, 2002) <b>FY 2001</b>	(Year ended March 31, 2003) <b>FY 2002</b>	(First quarter ended June 30, 2003) <b>FY 2003: Q1</b>	<b>Y.O.Y</b>	Excluding effect of FOREX, etc.	<b>Y.O.Y</b> in local currencies
<b>Japan</b>	454	380	<b>355</b>	-25		-25
<b>&lt;Non- consolidated&gt;</b>	268	184	<b>179</b>	-5		-5
<b>Overseas</b>	521	455	<b>454</b>	-1	+7	-8
Americas	193	152	<b>161</b>	+9	+2	+7
Europe	215	195	<b>186</b>	-9	+5	-14
Asia	113	108	<b>107</b>	-1	0	-1
<b>Total</b>	975	835	<b>809</b>	-26	+7	-33



# Consolidated capital expenditures

(¥100 million)	(Year ended March. 31, 2002) <u>FY 2001</u>	(Year ended March 31, 2003) <u>FY 2002</u>	(First quarter ended June 30, 2003) <u>FY 2003: Q1</u>	<u>FY 2003</u> <u>Plan</u>
<b>Total capital expenditures</b>	362	230	46	240
<b>Japan</b>	185	120	17	120
<Non-consolidated>	<134>	<77>	<10>	<75>
<b>Overseas</b>	177	110	29	120
Americas	66	37	8	37
Europe	55	37	8	22
Asia	56	36	13	61
<b>Depreciation</b>	282	288	64	288
<b>Japan</b>	168	162	34	153
<Non-consolidated>	<122>	<99>	<19>	<71>
<b>Overseas</b>	114	126	30	135

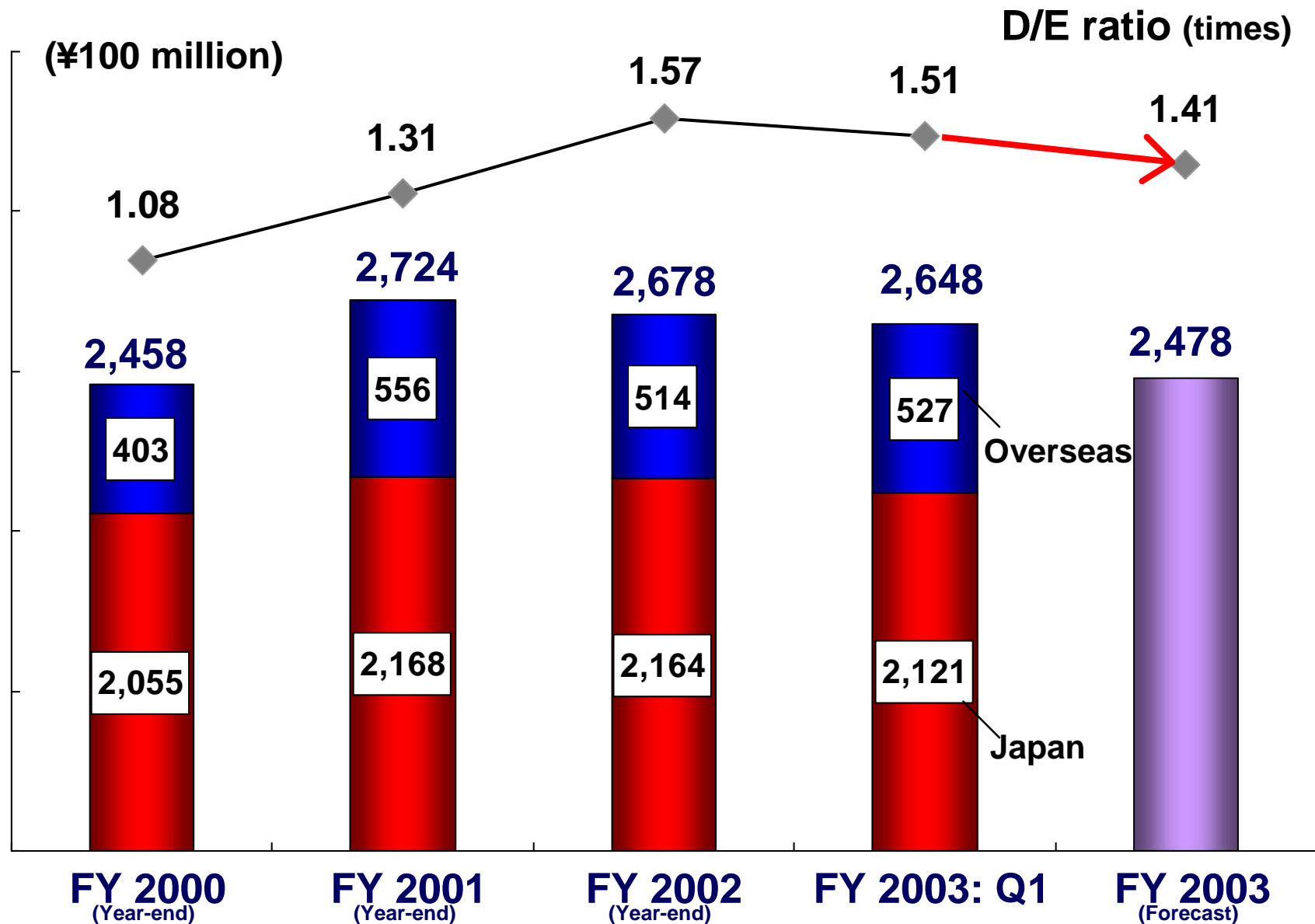
# Consolidated balance sheets

(Liabilities and Shareholders' equity)



(¥100 million)	(Year ended Mar. 31, 2002) <b>FY 2001</b>	(Year ended Mar. 31, 2003) <b>FY 2002</b>	(First quarter ended Jun. 30, 2003) <b>FY 2003: Q1</b>	Difference from the previous fiscal year
<b>Current liabilities</b>	2,394	2,274	2,377	+103
Notes and accounts payables	863	874	854	-20
Short term loans, Bonds	1,185	1,031	1,087	+56
Others	346	369	436	+67
<b>Long term liabilities</b>	1,824	1,834	1,846	+12
Bonds, Long term loans, etc.	1,539	1,647	1,561	-86
Deferred tax liabilities	69	27	43	+16
Accrued retirement benefits	131	65	154	+89
Others	85	95	88	-7
<b>Total liabilities</b>	4,218	4,108	4,223	+115
* <Interest-bearing debts>	<2,724>	<2,678>	<2,648>	<-30>
<b>Minority interests</b>	128	117	118	+1
Common stock, capital surplus	1,451	1,451	1,451	0
Retained earnings	539	484	498	+14
Unrealized holding gains on securities	243	51	92	+41
Translation adjustments	-147	-236	-244	-8
Treasury stock	-4	-44	-44	0
<b>Total shareholder's equity</b>	2,082	1,706	1,753	+47
<b>Total liabilities and shareholder's equity</b>	6,428	5,931	6,094	+163

# Consolidated interest bearing debts



# Consolidated cash flow (FY 2003: Q1)

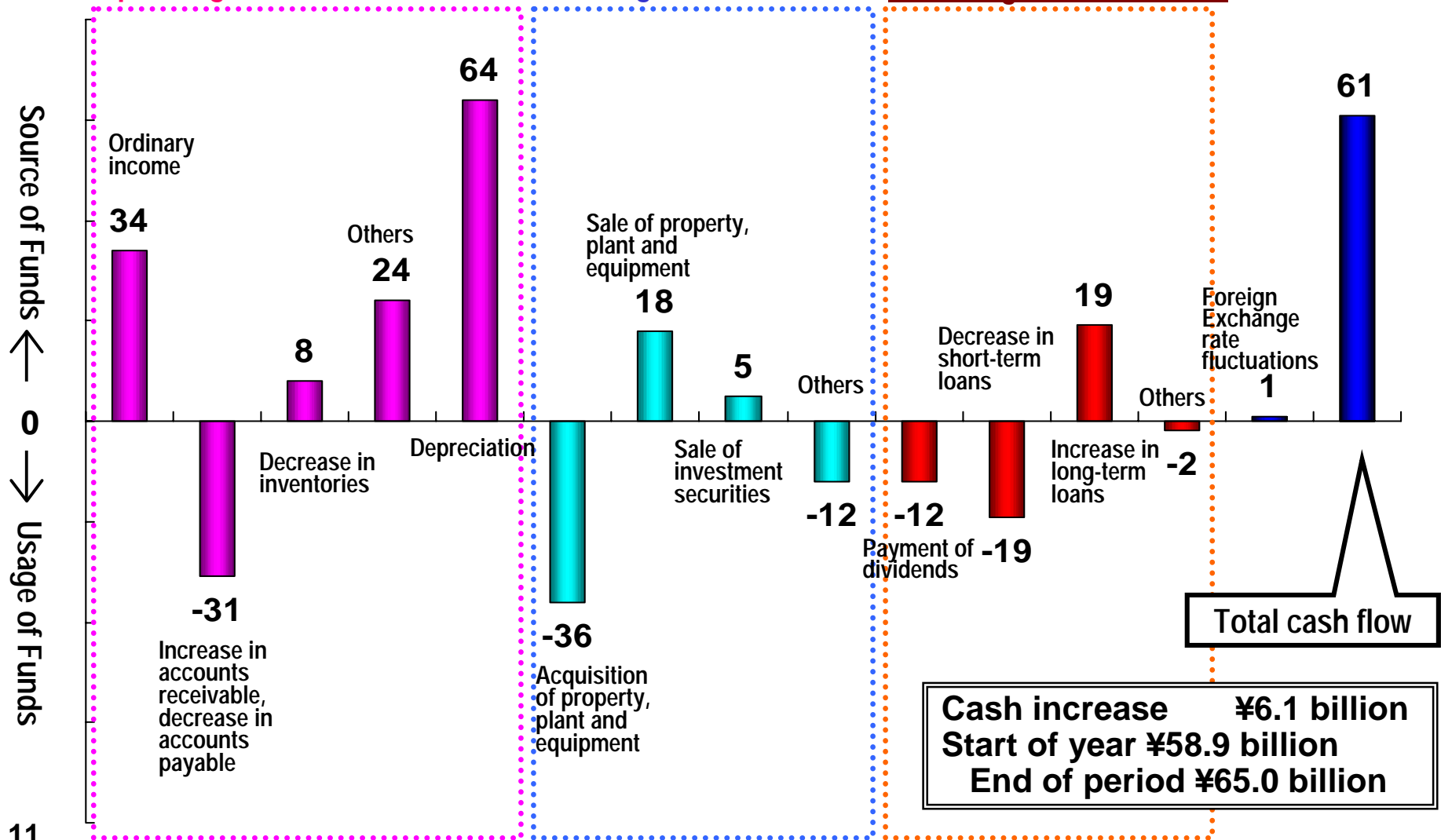
(¥100 million)

(Excluding the effect of exchange rate fluctuations)

**(1) Cash flow provided by Operating activities +99**

**(2) Cash flow used in Investing activities -25**

**(3) Cash flow used in Financing activities -14**



# Business forecasts for FY 2003

(¥100 million)

## Revised Forecast

## Initial Forecast

**1st half**

**Full year**

**1st half**

**Full year**

**Sales**

2,530

4,980

2,470

4,920

**Operating  
income**

100

230

90

220

**Ordinary  
income**

70

170

65

165

**Profit before  
tax**

76

176

70

170

**Net income**

30

90

20

80

(Rate: 1 US\$= )

(¥119.14)

(¥118.57)

(¥118)

(¥118)

(Rate: 1 STG£=)

(¥192.45)

(¥192.23)

(¥192)

(¥192)

(Rate: 1 EURO=)

(¥131.71)

(¥125.86)

(¥120)

(¥120)

# REFERENCE 1: Summary of the Non-consolidated Business Results for FY 2003:Q1

(¥100 million)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2003</u>
	<b>1<sup>st</sup> half</b> (Six months ended Sep. 30, 2002)	<b>1<sup>st</sup> half</b> (Six months ending Sep. 30, 2003)	<b>1<sup>st</sup> quarter</b> (Japan: Apr.~Jun. Overseas: Jan.~Mar.)
	<Actual>	<Initial Forecast>	<Actual>
<b>Sales</b>	1,602	1,640	<b>829</b>
<b>Operating income</b>	25	40	<b>23</b>
<b>Ordinary income</b>	5	25	<b>23</b>
<b>Profit before tax</b>	70	25	<b>25</b>
<b>Net income</b>	37	15	<b>14</b>
(Rate: 1 US\$= )	(¥123.01)	(¥118)	(¥119.32)
(Rate: 1 STG£=)	(¥185.61)	(¥192)	(¥193.50)
(Rate: 1 EURO=)	(¥116.94)	(¥120)	(¥135.76)

(¥100 million)	FY 2002 <Actual>	FY 2003: Q1 <Actual>
<b>R&amp;D expenses</b>	83	15

(Persons)	FY 2002 <Actual>	FY 2003: Q1 <Actual>
<b>Employees</b>	20,351	19,368
<b>Japan</b>	8,336	8,161
Parent company (Non-consolidated)	3,619	3,636
<b>The Americas</b>	2,996	3,015
<b>Europe</b>	4,970	4,693
<b>Asia</b>	4,049	3,499