

NSK Ltd.

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For Immediate Release

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CONSOLIDATED RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2006 (unaudited)

Financial Highlights

	Nine months ended Dec. 31,		
	2006	2005	Change %
(Millions of yen)			
Net sales	¥ 530,570	¥ 462,544	14.7
Operating income	46,885	29,488	59.0
Ordinary income	44,770	28,371	57.8
Net income	28,379	18,312	55.0
(Yen)			
Net income per share			
Basic	¥ 52.55	¥ 33.96	
Diluted	52.50	¥ 33.95	

Financial Position

	As of Dec. 31,	As of Mar. 31,
	2006	2006
(Millions of yen)		
Total assets	¥ 759,623	¥ 743,032
Net assets	274,706	235,716
(%)		
Shareholders' equity to total assets	34.4%	31.7%
(Yen)		
Net assets per share	¥ 483.09	¥ 436.48

Cash Flow

	Nine months ended Dec. 31,	
	2006	2005
(Millions of yen)		
Net cash provided by operating activities	¥ 41,826	¥ 39,742
Net cash used in investing activities	(24,203)	(21,354)
Net cash used in financing activities	(11,999)	(12,644)
Cash and cash equivalents at the end of the period	58,103	45,931

Consolidated Balance Sheets

(Millions of yen)	As of Dec. 31, 2006	As of Mar. 31, 2006	Increase/ Decrease
Assets			
Current assets	¥ 337,873	¥ 313,569	¥ 24,304
Cash and deposits	53,341	47,332	6,009
Notes and accounts receivable	121,283	115,232	6,051
Marketable securities	11,672	11,261	411
Inventories	110,684	101,337	9,347
Deferred tax assets	8,856	10,477	(1,621)
Other current assets	34,051	29,920	4,131
Less allowance for doubtful accounts	(2,016)	(1,992)	(24)
Non-current assets	421,750	429,462	(7,712)
Property, plant and equipment	252,569	250,230	2,339
Buildings and structures	73,239	73,583	(344)
Machinery and transportation equipment	122,298	117,541	4,757
Land	36,930	36,855	75
Other property, plant and equipment	20,101	22,249	(2,148)
Intangible assets	9,502	9,988	(486)
Investments and other assets	159,678	169,244	(9,566)
Investment securities	112,635	125,876	(13,241)
Prepaid pension costs	36,866	33,731	3,135
Deferred tax assets	2,769	2,825	(56)
Other investments and other assets	8,269	7,743	526
Less allowance for doubtful accounts	(863)	(933)	70
Total assets	¥ 759,623	¥ 743,032	¥ 16,591

Consolidated Balance Sheets (Continued)

(Millions of yen)	As of Dec. 31, 2006	As of Mar. 31, 2006	Increase/ Decrease
Liabilities			
Current liabilities	¥ 280,304	¥ 266,834	¥ 13,470
Notes and accounts payable	119,401	111,992	7,409
Short-term loans	82,692	80,184	2,508
Commercial paper	5,000	5,000	—
Current portion of corporate bonds	23,000	10,000	13,000
Accrued income taxes	5,500	7,845	(2,345)
Other current liabilities	44,710	51,812	(7,102)
Long-term liabilities	204,612	228,373	(23,761)
Corporate bonds	62,000	85,000	(23,000)
Long-term loans	49,154	42,733	6,421
Deferred tax liabilities	41,154	42,958	(1,804)
Accrued employees' retirement benefits	38,475	41,428	(2,953)
Accrued officers' retirement benefits	862	700	162
Reserves for environmental safety measures expenses	862	909	(47)
Other long-term liabilities	12,103	14,642	(2,539)
Total liabilities	484,916	495,208	(10,292)
Minority interests	—	12,107	—
Shareholders' equity			
Common stock	—	67,176	—
Capital surplus	—	78,097	—
Retained earnings	—	71,241	—
Unrealized holding gains on securities	—	42,297	—
Translation adjustments	—	(18,871)	—
Treasury stock	—	(4,224)	—
Total shareholders' equity	—	235,716	—
Total liabilities and shareholders' equity	—	743,032	—
Net assets			
Shareholders' equity	261,058	—	—
Common stock	67,176	—	—
Capital surplus	78,179	—	—
Retained earnings	119,835	—	—
Treasury stock	(4,133)	—	—
Differences on revaluation and translation	(74)	—	—
Unrealized holding gains on securities	36,674	—	—
Translation adjustments	(13,656)	—	—
Loss on retirement benefits obligation by subsidiaries in the U.K.	(23,091)	—	—
Stock acquisition rights	36	—	—
Minority interests	13,685	—	—
Total net assets	274,706	—	—
Total liabilities and net assets	¥ 759,623	¥ —	¥ —

Consolidated Statements of Operations

(Millions of yen)	Nine months ended Dec. 31,		
	2006	2005	Change %
Net sales	¥ 530,570	¥ 462,544	14.7
Cost of sales	407,671	359,699	13.3
Gross profit	122,899	102,844	19.5
Selling, general and administrative expenses	76,014	73,355	3.6
Operating income	46,885	29,488	59.0
Non-operating income:	7,210	6,233	15.7
Interest and dividend income	1,963	1,370	43.2
Equity in earnings of affiliated companies	2,508	2,569	(2.4)
Other	2,738	2,292	19.4
Non-operating expenses:	9,325	7,350	26.9
Interest expenses	4,057	3,390	19.7
Other	5,267	3,960	33.0
Ordinary income	44,770	28,371	57.8
Extraordinary income:	1,440	6,401	(77.5)
Gain on sales of property, plant and equipment	899	1,540	(41.6)
Gain on sales of investments in affiliated companies	540	—	—
Gain on sales of investment securities	—	4,861	—
Extraordinary losses:	887	2,175	(59.2)
Cost related to business restructuring	887	2,175	(59.2)
Income before income taxes and minority interests	45,323	32,597	39.0
Income taxes:			
Current	11,394	5,793	96.7
Deferred	4,231	7,426	(43.0)
Minority interests	1,317	1,065	23.7
Net income	¥ 28,379	18,312	55.0

Consolidated Statements of Shareholders' Equity

Nine months ended Dec. 31, 2006
(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at Mar. 31, 2006	¥67,176	¥78,097	¥71,241	¥(4,224)	¥212,290
Increase (decrease) during the period					
Cash dividends			(3,783)		(3,783)
Net income			28,379		28,379
Increase in surplus resulting in changes in settlement period for consolidated subsidiaries and affiliates accounted for by equity method			906		906
Repurchase of treasury stock				(95)	(95)
Sales of treasury stock		82		186	269
Net increase during the period, except for items under shareholders' equity			23,091		23,091
Total increase in the period	—	82	48,594	91	48,768
Balance at Dec. 31, 2006	¥67,176	¥78,179	¥119,835	¥(4,133)	¥261,058

	Valuation and translation adjustments						
	Unrealized holding gains on securities	Translation adjustments	Loss on retirement benefits obligation by subsidiaries in U.K.	Total valuation and translation adjustments	Stock acquisition rights	Minority interests	Total net assets
Balance at Mar. 31, 2006	¥42,297	¥(18,871)	¥ —	¥ 23,425	¥ —	¥12,107	¥247,823
Increase (decrease) during the period							
Cash dividends							(3,783)
Net income							28,379
Increase in surplus resulting in changes in settlement period for consolidated subsidiaries and affiliates accounted for by equity method							906
Repurchase of treasury stock							(95)
Sales of treasury stock							269
Net increase (decrease) during the period, except for items under shareholders' equity	(5,623)	5,215	(23,091)	(23,499)	36	1,577	(1,206)
Total increase (decrease) in 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

Note:

Increase in surplus resulting in changes in settlement period for consolidated subsidiaries and affiliates accounted for by equity method include changes in 40 consolidated subsidiaries and 3 affiliates accounted for by the equity method, which mainly changed their settlement period from December 31 to March 31.

Consolidated Statements of Surplus

(Millions of yen)	Nine months ended Dec. 31, <u>2005</u>
Capital surplus	
Capital surplus at the beginning of the period	<u>¥ 77,925</u>
Increase in capital surplus	32
Gain on sales of treasury stock	32
Capital surplus at the end of the period	<u>77,958</u>
Retained earnings	
Retained earnings at the beginning of the period	<u>55,783</u>
Increase in retained earnings	<u>18,312</u>
Net income	18,312
Decrease in retained earnings	<u>2,969</u>
Dividends	2,969
Retained earnings at the end of the period	<u>¥ 71,126</u>

Consolidated Statements of Cash Flows

(Millions of yen)	Nine months ended Dec. 31,	
	2006	2005
Operating activities		
Income before income taxes and minority interests	¥ 45,323	¥ 32,597
Depreciation and amortization	25,944	21,454
Amortization of excess of cost over net assets acquired	—	347
Amortization of goodwill	526	—
(Decrease) increase in allowance for doubtful accounts	(62)	247
(Decrease) increase in provision for retirement benefits and prepaid pension cost	(8,424)	1,900
Interest and dividend income	(1,963)	(1,370)
Interest expense	4,057	3,390
Equity in earnings of affiliated companies	(2,508)	(2,569)
Gain on sales of property, plant and equipment	(899)	(1,540)
Gain on sales of investment securities	—	(4,861)
Gain on sales of investments in affiliated companies	(540)	—
Decrease (increase) in notes and accounts receivable	919	(1,308)
(Increase) in inventories	(5,635)	(12,903)
Increase in notes and accounts payable	6,108	14,979
Other	(7,978)	(743)
Subtotal	54,866	49,620
Interest and dividends received	6,804	3,248
Interest paid	(4,380)	(3,639)
Income taxes paid	(15,464)	(9,487)
Net cash provided by operating activities	41,826	39,742
Investing activities		
Proceeds from sales of marketable securities	2,000	—
Additions to property, plant and equipment	(27,686)	(31,663)
Proceeds from sales of property, plant and equipment	1,303	2,812
Acquisition of investment securities	(932)	(35)
Proceeds from sales of investment securities	20	7,979
Proceeds from sales of subsidiaries' stock resulting in changes in scope of consolidation	1,861	—
Payments for sales of subsidiaries' stock resulting in changes in scope of consolidation	—	(130)
Payments for acquisition of stock in companies accounted for by equity method	—	(618)
Proceeds from sales of stock in companies accounted for by equity method	—	782
Payments for advances	(52)	(47)
Proceeds from collection of advances	87	150
Other	(804)	(583)
Net cash used in investing activities	(24,203)	(21,354)
Financing activities		
Net increase in short-term loans	6,159	6,892
Increase in long-term loans	10,233	0
Long-term debt – repayments	(11,192)	(13,363)
Payments for redemption of corporate bonds	(10,000)	—
Payments for acquisition of treasury stock	(74)	(29)
Dividends paid	(7,095)	(5,607)
Dividends paid to minority stockholders	(196)	(86)
Other	166	(450)
Net cash used in financing activities	(11,999)	(12,644)
Effect of exchange rate changes on cash and cash equivalents	613	799
Net increase in cash and cash equivalents	6,237	6,543
Cash and cash equivalents at the beginning of the period	51,812	39,387
Increase in cash and cash equivalents resulting in changes in settlement period for consolidated subsidiaries	54	—
Cash and cash equivalents at the end of the period	¥ 58,103	¥ 45,931

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
Intersegment 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, 2005					Eliminations/ corporate	Consolidated
	Industrial machinery bearings	Automotive products	Precision machinery and parts	Other	Total		
Sales to third parties	¥ 143,957	¥ 258,803	¥ 49,444	¥ 10,339	¥ 462,544	¥ —	¥ 462,544
Intersegment sales and transfers	—	—	—	6,747	6,747	(6,747)	—
Total	143,957	258,803	49,444	17,086	469,292	(6,747)	462,544
Operating expenses	128,156	247,033	45,844	16,002	437,037	(3,982)	433,055
Operating income	¥ 15,800	¥ 11,769	¥ 3,600	¥ 1,084	¥ 32,254	¥ (2,765)	¥ 29,488

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
Interarea 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, 2005					Eliminations/ corporate	Consolidated
	Japan	Americas	Europe	Asia	Total		
Sales to third parties	¥ 279,020	¥ 66,048	¥ 72,753	¥ 44,722	¥ 462,544	¥ —	¥ 462,544
Interarea sales and transfers	69,853	345	5,581	9,851	85,632	(85,632)	—
Total	348,873	66,394	78,335	54,573	548,176	(85,632)	462,544
Operating expenses	323,788	64,705	75,569	50,964	515,028	(81,973)	433,055
Operating income	¥ 25,085	¥ 1,688	¥ 2,765	¥ 3,608	¥ 33,148	¥ (3,659)	¥ 29,488

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, 2005

(Millions of yen)	Americas	Europe	Asia	Total
Non-Japan sales	¥ 68,070	¥ 73,321	¥ 80,174	¥ 221,566
Consolidated net sales				462,544
Ratio of Non-Japan sales to consolidated net sales	14.7%	15.9%	17.3%	47.9%

Overview of the Nine Months Ended December 31, 2006

The Japanese economy recovered gradually in the period from April to December 2006, backed by strong capital investments, although consumer spending weakened slightly. In the U.S. economic environment, consumer spending and capital investments increased. However, housing investments declined and economic expansion slow down. Economies exhibited steady recovery in Euro and U.K. In Asia, countries such as Thailand and South Korea experienced gradual economic expansion, and the Chinese economy continued to grow.

In our business segments, precision machinery and parts segment remains negatively affected by adjustment continuing from last summer in demand from semiconductor and liquid crystal production equipment manufacturers. However, NSK Groups' manufacturing locations continue to operate at high levels due to the positive capital expenditures and automobile production in industrial machinery bearings and automotive products segments.

Our consolidated net sales for the third quarter ended December 31, 2006, totaled ¥530,570 million, a year-on-year increase of 14.7%. Our operating income increased by 59.0% year on year to ¥46,885 million backed by improved capacity utilization resulting from sales and volume growth, improvement of productivity, improvement in export profit margins due to the depreciation of the yen, and reduction of external procurement costs. Our ordinary income was ¥44,770 million, a year-on-year increase of 57.8%. Sales of property, plant and equipment for ¥899 million and sales of investments in affiliated companies for ¥540 million were posted in extraordinary income, and ¥887 million of business restructuring expenses were posted in extraordinary losses. Net income after adjusting for income taxes, deferred taxes and minority interests, was ¥28,379 million, a year-on-year increase of 55.0%

Net Sales by Business Segments

Industrial Machinery Bearings

Demand from steel and general machinery increased, and demand from the electrical machinery and IT sectors were also healthy in Japan. In Americas, demand from aftermarket in Brazil declined, but sales to construction machinery manufacturers in the U.S. increased. In Europe, sales to home appliances and wind turbine strengthened, and sales to aftermarket also increased. Demand in Asia also became robust with increase in sales to electrical machinery, IT, and after market sectors in China, sales to steel and machine tools industries in South Korea, and sales to electrical machinery and IT sectors in ASEAN region. As a result, overall industrial machinery bearings sales amounted to ¥159,910 million, a year-on-year increase of 11.1%. Operating income was ¥21,488 million, a year-on-year increase of 36.0% due to improved capacity utilization resulting from volume growth and improvement in export profit margins due to the depreciation of the yen.

Automotive Products

Sales of automotive bearings including hub unit bearings, standard ball bearings and needle roller bearings increased. Sales of automotive components grew with demand for electric power steering (EPS) systems in Japan. There was also robust demand for steering columns in the Americas, Thailand and China, and for EPS systems in Europe. As a result, net sales increased 13.3% year on year to ¥293,327 million. Operating income also increased 43.2%, a year on year to ¥16,849 million due to improved capacity utilization resulting from volume growth and reduction of external procurement costs.

Precision Machinery and Parts

Demands by semiconductor and liquid crystal production equipment sectors have been in an adjustment phase since last summer. However, in addition to continuing strong demand in the machine tools industry, increase in sales of photofabrication equipment for LCD color filter production contributed to increase in overall sales of ¥58,410 million, a year-on-year increase

of 18.1%. Operating income was ¥9,213 million, a year-on-year increase of 155.9% due to improved capacity utilization resulting from volume growth and productivity improvement.

Other

Sales in other business segment totaled ¥33,890 million, a year-on-year increase of 98.3%, and operating income was ¥1,990 million, a year-on-year increase of 83.6%. These results included effects of Amatsuji Steel Ball Manufacturing Co., Ltd., which became NSK's wholly owned subsidiary in March 2006.

Net Sales by Region

Japan

Sales to the steel and construction machinery increased, and sales to electrical machinery and IT sectors were robust in industrial machinery bearings segment. In the automotive products segment, sales of needle roller bearings and hub-unit bearings grew, and EPS systems also increased largely. In precision machinery and parts segment, although demand in semiconductor and liquid crystal production equipment sectors have been in an adjustment phase since last summer, sales to machine tools industry continue to grow. Sales in other business segment also increased due to the acquisition of Amatsuji Steel Ball Manufacturing Co. Ltd.

As a result, overall sales in Japan totaled ¥387,698 million, a year-on-year increase of 11.1%. Operating income was ¥35,840 million, a year-on-year increase of 42.9%. This increase in operating income is a result of improved capacity utilization resulting from volume growth, improvement in export profit margins due to the depreciation of the yen, reduction of external procurement costs, and consolidating Amatsuji Steel Ball Manufacturing Co., Ltd.

Americas

Sales of industrial machinery bearings to electrical machinery and IT sectors decreased, but sales to construction machinery, compressors, and electrical generators manufacturers in U.S. increased. Demand from aftermarket weakened in Brazil. In automotive products segment, sales of automotive bearings was flat on a year-on-year basis due to decrease in orders from some customers, while sales of automotive components grew with strong demand for steering columns. Sales to semiconductor production equipment manufacturers increased in precision machinery and parts segment. Net sales totaled ¥75,249 million, an increase of 13.3% compared to the same period last year with increase resulting from exchange rate fluctuations. Operating income, which was affected positively by reduction of external procurement costs and increase in sales price, was ¥2,460 million, an increase of 45.7% compared to the same period last year.

Europe

Sales of industrial machinery bearings saw an increase in home appliances, wind turbine, and after market sectors. Sales of hub unit bearings and EPS systems produced in Poland pushed up sales in automotive products segment. In precision machinery and parts segment, sales to machine tools industry and semiconductor production equipment manufacturers increased. With increase resulting from exchange rate fluctuations, sales in Europe totaled ¥93,358 million, a year-on-year increase of 19.2%. Operating income was ¥4,836 million, an increase of 74.9% compared to the same period last year due to improved capacity utilization resulting from volume growth and reduction of external procurement costs.

Asia

In industrial machinery bearings segment, sales increased due to strong demand from electrical machinery and IT sectors, general machinery, and aftermarket in China, steel and machine tools industries in South Korea, and electrical machinery and IT sectors in ASEAN region. Demand for automotive bearings including hub unit bearings and needle roller bearings increased in China, and sales of automotive components grew with demand for steering columns in Thailand and China. Sales of precision machinery and parts segment strengthened

in ASEAN region and China, and sales of photofabrication equipment for LCD color filter production increased in Taiwan. In addition to these positive factors, favorable exchange rate fluctuations contributed to increase in overall sales totaled ¥73,976 million, a year-on-year increase of 35.6%. Our operating income was ¥7,258 million, a year-on-year increase of 101.1% due to improved capacity utilization resulting from volume growth and increase resulting from exchange rate fluctuations.

Financial Position

Looking at our consolidated cash flow for the third quarter ended December 31, 2006, net cash flow provided by operating activities amounted to ¥41,826 million with ¥45,323 million of income before income taxes and minority interests, ¥25,944 million provided by depreciation and amortization, and ¥15,464 million of income taxes paid.

Including investments in the acquisition of property, plant and equipment for ¥27,686 million, cash flow used in investing activities totaled ¥24,203 million.

Net cash used in financing activities totaled ¥11,999 million including net increase in loans for ¥5,200 million, and payments for redemption of corporate bonds for ¥10,000 million and dividends for ¥7,095 million.

In aggregate, the net increase in cash and cash equivalents was ¥6,237 million, resulting in cash and cash equivalents at the end of the period to total ¥58,103 million.

Forecast for the Year Ending March 31, 2007

(Millions of yen)	Year ending Mar. 31, 2007
Net sales	¥ 705,000
Operating income	61,000
Ordinary income	56,500
Net income	34,500

NSK has not revised forecasts for the full year ending March 31, 2007 announced in November 1st, 2006.

Notes

All forecasts are based on a number of assumptions and are subject to change. 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.