November 5, 2004

Consolidated Financial Report for the Six Months Ended September 30, 2004

NTN Corporation

Security Code:	6472
Listings:	The First Section of Tokyo and Osaka Stock Exchanges
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Date of the Meeting of the Board of Directors:	November 5, 2004
U.S. GAAP:	NA

1. Consolidated Business Results for the Six Months Ended September 30, 2004

(April 1, 2004 to September 30, 2004)

(1) Results of Operations

(Amounts rounded down to million yen)

	Net sales		Operating income		Ordinary income	
	million yen	%	million yen	%	million yen	%
Six months ended September 30, 2004	190,070	8.3	15,828	40.4	14,345	44.2
Six months ended September 30, 2003	175,488	5.2	11,271	34.1	9,947	108.2
(Ref.) Year ended March 31, 2004	357,394		24,709		20,776	

	Net income		Net income per share	Diluted net income per share
	million yen	%	yen	yen
Six months ended September 30, 2004	8,657	36.2	18.73	17.22
Six months ended September 30, 2003	6,356	132.4	13.75	12.72
(Ref.) Year ended March 31, 2004	11,031	-	23.54	21.87

Note:
1. Equity in income or loss of unconsolidated subsidiaries and affiliates:
   Six months ended September 30, 2004: 416 million yen
   Six months ended September 30, 2003: 188 million yen
   Year ended March 31, 2004: 568 million yen
2. Average number of shares outstanding during the period (consolidated):
   Six months ended September 30, 2004: 462,179,852 shares
   Six months ended September 30, 2003: 462,347,351 shares
   Year ended March 31, 2004: 462,303,563 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	Shareholders' equity per share
	million yen	million yen	%	yen
Six months ended September 30, 2004	487,965	151,293	31.0	327.39
Six months ended September 30, 2003	465,665	139,834	30.0	302.48
(Ref.) Year ended March 31, 2004	460,340	142,487	31.0	308.27

Note: Total outstanding shares at the end of the period (consolidated):
Six months ended September 30, 2004: 462,119,283 shares
Six months ended September 30, 2003: 462,298,457 shares
Year ended March 31, 2004: 462,222,589 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
Six months ended September 30, 2004	26,998	(22,096)	887	48,667
Six months ended September 30, 2003	(4,191)	(14,731)	20,511	51,389
(Ref.) Year ended March 31, 2004	21,142	(34,990)	6,043	42,157

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

Number of consolidated subsidiaries: 35
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 3; Newly excluded None
Number of affiliates accounted for by the equity method: Newly included None; Newly excluded None

2. Consolidated Earnings Forecast for the Year Ending March 31, 2005

(April 1, 2004 to March 31, 2005)

	Sales	Operating income	Ordinary income	Net income
	million yen	million yen	million yen	million yen
Full year	385,000	32,000	27,500	17,000

Reference: Projected net income per share for the full year: 34.46 yen

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

[1] The Group Overview

The NTN Group consists of NTN Corporation (the Company), 43 subsidiaries and 15 affiliated companies (as of September 30, 2004). The Group's main business is the manufacture 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 interim period under review, the Company established joint venture company, CHANGZHOU NTN-GUANGYANG Corporation (China). 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 5 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.
CHANGZHOU NTN-GUANGYANG Corporation
<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
NTN Mie Corporation
NTN Omaezaki Corporation
<Unconsolidated subsidiaries>
Hikari Seiki Co., Ltd.

(Domestic affiliates engaged in parts processing)

<Consolidated subsidiaries>
NTN Casting Corp.
NTN Kinan Corp.
<Unconsolidated subsidiaries>
NTN Bizen Corporation
<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 NTN’s corporate structure to one that is appropriate for a multinational company. We also aim to reduce the burden we impose on the environment and to 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 base on the company's earnings and the payout ratio. We plan to use retained earnings to fund capital investment and R&D activities in order to expand business and to improve profitability.

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

Our long-term vision is multi-faceted. First, we aim to establish a strong market presence, capitalizing on our best-in-class global businesses and products that are unmatched by our competitors. Secondly, we will establish a solid presence in the five major global markets: Japan, the Americas, Europe, Asia and China. Third, we will strive to become a global company that brings out the best in people and that contributes to society. We started a new three-year business plan, "Rapid Advance 21," in April 2004 to carry us through to March 2007, and we are implementing 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 generating for sustainable growth.

6. Policies regarding our management structure

(1) Corporate governance

We consider the constant strengthening of sound corporate governance to be one of our most important tasks. As we 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 a rigorous auditing system, and currently have four auditors, including three 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 introduced 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 in the executive function.

In response to the need for corporations to assume greater social responsibility, we established a corporate compliance committee, as required by our compliance code that was put in place in May 2003. We are committed to continually improving our compliance system.

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

Under Rapid Advance 21 -- the three-year business plan introduced in April 2004, we have initiated various activities to increase corporate and product value and to accelerate development, thereby further increasing customer satisfaction.

To enhance value in sales, R&D and design, we are enhancing our ability to accelerate proposals and development while advancing a unique set of technologies and value-added products. By speeding up the development process, we are determined to develop and commercialize “Number One” and “One-and-Only” products in the market. We have enhanced our position as a provider of “One-and-Only” products, in the area of sintered alloy fluid dynamic bearings for hard disk drive (HDD), by producing bearings for 1-inch HDD motors. We expect the demand for these to grow in the future, supported by expansion of the digital home appliance market. We will also strengthen our system to protect and utilize intellectual property, solidifying our technological advantage for the long-term.

To enhance value in our production process, we are taking a revolutionary approach to "MONOZUKURI*," increasing production efficiency through a review of manpower, facilities, inventory and methods. A model factory along these lines is our new plant for bearing production, NTN Mie Corp., which began operations in October 2004. This plant embodies the highest levels of our production technology, facility development capabilities and quality control. It is also highly competitive with factories of this kind in China.

We continue to boost our production capacity. We will expand our production facilities to support increasing sales, particularly production for automotive constant-velocity joints and precision bearings for industrial machinery. We have also expanded production capacity in China. Along with our existing facilities in Shanghai, Pinghu (Zhejiang Province), Guangzhou (Guangdong Province), and Beijing, we set up a joint venture company, Changzhou NTN-Guangyang Corporation, in Jiangsu Province, making it our fifth plant in China.

To increase profitability, we continue to improve our cost competitiveness through accelerating VA and VE activities and expanding global/local procurement. In addition, we will strive to improve our inventory turnover and facility utilization ratio.

At NTN, we give priority to preserving the environment and maintain a policy of reducing environmentally harmful and unfriendly impacts. We are helping to create a recycling-oriented society that grows in harmony with the environment. We will continue our efforts in marketing environmentally friendly products, including energy-saving and resource-saving products. We successfully developed and introduced swarf briquetting equipment to reduce industrial wastes and plan to market this equipment and expand its use to continue to cutting down production wastes in society.

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

[3] Operating results and financial conditions

1. Operating results for the first half of fiscal 2004 (April 1 – September 30, 2004)

In the first half of fiscal 2004, the Japanese economy showed a steady recovery, triggered by improved corporate profits, expansion of exports and capital investment and a gradual recovery in consumer spending. The U.S. economy continued to grow as a result of strong consumer spending and capital investment while the European economy also demonstrated a modest recovery, stimulated by robust exports. Asian economies, paticularly Chinese, also continued to grow, thanks to strong consumption and increased exports.

In this environment, the NTN Group has aggressively pursued expanding its sales in response to the robust demand. At the same time, we have made progress in enhancing profitability through productivity improvements and variable cost reduction, based on the Rapid Advance 21 plan.

Sales during the first half of fiscal 2004 amounted to 190.07 billion yen, an increase of 14.582 billion yen, or 8.3%, from the same period last year. Operating income climbed 40.4% to 15.828 billion yen from the same period in the previous year while ordinary income surged 44.2% to 14.345 billion yen and net income jumped 36.2% to 8.657 billion yen.

We increased the interim dividend to 3.5 yen, an increase of 0.5 yen from the previous year-end dividend.

Segment sales information:

(1) Bearings

In Japan, sales of automotive bearings increased, while sales for general machinery manufacturers including construction machinery and office equipment also remained firm. Sales through our distributor network also remained firm. North American sales declined, despite increased sales for general machinery and automobile manufacturers, due to the impact of the weaker dollar. Asian and European sales for general machinery and automobile manufacturers steadily grew. As a result, bearing sales totaled 121.723 billion yen, an increase of 9.575 billion yen, or 8.5 %, year-on-year.

(2) Constant-velocity joints (CVJ)

CVJ sales to Renault continued to show big gains, resulting in increased sales in Europe. North American sales also remained firm, and the start of mass production operations at Guangzhou NTN-Yulon Drivetrain Co., Ltd. contributed to increased sales in China. As a result, CVJ sales totaled 54.33 billion yen, an increase of 3.778 billion yen, or 7.5%, from a year earlier.

(3) Precision Equipment
System products such as repair units for liquid crystal displays enjoyed increased sales thanks to a growing market for digital home appliances and devices. Precision equipment sales climbed 9.6 % to 14.016 billion yen, an increase of 1.228 billion yen from a year earlier.

Operating results broken down by geographical segment are as follows:

a. Japan
Automotive bearings and system products, such as repair units for liquid crystal displays, recorded brisk sales, due mainly to expanding sales of digital home appliances and increased automotive production in Japan. Sales of bearings for general machinery manufacturers and sales through our distributor network also increased.
Sales in Japan totaled 141.687 billion yen, an increase of 12.521 billion yen, or 9.7%, year-on-year. Operating income jumped 39.5% to 10.795 billion yen, an increase of 3.058 billion yen, in spite of lower sale prices and the negative impact of the weaker dollar. Increased sales and production as well as a reduction in variable costs contributed to the jump.

b. North America
In North America, CVJ sales and bearing sales to the manufacturers of general machinery such as construction and agricultural machinery increased. Sales in North America increased to 45.178 billion yen, an increase of 1.062 billion yen, or 2.4%, from a year earlier, despite the negative impact of the weaker dollar.
Operating income in North America jumped 48% to 1.849 billion yen, an increase of 600 million yen, primarily on account of sales and production increases and the positive effect of a restructuring in production.

c. Europe
Sales of CVJ to Renault remained robust, and sales of bearings for automobile and general machinery manufacturers remained firm.
As a result, sales were up 9.1% to 31.014 billion yen, an increase of 2.585 billion yen year-on-year. Operating income in Europe climbed 9.6% to 1.473 billion yen, an increase of 129 million yen, mainly due to sales and production increases.

d. Asia and other
Sales in China recorded substantial gains due to the start-up of mass production of fluid dynamic bearings at NTN-NIDEC (Zhejiang) Corporation and of CVJ production at Guangzhou NTN-Yulon Drivetrain Co., Ltd. In the ASEAN region, bearings for automobiles and general machinery manufacturers posted robust sales.
As a result, sales in Asia climbed 34.9% to 15.589 billion yen, an increase of 4.034 billion yen from the same period a year earlier. Operating income in Asia surged 110.7% to 1.144 billion yen, an increase of 601 million yen, primarily on account of brisk sales in the region and the addition of the mass production bases in China.

2. Outlook for the full fiscal year

We believe the gradual growth trend will continue for the Japanese economy during the rest of fiscal 2004. We also expect that the U.S. and Asia will continue to exhibit steady growth and that the world economy as a whole will show healthy expansion. However, sharply rising prices of raw materials and crude oil, combined with foreign exchange volatility and concerns about an over-hyped Chinese economy, remain a cause for uncertainty and cast a cloud over the otherwise optimistic outlook.

Under the circumstances, the NTN Group will be pushing ahead with its three-year business plan, Rapid Advance 21. During the first year of this plan, we have been implementing various measures to achieve the plan's goals. Sales for fiscal 2004 are estimated to reach 385 billion yen, while operating income is forecast to amount to 32 billion yen, ordinary income to 27.5 billion yen and net income to 17 billion yen. Our forecasts for the second half of fiscal 2005 are based on a foreign exchange rate assumption of 1 US dollar = 105 yen and 1 EURO= 130 yen.

3. Financial conditions
Cash provided by operating activities amounted to 26.998 billion yen, an increase of 31.189 billion yen from a year earlier. Major factors that contributed to the increase in operating cash flows include 14.345 billion yen in pretax profit, 11.633 billion yen in depreciation and amortization and an increase of 7.911 billion yen in accounts payable. These factors more than offset the cash used during the period, which includes 2.3 billion yen from an increase in inventories.

Cash used by investing activities came to 22.096 billion yen, an increase of 7.365 billion yen, or 50% more than from a year prior. A major factor affecting the cash flow from investing activities was the purchase of tangible fixed assets that amounted to 22.652 billion yen.
Cash provided by financing activities amounted to 887 million yen, a drop of 19.624 billion yen, or a 95.7% decline from a year earlier. This is mainly accounted for by the increase in short-term and long-term borrowings that

totaled 2.338 billion yen, which was partly offset by the dividend payment that amounted to 1.386 billion yen.

Cash flows noted above, plus increases in cash and cash equivalents of 544 million yen due to the effect of exchange rate changes and of 175 million yen from the inclusion of a new affiliate, left the NTN Group with cash and cash equivalents equal to 48.667 billion yen at the end of the period under review, an increase of 6.51 billion yen, or 15.4%, from the beginning of the period.

Cash flow indicators for the NTN group are as follows:

	FY2002	1H FY2003	FY2003	1H FY2004
Shareholders' equity ratio (%)	28.9	30.0	31.0	31.0
Shareholders' equity ratio(%) based on current market value	46.5	55.0	52.8	55.3
Years needed to repay debt	3.3	-	7.8	3.1
Interest coverage ratio	15.0	-	7.2	24.4

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 as of the end of the interim period: interest-bearing debt / operating cash flow x 2
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 interim period, multiplied by the number of shares outstanding as of the end of the interim period (after deducting the number of treasury stock).
- Operating cash flow figure is derived 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 is taken from the consolidated statements of cash flows.
- Years needed to repay debt and the interest coverage ratio are not shown when negative cash flows make such factors meaningless.

[4] Consolidated Financial Statements

Consolidated Balance Sheets

(millions of yen)

	Six months ended September 30, 2004 (As of Sept 30, 2004)	Six months ended September 30, 2003 (As of Sept 30, 2003)	Year ended March 31, 2004 (As of Mar 31, 2004)
	Amount	Amount	Amount
Assets			
I Current assets			
1 Cash and bank deposits	22,761	18,456	19,027
2 Notes and accounts receivable-trade	94,650	85,042	91,431
3 Securities	6,996	6,994	6,996
4 Inventories	87,352	90,760	83,565
5 Deferred tax assets	5,946	10,761	7,849
6 Short-term loans receivable	19,001	26,404	16,602
7 Other current assets	9,067	8,017	9,997
8 Allowance for doubtful accounts	(59)	(405)	(399)
Total current assets	245,716	246,032	235,070
II Fixed Assets			
1 Property, plant and equipment			
(1) Buildings and structures	56,459	48,434	47,979
(2) Machinery, equipment and vehicles	94,802	90,453	88,003
(3) Land	24,545	23,968	23,792
(4) Construction in progress	16,181	7,658	13,877
(5) Other property, plant and equipment	7,774	7,579	7,480
Total property, plant and equipment	199,762	178,094	181,133
2 Intangible fixed assets	2,589	2,249	2,512
3 Investments and other assets			
(1) Investment securities	20,226	19,334	21,751
(2) Deferred tax assets	17,698	17,496	17,409
(3) Other investments & other assets	3,032	3,325	3,325
(4) Allowance for doubtful accounts	(1,059)	(866)	(861)
Total investments and other assets	39,898	39,290	41,624
Total fixed assets	242,249	219,633	225,270
Total assets	487,965	465,665	460,340

(millions of yen)

	Six months ended September 30, 2004 (As of Sept 30, 2004)	Six months ended September 30, 2003 (As of Sept 30, 2003)	Year ended March 31, 2004 (As of Mar 31, 2004)
	Amount	Amount	Amount
Liabilities			
I Current liabilities			
1 Notes and accounts payable-trade	76,934	63,469	68,003
2 Short-term loans	79,855	69,850	72,585
3 Long-term bonds due within one year	-	50,000	-
4 Accrued income taxes	2,879	967	3,170
5 Other current liabilities	30,906	26,785	25,923
Total current liabilities	190,575	211,072	169,683
II Long-term liabilities			
1 Bonds	50,000	50,000	50,000
2 Convertible bonds with stock acquisition rights	30,000	-	30,000
3 Long-term loans	9,915	9,960	11,505
4 Accrued retirement benefits for employees	46,476	44,764	46,304
5 Accrued retirement benefits for directors and statutory auditors	292	351	450
6 Reserve for product defect compensations	1,500	3,506	2,656
7 Goodwill	-	527	-
8 Other long-term liabilities	4,064	2,947	3,761
Total long-term liabilities	142,248	112,057	144,678
Total liabilities	332,824	323,129	314,362
Minority interests			
Minority interests	3,847	2,702	3,490
Shareholders' equity			
I Common stock	39,599	39,599	39,599
II Capital Surplus	52,622	52,622	52,622
III Retained earnings	66,453	55,812	59,332
IV Net unrealized holding gain on securities	4,112	3,420	4,966
V Translation adjustments	(11,085)	(11,310)	(13,682)
VI Treasury stock	(408)	(311)	(350)
Total shareholders’ equity	151,293	139,834	142,487
Total liabilities, minority interests and shareholders’ equity	487,965	465,665	460,340

Consolidated Statements of Operations

(millions of yen)

	Six months ended September 30, 2004 (April 1, 2004 to September 30, 2004)	Six months ended September 30, 2003 (April 1, 2003 to September 30, 2003)	Year ended March 31, 2004 (April 1, 2003 to March 31, 2004)
	Amount	Amount	Amount
I Net Sales	190,070	175,488	357,394
II Cost of sales	147,648	138,976	282,594
Gross profit	42,421	36,511	74,800
III Selling, general and administrative expenses	26,593	25,240	50,090
Operating income	15,828	11,271	24,709
IV Non-operating income	1,521	2,186	4,223
1 Interest and dividend income	147	187	294
2 Other	1,374	1,998	3,929
V Non-operating expenses	3,004	3,510	8,156
1 Interest expenses	1,117	1,478	2,792
2 Other	1,886	2,032	5,363
Ordinary Income	14,345	9,947	20,776
VI Extraordinary losses	-	-	2,595
1 Restructuring costs	-	-	2,595
Income before income taxes and minority interests	14,345	9,947	18,181
Provision for current income taxes	2,620	1,009	3,126
Refund of current income taxes	-	-	105
Deferred income taxes	2,885	2,524	3,947
Minority interests in subsidiaries	182	56	180
Net income	8,657	6,356	11,031

Consolidated Statements of Capital Surplus and Retained Earnings

(millions of yen)

	Six months ended September 30, 2004 (April 1, 2004 to September 30, 2004)	Six months ended September 30, 2003 (April 1, 2003 to September 30, 2003)	Year ended March 31, 2004 (April 1, 2003 to March 31, 2004)
	Amount	Amount	Amount
Capital Surplus			
I Balance, beginning of the year	52,622	52,622	52,622
II Increase	-	0	0
1 Gain on sale of treasury stock	-	0	0
III Balance, end of the six months / year	52,622	52,622	52,622
Retained earnings			
I Balance, beginning of the year	59,332	50,721	50,721
II Increase	8,657	6,356	11,031
1 Net income	8,657	6,356	11,031
III Decrease	1,536	1,265	2,421
1 Cash dividends	1,386	1,155	2,311
2 Bonuses to directors & statutory auditors	149	21	21
3 Decrease resulting from merger with an unconsolidated subsidiary	-	87	87
IV Balance, end of the six months / year	66,453	55,812	59,332

Consolidated Statements of Cash Flows

(millions of yen)

	Six months ended September 30, 2004 (April 1, 2004 to September 30, 2004) Amount	Six months ended September 30, 2003 (April 1, 2003 to September 30, 2003) Amount	Year ended March 31, 2004 (April 1, 2003 to March 31, 2004) Amount
I Cash flows from operating activities:			
1 Income before income taxes and minority interests	14,345	9,947	18,181
2 Depreciation and amortization	11,633	11,621	23,979
3 Amortization of consolidation adjustments	(41)	(528)	(1,057)
4 Increase (decrease) in allowance for doubtful accounts	148	(5)	31
5 Increase (decrease) in reserve for employees' early retirement incentive plan	-	(10,987)	(10,987)
6 Increase (decrease) in accrued retirement benefits for employees	(120)	(8,791)	(7,163)
7 Retirement benefits paid under employees' early retirement incentive plan	-	20,446	20,446
8 Increase (decrease) in accrued retirement benefits for directors and statutory auditors	(158)	(167)	(68)
9 Increase (decrease) in reserve for product defect compensation	(1,156)	(993)	(1,843)
10 Interest and dividend income	(147)	(187)	(294)
11 Interest expenses	1,117	1,478	2,792
12Translation adjustments/Foreign exchange losses (gains)	(920)	343	647
13 Equity in earnings of affiliates	(416)	(188)	(568)
14 Decrease (increase) in trade receivables	(1,386)	100	(7,262)
15 Decrease (increase) in inventories	(2,300)	832	7,191
16 Increase (decrease) in trade payables	7,911	(3,168)	1,502
17 Bonuses paid to directors and statutory auditors	(153)	(21)	(21)
18 Other	1,785	(674)	138
Subtotal	30,140	19,054	45,644
19 Interest and dividend income received	714	845	952
20 Interest expenses paid	(1,107)	(1,463)	(2,920)
21 Retirement benefits paid under employees' early retirement incentive plan	-	(20,446)	(20,446)
22 Income taxes paid	(2,748)	(2,181)	(2,087)
Net cash provided by operating activities	26,998	(4,191)	21,142
II Cash flows from investing activities:			
1 Increase in time deposits	(24)	(30)	(100)
2 Decrease in time deposits	-	224	290
3 Purchase of property, plant and equipment	(22,652)	(16,801)	(36,414)
4 Proceeds from sale of property, plant and equipment	1,046	-	-
5 Purchase of intangible fixed assets	(370)	(389)	(711)
6 Proceeds from sales of investment securities and other	4	1,643	1,644
7 Decrease in short-term loans receivable, net	60	34	36
8 Other	(161)	587	264
Net cash used in investing activities	(22,096)	(14,731)	(34,990)
III Cash flows from financing activities			
1 Increase (decrease) in short-term loans, net	1,829	(9,937)	(5,965)
2 Proceeds from long-term loans	1,933	1,609	4,362
3 Repayment of long-term loans	(1,424)	(605)	(1,140)
4 Proceeds from issuance of bonds	-	30,000	59,757
5 Redemption of bonds	-	-	(50,000)
6 Issuance of common stock assigned to minority shareholders	13	603	1,384
7 Cash dividends paid	(1,386)	(1,155)	(2,311)
8 Other	(77)	(2)	(44)
Net cash provided (used) by financing activities	887	20,511	6,043

IV	**Effect of exchange rate changes on cash and cash equivalents**	544	(488)	(328)
V	**Increase (decrease) in cash and cash equivalents**	6,334	1,099	(8,132)
VI	**Cash and cash equivalents, at beginning of the year**	42,157	50,240	50,240
VII	**Increase in cash and cash equivalents resulting from inclusion of additional consolidated subsidiaries**	175	-	-
VIII	**Increase in cash and cash equivalents resulting from merger of a unconsolidated subsidiaries**	-	50	50
IX	**Cash and cash equivalents, at end of the year**	48,667	51,389	42,157

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 September 30, 2004	As of September 30, 2003	As of March 31, 2004
Cash and bank deposits	22,761	18,456	19,027
Securities	6,996	6,994	6,996
Short-term loans receivable	19,001	26,404	16,602
Time deposits with original maturities of more than three months	(90)	(62)	(66)
Short-term loans receivable (excluding repurchase agreement)	(1)	(404)	(402)
Cash and cash equivalents	48,667	51,389	42,157

Significant Information regarding the Preparation of Consolidated Financial Statements

1. Scope of consolidation

Number of consolidated subsidiaries: 35
(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: 3
Name: NTN Omaezaki Corporation (Newly consolidated to reflect increased importance)
NTN Mie Corporation (Newly consolidated to reflect increased importance)
CHANGZHOU NTN-GUANGYANG Corporation (Newly established)

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, including 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 its useful life of 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 problems involving significant deficiencies in the quality of

certain of its products. The Company has provided a reserve 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. Forward exchange contracts are used to hedge against exchange risks associated with foreign currency denominated transactions.

(6) Consumption tax, etc.

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

5. 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 months or less.

<Notes>

(Balance Sheets)

	Six months ended Sept 30, 2004 (April 1, 2004 to Sept 30, 2004)	Six months ended Sept 30, 2003 (April 1, 2003 to Sept 30, 2003)	Year ended March 31, 2004 (April 1, 2003 to March 31, 2004)
	million yen	million yen	million yen
(1) Accumulated depreciation of property, plant & equipment	406,844	394,058	394,283
(2) Investments in unconsolidated subsidiaries and affiliated companies			
Investment securities	7,333	7,594	7,434
(3) Assets pledged as collateral and loans secured by such collateral			
Assets pledged as collateral	2,233	2,254	2,217
Loans secured by such collateral	2,099	2,576	2,046
(4)Trade note receivables discounted with banks	166	560	418
(5) Number of treasury stock	937,492 shares	758,318 shares	834,186 shares

(Statements of Income)

Year ended March 31, 2004 (April 1, 2003 to March 31, 2004)

Breakdown of extraordinary losses

(1) Restructuring costs

Loss resulting from production restructuring at a U.S. subsidiary	2,119 million yen
Loss on liquidation of subsidiary	476 million yen

1. Segment Information

(1) Business segment information

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

(1) Sales in the 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.

(2) Geographic segment information

(millions of yen)

	Six months ended September 30, 2004 (April 1, 2004 to September 30, 2004)						
Sales and Operating income (loss)	Japan	North America	Europe	Asia and other areas	Total	Elimination	Consolidated total
Sales							
(1) External sales	99,173	44,842	30,798	15,255	190,070	-	190,070
(2) Inter-segment sales	42,514	336	215	333	43,399	(43,399)	-
Total	141,687	45,178	31,014	15,589	233,469	(43,399)	190,070
Operating expenses	130,891	43,329	29,540	14,444	218,206	(43,964)	174,241
Operating income	10,795	1,849	1,473	1,144	15,263	565	15,828

Notes: 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

(millions of yen)

	Six months ended September 30, 2003 (April 1, 2003 to September 30, 2003)						
Sales & Operating income (loss)	Japan	North America	Europe	Asia and other areas	Total	Elimination	Consolidated total
Sales							
(1) External sales	91,772	43,811	28,359	11,545	175,488	-	175,488
(2) Inter-segment sales	37,393	305	70	10	37,779	(37,779)	-
Total	129,166	44,116	28,429	11,555	213,268	(37,779)	175,488
Operating expenses	121,429	42,867	27,084	11,011	202,393	(38,175)	164,217
Operating income	7,737	1,249	1,344	543	10,874	396	11,271

Notes: 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

(millions of yen)

	Year ended March 31, 2004 (April 1, 2003 to March 31, 2004)						
Sales & Operating income (loss)	Japan	North America	Europe	Asia and other areas	Total	Elimination	Consolidated total
Sales (1) External sales (2) Inter-segment sales	188,169 76,343	86,002 756	58,491 216	24,730 160	357,394 77,475	- (77,475)	357,394 -
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

Notes: 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

(3) Overseas Sales

Six months ended September 30, 2004 (April 1, 2004 to September 30, 2004)

(millions of yen)

	North America	Europe	Asia & other areas	Total
Overseas sales	45,014	30,648	21,152	96,815
Consolidated net sales				190,070
Ratio of overseas sales to total consolidated sales	23.7%	16.1%	11.1%	50.9%

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.

Six months ended September 30, 2003 (April 1, 2003 to September 30, 2003)

(millions of yen)

	North America	Europe	Asia & other areas	Total
Overseas sales	43,871	28,285	17,800	89,957
Consolidated net sales				175,488
Ratio of overseas sales to total consolidated sales	25.0%	16.1%	10.1%	51.3%

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.

Year ended March 31, 2004 (April 1, 2003 to March 31, 2004)

(millions of yen)

	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.

2. Lease Transactions

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

3. Securities

(millions of yen)

	Six months ended September 30, 2004 (As of September 30, 2004)		
1.Other securities for which market price is available	Acquisition costs	Carrying value on B/S	Unrealized gain (loss)
(1) Equity	5,520	12,390	6,869
(2) Other	42	25	(16)
Sub total	5,562	12,416	6,853
2.Other securities for which market price is not available	Carrying value on B/S		
(1) Other Securities			
Money management funds	6,996		
Unlisted equity	475		

(millions of yen)

	Six months ended September 30, 2003 (As of September 30, 2003)		
1.Other securities for which market price is available	Acquisition costs	Carrying value on B/S	Unrealized gain (loss)
(1) Equity	5,519	11,236	5,717
(2) Other	42	26	(16)
Sub total	5,561	11,263	5,701
2.Other securities for which market price is not available	Carrying value on B/S		
(1) Other Securities			
Money management funds	6,994		
Unlisted equity	474		

(millions of yen)

	Year ended March 31, 2004 (As of March 31, 2004)		
1.Other securities for which market price is available	Acquisition costs	Carrying value on B/S	Unrealized gain (loss)
(1) Equity	5,519	13,814	8,294
(2) Other	42	25	(17)
Sub total	5,562	13,840	8,277
2.Other securities for which market price is not available	Carrying value on B/S		
(1) Other Securities			
Money management funds	6,996		
Unlisted equity	475		

4. Derivative Transactions

There are no applicable derivative transactions except for those that are subject to hedge accounting.

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

(millions of yen)

	Six months ended September 30, 2004 (April 1, 2004 to September 30, 2004)		Six months ended September 30, 2003 (April 1, 2003 to September 30, 2003)		Year ended March 31, 2004 (April 1, 2003 to March 31, 2004)	
	Amount	%	Amount	%	Amount	%
Production:						
Bearings	114,435	62.3	104,843	62.9	211,032	62.5
CVJs	55,060	30.0	49,431	29.7	101,226	30.0
Precision equipment	14,046	7.7	12,424	7.4	25,188	7.5
Production total:	183,543	100.0	166,699	100.0	337,447	100.0
Sales:						
Bearings	121,723	64.0	112,148	63.9	228,615	64.0
CVJs	54,330	28.6	50,552	28.8	102,959	28.8
Precision equipment	14,016	7.4	12,788	7.3	25,820	7.2
Sales total:	190,070	100.0	175,488	100.0	357,394	100.0
Orders intake:						
Bearings	128,542	64.8	113,967	64.1	232,680	64.3
CVJs	56,674	28.6	51,034	28.7	103,361	28.6
Precision equipment	13,013	6.6	12,865	7.2	25,649	7.1
Orders received total:	198,229	100.0	177,866	100.0	361,691	100.0
Orders backlog:						
Bearings	54,301	79.2	44,429	77.1	47,796	78.4
CVJs	12,769	18.6	10,562	18.3	10,651	17.5
Precision equipment	1,490	2.2	2,673	4.6	2,485	4.1
Orders backlog total:	68,562	100.0	57,664	100.0	60,934	100.0