

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

For Immediate Release

October 31, 2008

**CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED
SEPTEMBER 30, 2008 (unaudited)****Consolidated Financial Highlights**

(Millions of yen)	Six months ended Sep. 30, 2008	Six months ended Sep. 30, 2007
Net sales	¥ 383,325	¥ 369,326
Operating income	28,613	31,576
Ordinary income	28,916	29,368
Net income (Yen)	17,666	17,701
Net income per share		
Basic	¥ 32.68	¥ 32.75
Diluted	32.67	32.73

Consolidated Financial Position

(Millions of yen)	As of Sep. 30, 2008	As of Mar. 31, 2008
Total assets	¥ 828,477	¥ 828,580
Net assets	298,144	283,775
(%)		
Shareholders' equity to total assets (Yen)	34.0%	32.3%
Net assets per share	¥ 521.28	¥ 495.61

Dividends

(Yen)	Year ending Mar. 31, 2009	Year ended Mar. 31, 2008
Dividends per share		
Interim	¥ 10.00	¥ 9.00
Year-end	10.00(Forecast)	10.00
Full year	20.00(Forecast)	19.00

Forecast for the Year Ending March 31, 2009

(Millions of yen)	Year ending Mar. 31, 2009 Full year
Net sales	¥ 750,000
Operating income	53,000
Ordinary income	51,000
Net income (Yen)	34,000
Net income per share	
Basic	¥62.89

(Note)

The forecast in this document is based on the currently available information, and actual results may be materially different from any future results expressed herein due to various factors.

Consolidated Financial Highlights for the Second Quarter

(Millions of yen)	Three months ended Sep. 30, <u>2008</u>
Net sales	¥ 191,863
Operating income	13,350
Ordinary income	12,733
Net income (Yen)	8,051
Net income per share	
Basic	¥ 14.89
Diluted	14.89

【Qualitative Information and Consolidated Financial Statements】

1. Qualitative Information Regarding Consolidated Business Results

In addition to steep increases in the prices of crude oil and raw materials, the financial crisis in Europe and the US impacted upon the real economy, and the global economy in the six months ended September 30, 2008 entered a slowdown phase. The Japanese economy became clearly stagnant due to lackluster consumer spending, weakened exports and capital expenditure. In the US, housing investment declined, and production and capital expenditure slowed. Additionally, financial disruption triggered by the bankruptcy of major financial groups led to an economic downturn. Economies in the Eurozone and the UK slowed. In Asia, although the Chinese economy continued to expand, some countries' economies, such as South Korea and Singapore, entered a downturn phase.

Our business segments were negatively affected by the stagnant global economy, and demand from automotive and semiconductor production equipment manufacturers decreased although resource and energy-related demands continued to be strong.

As a result, consolidated net sales for the six months ended September 30, 2008 totaled ¥383,325 million, a year-on-year increase of 3.8%. Our operating income was ¥28,613 million, a year-on-year decrease of 9.4% due to cost-push factors such as an increase in raw material costs, and reduced export profit margins due to the appreciation of the Japanese yen which more than offset volume growth, productivity improvement and reduction in external procurement costs. Ordinary income was ¥28,916 million, a year-on-year decrease of 1.5%.

After taking into account a ¥489 million gain on sales of property, plant and equipment under extraordinary income, and a ¥1,739 million loss on devaluation of investment securities under extraordinary loss, net income after adjusting for tax expenses and minority interests was fairly flat year-on-year at ¥17,666 million.

Business Segment Information

Industrial Machinery Bearings

In Japan, sales to the steelmaking equipment, machine tool and construction machinery sectors increased. Demand from the general machinery and construction machinery sectors was strong, and sales to electrical machinery makers increased in the Americas. In Europe, sales increased in the wind turbine and aftermarket sectors, while sales to electric machinery makers decreased. Sales in Asia rose, particularly in the electrical machinery and general machinery sectors in China. Sales also grew in India.

Overall industrial machinery bearing sales totaled ¥121,700 million, a year-on-year increase of 6.0%. Operating income was ¥16,194 million, a year-on-year increase of 4.3% backed by the positive impact of volume growth and reduction in external procurement costs, which more than offset reduced export profit margins due to the appreciation of the Japanese yen and increases in equipment and labor costs associated with the reinforcement of production capability.

Automotive Products

In the automotive bearing business, sales of bearings in Japan were robust backed by a high-level of automotive production. However, sales entered a slowdown trend in the second quarter. Sales of products for motorcycles were robust in Brazil, but total sales in the Americas were flat due to a decline in production by US automakers. Sales of hub unit bearings increased in Europe. In Asia,

sales of hub unit bearings and ball bearings grew in China.

In the automotive component business, sales of electric power steering (EPS) systems and automatic transmission (AT) components grew in Japan, backed by sales expansion activities. In the Americas, sales of steering columns for large automobiles, such as pickup trucks and SUVs, decreased.

As a result, net sales in the automotive products segment increased by 2.4% year-on-year to ¥214,138 million. Although there were positive effects of volume growth and a reduction in external procurement costs, operating income decreased by 22.4% year-on-year to ¥10,823 million due to the negative impact of reduced export profit margins caused by the appreciation of the Japanese yen, a steep increase in raw material costs and an increase in selling, general and administrative expenses.

Precision Machinery and Parts

Sales to the machine tool sector continued to be robust worldwide, while sales of linear motion products decreased due to a decline in demand from semiconductor production equipment manufacturers. Sales of exposure equipment for LCD panel production increased.

As a result, overall sales totaled ¥31,053 million, a year-on-year decrease of 2.5%. Operating income was ¥2,974 million, a year-on-year decrease of 22.5% due to increases in selling, general and administrative expenses and raw material costs.

Other

Sales in other business segment totaled ¥29,912 million, a year-on-year increase of 22.0%, backed by an increase in sales of steel balls to third parties. Operating income increased 74.5% year-on-year to ¥1,757 million due to volume growth.

Geographical Segment Information

Japan

In the industrial machinery bearings segment, sales to the steelmaking equipment, machine tool and construction machinery sectors increased. In the automotive products segment, sales of automotive bearings were robust backed by a high-level of automotive production. However, sales entered a slowdown trend in the second quarter. In the automotive components business, sales of EPS and AT components increased due to sales expansion activities. In the precision machinery and parts segment, demand from machine tool makers was robust. However, sales to the semiconductor production equipment manufacturers declined.

As a result, overall sales in Japan totaled ¥281,511 million, a year-on-year increase of 7.1%. Operating income was ¥16,407 million, a year-on-year decrease of 23.3%. This decrease in operating income is the result of the negative impact of reduced export profit margins due to the appreciation of the Japanese yen, a steep increase in raw material costs, and an increase in selling, general and administrative expenses, despite the positive effect of volume growth.

The Americas

Sales of industrial machinery bearings increased with growing demand from the general machinery, construction machinery and electrical machinery sectors. In the automotive products segment, sales of automotive bearings for motorcycles increased in Brazil. However, total sales of automotive products, particularly in the automotive components business, slowed due to a decline in production by US automakers. In the precision machinery and parts segment, sales to the semiconductor production sector decreased, while sales to machine tool makers were robust.

Net sales in the Americas totaled ¥49,048 million, a decrease of 10.0% compared to the same

period last year. Operating income, which was negatively affected by increases in raw material costs and selling, general and administrative expenses, was ¥2,161 million, a year-on-year decrease of 13.8%.

Europe

Sales of industrial machinery bearings increased in the wind turbine generators and aftermarket sectors, while sales to electric machinery makers decreased. In the automotive products segment, sales of hub unit bearings increased, backed by aggressive sales expansion activities. In the precision machinery and parts segment, sales to the machine tool sector grew.

As a result, overall sales in Europe totaled ¥71,709 million, a year-on-year increase of 8.4%. Operating income was ¥6,129 million, a year-on-year increase of 50.0%, due to volume growth and reduction in external procurement costs and selling, general and administrative expenses.

Asia

In the industrial machinery bearings segment, sales to the electrical machinery and general machinery sectors grew in China, and sales in India also increased. In the automotive product segment, sales of hub unit bearings and ball bearings rose in China, while sales of steering columns for pickup trucks in Thailand decreased. In the precision machinery and parts segment, sales of linear motion products increased in South Korea, China and Taiwan, and sales of exposure equipment for LCD panel production grew.

Overall sales in Asia totaled ¥60,984 million, a year-on-year increase of 10.0%. Operating income was ¥6,737 million, a year-on-year increase of 7.2%, due to volume growth.

2. Qualitative Information Regarding Consolidated Financial Position

Total assets

Total assets were ¥828,477 million, a decrease of ¥102 million compared to total assets as of March 31, 2008, due to a decrease of ¥6,065 million in investment securities with the decline of the stock market, although there was an increase of ¥4,653 million in property, plant and equipment due to capital investment in growing fields.

Liabilities

Liabilities totaled ¥530,333 million, a decrease of ¥14,471 million compared to liabilities as of March 31, 2008, including a decrease in current portion of corporate bonds.

Net assets

Net assets totaled ¥298,144 million with an increase of ¥14,368 million from net assets as of March 31, 2008, including decreases in unrealized holding gains on securities and translation adjustments.

Cash flows

Net cash flow provided by operating activities amounted to ¥14,391 million, including ¥27,666 million of income before income taxes and minority interests and ¥19,420 million of depreciation and amortization, which more than offset increases in notes and accounts receivable of ¥10,322 million, inventories of ¥19,680 million, and payments for income taxes of ¥7,910 million.

Net cash flow used in investing activities totaled ¥26,943 million, including ¥8,284 million for sales of marketable securities and additions to property, plant and equipment of ¥30,476 million .

Net cash flow provided by financing activities totaled ¥10,792 million, including ¥10,000 million of

payments for redemption of corporate bonds and ¥5,408 million of payments for dividends, which more than offset ¥3,666 million net increase in short-term loans and ¥6,830 million increase in long-term loans.

In the aggregate, cash and cash equivalents at the end of the second quarter totaled ¥89,017 million.

3. Qualitative Information Regarding Consolidated Business Forecast

Regarding business forecast for the year ending March 31, 2009, further economic downturn due to the appreciation of the Japanese yen and financial crisis is of increasing concern, and strengthens the uncertainty of the economic conditions. Therefore, we have made a downward revision to the original forecast.

(Millions of yen)	Year ending Mar. 31, 2009 <u>(Revised forecast)</u>	Year ending Mar. 31, 2009 <small>(Forecast announced in May, 2008)</small>
Net sales	¥ 750,000	¥ 800,000
Operating income	53,000	71,000
Ordinary income	51,000	67,000
Net income	34,000	44,000

*Exchange rate forecast for the second half of the year ending March 31, 2009:

U.S.\$1=¥100, 1Euro=¥125

*Industrial machinery bearings:

We expect sales in this segment to increase year-on-year due to continued expansion in orders for large and ultra-large sized bearings from resource and energy-related sectors, although demand from the electric machinery and machine tool sectors continue to decrease.

*Automotive products:

Global automotive production is expected to decrease due to a slowdown in automotive sales in Japan, North America and Europe, and slowing growth in BRICs. We expect sales in this segment to decrease year-on-year.

*Precision machinery and parts:

We expect sales in this segment to become flat year-on-year due to a decrease in demand for linear motion products from semiconductor and machine tool manufacturers, despite growth in sales of exposure equipment for LCD panel productions.

Notes

All forecasts are based on a number of assumptions regarding 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.

4. Other

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

Not applicable.

- (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 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 temporary fluctuations 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 included in tax expense figures.

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

(3)-1. Effective from the fiscal year ending March 2009, the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No.12) and its implementation guidance, “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No.14) have been applied. Quarterly consolidated financial statements have been prepared in accordance with the “Regulation for Quarterly Consolidated Financial Reporting.”

(3)-2. Inventories:

Previously, finished products and raw materials were stated at the lower of cost or market, determined principally by the periodic average method, work in process was stated at cost determined principally by the periodic average method, and supplies were stated at cost determined by the moving average method.

However, effective from the first quarter ended June 30, 2008, the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No.9) has been applied, and these inventories are now stated at cost (for the value stated on the balance sheet, book value is written down based on the decreased profitability).

The effect of this application on income is immaterial.

(3)-3. Effective from the first quarter ended June 30, 2008, the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ PITF No.18) has been applied, and accordingly some revisions have been made to consolidated accounts as necessary.

The effect of this application on income is immaterial.

This application caused a decrease in retained earnings of ¥17,378 million due mainly to a transfer of unfunded retirement benefits obligation of overseas subsidiaries, which was previously stated as valuation, translation adjustments and other.

5. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of Yen)	
	As of Sep. 30, 2008	As of Mar. 31, 2008
Assets		
Current assets:		
Cash and deposits	60,081	66,259
Notes and accounts receivable	149,168	137,439
Marketable securities	29,298	51,600
Finished products	65,033	57,860
Raw materials and supplies	11,463	10,156
Work in process	42,786	33,832
Others	48,508	48,488
Less allowance for doubtful accounts	(1,179)	(1,223)
Total current assets	405,159	404,412
Non-current assets:		
Property, plant and equipment		
Buildings and structures	77,922	77,773
Machinery, vehicles and equipment	136,849	125,577
Others	57,936	64,704
Total property, plant and equipment	272,708	268,055
Intangible assets	10,584	10,520
Investments and other assets		
Investment securities	84,986	91,051
Prepaid pension costs	44,519	43,830
Others	11,235	11,499
Less allowance for doubtful accounts	(715)	(789)
Total investments and other assets	140,025	145,591
Total non-current assets	423,318	424,167
Total assets	828,477	828,580

	(Millions of Yen)	
	As of Sep. 30, 2008	As of Mar. 31, 2008
Liabilities		
Current liabilities:		
Notes and accounts payable	132,304	130,966
Short-term loans	87,704	84,787
Current portion of corporate bonds	-	10,000
Accrued income taxes	6,974	6,199
Others	58,015	62,364
Total current liabilities	284,998	294,318
Long-term liabilities:		
Corporate bonds	127,000	127,000
Long-term loans	47,027	42,625
Accrued employees' retirement benefits	28,603	36,592
Accrued officers' retirement benefits	1,302	1,202
Reserves for environmental safety measures expenses	178	268
Others	41,221	42,795
Total long-term liabilities	245,334	250,486
Total liabilities	530,333	544,804
Net assets		
Shareholders' equity		
Common stock	67,176	67,176
Additional paid-in capital	78,324	78,304
Retained earnings	149,724	154,846
Treasury stock	(4,151)	(4,134)
Total shareholders' equity	291,075	296,193
Valuation, translation adjustments and other		
Unrealized holding gains on securities	16,011	18,216
Translation adjustments	(25,281)	(21,586)
Unfunded retirement benefits obligation of overseas subsidiaries	-	(24,909)
Total valuation, translation adjustments and other	(9,269)	(28,279)
Share subscription rights	234	170
Minority interests	16,104	15,690
Total net assets	298,144	283,775
Total liabilities and net assets	828,477	828,580

(2) Consolidated Statements of Income

For the six months ended September 30, 2008

	(Millions of Yen)
	Six months ended Sep. 30, 2008
Net sales	383,325
Cost of sales	299,000
Gross profit	84,325
Selling, general and administrative expenses	55,712
Operating income	28,613
Non-operating income:	
Interest income	1,024
Dividend income	785
Equity in earnings of affiliates	1,953
Other	2,247
Total non-operating income	6,011
Non-operating expenses:	
Interest expenses	3,047
Warranty cost	1,290
Other	1,368
Total non-operating expenses	5,707
Ordinary income	28,916
Extraordinary income:	
Gain on sales of property, plant and equipment	489
Total extraordinary income	489
Extraordinary loss:	
Loss on devaluation of investment securities	1,739
Total extraordinary loss	1,739
Income before tax expenses and minority interests	27,666
Income taxes	8,883
Minority interests	1,117
Net income	17,666

For the three months ended September 30, 2008

	(Millions of Yen)
	Three months ended Sep. 30, 2008
Net sales	191,863
Cost of sales	150,249
Gross profit	41,613
Selling, general and administrative expenses	28,263
Operating income	13,350
Non-operating income:	
Interest income	607
dividend income	46
Equity in earnings of affiliates	894
Other	997
Total non-operating income	2,545
Non-operating expenses:	
Interest expenses	1,501
Loss on after-care of products	915
Other	744
Total non-operating expenses	3,162
Ordinary income	12,733
Extraordinary loss:	
Loss on devaluation of investment securities	1,739
Total extraordinary loss	1,739
Income before tax expenses and minority interests	10,994
Income taxes	2,341
Minority interests	601
Net income	8,051

(3) Consolidated Statements of Cash Flows

(Millions of Yen)

Six months ended Sep. 30, 2008

Operating activities	
Income before income taxes and minority interests	27,666
Depreciation and amortization	19,420
Amortization of goodwill	342
Increase (decrease) in allowance for doubtful accounts	(67)
Increase (decrease) in provision for retirement benefits and prepaid pension cost	(3,141)
Interest and dividend income	(1,810)
Interest expense	3,047
Equity in losses (earnings) of affiliates	(1,953)
Loss (Gain) on sales of property, plant and equipment	(489)
Loss on devaluation of investment securities	1,739
Decrease (increase) in notes and accounts receivable	(10,322)
Decrease (increase) in inventories	(19,680)
Increase (decrease) in notes and accounts payable	1,734
Other	4,462
Subtotal	20,949
Interest and dividends received	4,538
Interest paid	(3,185)
Income taxes paid	(7,910)
Net cash provided by operating activities	14,391
Investing activities	
Net decrease (increase) in time deposit	(30)
Payments for acquisition of marketable securities	(3,500)
Proceeds from sales of marketable securities	8,284
Additions to property, plant and equipment	(30,476)
Proceeds from sales of property, plant and equipment	867
Acquisition of investment securities	(953)
Proceeds from sales of investment securities	60
Payments for advances	(91)
Proceeds from collection of advances	70
Other	(1,174)
Net cash used in investing activities	(26,943)
Financing activities	
Net increase (decrease) in short-term loans	3,666
Increase in long-term loans	6,830
Long-term debt - repayments	(5,451)
Payments for redemption of corporate bonds	(10,000)

	Six months ended Sep. 30, 2008
Payments for acquisition of treasury stock	(45)
Dividends paid	(5,408)
Dividends paid to minority shareholders	(572)
Other	189
Net cash provided by financing activities	(10,792)
Effect of exchange rate changes on cash and cash equivalents	(865)
Net increase (decrease) in cash and cash equivalents	(24,209)
Cash and cash equivalents at beginning of the year	113,226
Cash and cash equivalents at end of the period	89,017

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

Three months ended September 30, 2008

(Millions of Yen)

	Industrial machinery bearings	Automotive products	Precision machinery & parts	Other	Total	Eliminations/corporate	Consolidated
Sales to third parties	61,048	106,180	16,148	8,485	191,863	-	191,863
Inter-segment sales and transfers	-	-	-	7,250	7,250	(7,250)	-
Total	61,048	106,180	16,148	15,736	199,113	(7,250)	191,863
Operating income	7,996	4,696	1,568	814	15,075	(1,725)	13,350

Six months ended September 30, 2008

(Millions of Yen)

	Industrial machinery bearings	Automotive products	Precision machinery & parts	Other	Total	Eliminations/corporate	Consolidated
Sales to third parties	121,700	214,138	31,053	16,433	383,325	-	383,325
Inter-segment sales and transfers	-	-	-	13,479	13,479	(13,479)	-
Total	121,700	214,138	31,053	29,912	396,804	(13,479)	383,325
Operating income	16,194	10,823	2,974	1,757	31,750	(3,137)	28,613

【Sales by Geographical Segment】

Three months ended September 30, 2008

(Millions of Yen)

	Japan	The Americas	Europe	Asia	Total	Eliminations/corporate	Consolidated
Sales to third parties	110,783	24,048	32,656	24,375	191,863	-	191,863
Inter-area sales and transfers	32,120	292	1,654	6,931	40,999	(40,999)	-
Total	142,904	24,340	34,311	31,307	232,862	(40,999)	191,863
Operating income	7,485	1,368	2,623	3,491	14,969	(1,619)	13,350

Six months ended September 30, 2008

(Millions of Yen)

	Japan	The Americas	Europe	Asia	Total	Eliminations/corporate	Consolidated
Sales to third parties	218,787	48,465	68,523	47,549	383,325	-	383,325
Inter-area sales and transfers	62,723	583	3,185	13,435	79,928	(79,928)	-
Total	281,511	49,048	71,709	60,984	463,254	(79,928)	383,325
Operating income	16,407	2,161	6,129	6,737	31,435	(2,822)	28,613

【Sales by Customer Location】

Three months ended September 30, 2008

(Millions of Yen)

	The Americas	Europe	Asia	Total
Non-Japan sales	24,536	33,031	36,953	94,520
Consolidated net sales	-	-	-	191,863
Ratio of Non-Japan sales to consolidated net sales	12.8	17.2	19.3	49.3

Six months ended September 30, 2008

(Millions of Yen)

	The Americas	Europe	Asia	Total
Non-Japan sales	49,433	69,261	71,769	190,465
Consolidated net sales	-	-	-	383,325
Ratio of Non-Japan sales to consolidated net sales	12.9	18.1	18.7	49.7

(Reference)

Summary: Consolidated Statements of Income for the six months ended September 30, 2007

(Millions of Yen)

	Six months ended Sep. 30, 2007
Net sales	369,326
Cost of sales	284,555
Gross profit	84,771
Selling, general and administrative expenses	53,194
Operating income	31,576
Non-operating income	5,194
Interest and dividend income	1,629
Equity in earnings of affiliates	1,919
Other	1,646
Non-operating expenses	7,402
Interest expense	3,140
Other	4,262
Ordinary income	29,368
Extraordinary income	159
Gain on sales of investment securities	159
Extraordinary losses	164
Loss on sales of investments of affiliates	164
Income before income taxes and minority interests	29,363
Income taxes	
Current	6,462
Deferred	4,207
Minority interests	991
Net income	17,701

(Reference)

Summary: Consolidated Statements of Cash Flows for the six months ended September 30, 2007

(Millions of Yen)

	Six months ended Sep. 30, 2007
Operating activities	
Income before income taxes and minority interests	29,363
Depreciation and amortization	18,249
Amortization of goodwill	353
Increase (decrease) in allowance for doubtful accounts	(727)
Increase (decrease) in provision for retirement benefits and prepaid pension cost	(3,788)
Interest and dividend income	(1,629)
Interest expense	3,140
Equity in earnings of affiliates	(1,919)
Gain on sales of investment securities	(159)
Loss on sales of investments of affiliates	164
Decrease (increase) in notes and accounts receivable	2,678
Decrease (increase) in inventories	(490)
Increase (decrease) in notes and accounts payable	2,349
Other	(1,549)
Subtotal	46,035
Interest and dividends received	2,354
Interest paid	(3,183)
Income taxes paid	(12,799)
Net cash provided by operating activities	32,407
Investing activities	
Net decrease (increase) in time deposit	115
Payments for acquisition of marketable securities	(9,977)
Proceeds from sales of marketable securities	19,372
Additions to property, plant and equipment	(20,139)
Proceeds from sales of property, plant and equipment	523
Acquisition of investment securities	(3,813)
Proceeds from sales of investment securities	1,132
Proceeds from acquisition of subsidiaries' stock resulting in changes in scope of consolidation	73
Payments for advances	(410)
Proceeds from collection of advances	74
Other	1,165
Net cash used in investing activities	(11,883)
Financing activities	
Net increase (decrease) in short-term loans	(2,108)
Increase in long-term loans	1
Long-term debts - repayments	(582)
Payments for redemption of corporate bonds	(10,000)
Payments for acquisition of treasury stock	(85)
Dividends paid	(4,866)
Dividends paid to minority shareholders	(253)
Other	37
Net cash provided by financing activities	(17,857)
Effect of exchange rate changes on cash and cash equivalents	447
Net increase (decrease) in cash and cash equivalents	3,114
Cash and cash equivalents at beginning of the year	73,319
Increase (decrease) in cash and cash equivalents resulting from changes in fiscal year ends of consolidated subsidiaries	726
Cash and cash equivalents at end of the period	77,159

(Reference)**【Sales by Business Segment】**

Six months ended September 30, 2007

(Millions of Yen)

	Industrial machinery bearings	Automotive products	Precision machinery & parts	Other	Total	Eliminations/corporate	Consolidated
Sales to third parties	114,776	209,060	31,846	13,641	369,326	-	369,326
Inter-segment sales and transfers	-	-	-	10,876	10,876	(10,876)	-
Total	114,776	209,060	31,846	24,518	380,203	(10,876)	369,326
Operating expenses	99,251	195,120	28,011	23,511	345,895	(8,145)	337,749
Operating income	15,525	13,940	3,835	1,007	34,308	(2,731)	31,576

【Sales by Geographical Segment】

Six months ended September 30, 2007

(Millions of Yen)

	Japan	The Americas	Europe	Asia	Total	Eliminations /corporate	Consolidated
Sales to third parties	208,521	54,127	62,596	44,081	369,326	-	369,326
Inter-area sales and transfers	54,419	397	3,581	11,353	69,752	(69,752)	-
Total	262,940	54,524	66,177	55,435	439,078	(69,752)	369,326
Operating expenses	241,535	52,017	62,091	49,149	404,794	(67,044)	337,749
Operating income	21,405	2,506	4,085	6,286	34,284	(2,707)	31,576

【Sales by Customer Location】

Six months ended September 30, 2007

(Millions of Yen)

	The Americas	Europe	Asia	Total
Non-Japan sales	55,294	63,001	65,278	183,574
Consolidated net sales	-	-	-	369,326
Ratio of Non-Japan sales to consolidated net sales	15.0	17.0	17.7	49.7