



# **CONSOLIDATED BUSINESS RESULTS OF THE THIRD QUARTER ENDED DECEMBER 31, 2005**

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**February 03, 2006  
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.

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## Summary of the Consolidated Business Results for FY 2005:Q3

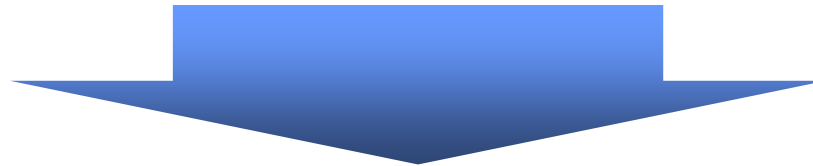


**Sales & Income for Q3 increased year-on-year**

**⇒ Demand remained healthy**

**⇒ Operating income margin improved**

**Proceeded in each quarter**



- ◆ **Results for Q3 were good;**  
full year results expected to be within forecasted range.
- ◆ **No revision made to forecasts for full year ending March 31, 2006.**

(Amatsuji Steel Ball MFG. Co., Ltd. will be consolidated in Q4, and will slightly affect business results for the full year.)

# Summary of the Consolidated Business Results for FY 2005:Q3



( $\yen$ 100 million)	FY 2004					FY 2005				
	Q1 Japan: Apr.-Jun. Overseas: Jan.-Mar. <Actual>	Q2 Japan: Jul.-Sep. Overseas: Apr.-Jun. <Actual>	Q3 Japan: Oct.-Dec. Overseas: Jul.-Sep. <Actual>	Q4 Japan: Jan.-Mar. Overseas: Oct.-Dec. <Actual>	Full year Japan: Apr.-Mar. Overseas: Jan.-Dec. <Actual>	Q1 Japan: Apr.-Jun. Overseas: Jan.-Mar. <Actual>	Q2 Japan: Jul.-Sep. Overseas: Apr.-Jun. <Actual>	Q3 Japan: Oct.-Dec. Overseas: Jul.-Sep. <Actual>	Y-O-Y	Full year Japan: Apr.-Mar. Overseas: Jan.-Dec. <Forecast>
<b>Sales</b>	1,403	1,470	1,440	1,497	5,810	1,471	1,558	<b>1,596</b>	+10.9%	6,200
<b>Operating income</b>	95	100	93	95	383	81	103	<b>111</b>	+18.1%	410
Operating income margin	<6.8%>	<6.8%>	<6.5%>	<6.3%>	<6.6%>	<5.5%>	<6.6%>	<b>&lt;6.9%&gt;</b>		<6.6%>
<b>Ordinary income</b>	85	93	80	73	331	76	93	<b>115</b>	+42.1%	370
<b>Profit before tax</b>	91	104	83	72	350	103	87	<b>136</b>	+62.7%	382
<b>Net income</b>	49	69	42	63	223	56	44	<b>83</b>	+101.7%	225
(Rate: 1 US\$= )	( $\yen$ 107.37)	( $\yen$ 109.17)	( $\yen$ 110.58)	( $\yen$ 105.67)	( $\yen$ 108.20)	( $\yen$ 104.72)	( $\yen$ 107.82)	<b>(<math>\yen</math>111.93)</b>		( $\yen$ 108.12)
(Rate: 1 EURO= )	( $\yen$ 133.14)	( $\yen$ 132.11)	( $\yen$ 133.88)	( $\yen$ 137.20)	( $\yen$ 134.08)	( $\yen$ 138.08)	( $\yen$ 136.10)	<b>(<math>\yen</math>135.81)</b>		( $\yen$ 136.50)

# Net sales –By customer location–

(¥100 million)	FY 2004					FY 2005				
	Q1 <Actual>	Q2 <Actual>	Q3 <Actual>	Q4 <Actual>	Full year <Actual>	Q1 <Actual>	Q2 <Actual>	Q3 <Actual>	Y-O-Y	Full year <Forecast>
<b>Sales</b>	1,403	1,470	1,440	1,497	5,810	1,471	1,558	<b>1,596</b>	<b>+10.9%</b>	6,200
Japan	737	770	768	828	3,103	765	798	<b>846</b>	<b>+10.3%</b>	3,265
Americas	199	212	211	201	823	215	231	<b>235</b>	<b>+11.3%</b>	905
Europe	235	251	222	228	936	251	246	<b>236</b>	<b>+6.3%</b>	964
Asia	232	237	239	240	948	240	283	<b>279</b>	<b>+16.6%</b>	1,066

- **Japan** . . . Demand from automotive, machine tools and general industry were healthy. Sales to semiconductor and liquid crystal equipment gradually recovered in Q3.
- **Americas** . . . Sales to Japanese automotive manufacturers increased.
- **Europe** . . . Although sales were affected by seasonal factors, sales of automotive and general industry bearings increased.
- **Asia** . . . Sales to the automotive industry in Thailand and China, and demand for precision machinery and parts such as photofabrication equipment, increased.

# Business results

– By geographical segment –



FY 2004	FY 2004					FY 2005				
	Q1 <Actual>	Q2 <Actual>	Q3 <Actual>	Q4 <Actual>	Full year <Actual>	Q1 <Actual>	Q2 <Actual>	Q3 <Actual>	Y-O-Y	Full year <Forecast>
<b>Sales</b>	1,403	1,470	1,440	1,497	5,810	1,471	1,558	1,596	+10.9%	6,200
Japan	1,042	1,091	1,095	1,167	4,395	1,096	1,178	1,215	+10.9%	4,680
Americas	195	208	206	196	805	209	226	229	+11.1%	885
Europe	248	267	238	249	1,002	274	260	249	+4.5%	1,049
Asia	151	160	163	168	642	165	185	196	+19.7%	746
Elimination	-233	-256	-262	-283	-1,034	-273	-291	-293		-1,160
<b>Operating income</b>	95 <6.8%>	100 <6.8%>	93 <6.5%>	95 <6.3%>	383 <6.6%>	81 <5.5%>	103 <6.6%>	111 <6.9%>	+18.1%	410 <6.6%>
Japan	64 <6.1%>	70 <6.5%>	68 <6.2%>	71 <6.0%>	273 <6.2%>	58 <5.3%>	79 <6.7%>	85 <7.0%>	+24.3%	297 <6.4%>
Americas	6 <3.1%>	6 <2.9%>	6 <3.0%>	7 <3.7%>	25 <3.2%>	3 <1.7%>	10 <4.4%>	3 <1.5%>	-44.0%	23 <2.6%>
Europe	13 <5.2%>	14 <5.5%>	10 <4.2%>	11 <4.2%>	48 <4.8%>	10 <3.5%>	6 <2.5%>	12 <4.6%>	+14.3%	41 <3.9%>
Asia	7 <4.6%>	10 <6.3%>	9 <5.9%>	7 <3.7%>	33 <5.1%>	10 <5.8%>	12 <6.9%>	14 <7.0%>	+44.0%	50 <6.7%>
Elimination	5	0	0	-1	4	0	-4	-3		-1

■ Demand in Japan remained robust. Although material costs and costs related to higher operating levels increased, operating income improved due to higher sales revenues.

■ In Americas, rising material costs and restructuring expenses affected operating income.

■ In Asia, Thailand and Asean nations contributed to increased earnings.

# Business results –By business segment –



(¥100 million)	FY 2004					FY 2005				
	Q1 <Actual>	Q2 <Actual>	Q3 <Actual>	Q4 <Actual>	Full year <Actual>	Q1 <Actual>	Q2 <Actual>	Q3 <Actual>	Y-O-Y	Full year <Forecast>
<b>Sales</b>	1,403	1,470	1,440	1,497	5,810	1,471	1,558	<b>1,596</b>	+10.9%	6,200
<b>Industrial bearings</b>	452	467	466	470	1,855	466	482	<b>492</b>	+5.4%	1,940
<b>Automotive products</b>	755	800	780	827	3,162	822	866	<b>900</b>	+15.4%	3,475
<b>Precision machinery</b>	159	165	157	161	642	148	174	<b>172</b>	+9.7%	650
<b>Others</b>	43	65	51	73	232	56	62	<b>53</b>	+5.1%	228
<b>Elimination</b>	-6	-27	-14	-34	-81	-21	-26	<b>-21</b>		-93
<b>Operating income</b>	95 <6.8%>	100 <6.8%>	93 <6.5%>	95 <6.3%>	383 <6.6%>	81 <5.5%>	103 <6.6%>	<b>111 &lt;6.9%&gt;</b>	+18.1%	410 <6.6%>
<b>Industrial bearings</b>	46 <10.2%>	48 <10.2%>	51 <11.0%>	54 <11.5%>	199 <10.8%>	48 <10.4%>	53 <11.0%>	<b>57 &lt;11.6%&gt;</b>	+11.7%	220 <11.3%>
<b>Automotive products</b>	46 <6.1%>	44 <5.5%>	31 <4.0%>	37 <4.5%>	158 <5.0%>	30 <3.6%>	45 <5.2%>	<b>43 &lt;4.8%&gt;</b>	+39.5%	170 <4.9%>
<b>Precision machinery</b>	10 <6.3%>	16 <9.8%>	13 <8.2%>	9 <5.6%>	48 <7.4%>	7 <4.7%>	12 <6.9%>	<b>17 &lt;10.0%&gt;</b>	+34.0%	43 <6.6%>
<b>Others</b>	1 <2.3%>	4 <6.3%>	7 <13.9%>	6 <8.2%>	12 <7.9%>	4 <6.5%>	4 <6.5%>	<b>3 &lt;4.8%&gt;</b>	-64.0%	14 <6.1%>
<b>Elimination</b>	-8	-12	-9	-11	-40	-8	-11	<b>-9</b>		-37

■Industrial bearings...Demand remained strong. Operating income margin rose to 11%.

■Automotive products...Demand was healthy worldwide, Operating income increased compared to last year, despite increasing material costs and costs for producing at higher levels.

5 ■Precision machinery and parts...Demand for semiconductor and liquid crystal equipment recovered.

# Consolidated balance sheets

(¥100 million)	FY 2004				FY 2005			
	<b>Q1</b> (Quarter ended Jun. 30, '04)	<b>Interim</b> (Quarter ended Sep. 30, '04)	<b>Q3</b> (Quarter ended Dec. 31, '04)	<b>Year-end</b> (Quarter ended Mar. 31, '05)	<b>Q1</b> (Quarter ended Jun. 30, '05)	<b>Interim</b> (Quarter ended Sep. 30, '05)	<b>Q3</b> (Quarter ended Dec. 31, '05)	Difference from the period ended Sep. 30, '05
<b>Assets</b>								
Current assets	3,047	2,844	2,914	2,787	2,924	2,865	<b>2,949</b>	<b>+84</b>
Non-current assets	3,242	3,378	3,449	3,499	3,558	3,728	<b>3,946</b>	<b>+218</b>
<b>Total assets</b>	<b>6,289</b>	<b>6,222</b>	<b>6,363</b>	<b>6,286</b>	<b>6,482</b>	<b>6,593</b>	<b>6,895</b>	<b>+302</b>
<b>Liabilities and Shareholder's equity</b>								
Current liabilities	2,428	2,373	2,481	2,343	2,550	2,617	<b>2,631</b>	<b>+14</b>
Long-term liabilities	1,961	1,928	1,880	1,944	1,853	1,769	<b>1,832</b>	<b>+63</b>
<b>Total liabilities</b>	<b>4,389</b>	<b>4,301</b>	<b>4,361</b>	<b>4,287</b>	<b>4,403</b>	<b>4,386</b>	<b>4,463</b>	<b>+77</b>
Minority interests	122	126	117	116	118	123	<b>128</b>	<b>+5</b>
<b>Total shareholder's equity</b>	<b>1,778</b>	<b>1,795</b>	<b>1,885</b>	<b>1,883</b>	<b>1,961</b>	<b>2,084</b>	<b>2,304</b>	<b>+220</b>
<b>Total liabilities and shareholder's equity</b>	<b>6,289</b>	<b>6,222</b>	<b>6,363</b>	<b>6,286</b>	<b>6,482</b>	<b>6,593</b>	<b>6,895</b>	<b>+302</b>
(Rate: 1US\$=)	(¥105.69)	(¥108.43)	(¥111.05)	(¥104.21)	(¥107.39)	(¥110.62)	<b>(¥113.19)</b>	
(Rate: 1EURO=)	(¥128.88)	(¥131.06)	(¥137.04)	(¥141.61)	(¥138.87)	(¥133.63)	<b>(¥136.13)</b>	

# Inventories

Inventories	FY 2004				FY 2005			
	Q1 (Quarter ended Jun. 30, '04)	Interim (Quarter ended Sep. 30, '04)	Q3 (Quarter ended Dec. 31, '04)	Year-end (Quarter ended Mar. 31, '05)	Q1 (Quarter ended Jun. 30, '05)	Interim (Quarter ended Sep. 30, '05)	Q3 (Quarter ended Dec. 31, '05)	Difference from the period ended Sep. 30, '05
<b>Japan</b>	358	364	416	378	425	422	<b>458</b>	<b>+36</b>
<b>Overseas</b>	414	403	427	439	469	480	<b>511</b>	<b>+31</b>
Americas	137	132	138	140	151	163	<b>169</b>	<b>+6</b>
Europe	179	169	177	186	187	179	<b>196</b>	<b>+17</b>
Asia	98	102	112	113	131	138	<b>146</b>	<b>+8</b>
<b>Total</b>	772	767	843	817	894	902	<b>969</b>	<b>+67</b>
<b>Turnover</b>	7.3	7.5	7.2	7.4	6.9	7.0	<b>6.9</b>	



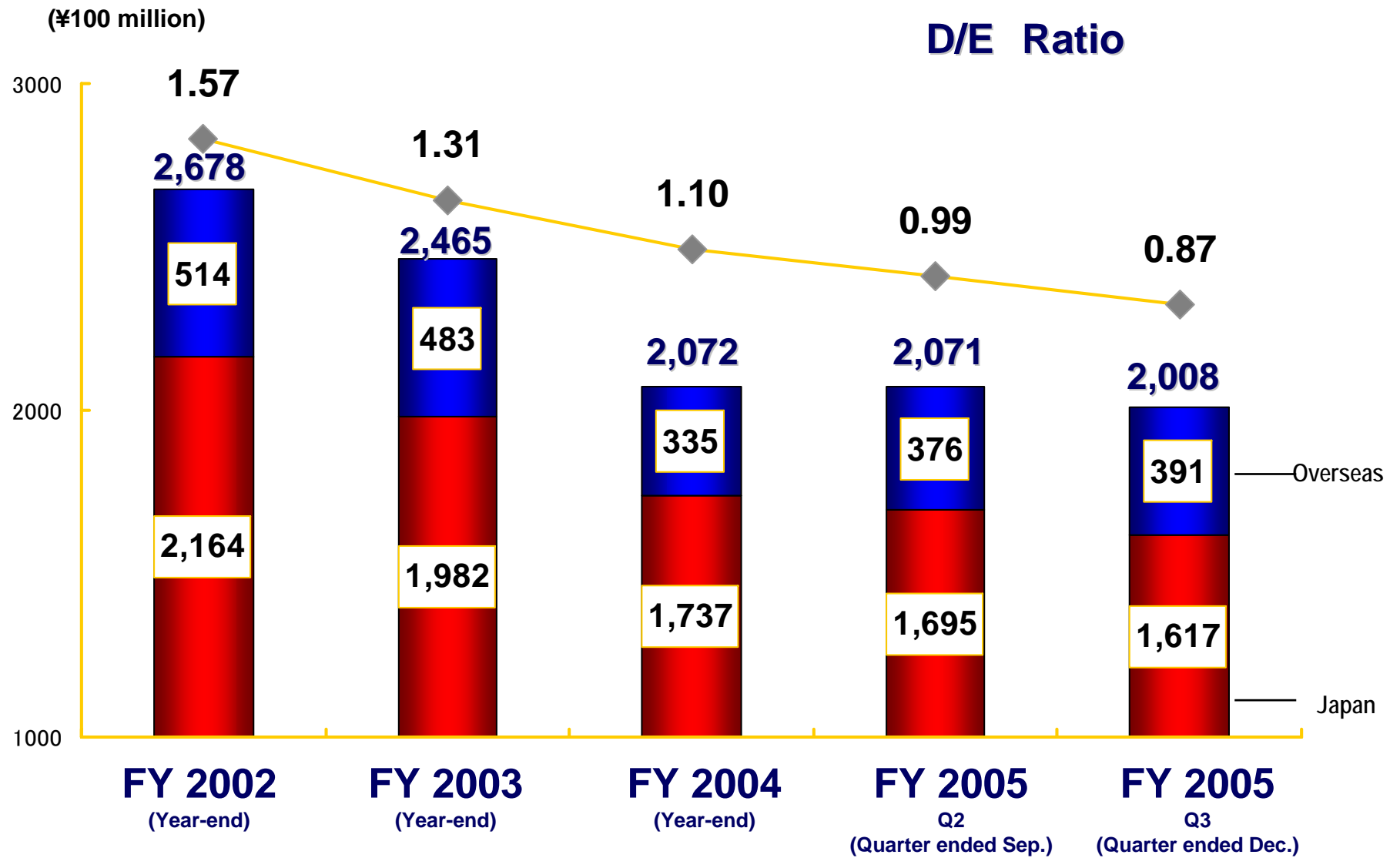
# Capital expenditures Depreciation and Amortization



FY 2004	FY 2004		FY 2005						
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Full year <Forecast>
<b>Capital expenditures</b>	62	89	90	128	369	89	155	<b>101</b>	<b>400</b>
<b>Japan</b>	44	70	59	82	255	55	97	<b>69</b>	<b>268</b>
<b>Overseas</b>	4	3	5	4	114	34	58	<b>32</b>	<b>132</b>
Americas	4	4	6	23	16	9	10	<b>10</b>	<b>30</b>
Europe	10	12	20	19	37	4	14	<b>6</b>	<b>34</b>
Asia	62	89	90	128	61	21	34	<b>16</b>	<b>68</b>

FY 2004	FY 2004		FY 2005						
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Full year <Forecast>
<b>Depreciation</b>	63	67	68	72	270	65	69	<b>76</b>	<b>295</b>
<b>Japan</b>	36	38	42	44	160	39	43	<b>47</b>	—
<b>Overseas</b>	63	67	68	72	110	26	26	<b>29</b>	—

# Interest bearing debts



# Supplementary information

(¥100 million)	FY 2004				FY 2005		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
<b>Research &amp; Development</b>	23	24	25	26	24	24	24

(Number of employees)	FY 2004				FY 2005		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
<b>Employees</b>	19,979	20,310	20,565	20,737	21,437	21,601	21,742
<b>Japan</b>	8,877	8,850	8,867	8,843	9,099	9,083	9,108
Parent company (Non-consolidated)	3,696	3,661	3,664	3,664	3,801	4,247	4,272
<b>Americas</b>	3,036	3,036	3,053	3,122	3,144	3,149	3,129
<b>Europe</b>	4,283	4,448	4,433	4,321	4,369	4,176	4,153
<b>Asia</b>	3,783	3,976	4,212	4,451	4,825	5,193	5,352