May 21 , 2004

Financial Report for Fiscal Year 2003, Ended March 31, 2004 (Consolidated)

NTN Corporation

Security Code: 6472
Listings: The First Section of Tokyo and Osaka Stock Exchanges
URL: http://www.ntn.co.jp/
Head Office: Osaka Japan
Representative: Yasunobu Suzuki, President & Representative Director
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Date of the Meeting of the Board of Directors: May 21, 2004
U.S. GAAP: NA

1. Business Results for Fiscal Year 2003 (From April 1, 2003 to March 31, 2004)

(1) Results of operations

(Amounts rounded down to million yen)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal Year 2003	357,394	4.3	24,709	18.9	20,776	28.5	11,031	315.1
Fiscal Year 2002	342,745	5.7	20,785	155.3	16,169	501.2	2,657	-

	Net income per share	Diluted net income per share	Return on equity	Ordinary income/ Total assets	Ordinary income/Sales
	yen	yen	%	%	%
Fiscal Year 2003	23.54	21.87	8.0	4.5	5.8
Fiscal Year 2002	5.70	5.51	1.9	3.5	4.7

Notes:
1. Equity in income or loss of unconsolidated subsidiaries and affiliates
   Fiscal Year 2003: 568 million yen Fiscal Year 2002: 431 million yen
2. Average number of shares outstanding during the period (consolidated)
   Fiscal Year 2003: 462,303,563 shares Fiscal Year 2002: 462,682,475 shares
3. Changes in accounting policy during the period: None
4. The percentage figures shown in net sales, operating income, ordinary income and net income represent year-on-year changes.

(2) Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholder's equity per share
	million yen	million yen	%	yen
Fiscal Year 2003	460,340	142,487	31.0	308.27
Fiscal Year 2002	467,198	134,928	28.9	291.82

Note: Total outstanding shares at the end of the period (consolidated):
Fiscal Year 2003: 462,222,589 shares Fiscal Year 2002: 462,375,462 shares

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal Year 2003	21,142	(34,990)	6,043	42,157
Fiscal Year 2002	48,420	(24,087)	(9,925)	50,240

(4) Scope of consolidation and application of the equity method

Number of consolidated subsidiaries: 32
Number of unconsolidated subsidiaries accounted for by the equity method: None
Number of affiliated companies accounted for by the equity method: 5

(5) Changes in the scope of consolidation or application of the equity method

Number of consolidated subsidiaries: Newly included 1 Newly excluded None
Number of affiliates accounted for by the equity method: Newly included 2 Newly excluded 1

2. Earnings Forecast for Fiscal Year 2004 (From April 1, 2004 to March 31, 2005)

	Sales	Ordinary income	Net income
	million yen	million yen	million yen
Interim	180,000	10,000	6,500
Full year	370,000	23,000	14,500

Note: Projected net income per share for the full year: 31.04 yen

* The above estimate incorporates certain assumptions and projections based upon which the future outlook and plans by the Company as announced in this document are formulated. Actual results may differ from the above projections depending on various conditions. For the additional information, please refer to “Outlook for the coming fiscal year” in “Operating results and financial conditions” section of the attached document.

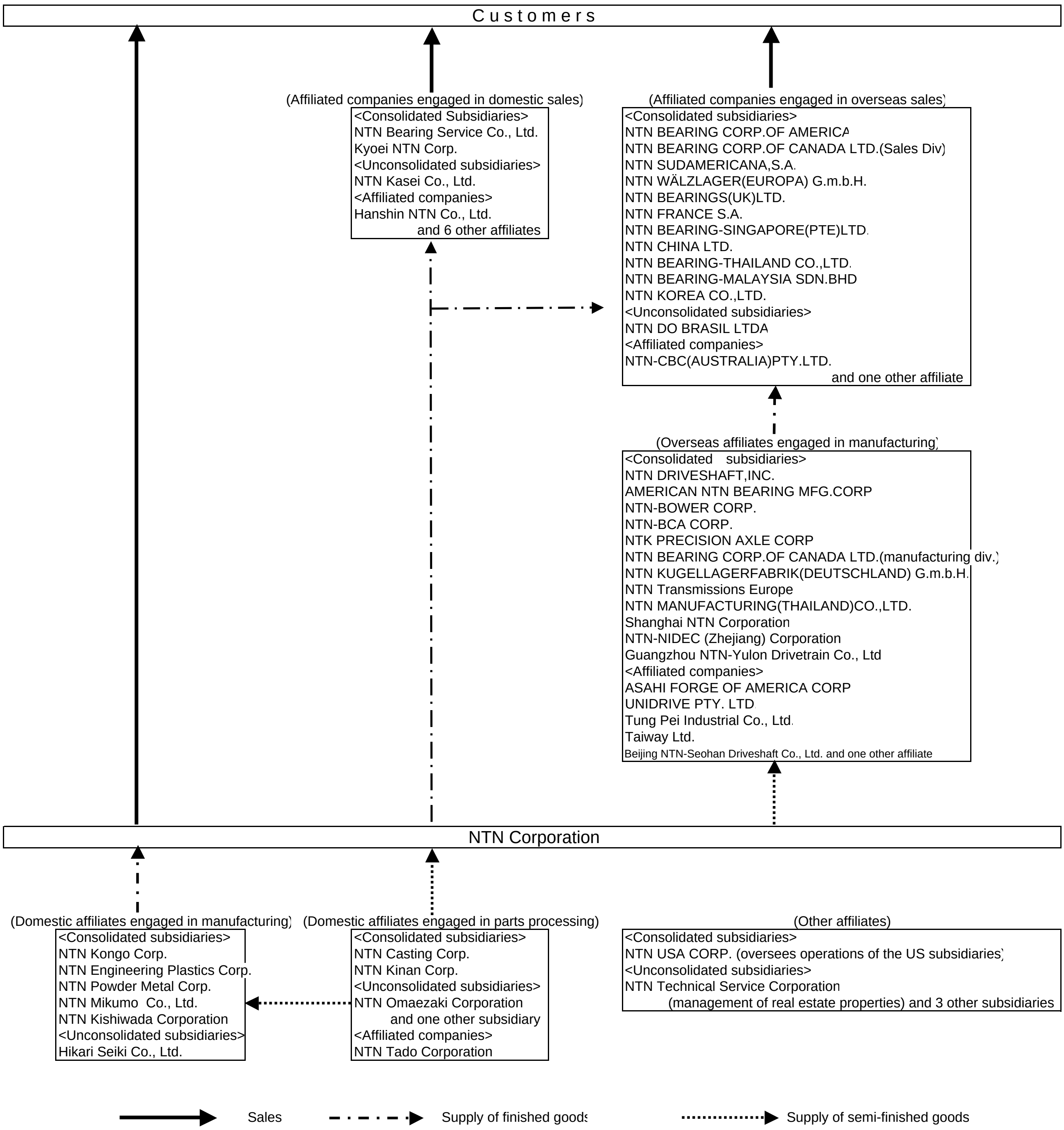
[1] The Group Overview

The NTN Group consists of NTN Corporation (the Company), 41 subsidiaries and 16 affiliated companies (as of March 31, 2004). The Group’s main business is manufacturing and sales of bearings, constant-velocity joints and precision equipment and its business divisions are classified accordingly.

Domestic manufacturing is mainly handled by the Company, but some production is consigned to domestic affiliated companies, from whom the Company purchases products. Part of the Company’s parts processing operation is also consigned to domestic affiliated companies. Domestic sales is mainly handled by the Company, but is also partly made through domestic affiliated companies.

Overseas manufacturing is handled by the Company’s overseas affiliates, with semi-finished products partly supplied by the Company. Overseas sales are conducted by the Company as well as by its overseas sales subsidiaries which procure products from the Company or from its overseas manufacturing subsidiaries.

During the fiscal year under review, the Company established joint venture companies, NTK Precision Axle Corp. (North America) and Beijing NTN-Seohan Driveshaft Co., Ltd. (China). The Company also invested in Asahi Forge of America Corp. (North America), which is now an affiliated company. All of the Company’s shares of Société Nouvelle de Transmission du Mans (SNTM) were sold during the period. As a result SNTM was excluded from consolidation. On April 1, 2004, Keiji NTN Corporation, an affiliated company, changed its name to NTN Mie Corporation.


Customers
(Affiliated companies engaged in domestic sales)
<Consolidated Subsidiaries>
NTN Bearing Service Co., Ltd.
Kyoei NTN Corp.
<Unconsolidated subsidiaries>
NTN Kasei Co., Ltd.
<Affiliated companies>
Hanshin NTN Co., Ltd.
and 6 other affiliates
(Affiliated companies engaged in overseas sales)
<Consolidated subsidiaries>
NTN BEARING CORP.OF AMERICA
NTN BEARING CORP.OF CANADA LTD.(Sales Div)
NTN SUDAMERICANA,S.A.
NTN WÄLZLAGER(EUROPA) G.m.b.H.
NTN BEARINGS(UK)LTD.
NTN FRANCE S.A.
NTN BEARING-SINGAPORE(PTE)LTD.
NTN CHINA LTD.
NTN BEARING-THAILAND CO.,LTD.
NTN BEARING-MALAYSIA SDN.BHD
NTN KOREA CO.,LTD.
<Unconsolidated subsidiaries>
NTN DO BRASIL LTDA
<Affiliated companies>
NTN-CBC(AUSTRALIA)PTY.LTD.
and one other affiliate
(Overseas affiliates engaged in manufacturing)
<Consolidated subsidiaries>
NTN DRIVESHAFT,INC.
AMERICAN NTN BEARING MFG.CORP
NTN-BOWER CORP.
NTN-BCA CORP.
NTK PRECISION AXLE CORP
NTN BEARING CORP.OF CANADA LTD.(manufacturing div.)
NTN KUGELLAGERFABRIK(DEUTSCHLAND) G.m.b.H.
NTN Transmissions Europe
NTN MANUFACTURING(THAILAND)CO.,LTD.
Shanghai NTN Corporation
NTN-NIDEC (Zhejiang) Corporation
Guangzhou NTN-Yulon Drivetrain Co., Ltd
<Affiliated companies>
ASAHI FORGE OF AMERICA CORP
UNIDRIVE PTY. LTD
Tung Pei Industrial Co., Ltd.
Taiway Ltd.
Beijing NTN-Seohan Driveshaft Co., Ltd. and one other affiliate
NTN Corporation
(Domestic affiliates engaged in manufacturing)
<Consolidated subsidiaries>
NTN Kongo Corp.
NTN Engineering Plastics Corp.
NTN Powder Metal Corp.
NTN Mikumo Co., Ltd.
NTN Kishiwada Corporation
<Unconsolidated subsidiaries>
Hikari Seiki Co., Ltd.
(Domestic affiliates engaged in parts processing)
<Consolidated subsidiaries>
NTN Casting Corp.
NTN Kinan Corp.
<Unconsolidated subsidiaries>
NTN Omaezaki Corporation
and one other subsidiary
<Affiliated companies>
NTN Tado Corporation
(Other affiliates)
<Consolidated subsidiaries>
NTN USA CORP. (oversees operations of the US subsidiaries)
<Unconsolidated subsidiaries>
NTN Technical Service Corporation
(management of real estate properties) and 3 other subsidiaries
Sales
Supply of finished goods
Supply of semi-finished goods

[2] Management policy

1. Basic management policy
   NTN's basic management philosophy is "to contribute to society globally through the development of new products and creative technology." We aim to create unique technologies, enhance customer satisfaction (technology, service,) promote globalization and transform corporate structure to one that is appropriate for a multinational company. We also aim to reduce the burden we impose on the environment and help construct a recycling-oriented society.

2. Basic policy on appropriation of profits
   We at NTN place great importance on rewarding our shareholders. Regarding dividends, our goal is to provide a steady and sustainable dividend, which we determine on the basis of the company's earnings and its payout ratio. Retained earnings are used to fund future business development.

3. Policy regarding the lowering of minimum share trading lot
   The basic trading lot for our company's shares is 1,000 shares. We are deliberating a shift to a smaller trading unit, taking fully into consideration the prevailing trends in the stock market, our company's earnings, stock price, and other factors.

4. Management performance benchmarks
   We attach great importance to our operating profit margin, which is a measure of profitability, return on assets (ROA), which is a measure of overall return on assets, and return on equity (ROE), and we strive continually to improve our performance by these measures. We also aim to increase cash flow, and to further reinforce our management resources.

5. Medium- to long-term group management strategies
   Based on the successes of our NEW Plan21 business restructuring and reform plan, which we have been pursuing for the past two years, our long-term vision has several facets. First, we aim to establish a strong market presence capitalizing on our global No. 1 business and products that are unmatched by our competitors. Secondly, we will work to establish presence in the five major global markets including Japan, the Americas, Europe, Asia and China. Thirdly, we will strive to become a global company that is capable of bringing out the best in people and that contributes to society. We started a new three-year business plan in April that will carry us through 2006. The plan, called "Rapid Advance 21," involves several different policies that emphasize “Value Creation”.
   To create value, we will invest our global management resources in strategic products. This will boost our capability to offer outstanding products, services, proposals and competitive quality while aiming for sustainable growth.

6. Policies regarding our management structure
   (1) Corporate governance
   We consider the attainment and constant strengthening of sound corporate governance to be one of our most important tasks. As we move to increase management efficiency and soundness, we will make continuous efforts to increase the transparency of our management by providing our shareholders and investors with timely and accurate information.

   (2) State of implementation of corporate governance measures
   We employ rigorous auditing system, and currently have four auditors, including two outside auditors. Auditors oversee the executive operations of directors and support and improve the transparency and fairness of our management and administrative systems. There is no relationship or conflict of interest between NTN and the outside auditors.

   Our board of directors discusses and decides the basic management policies of our company, matters determined by law, and other important business matters. At the end of June 2004, we will introduce an executive officer system to accelerate the execution of operations and enhance efficiency, by clarifying roles and responsibilities in the management and oversight function, and executive function.

To help ensure corporate compliance, we have established an assessment team, which is called Internal Audit Dept.

In particular, to strengthen compliance systems as corporations' social responsibility increases, in May 2003 we set up a compliance code, and established corporate compliance committee. We have also taken measures to ensure full commitment by our directors and employees to comply with the law and the code of conduct. As contact points, we have also established internal and external help lines.

7. Issues to be addressed by the company

To further improve and strengthen the quality of our company, in April 2002 we instituted the NEW Plan21 for business restructuring and reform plan. Based on its successes, in April 2004 we began a new three-year medium-term business plan, “Rapid Advance 21”, aimed at “Increase of Corporate Value”.

“Rapid Advance 21” is designed to increase corporate value through active engagement in a variety of issues and to increase customer satisfaction through product value and accelerated development.

To enhance value in sales, R&D and design, we are strengthening our ability to put proposals together, and to speed up development. Currently, our fluid dynamic bearings for hard-disk drives (HDD), which we developed and designed using proprietary technology, are winning favorable attention, and demand is growing rapidly. To respond to growth in the market, we have built a new factory in Thailand, increased production capacity in China, and taken other steps to expand our business. We have developed the FA treatment, a breakthrough innovation, to dramatically extend the life of bearings through a special heating treatment. This has enabled us to expand FA treatment applications in automotive bearings, including tapered roller bearings and needle bearings. Looking forward, we will emphasize product planning that adds increased value and builds up our base of proprietary technology. We will speed up the development process to facilitate our ability to propose and bring to market unique and top-quality products. We will protect and utilize our intellectual property to strengthen our long-term position of technological excellence.

To enhance value in our production process, we are taking a whole new approach to [*]"MONOZUKURI" in the pursuit of increased production efficiency. As a model factory for these efforts, we will begin operations in September at NTN Mie Corp., a bearing company that will lead the world in quality and will be fully competitive with China in terms of costs and lead-times. As part of our global reorganization initiative aimed at bolstering competitiveness, we have already initiated operations at four joint ventures in China, and we are considering additional ventures with other Chinese partners. In April, we set up China Headquarters to manage our business in China in a responsive and practical manner.

To enhance our production capacity, we have expanded our production facilities, particularly for constant-velocity joints for automotive and precision bearings for industrial machinery to support our growing sales.

To enhance our profitability, we will improve our cost competitiveness through the accelerating the VA/VE activities and increased global/local procurement. In addition, we will strive to improve inventory turnover and capacity utilization ratio.

In our environmental activities, last September we achieved zero-emissions status for all NTN business locations. In addition, an organizational setup is already in place to encourage our

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[*] ”MONOZUKURI” is a comprehensive concept of value creation activities at NTN as a manufacturing company.

parts makers and other suppliers to obtain ISO14001 certification. We are thus actively implementing measures to reduce NTN's environmental impact.

[3] Operating results and financial conditions

1. Operating results for fiscal 2003

In the fiscal year under review, the Japanese economy began to show signs of recovery. In the first half of the fiscal year, the economy remained relatively flat due to the lingering effects of the long period of deflation, depressed consumer spending, and other factors. In the second half of the year, despite the weaker dollar, private sector capital investment increased for digital home appliances and similar items, and exports to China and ASEAN nations rose.

Overseas, the U.S. economy was in full-fledged recovery, fueled by tax cuts, expanding consumption and increased capital investment, while in Europe, increased exports drove a gentle, externally-led recovery starting in the second half of the year. Economies in Asia were impacted in the first half of the fiscal year by the SARS outbreak, but consumption remained robust and exports grew, fueling economic growth - particularly in China.

In this environment, in Japan, demand from the general machinery sector and distributors increased. Demand from automakers also remained solid. While North American sales shrank, due in part to the impact of the weaker dollar, demand grew in China and ASEAN nations, as well as in Europe where demand from automakers was particularly strong. As a result, FY03 revenues were 357.394 billion yen, an increase of 14.649 billion yen, or 4.3%, from the previous year. Operating income was 24.709 billion yen, an increase of 3.924 billion yen, or 18.9%, while ordinary income was 20.776 billion yen, a gain of 4.607 billion yen, or 28.5%, from the year before. This was due in part to the NEW Plan21 business restructuring and reform plan, as well as the impact of increased sales and production. Net income was 11.031 billion yen, due partly to the impact of extraordinary losses stemming from 2.595 billion yen in restructuring costs at our U.S. subsidiary. This represented an increase of 8.374 billion yen, or 315.1%, from the previous year, when we recorded 14.484 billion yen in extraordinary gains related to the return of pension funds to the government, and 24.456 billion yen in restructuring expenses related to the payments under the early retirement program.

For fiscal 2003, we plan to increase the year-end dividend to 3 yen, an increase of 0.5 yen from the interim dividend (2.5 yen), for a total dividend of 5.5 yen for the year.

Segment sales information :

(1) Bearings

In Japan, sales for general machinery and for distributors increased, while automotive business also remained solid. Sales to China, ASEAN nations, and European automakers also increased. On the other hand, North American sales declined, due in part to the impact of the weaker dollar, as well as lower sales for general machinery and distributors. As a result, bearing sales totaled 228.615 billion yen, an increase of 7.930 billion yen, or 3.6%, from the year before.

(2) Constant-velocity joints

Sales in both Japan and North America failed to show meaningful growth impacted by weaker dollars and weaker sales prices reflecting intensified competition. On the other hand, sales to Renault showed big gains in Europe, and the start of mass production operations at Guangzhou NTN-Yulon Drivetrain Co., Ltd. also contributed to increased sales. As a result, CVJ sales totaled 102.959 billion yen, an increase of 4.084 billion yen, or 4.1%, from a year earlier.

(3) Precision Equipment

System products such as repair units for liquid crystal displays enjoyed increased sales. As a result sales increased to 25.821 billion yen, an increase of 2.636 billion yen, or 11.4%, from a year earlier.

Earnings data broken down by geographical segment were as follows:

a. Japan
Sales for general machinery such as construction machinery and machine tools increased, as did sales to distributors. Among automotive products, sales of constant-velocity joints showed sluggish growth, but bearing sales were robust. As a result, sales in Japan totaled 264.513 billion yen, an increase of 14.834 billion yen, or 5.9%, from the year before. In spite of weaker sales prices, operating income totaled 16.725 billion yen, an increase of 3.923 billion yen, or 30.6%, from the year before, boosted by cost reductions related to raw materials and personnel, and the impact of increased sales and production

b. North America
In North America, sales to automakers recovered in the second half of the year, while sales for general machinery and distributors remained sluggish. The weak dollar had a significant negative impact, and left North American sales at 86.758 billion yen, a reduction of 6.207 billion yen, or 6.7%, from the year before. Operating income in North America totaled 2.431 billion yen, a drop of 1.667 billion yen, or 40.7%, from the year before, due to the lower sales prices impacted by intensified competition and reduced production and sales.

c. Europe
The strength of the euro and a significant increase in the sales of constant-velocity joints were major positive factors for European sales. Sales of automotive bearings also remained robust. As a result, sales totaled 58.707 billion yen, an increase of 10.679 billion yen, or 22.2% from the year before. Operating income in Europe totaled 2.956 billion yen, an increase of 1.609 billion yen, or 119.5%, from a year earlier, thanks to increased production and sales, as well as progress in business restructuring.

d. Asia and other
In the ASEAN region, automotive sales were robust. In China, the start of mass production at NTN-NIDEC (Zhejiang) Corporation also made a contribution to increased sales. As a result, sales in Asia totaled 24.890 billion yen, an increase of 5.442 billion yen, or 28.0%, from the year before. Despite higher production and sales, operating income in Asia totaled 1.479 billion yen, a fall of 406 million yen, or 21.5%, due to start-up costs for the new production companies in China.

2. Outlook for the coming fiscal year
In the near-term, we believe the gradual upward trend will continue for the Japanese economy. Overseas, we expect the U.S. and Asia, centering on China, will continue to exhibit growth, and that the world economy as a whole will show healthy expansion. Still, there will continue to be little room for optimism, as sharply higher prices for raw materials and for crude oil, combined with foreign-exchange volatility and a lack of clarity regarding the international political situation remain cause for uncertainty.

Amid such circumstances, based on the successes of our NEW Plan21 business restructuring and reform plan, we hope to make progress in improving corporate value through our three-year medium-term business plan ”Rapid Advance 21”. In FY04, we estimate that revenues will total 370 billion yen, ordinary income 23.0 billion yen, and net income 14.5 billion yen. Our forecasts are based on a foreign exchange rate assumption of 105 yen per dollar, and 130 yen per euro.

3. Financial conditions
Cash flow from operating activities increased 21.142 billion yen (a decline of 27.278 billion yen, or 56.3%, compared with the year before). The increase was a net result of 23.979 billion yen increase due to depreciation, 18.181 billion yen increase in pretax profit, 7.191 billion yen increase from reductions in inventories, 20.446 billion yen decrease due to retirement benefits for the payments under the early retirement program, and a 7.262 billion yen decrease due to the increase in accounts receivable.

Cash flow from investing activities declined 34.990 billion yen (an increase of 10.903 billion yen, or 45.3%, from the year before). The main reasons for the decline include outlays of 36.414 billion yen for acquisition of tangible fixed assets, and increase of 1.644 billion yen from the sale of portfolio securities.

Cash flow from financing activities increased 6.043 billion yen (an increase of 15.968 billion yen, or 160.9%, from the year before). The main reasons for this increase include outlays of 50 billion yen for redemption of corporate bonds, 2.743 billion yen net reduction in short-term and long-term borrowings, and 2.311 billion yen in dividend payouts, offset by increase of 59.757 billion yen from issuance of corporate bonds.
The changes noted above plus the 328 million yen decrease in cash and cash equivalents due to the effect of exchange rate changes and 50 million yen increase in cash and cash equivalents from the merger of unconsolidated subsidiaries left the company with 42.157 billion yen in cash and cash equivalents at the end of the fiscal year, a decline of 8.083 billion yen, or 16.1%, from the year before.

Cash flow indicators for the NTN group are as follows:

	FY00	FY01	FY02	FY03
Shareholders' equity ratio (%)	28.9	29.9	28.9	31.0
Shareholders' equity ratio(%) based on current market value	32.1	30.8	46.5	52.8
Years needed to repay debt	4.8	5.7	3.3	7.8
Interest coverage ratio	7.0	6.4	15.0	7.2

Notes: Shareholders' equity ratio: shareholders' equity/ total assets
Shareholders' equity ratio based on current market value: market capitalization / total assets
Years needed to repay debt: interest-bearing debt / operating cash flow
Interest coverage ratio: operating cash flow / interest payments

- Each of these indicators was calculated based on consolidated statements.
- Market capitalization is calculated based on the closing stock price at the end of the fiscal year and the number of shares outstanding as of the end of the fiscal year (after deducting treasury stock).
- Operating cash flow figure is taken from the consolidated statements of cash flows. Interest-bearing debt refers to all debts included in the consolidated balance sheet for which interest is paid. The amount of interest payment was taken from the consolidated statements of cash flows.

[4] Consolidated Financial Statements

Consolidated Balance Sheets

(millions of yen)

	Fiscal 2003 (As of March 31, 2004)	Fiscal 2002 (As of March 31, 2003)	Increase (Decrease)
	Amount	Amount	Amount
Assets			
I Current assets			
1 Cash and bank deposits	19,027	18,996	31
2 Notes and accounts receivable-trade	91,431	86,702	4,729
3 Securities	6,996	6,998	(2)
4 Inventories	83,565	92,728	(9,163)
5 Deferred tax assets	7,849	9,961	(2,112)
6 Short-term loans receivable	16,602	24,939	(8,337)
7 Other current assets	9,997	6,516	3,481
8 Allowance for doubtful accounts	(399)	(403)	4
Total current assets	235,070	246,440	(11,370)
II Fixed Assets			
1 Property, plant & equipment			
(1) Buildings & structures	47,979	48,912	(933)
(2) Machinery, equipment & vehicles	88,003	89,159	(1,156)
(3) Land	23,792	22,094	1,698
(4) Construction in progress	13,877	8,299	5,578
(5) Other property, plant & equipment	7,480	7,452	28
Total property, plant & equipment	181,133	175,918	5,215
2 Intangible fixed assets	2,512	2,202	310
3 Investments & other assets			
(1) Investment securities	21,751	16,854	4,897
(2) Deferred tax assets	17,409	23,385	(5,976)
(3) Other investments & other assets	3,325	3,345	(20)
(4)Allowance for doubtful accounts	(861)	(947)	86
Total investments and other assets	41,624	42,637	(1,013)
Total fixed assets	225,270	220,758	4,512
Total assets	460,340	467,198	(6,858)

(millions of yen)

	Fiscal 2003 (As of March 31, 2004)	Fiscal 2002 (As of March 31, 2003)	Increase (Decrease)
	Amount	Amount	Amount
Liabilities			
I Current liabilities			
1 Notes and accounts payable-trade	68,003	66,764	1,239
2 Short-term loans	72,585	82,023	(9,438)
3 Current portion of bonds	-	50,000	(50,000)
4 Accrued income taxes	3,170	2,066	1,104
5 Reserve for employees' early retirement incentive plan	-	10,987	(10,987)
6 Other current liabilities	25,923	25,461	462
Total current liabilities	169,683	237,303	(67,620)
II Long-term liabilities			
1 Bonds	80,000	20,000	60,000
2 Long-term loans	11,505	9,422	2,083
3 Accrued retirement benefits for employees	46,304	53,646	(7,342)
4 Accrued retirement benefits for directors and statutory auditors	450	519	(69)
5 Reserve for product defect compensations	2,656	4,500	(1,844)
6 Goodwill	-	1,055	(1,055)
7 Other long-term liabilities	3,761	3,672	89
Total long-term liabilities	144,678	92,815	51,863
Total liabilities	314,362	330,119	(15,757)
Minority interests			
Minority interests	3,490	2,150	1,340
Shareholders' equity			
I Common stock	39,599	39,599	-
II Capital Surplus	52,622	52,622	0
III Retained earnings	59,332	50,721	8,611
IV Net unrealized holding gain on securities	4,966	864	4,102
V Translation adjustments	(13,682)	(8,609)	(5,073)
VI Treasury stock	(350)	(270)	(80)
Total shareholders' equity	142,487	134,928	7,559
Total liabilities, minority interests and shareholders' equity	460,340	467,198	(6,858)

Consolidated Statements of Operations

(millions of yen)

	Fiscal 2003 (From April 1, 2003 to March 31, 2004)	Fiscal 2002 (From April 1, 2002 to March 31, 2003)	Increase (Decrease)
	Amount	Amount	Amount
I Net Sales	357,394	342,745	14,649
II Cost of sales	282,594	272,747	9,847
Gross profit	74,800	69,997	4,803
III Selling, general and administrative expenses	50,090	49,212	878
Operating income	24,709	20,785	3,924
IV Non-operating income	4,223	2,259	1,964
1 Interest and dividend income	294	325	(31)
2 Other	3,929	1,934	1,995
V Non-operating expenses	8,156	6,875	1,281
1 Interest expenses	2,792	3,192	(400)
2 Other	5,363	3,682	1,681
Ordinary Income	20,776	16,169	4,607
VI Extraordinary gains	-	14,484	(14,484)
1 Gain on return of substitutional portion of employees' Welfare Pension Fund Plans	-	14,484	(14,484)
VII Extraordinary losses	2,595	24,456	(21,861)
1 Restructuring costs	2,595	11,398	(8,803)
2 Rationalization costs	-	4,548	(4,548)
3 Provision for reserve for product defect compensation	-	5,944	(5,944)
4 Loss on devaluation of investment securities	-	2,564	(2,564)
Income before income taxes and minority interests	18,181	6,198	11,983
Provision for current income taxes	3,126	4,258	(1,132)
Refund of current income taxes	105	-	105
Deferred income taxes	3,947	(1,045)	4,992
Minority interests in subsidiaries	180	327	(147)
Net income	11,031	2,657	8,374

Consolidated Statements of Capital Surplus and Retained Earnings

(millions of yen)

	Fiscal 2003 (From April 1, 2003 to March 31, 2004)	Fiscal 2002 (From April 1, 2002 to March 31, 2003)	Increase (Decrease)
	Amount	Amount	Amount
Capital Surplus			
I Balance, beginning of the year	52,622	52,622	-
II Increase	0	-	0
1 Gain on sale of treasury stock	0	-	0
III Balance, end of the year	52,622	52,622	0
Retained earnings			
I Balance, beginning of the year	50,721	50,408	313
II Increase	11,031	2,659	8,372
1 Net income	11,031	2,657	8,374
2 Increase resulting from merger with an affiliate not accounted for by the equity method	-	2	(2)
III Decrease	2,421	2,346	75
1 Cash dividends	2,311	2,314	(3)
2 Bonuses to directors & statutory auditors	21	26	(5)
3 Loss on sale of treasury stock	-	6	(6)
4 Decrease resulting from merger with a unconsolidated subsidiary	87	-	87
IV Balance, end of the year	59,332	50,721	8,611

Consolidated Statements of Cash Flows

(millions of yen)

	Fiscal 2003 (From April 1, 2003 to March 31, 2004)	Fiscal 2002 (From April 1, 2002 to March 31, 2003)
	Amount	Amount
I Cash flows from operating activities:		
1 Income before income taxes and minority interests	18,181	6,198
2 Depreciation and amortization	23,979	23,838
3 Amortization of goodwill	(1,057)	-
4 Increase in allowance for doubtful accounts	31	243
5 Increase (decrease) in reserve for employees' early retirement incentive plan	(10,987)	10,987
6 Decrease in accrued retirement benefits for employees	(7,163)	(13,387)
7 Retirement benefits paid under employees' early retirement incentive plan	20,446	-
8 Increase (decrease) in accrued retirement benefits for directors and statutory auditors	(68)	28
9 Increase (decrease) in reserve for product defect compensation	(1,843)	4,500
10 Interest and dividend income	(294)	(325)
11 Interest expenses	2,792	3,192
12 Translation adjustments/Foreign exchange losses	647	491
13 Equity in earnings of affiliates	(568)	(431)
14 Loss on disposal of fixed assets related to rationalization program	-	607
15 Loss on disposal/sale of fixed assets due to liquidation of subsidiaries	-	303
16 Loss on devaluation of investment securities	-	2,564
17 Increase in trade receivables	(7,262)	(3,606)
18 Decrease in inventories	7,191	4,196
19 Increase in trade payables	1,502	12,604
20 Bonuses paid to directors and statutory auditors	(21)	(27)
21 Other	138	1,543
Subtotal	45,644	53,521
22 Interest and dividend income received	952	945
23 Interest expenses paid	(2,920)	(3,231)
24 Retirement benefits paid under employees' early retirement incentive plan	(20,446)	-
25 Income taxes paid	(2,087)	(2,814)
Net cash provided by operating activities	21,142	48,420
II Cash flows from investing activities:		
1 Increase in time deposits	(100)	(306)
2 Decrease in time deposits	290	152
3 Purchase of property, plant and equipment	(36,414)	(24,820)
4 Purchase of intangible fixed assets	(711)	(1,297)
5 Proceeds from sales of investment securities and others	1,644	2,050
6 Decrease in short-term loans receivable, net	36	9
7 Other	264	123
Net cash used in investing activities	(34,990)	(24,087)
III Cash flows from financing activities		
1 Decrease in short-term loans, net	(5,965)	(8,264)
2 Proceeds from long-term loans	4,362	3,655
3 Repayment of long-term loans	(1,140)	(3,731)
4 Proceeds from issuance of bonds	59,757	-
5 Redemption of bonds	(50,000)	-
6 Issuance of common stock assigned to minority shareholders	1,384	995
7 Cash dividends paid	(2,311)	(2,314)
8 Other	(44)	(265)

Net cash provided (used) by financing activities	6,043	(9,925)
IV Effect of exchange rate changes on cash and cash equivalents	(328)	(272)
V Increase (decrease) in cash and cash equivalents	(8,132)	14,136
VI Cash and cash equivalents, at beginning of the year	50,240	36,072
VII Increase in cash and cash equivalents resulting from merger with an affiliate not accounted for by the equity method	-	31
VIII Increase in cash and cash equivalents resulting from merger of a unconsolidated subsidiary	50	-
IX Cash and cash equivalents, at end of the year	42,157	50,240

Note:
Reconciliation of the amounts of cash and cash equivalents at end of the year stated in Consolidated Statements of Cash Flows to the amounts of accounts stated in Consolidated Balance Sheets.

	As of March 31, 2004	As of March 31 , 2003
Cash and bank deposits	19,027	18,996
Securities	6,996	6,998
Short-term loans receivable	16,602	24,939
Time deposits with original maturities of more than three months	(66)	(256)
Short-term loans receivable(excl.repurchase agreement)	(402)	(438)
Cash and cash equivalents	42,157	50,240

Significant Information regarding the Preparation of Consolidated Financial Statements

1. Scope of consolidation

Number of consolidated subsidiaries: 32

(Name of major consolidated subsidiaries: NTN Kongo Corp., NTN Bearing Corp. of America)

2. Application of the equity method

Number of affiliated companies accounted for by the equity method: 5

(Name of major affiliates: Tung Pei Industrial Co., Ltd., Taiway Ltd.)

3. Changes in scope of consolidation and application of the equity method

Number of newly consolidated subsidiaries: 1

Name: NTK Precision Axle Corporation (newly established)

Number of subsidiaries and affiliates to which the equity method is newly applied: 2

Name: Beijing NTN-Seohan Driveshaft Co., Ltd. (newly established)
Asahi Forge of America Corporation (newly invested)

Number of subsidiaries and affiliates to which the equity method is no longer applicable: 1

Name: Société Nouvelle de Transmission du Mans (equity sold)

4. Significant accounting policies

(1) Valuation of assets

(a) Securities

Other securities

Securities for which market price is available

Carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in shareholders' equity. Cost of sales is determined by the moving average method.

Securities for which market price is not available

Carried at cost determined by the moving average method.

(b) Inventories Principally stated at cost determined by the average method.

(2) Method of depreciation/amortization of depreciable/amortizable assets

(a) Property, plant & equipment

The Company and its domestic consolidated subsidiaries

Buildings (excluding ancillary facilities)----------------Straight-line method

Property, plant & equipment other than buildings ---Mainly by declining balance method

Consolidated subsidiaries overseas -----------------------Mainly by straight-line method

(b) Intangible fixed assets --Straight-line method (Software for internal use is amortized over their useful life for 5 years)

(3) Recognition of allowances/reserves

(a) Allowance for doubtful accounts

The allowance for doubtful accounts is computed based on the actual ratio of bad debts in the past and an estimate of certain uncollectible amounts determined after an analysis of specific individual receivables.

(b) Accrued retirement benefits for employees

Accrued retirement benefits for employees have been provided at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets.

(c) Accrued retirement benefits for directors and statutory auditors

The provision for retirement benefits for directors and statutory auditors has been made at estimated amounts based on the Company's internal regulations.

(d) Reserve for product defect compensation

The Company encountered serious problems involving significant deficiencies in the quality of certain of its products. The Company has provided a reserve for product defect compensation in order to cover the expected payment of compensation at an estimated amount.

(4) Treatment of lease transactions

Finance leases other than those which transfer the ownership of the leased property to the lessee are accounted for as operating leases.

(5) Hedge Accounting

The Company adopts deferred hedge accounting. Receivables and payables hedged by forward foreign exchange contracts which meet certain conditions are translated at the corresponding foreign exchange contract rates. As hedging instruments, forward exchange contracts and interest rate swaps are used. Forward foreign exchange contracts are used to hedge against foreign exchange risks associated with foreign currency denominated transactions, and interest rate swaps are used to hedge against interest rate risks associated with floating rate borrowings.

(6) Consumption tax, etc.

Transactions subject to consumption taxes and local consumption taxes are recorded at amounts exclusive of consumption taxes.

5. Amortization of Goodwill

Goodwill incurred at the end of the previous consolidated fiscal year-end is fully amortized in the consolidated fiscal year under review.

6. Appropriations of retained earnings

Appropriations of retained earnings are recorded in the fiscal year in which the proposed appropriations are approved by the annual shareholders' meeting.

7. Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents consist of cash on hand, deposits with banks withdrawable on demand, and short-term investments which are readily convertible to cash subject to an insignificant risk of any change in their value and which were purchased with an original maturity of three moths or less.

<Notes>

(millions of yen)

(Balance Sheets)

	Fiscal 2003	Fiscal 2002
(1) Accumulated depreciation of property, plant & equipment	394,283	393,035
(2) Investments in unconsolidated subsidiaries and affiliated companies		
Investment securities	7,434	7,928
(3) Assets pledged as collateral and loans secured by such collateral		
Assets pledged as collateral	2,217	1,466
Loans secured by such collateral	2,046	2,151
(4)Trade note receivables discountd with banks	418	719
(5) Number of treasury stock	834,186 shares	681,313 shares

(Statements of Income)

Fiscal 2003:
Breakdown of Extraordinary losses

(1)Restructuring costs	
Loss resulting from production restructuring at a U.S. subsidiary	2,119
Loss on liquidation of subsidiary	476

Fiscal 2002:
Breakdown of Extraordinary losses
Restructuring costs

(1) Employees' early retirement incentive plan	10,987
Loss on liquidation of subsidiary	411
(2) Rationalization costs	
Loss on disposal of finished goods & work in process	3,940
Loss on disposal of machinery & equipment	607

(1) Segment Information

1. Business segment information

Business segment information is not provided herein due to the following reasons:

(1) Sales of Machinery Equipment Division accounts for more than 90% of total sales.
(2) Operating income of Machinery Equipment Division accounts for more than 90% of the sum of operating income of all segments.
(3) The amount of assets held by Machinery Equipment Division accounts for more than 90% of total assets of all the segments.

2.Geographic segment information

(millions of yen)

	Fiscal 2003 (From April 1, 2003 to March 31, 2004)						
	Japan	North America	Europe	Asia and other areas	Total	Elimination	Consolidated total
I Sales & Operating income (loss)							
Sales							
External sales	188,169	86,002	58,491	24,730	357,394	-	357,394
Inter-segment sales	76,343	756	216	160	77,475	(77,475)	-
Total	264,513	86,758	58,707	24,890	434,870	(77,475)	357,394
Operating expenses	247,787	84,326	55,751	23,411	411,276	(78,591)	332,685
Operating income	16,725	2,431	2,956	1,479	23,593	1,116	24,709
II Assets	333,781	87,866	48,706	24,391	494,745	(34,405)	460,340

Notes:

1. Classification of geographic segment and major countries or regions in each segment
   (1) Classification method of geographic segment: by geographic proximity
   (2) Major countries or regions in each segment:
   North America: U.S.A., Canada
   Europe: Germany, France, United Kingdom
   Asia & other areas: Asia, South and Central America
2. The corporate assets included in "Elimination" amounted to 46,926 million yen, and consisted mainly of the Company's invested funds (bank deposits and securities) and long-term investments (investment securities).

(millions of yen)

	Fiscal 2002 (From April 1, 2002 to March 31, 2003)						
	Japan	North America	Europe	Asia and other areas	Total	Elimination	Consolidated total
I Sales & Operating income (loss)							
Sales							
External sales	182,649	92,702	47,952	19,440	342,745	-	342,745
Inter-segment sales	67,029	263	75	7	67,376	(67,376)	-
Total	249,679	92,965	48,028	19,448	410,121	(67,376)	342,745
Operating expenses	236,876	88,866	46,681	17,562	389,987	(68,028)	321,959
Operating income	12,802	4,098	1,347	1,885	20,134	651	20,785
II Assets	333,506	94,900	46,790	18,788	493,987	(26,788)	467,198

Notes:

1. Classification of geographic segment and major countries or regions in each segment
   (1) Classification method of geographic segment: by geographic proximity
   (2) Major countries or regions in each segment:
   North America: U.S.A., Canada
   Europe: Germany, France, United Kingdom
   Asia & other areas: Asia, South and Central America
2. The corporate assets included in "Elimination" amounted to 51,383 million yen, and consisted mainly of the Company's invested funds (bank deposits and securities) and long-term investments (investment securities).

3. Overseas Sales

(millions of yen)

	Fiscal 2003 (From April 1, 2003 to March 31, 2004)			
	North America	Europe	Asia & other areas	Total
Overseas sales	86,084	58,243	36,864	181,192
Consolidated net sales				357,394
Ratio of overseas sales to total consolidated sales	24.1%	16.3%	10.3%	50.7%

Notes:

1.Classification of geographic segment and major countries or regions in each segment

(1)Classification method of geographic segment: by geographic proximity

(2)Major countries or regions in each segment:

North America: U.S.A., Canada

Europe: Germany, France, United Kingdom, etc.

Asia & other areas: Asia, South and Central America, etc.

2. "Overseas sales" includes sales by the Company and its consolidated subsidiaries to the countries and regions other than Japan.

(millions of yen)

	Fiscal 2002 (From April 1, 2002 to March 31, 2003)			
	North America	Europe	Asia & other areas	Total
Overseas sales	92,696	47,871	32,168	172,735
Consolidated net sales				342,745
Ratio of overseas sales to consolidated sales	27.0%	14.0%	9.4%	50.4%

Notes:

1.Classification of geographic segment and major countries or regions in each segment

(1)Classification method of geographic segment: by geographic proximity

(2)Major countries or regions in each segment:

North America: U.S.A., Canada

Europe: Germany, France, United Kingdom, etc.

Asia & other areas: Asia, South and Central America, etc.

2. "Overseas sales" includes sales by the Company and its consolidated subsidiaries to the countries and regions other than Japan.

(2) Lease Transactions

Lease transaction information is omitted as relevant information has been provided to the EDINET.

(3) Transactions with related parties

None

(4) Tax Effect Accounting

(millions of yen)

Fiscal 2003
As of March 31, 2004

1. Breakdown of deferred tax assets and deferred tax liabilities

[Current assets/liabilities]		
(Deferred tax assets)		
Accrued expenses	2,645	
Tax loss carry forwards	2,207	
Inventories (including unrealized gains)	1,587	
Foreign tax credit carry forwards	931	
Other	685	
Sub total	8,057	
Valuation allowance	(163)	7,893
(Deferred tax liabilities)		
Reserve for deferred gain on property included in retained earnings	14	
Other	42	56
Net deferred tax assets		7,836
[Fixed assets/liabilities]		
(Deferred tax assets)		
Accrued retirement benefit for employees	16,889	
Tax loss carry forwards	3,051	
Reserve for product defect compensation	1,062	
Loss on devaluation of investment securities	325	
Depreciation and amortization	180	
Other	760	
Sub total	22,269	
Valuation allowance	(121)	22,148
(Deferred tax liabilities)		
Unrealized holding gains/losses on other securities	3,328	
Depreciation and amortization	2,958	
Reserve for deferred gain on property included in retained earnings	449	
Other	94	6,831
Net deferred tax assets		15,316

Fiscal 2002
As of March 31, 2003

1.Breakdown of deferred tax assets and deferred tax liabilities

[Current assets/liabilities]		
(Deferred tax assets)		
Reserve for employees' early retirement plan	4,541	
Inventories (including unrealized gains)	2,254	
Accrued expenses	2,084	
Tax loss carry forwards	1,000	
Other	429	
Sub total	10,308	
Valuation allowance	(301)	10,009
(Deferred tax liabilities)		
Reserve for deferred gain on property included in retained earnings	17	
Other	44	61
Net deferred tax assets,		9,948
[Fixed assets/liabilities]		
(Deferred tax assets)		
Accrued retirement benefit for employees	18,607	
Tax loss carry forwards	3,458	
Reserve for product defect compensation	1,800	
Loss on devaluation of investment securities	644	
Unrealized holding gains/losses on other securities	151	
Other	914	
Sub total	25,576	
Valuation allowance	(24)	25,552
(Deferred tax liabilities)		
Depreciation and amortization	3,698	
Unrealized holding gains/losses on securities	727	
Reserve for deferred gain on property included in retained earnings	463	
Other	140	5,030
Net deferred tax assets		20,522

2. Reconciliation of the statutory tax rate to the effective income tax rate

Statutory tax rate	41.3%
Increase/decrease in taxes resulting from:	
Permanent non-deductible items such as entertainment expenses	0.6%
Permanent non-taxable items such as dividend income	(2.2%)
Elimination of dividend income	4.3%
Equity in earnings of affiliates	(1.3%)
Change in statutory tax rate	1.3%
Other	(5.7%)
Effective income tax rate	38.3%

2. Reconciliation of the statutory tax rate to the effective income tax rate

Statutory tax rate	41.3%
Increase/decrease in taxes resulting from:	
Permanent non-deductible items such as entertainment expenses	1.5%
Permanent non-taxable items such as dividend income	(6.2%)
Elimination of dividend income	12.7%
Equity in earnings of affiliates	(2.9%)
Change in statutory tax rate	7.4%
Tax loss carryforward of subsidiaries whose tax effect is not recognized	4.9%
Other	(6.9%)
Effective income tax rate	51.8%

(5) Securities

1. Other securities for which market price is available

(millions of yen)

	Fiscal 2003			Fiscal 2002		
	Acquisition costs	Carrying value on B/S	Unrealized gain (loss)	Acquisition costs	Carrying value on B/S	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost::	5,131	13,454	8,322	2,953	4,773	1,820
Equity	-	-	-	-	-	-
Other	5,131	13,454	8,322	2,953	4,773	1,820
Sub total						
Securities whose carrying value does not exceed their acquisition cost:	388	360	(27)	4,006	3,642	(363)
Equity	42	25	(17)	42	27	(14)
Other	430	386	(44)	4,048	3,670	(378)
Sub total						
Total	5,562	13,840	8,277	7,002	8,444	1,441

2. Securities for which market price is not available

(millions of yen)

	Carrying value on B/S	
	Fiscal 2003	Fiscal 2002
Other Securities		
Money management funds	6,996	6,998
Unlisted equity	475	479

(6) Derivative Transactions

There are not applicable derivative transactions except for those that are subject to hedge accounting.

(7) Retirement benefits

1. Summary of the retirement benefits plan adopted

The Company and certain domestic consolidated subsidiaries have defined benefit plans, i.e., Welfare Pension Fund Plan, tax qualified pension plan and a lump sum severance indemnities plan. Some of its overseas consolidated subsidiaries have defined benefit plans. The Company also has in place an employees' retirement benefit trust.

2. Retirement benefit obligations

(millions of yen)

	Fiscal 2003	Fiscal 2002
1) Retirement benefit obligations	(110,041)	(122,480)
2) Plan assets	48,930	38,714
3) Unfunded retirement benefit obligations : 1) + 2)	(61,111)	(83,766)
4) Unrecognized actuarial differences	18,042	33,455
5) Unrecognized prior service cost	(3,236)	(3,335)
6) Net amount on consolidated balance sheet: 3) + 4) + 5)	(46,304)	(53,646)
7) Accrued retirement benefits for employees	(46,304)	(53,646)

3. Retirement benefit expenses

(millions of yen)

	Fiscal 2003	Fiscal 2002
1) Service cost (Note)	4,254	5,307
2) Interest cost	3,573	6,096
3) Expected return on plan assets	(1,373)	(3,232)
4) Amortization of actuarial differences	2,271	1,294
5) Amortization of prior service cost	(217)	(464)
6) Retirement benefit expenses 1) + 2) + 3) + 4) + 5)	8,509	9,000

(Note) Employees' contribution to Welfare Pension Fund Plan is excluded.

4.Basis of calculation of "retirement benefit obligations"

	Fiscal 2003	Fiscal 2002
1) Discount rate	Principally 2.6%	Principally 2.6%
2) Expected rate of return on plan assets	Principally 4.0%	Principally 4.0%
3) Allocation method of estimated total retirement benefits	Straight-line	Straight-line
4) Amortization period of prior service cost	Principally 15 years on straight-line method	Principally 15 years on straight-line method
5) Amortization period of actuarial differences	Principally 15 years on straight-line method (Amortization starts immediately following the year when the differential is recognized)	Principally 15 years on straight-line method (Amortization starts immediately following the year when the differential is recognized)

(8) Significant information related to the premise of a going concern

NA

[5] Production, Sales, Orders Received and Orders Backlog

(millions of yen)

	Fiscal 2003 From April 1, 2003 to March 31, 2004		Fiscal 2002 From April 1, 2002 to March 31, 2003	
	Amount	%	Amount	%
Production:				
Bearings	211,032	62.5	208,590	63.5
CVJs	101,226	30.0	96,787	29.5
Precision equipment	25,188	7.5	23,092	7.0
Production total:	337,447	100.0	328,470	100.0
Sales:				
Bearings	228,615	64.0	220,685	64.4
CVJs	102,959	28.8	98,875	28.8
Precision equipment	25,821	7.2	23,185	6.8
Sales total:	357,394	100.0	342,745	100.0
Orders received:				
Bearings	232,680	64.3	220,765	64.2
CVJs	103,361	28.6	99,139	28.9
Precision equipment	25,649	7.1	23,572	6.9
Orders received total:	361,691	100.0	343,477	100.0
Orders backlog:				
Bearings	47,796	78.4	42,536	77.1
CVJs	10,651	17.5	9,992	18.1
Precision equipment	2,485	4.1	2,649	4.8
Orders backlog total:	60,934	100.0	55,177	100.0