

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

For Immediate Release

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**CONSOLIDATED RESULTS FOR THE NINE MONTHS
ENDED DECEMBER 31, 2007 (unaudited)****Consolidated Financial Highlights**

(Millions of yen)	Nine months ended Dec. 31,		Nine months ended Dec. 31,		Year ended Mar. 31, 2007
	2006	Change %	2007	Change %	
Net sales	¥ 530,570	14.7	¥ 568,031	7.1	¥ 717,225
Operating income	46,885	59.0	49,857	6.3	62,383
Ordinary income	44,770	57.8	47,712	6.6	57,595
Net income (Yen)	28,379	55.0	29,861	5.2	34,853
Net income per share					
Basic	¥ 52.55		¥ 55.25		¥ 64.53
Diluted	52.50		55.21		64.47

Consolidated Financial Position

(Millions of yen)	As of Dec. 31, 2006	As of Dec. 31, 2007	As of Mar. 31, 2007
Total assets	¥ 759,623	¥ 802,878	¥ 815,788
Net assets	274,706	298,535	276,727
(%)			
Shareholders' equity to total assets (Yen)	34.4%	35.1%	32.2%
Net assets per share	¥ 483.09	¥ 521.71	¥ 485.62

Consolidated Results of Cash Flow

(Millions of yen)	Nine months ended Dec. 31, 2006	Nine months ended Dec. 31, 2007	Year ended Mar. 31, 2007
Net cash provided by operating activities	¥ 41,826	¥ 56,353	¥ 64,153
Net cash used in investing activities	(24,203)	(7,978)	(64,600)
Net cash used in financing activities	(11,999)	(42,454)	20,929
Cash and cash equivalents at end of the period	58,103	80,623	73,319

Forecasts for the Year Ending March 31, 2008

(Millions of yen)	Year ending Mar. 31,	
	2008	Change (YOY) %
Net sales	¥ 760,000	6.0
Operating income	69,000	10.6
Ordinary income	65,000	12.9
Net income (Yen)	41,000	17.6
Net income per share	¥ 75.85	

Consolidated Balance Sheets

(Millions of yen)	As of Dec. 31	As of Dec. 31	As of Mar. 31	Change (A)-(B)
	2006	2007 (A)	2007 (B)	
Assets				
Current assets	¥ 337,873	¥ 370,102	¥ 389,067	¥ (18,965)
Cash and deposits	53,341	55,560	68,354	(12,794)
Notes and accounts receivable	121,283	128,658	131,417	(2,759)
Marketable securities	11,672	30,216	40,339	(10,122)
Inventories	110,684	108,630	105,043	3,587
Deferred tax assets	8,856	6,182	10,190	(4,008)
Other current assets	34,051	42,256	35,481	6,775
Less allowance for doubtful accounts	(2,016)	(1,402)	(1,759)	356
Non-current assets	421,750	432,776	426,721	6,054
Property, plant and equipment	252,569	265,209	256,872	8,337
Buildings and structures	73,239	75,070	72,737	2,333
Machinery and transportation equipment	122,298	126,547	124,679	1,867
Land	36,930	37,197	37,110	86
Other property, plant and equipment	20,101	26,394	22,345	4,049
Intangible assets	9,502	10,429	9,438	990
Investments and other assets	159,678	157,137	160,410	(3,273)
Investment securities	112,635	103,462	112,352	(8,890)
Prepaid pension costs	36,866	42,319	38,063	4,255
Deferred tax assets	2,769	3,080	2,855	224
Other investments and other assets	8,269	9,109	8,275	833
Less allowance for doubtful accounts	(863)	(834)	(1,138)	303
Total assets	¥ 759,623	¥ 802,878	¥ 815,788	¥ (12,910)

(Millions of yen)	As of Dec. 31, 2006	As of Dec. 31, 2007	As of Mar. 31, 2007	Change
		(A)	(B)	(A)-(B)
Liabilities				
Current liabilities	¥ 280,304	¥ 285,224	¥ 297,489	¥ (12,265)
Notes and accounts payable	119,401	134,956	122,115	12,840
Short-term loans	82,692	90,271	84,869	5,402
Commercial paper	5,000	—	—	—
Current portion of corporate bonds	23,000	10,000	23,000	(13,000)
Accrued income taxes	5,500	3,280	11,183	(7,902)
Other current liabilities	44,710	46,715	56,320	(9,605)
Long-term liabilities	204,612	219,118	241,571	(22,452)
Corporate bonds	62,000	92,000	102,000	(10,000)
Long-term loans	49,154	34,935	45,687	(10,752)
Deferred tax liabilities	41,154	37,192	39,536	(2,344)
Accrued employees' retirement benefits	38,475	39,716	39,893	(176)
Accrued officers' retirement benefits	862	1,120	938	182
Reserves for environmental safety measures expenses	862	263	685	(421)
Other long-term liabilities	12,103	13,890	12,830	1,060
Total liabilities	484,916	504,342	539,061	(34,718)
Net assets				
Shareholders' equity	261,058	288,873	262,736	26,137
Common stock	67,176	67,176	67,176	—
Additional paid-in capital	78,179	78,302	78,238	64
Retained earnings	119,835	147,504	121,441	26,063
Treasury stock	(4,133)	(4,109)	(4,119)	9
Valuation, translation adjustments and other	(74)	(6,838)	(311)	(6,527)
Unrealized holding gains on securities	36,674	28,052	36,548	(8,495)
Translation adjustments	(13,656)	(9,995)	(11,963)	1,968
Unfunded retirement benefits obligation of overseas subsidiaries	(23,091)	(24,895)	(24,895)	—
Share subscription rights	36	138	56	82
Minority interests	13,685	16,361	14,245	2,115
Total net assets	274,706	298,535	276,727	21,808
Total liabilities and net assets	¥ 759,623	¥ 802,878	¥ 815,788	¥ (12,910)

Consolidated Statements of Operations

(Millions of yen)	Nine months ended Dec. 31,	Nine months ended Dec. 31,	Year ended Mar. 31,	Change	
	2006	2007	2007	(A)-(a)	%
	(a)	(A)			
Net sales	¥ 530,570	¥ 568,031	¥ 717,225	¥ 37,461	7.1
Cost of sales	407,671	436,980	551,069	29,308	7.2
Gross profit	122,899	131,051	166,155	8,152	6.6
Selling, general and administrative expenses	76,014	81,194	103,772	5,180	6.8
Operating income	46,885	49,857	62,383	2,971	6.3
Non-operating income:	7,210	8,014	9,783	804	11.2
Interest and dividend income	1,963	2,524	2,425	560	28.6
Equity in earnings of affiliates	2,508	3,065	3,925	556	22.2
Other	2,738	2,424	3,431	(313)	(11.4)
Non-operating expenses:	9,325	10,160	14,571	834	9.0
Interest expense	4,057	4,687	5,473	629	15.5
Other	5,267	5,472	9,098	205	3.9
Ordinary income	44,770	47,712	57,595	2,941	6.6
Extraordinary income:	1,440	159	1,883	(1,280)	(88.9)
Gain on sales of investment securities	—	159	—	159	—
Gain on sales of property, plant and equipment	899	—	1,342	(899)	—
Gain on sales of stocks of affiliates	540	—	540	(540)	—
Extraordinary losses:	887	164	2,441	(723)	(81.5)
Loss on sales of stocks of affiliates	—	164	—	164	—
Cost related to business restructuring	887	—	2,441	(887)	—
Net income before income taxes and minority interests	45,323	47,707	57,037	2,384	5.3
Income taxes:					
Current	11,394	9,013	17,371	(2,381)	(20.9)
Deferred	4,231	7,295	2,827	3,064	72.4
Minority interests	1,317	1,537	1,985	220	16.7
Net income	¥ 28,379	¥ 29,861	¥ 34,853	¥ 1,481	5.2

Consolidated Statements of Changes in Net Assets

Nine months ended Dec. 31, 2006

(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 period					
Cash dividends			(3,783)		(3,783)
Net income			28,379		28,379
Effect of changes in fiscal year ends of consolidated subsidiaries and affiliates*			906		906
Repurchase of treasury stock				(95)	(95)
Sales of treasury stock		82		186	269
Net change during the period, except for items under shareholders' equity			23,091		23,091
Total change during the period	—	82	48,594	91	48,768
Balance at Dec. 31, 2006	¥67,176	¥78,179	¥119,835	¥(4,133)	¥261,058

	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 period							
Cash dividends							(3,783)
Net income							28,379
Effect of changes in fiscal year ends of consolidated subsidiaries and affiliates*							906
Repurchase of treasury stock							(95)
Sales of treasury stock							269
Net change during the period, except for items under shareholders' equity	(5,623)	5,215	(23,091)	(23,499)	36	1,577	1,206
Total change during the period	(5,623)	5,215	(23,091)	(23,499)	36	1,577	26,882
Balance at Dec. 31, 2006	¥36,674	¥(13,656)	¥(23,091)	¥ (74)	¥ 36	¥13,685	¥274,706

*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.

Nine months ended Dec. 31, 2007

(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 period					
Cash dividends			(4,868)		(4,868)
Net income			29,861		29,861
Effect of changes in fiscal year ends of consolidated subsidiaries and affiliates*			1,069		1,069
Repurchase of treasury stock				(102)	(102)
Sales of treasury stock		64		112	176
Net change during the period, except for items under shareholders' equity					
Total change during the period	—	64	26,063	9	26,137
Balance at Dec. 31, 2007	¥67,176	¥78,302	¥147,504	¥(4,109)	¥288,873

	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 period							
Cash dividends							(4,868)
Net income							29,861
Effect of changes in fiscal year ends of consolidated subsidiaries and affiliates*							1,069
Repurchase of treasury stock							(102)
Sales of treasury stock							176
Net change during the period, except for items under shareholders' equity	(8,495)	1,968		(6,527)	82	2,115	(4,328)
Total change during the period	(8,495)	1,968	—	(6,527)	82	2,115	21,808
Balance at Dec. 31, 2007	¥28,052	¥ (9,995)	¥(24,895)	¥ (6,838)	¥ 138	¥16,361	¥298,535

* 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)	Nine months ended Dec. 31, 2006	Nine months ended Dec. 31, 2007	Year ended Mar. 31, 2007
Operating activities			
Income before income taxes and minority interests	¥ 45,323	¥47,707	¥ 57,037
Depreciation and amortization	25,944	28,004	35,316
Amortization of goodwill	526	714	730
(Decrease) in allowance for doubtful accounts	(62)	(718)	(44)
(Decrease) in provision for retirement benefits and prepaid pension cost	(8,424)	(5,425)	(11,010)
Interest and dividend income	(1,963)	(2,524)	(2,425)
Interest expense	4,057	4,687	5,473
Equity in earnings of affiliates	(2,508)	(3,065)	(3,925)
Gain on sales of property, plant and equipment	(899)	—	(1,342)
Gain on sales of investment securities	—	(159)	—
Gain on sales of stocks of affiliates	(540)	—	(594)
Loss on sales of stocks of affiliates	—	164	—
Cost related to business restructuring	—	—	1,903
Decrease (increase) in notes and accounts receivable	919	5,033	(7,884)
(Increase) decrease in inventories	(5,635)	(2,102)	477
Increase in notes and accounts payable	6,108	12,099	8,223
Other	(7,978)	(8,154)	(2,575)
Subtotal	54,866	76,260	79,357
Interest and dividends received	6,804	4,423	7,339
Interest paid	(4,380)	(4,615)	(5,660)
Income taxes paid	(15,464)	(19,715)	(16,883)
Net cash provided by operating activities	41,826	56,353	64,153
Investing activities			
Net decrease (increase) in time deposit	—	13,901	(10,220)
Payments for acquisition of marketable securities	—	(14,287)	(17,973)
Proceeds from sales of marketable securities	2,000	29,850	2,524
Additions to property, plant and equipment	(27,686)	(32,937)	(39,062)
Proceeds from sales of property, plant and equipment	1,303	1,026	2,020
Acquisition of investment securities	(932)	(6,321)	(1,245)
Proceeds from sales of investment securities	20	1,133	45
Proceeds from acquisition of subsidiaries' stock resulting in changes in scope of consolidation	—	73	—
Proceeds from sales of subsidiaries' stock resulting in changes in scope of consolidation	1,861	—	1,861
Payments for advances	(52)	(422)	(285)
Proceeds from collection of advances	87	109	124
Other	(804)	(104)	(2,391)
Net cash used in investing activities	(24,203)	(7,978)	(64,600)
Financing activities			
Net (decrease) increase in short-term loans	6,159	(8,733)	4,704
Net (decrease) in commercial paper issued	—	—	(5,000)
Increase in long-term loans	10,233	3,625	13,238
Long-term debt – repayments	(11,192)	(4,611)	(14,515)
Proceeds from the issue of corporate bonds	—	—	40,000
Payments for redemption of corporate bonds	(10,000)	(23,000)	(10,000)
Payments for acquisition of treasury stock	(74)	(102)	(121)
Dividends paid	(7,095)	(9,450)	(7,291)
Dividends paid to minority stockholders	(196)	(253)	(435)
Other	166	71	350
Net cash used in financing activities	(11,999)	(42,454)	20,929
Effect of exchange rate changes on cash and cash equivalents	613	657	969
Net increase in cash and cash equivalents	6,237	6,578	21,452
Cash and cash equivalents at beginning of the year	51,812	73,319	51,812
Increase in cash and cash equivalents resulting in changes in fiscal year ends of consolidated subsidiaries	54	726	54
Cash and cash equivalents at end of the period	¥ 58,103	¥ 80,623	¥ 73,319

Sales by Business Segment

(Millions of yen)	Nine months ended Dec. 31, 2006						Eliminations/ corporate	Consolidated
	Industrial machinery bearings	Automotive products	Precision machinery and parts	Other	Total			
Sales to third parties	¥ 159,910	¥ 293,327	¥ 58,410	¥ 18,921	¥ 530,570	¥ —	¥ 530,570	
Inter-segment sales and transfers	—	—	—	14,968	14,968	(14,968)	—	
Total	159,910	293,327	58,410	33,890	545,539	(14,968)	530,570	
Operating expenses	138,422	276,478	49,197	31,899	495,997	(12,311)	483,685	
Operating income	¥ 21,488	¥ 16,849	¥ 9,213	¥ 1,990	¥ 49,542	¥ (2,656)	¥ 46,885	

(Millions of yen)	Nine months ended Dec. 31, 2007						Eliminations/ corporate	Consolidated
	Industrial machinery bearings	Automotive products	Precision machinery and parts	Other	Total			
Sales to third parties	¥ 176,400	¥ 322,408	¥ 48,075	¥ 21,147	¥ 568,031	¥ —	¥ 568,031	
Inter-segment sales and transfers	—	—	—	19,806	19,806	(19,806)	—	
Total	176,400	322,408	48,075	40,954	587,838	(19,806)	568,031	
Operating expenses	151,933	300,065	42,321	38,986	533,306	(15,132)	518,174	
Operating income	¥ 24,467	¥ 22,342	¥ 5,753	¥ 1,967	¥ 54,531	¥ (4,674)	¥ 49,857	

Sales by Geographical Segment

(Millions of yen)	Nine months ended Dec. 31, 2006						Eliminations/ corporate	Consolidated
	Japan	Americas	Europe	Asia	Total			
Sales to third parties	¥ 309,061	¥ 74,843	¥ 88,712	¥ 57,952	¥ 530,570	¥ —	¥ 530,570	
Inter-area sales and transfers	78,636	405	4,645	16,023	99,711	(99,711)	—	
Total	387,698	75,249	93,358	73,976	630,282	(99,711)	530,570	
Operating expenses	351,858	72,789	88,521	66,718	579,886	(96,201)	483,685	
Operating income	¥ 35,840	¥ 2,460	¥ 4,836	¥ 7,258	¥ 50,395	¥ (3,510)	¥ 46,885	

(Millions of yen)	Nine months ended Dec. 31, 2007						Eliminations/ corporate	Consolidated
	Japan	Americas	Europe	Asia	Total			
Sales to third parties	¥ 324,001	¥ 79,703	¥ 96,008	¥ 68,318	¥ 568,031	¥ —	¥ 568,031	
Inter-area sales and transfers	86,698	642	5,606	17,585	110,533	(110,533)	—	
Total	410,700	80,346	101,615	85,903	678,565	(110,533)	568,031	
Operating expenses	375,807	76,773	94,963	76,369	623,914	(105,739)	518,174	
Operating income	¥ 34,892	¥ 3,572	¥ 6,651	¥ 9,534	¥ 54,651	¥ (4,793)	¥ 49,857	

Sales by Customer Location

	Nine months ended Dec. 31, 2006			
(Millions of yen)	Americas	Europe	Asia	Total
Non-Japan sales	¥ 76,903	¥ 89,139	¥ 94,655	¥ 260,698
Consolidated net sales				530,570
Ratio of Non-Japan sales to consolidated net sales	14.5%	16.8%	17.8%	49.1%

	Nine months ended Dec. 31, 2007			
(Millions of yen)	Americas	Europe	Asia	Total
Non-Japan sales	¥ 81,363	¥ 96,889	¥ 101,787	¥ 280,041
Consolidated net sales				568,031
Ratio of Non-Japan sales to consolidated net sales	14.3%	17.1%	17.9%	49.3%

[Qualitative Information and Financial Statements]

1. Qualitative information regarding consolidated business results

Although the global economy continued to grow overall in the period from April to December 2007, financial uncertainty stemming from the subprime loan crisis has strongly impacted upon the U.S. economy. The negative effects of crude oil prices and material cost pressures also remain. The Japanese economy continued to experience a gradual recovery, with an increase in capital investments backed by favorable corporate performance, although some weakness appeared in housing investments and consumer spending. In the U.S., business slowed due to significantly decreased housing investments. A slow down in the growth of consumer spending and capital investments in the second half of the period also affected the U.S. economy negatively. Economies in the Euro area and U.K. exhibited steady recovery. In Asia, the Chinese economy continued to expand, and other countries continued to exhibit gradual economic growth.

In our 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 product segments, NSK Group's manufacturing sites continue to operate at high levels worldwide due to global economic expansion and an increase in orders, backed by growing demand in 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, with our mid-term vision "To Become No. 1 in Total Quality" in mind.

As a result, our consolidated net sales for the nine months ended December 31, 2007 totaled ¥568,031 million, a year-on-year increase of 7.1%. Operating income was ¥49,857 million, an increase of 6.3% compared to the same period last year. Negative factors such as increase in material costs, increase in depreciation and amortization caused by an amendment to Japanese Corporate Tax Law, and an increase in selling, general and administrative expenses were offset by the effect of volume growth, reduction of external procurement costs, and improvement in export profit margins due to depreciation of the Japanese yen.

Our ordinary income was ¥47,712 million, a year-on-year increase of 6.6%. ¥159 million of gain on sales of investment securities and ¥164 million of loss on sales of stocks of affiliates were posted in extraordinary income and losses respectively. Net income after adjusting for income taxes, deferred taxes and minority interests, was ¥29,861 million, a year-on-year increase of 5.2%.

Business Segment Information

Industrial Machinery Bearings

In Japan, sales to the machine tool, construction machinery and aftermarket sectors increased. Demand from the electrical machinery, general machinery and aftermarket sectors was strong in the Americas. In Europe, sales to the wind turbine, general machinery and aftermarket sectors increased. Sales in Asia were also favorable with an increase in sales to general machinery in the ASEAN region and brisk demand from the electrical machinery, machine tools, general machinery and aftermarket sectors in China.

Overall industrial machinery bearings sales totaled ¥176,400 million, a year-on-year increase of 10.3%. Operating income was ¥24,467 million, a year-on-year increase of 13.9% backed by volume growth.

Automotive Products

Sales of hub unit bearings and needle roller bearings in Japan grew backed by an increase in automotive production for export. Demand in the Americas and Europe was strong. The Asia

region saw increased sales of hub unit bearings in China.

Sales of automotive components grew with demand for high-power electric power steering (EPS) systems and AT components in Japan. There was also strong demand for steering columns in the Americas, Thailand and China, while sales of EPS systems in Europe decreased due to replacement of the car models that use them.

Net sales in the automotive products segment increased 9.9% year on year to ¥322,408 million. Operating income also increased 32.6% year on year to ¥22,342 million due to volume growth and reduction of external procurement costs.

Precision Machinery and Parts

In Japan, while sales to the machine tool sector remained robust, sales to semiconductor and liquid crystal production equipment and general machinery sectors declined. Demand from machine tool makers in Europe, ASEAN and China was favorable, while sales to semiconductor production equipment manufacturers declined in the Americas. In addition, sales of photofabrication equipment for LCD color filter production decreased due to customers' revision of investment timing.

As a result, overall sales totaled ¥48,075 million, a year-on-year decrease of 17.7%. Operating income was ¥5,753 million, a year-on-year decrease of 37.6% due to a decrease in production and sales volume.

Other

Sales in other business segment totaled ¥40,954 million, a year-on-year increase of 20.8%, backed by an increase in equipment export and an increase in sales of steel balls to third parties. However, operating income decreased 1.2% year on year to ¥1,967 million due to an increase in labor costs and depreciation and amortization caused by an amendment to Japanese Corporate Tax Law.

Geographical Segment Information

Japan

In the industrial machinery bearings segment, sales to the machine tools, construction machinery and aftermarket sectors increased. In the automotive products segment, sales of hub unit bearings and needle roller bearings grew backed by an increase in automotive production for export. Sales of automotive components increased with substantial growth in sales of high-power electric power steering (EPS) systems, and strong demand for AT components. In the precision machinery and parts segment, demand from machine tool makers was robust, while demand from the semiconductor production equipment sector was stagnant with a decrease in sales of photofabrication equipment for LCD color filter production. As a result, overall sales in Japan totaled ¥410,700 million, a year-on-year increase of 5.9%. Operating income was ¥34,892 million, a year-on-year decrease of 2.6%. This decrease in operating income is the result of a decrease in sales of precision machinery and parts, an increase in depreciation and amortization caused by an amendment to the Japanese Corporate Tax Law, and an increase in selling, general and administrative expenses, although there were also the positive effects of volume growth in the industrial machinery bearing and automotive product segments and improvement in export profit margins due to the depreciation of the Japanese yen.

The Americas

Sales of industrial machinery bearings to the electrical machinery, general machinery and aftermarket sectors increased. In the automotive products segment, sales of automotive bearings in the U.S. were flat compared to the corresponding period last year, while sales in Brazil and Canada increased. Sales of automotive components grew with the sales expansion of steering columns. In the precision machinery and parts segment, sales to the semiconductor production equipment sector decreased, although sales to machine tool makers grew.

Net sales in the Americas totaled ¥80,346 million, an increase of 6.8% compared to the same period last year. Operating income, which was affected positively by an increase in sales of industrial machinery bearings, was ¥3,572 million, a year-on-year increase of 45.2%.

Europe

Sales of industrial machinery bearings increased in the wind turbine, general machinery and aftermarket sectors. In the automotive products segment, sales of EPS systems decreased due to replacement of the car models that use them. In the precision machinery and parts segment, sales to the machine tools and general machinery sectors grew. Sales in Europe totaled ¥101,615 million, a year-on-year increase of 8.8%. Operating income was ¥6,651 million, an increase of 37.5% compared to the same period last year, due to an increase in sales to the industrial machinery bearings segment.

Asia

In the industrial machinery bearings segment, sales to the general machinery sector in ASEAN grew, and sales to electrical machinery, machine tools, general machinery and aftermarket sectors increased in China. Sales of automotive products grew substantially in China with strong demand for hub unit bearings. Sales of precision machinery and parts strengthened in ASEAN and China with favorable demand from machine tool makers, while sales to the semiconductor production equipment manufacturers decreased in South Korea and sales of photofabrication equipment for LCD color filter production declined in Taiwan. Overall sales in Asia totaled ¥85,903 million, a year-on-year increase of 16.1%. Operating income was ¥9,534 million, a year-on-year increase of 31.4% due to improved capacity utilization resulting from volume growth and the effect of exchange rate fluctuations.

2. Qualitative information regarding consolidated financial position**Assets, Liabilities and Net Assets**

Total assets were ¥802,878 million, a decrease of ¥12,910 million compared to total assets as of March 31, 2007, due to decreases in cash and deposits, marketable securities and investment securities, although fixed assets and prepaid pension costs increased.

Liabilities totaled ¥504,342 million, a decrease of ¥34,718 million compared to liabilities as of March 31, 2007, including payments for redemption of corporate bonds.

Net assets totaled ¥298,535 million with an increase of ¥21,808 million from net assets as of March 31, 2007, including an increase in retained earnings.

Cash Flows

Net cash flow provided by operating activities amounted to ¥56,353 million, including ¥47,707 million of income before income taxes and minority interests, ¥28,004 million provided by depreciation and amortization, and ¥19,715 million of income taxes paid.

Including capital investments in growing fields, cash flow used in investing activities totaled ¥7,978 million.

Net cash used in financing activities totaled ¥42,454 million, including payments for redemption of corporate bonds and dividends paid.

In aggregate, the net increase in cash and cash equivalents was ¥7,304 million, resulting in cash and cash equivalents at the end of the period totaling ¥80,623 million.

3. Qualitative information regarding consolidated business forecasts

No revision was made to the forecasts released on October 31, 2007 for the year ending March 31, 2008.

4. Others

- (1) Changes in significant subsidiaries during the period (Changes in certain subsidiaries resulting in change in the scope of consolidation)
Not applicable.

- (2) Simplified accounting method adopted
A simplified accounting method is partly adopted for accounts for which the impact on the financial results was not material.

- (3) Changes in accounting method
Depreciation of fixed assets purchased on or after April 1, 2007 is computed based on the revised Corporate Tax Law. The effect of this application on operating income, ordinary income and income before income taxes and minority interests is immaterial.