Financial Results
For the Six Months Ended September 30, 2005 – Consolidated

November 8, 2005

NTN Corporation

Security Code:	6472
Listings:	The First Section of the Tokyo and Osaka Stock Exchanges
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Date of the Meeting of the Board of Directors: November 8, 2005
Basis of Presentation: Japanese GAAP

1. Consolidated Financial Results for the Six Months Ended September 30, 2005
(April 1, 2005 to September 30, 2005)

(1) Operating Results

(Amounts rounded down to the nearest million yen)

	Net sales		Operating income		Ordinary income	
	million yen	%	million yen	%	million yen	%
Six months ended September 30, 2005	207,089	9.0	16,015	1.2	14,129	-1.5
Six months ended September 30, 2004	190,070	8.3	15,828	40.4	14,345	44.2
(Ref.) Year ended March 31, 2005	388,348		33,200		28,385	

	Net income		Net income per share	Diluted net income per share
	million yen	%	yen	yen
Six months ended September 30, 2005	8,929	3.1	19.33	17.77
Six months ended September 30, 2004	8,657	36.2	18.73	17.22
(Ref.) Year ended March 31, 2005	16,739		35.83	32.94

Notes: 1. Equity in income or loss in equity of unconsolidated subsidiaries and affiliates:
Six months ended September 30, 2005: 536 million yen
Six months ended September 30, 2004: 416 million yen
Year ended March 31, 2005: 932 million yen
2. Average number of shares issued and outstanding during the period (on a consolidated basis):
Six months ended September 30, 2005: 461,918,443 shares
Six months ended September 30, 2004: 462,179,852 shares
Year ended March 31, 2005: 462,101,396 shares
3. Changes in accounting policy during the period: None
4. The percentage figures shown for 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, 2005	542,477	168,977	31.1	365.84
Six months ended September 30, 2004	487,965	151,293	31.0	327.39
(Ref.) Year ended March 31, 2005	516,578	157,952	30.6	341.93

Note: Total issued and outstanding shares at the end of the period (on a consolidated basis):
Six months ended September 30, 2005: 461,893,216 shares
Six months ended September 30, 2004: 462,119,283 shares
Year ended March 31, 2005: 461,947,053 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, 2005	13,775	-25,190	8,484	48,674
Six months ended September 30, 2004	26,998	-22,096	887	48,667
(Ref.) Year ended March 31, 2005	47,830	-46,151	6,693	51,302

(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: 1; Newly excluded: None
Number of affiliates accounted for by the equity method: Newly included: None; Newly excluded: None

2. Forecast of Consolidated Earnings for the Year Ending March 31, 2006
(April 1, 2005 to March 31, 2006)

	Net sales	Operating income	Ordinary income	Net income
	million yen	million yen	million yen	million yen
Full year	427,000	37,000	31,000	20,000

Reference: Projected net income per share for the full year: 42.90 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 additional information, please refer to “Outlook for the Full Fiscal Year Ending March 31, 2006” in the “Operating Results and Financial Position” section of the attached document.

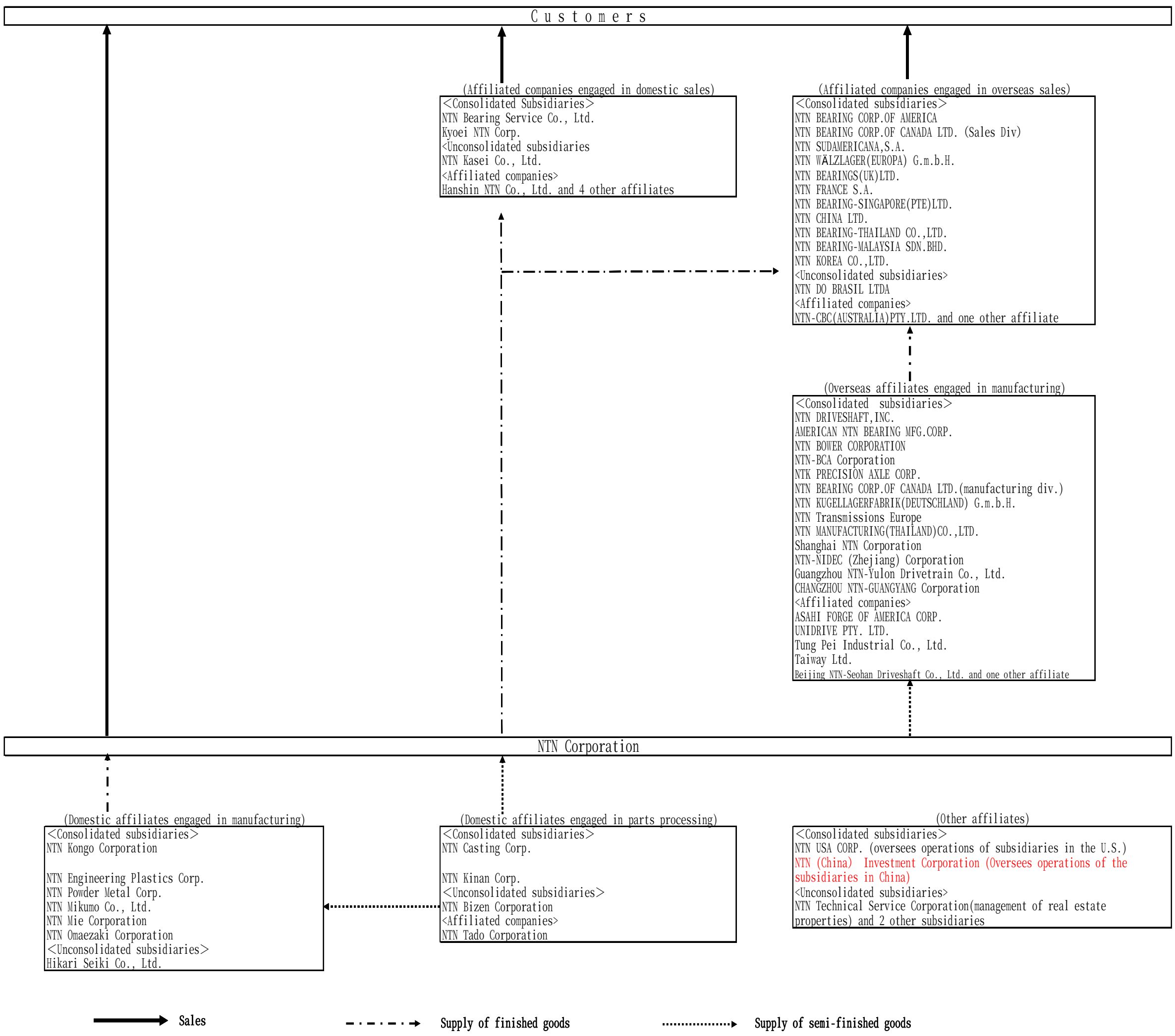
[1] The Group Overview

The NTN Group consists of NTN Corporation (the Company), 42 subsidiaries and 14 affiliated companies (as of September 30, 2005). 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 interim period under review, the Company newly established NTN (China) Investment Corporation.



[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 our corporate structure to one that is appropriate for a multinational company. The Company also aims to reduce the burden it imposes on the environment and to help construct a recycling-oriented society.

2. Dividend Policy

NTN considers rewarding its shareholders an issue of foremost importance. Regarding dividends, from a medium and long-term perspective, the Company’s goal is to provide a steady and sustainable dividend, which it will determine on the basis of its consolidated earnings and dividend payout ratio. Retained earnings are used to fund future business development.

3. Philosophy and Policy Regarding Lowering of Minimum Trading Unit

The basic trading unit for the Company's shares is 1,000 shares. The Company will carefully discuss the need to shift to a smaller trading unit, taking into consideration the prevailing trends in the stock market, the Company's earnings, stock price and other factors.

4. Goals and Objectives

Management attaches great importance to operating profit margin, as a measure of profitability, return on assets (ROA), as a measure of overall return on assets and return on equity (ROE). Management continuously strives to improve operating performance by these measures. The Company also aims to increase cash flow and to further reinforce its management resources.

5. Medium- to Long-term Management Strategies

NTN’s long-term vision has several facets. First, it aims to establish a strong market presence capitalizing on its global No. 1 business and products that are unmatched by its competitors. Secondly, the Company will work to increase its presence in the five major global markets including Japan, the Americas, Europe, Asia and China. Thirdly, the Company will strive to become a global company that is capable of bringing out the best in people and of contributing to society. The Company started a new three-year business plan in April 2004 that will take us to March 2007. The plan, called "Rapid Advance 21," involves several different policies that emphasize “Value Creation.”

To create value, the Company will invest its global management resources in strategic products. This will boost its capability to offer outstanding products, services, proposals and competitive quality while maintaining sustainable growth.

6. Basic Corporate Governance Philosophy and Corporate Governance Measures Introduced

(1) Basic corporate governance philosophy

The Company considers the attainment and constant strengthening of sound corporate governance to be one of its most important tasks. As the Company increases management efficiency and soundness, it will make continuous efforts to increase the transparency of its management by providing its shareholders and investors with timely and accurate information.

(2) Corporate governance measures introduced

The Company maintains a statutory corporate auditor system. At the same time, efforts continue to broaden corporate governance systems by enhancing the Board of Directors Meeting and strengthening auditor-based management supervisory systems.

The Board of Directors Meeting, as a corporate organ convening once each month, engages in deliberations and decision-making on basic management policies of the NTN Group as well as statutorily prescribed matters and important management issues. Special Meetings of the Board of Directors are convened whenever the need arises. Additionally, the Strategy Council Meeting, a corporate organ convening as a rule twice monthly, also engages in deliberations on basic management policies and important management policies. Furthermore, as of the end of June 2004, the Company adopted an executive officer system in order to separate management decision-making and audit functions from operational executive functions. The Executive Officer Meeting convenes once a month. With this structure, the Company is able to properly discuss and expeditiously resolve important management matters.

The Company has two standing and two non-standing auditors, out of which three are external auditors. The function of auditors comprises supervision of the execution of duties by the Board of Directors Meeting. Auditors attend and speak at Board of Directors Meetings and work to maintain and promote transparent and fair management administration practices. Under this system, standing auditors additionally attend and may speak at Strategy Meetings and Executive Officer Meetings. The efficiency of the audit function is further enhanced by meetings convened at regular intervals in order to liaise on management audits, accounting audits and internal audits. There are no related party transactions between external auditors and the Company, nor are external auditors related parties of the Company.

The Company has appointed Shin Nihon Audit Corporation as its accounting auditor, and accounting audits of the Company were conducted by certified public accountants Masaki Ishibashi, Hiroyuki Ito and Souji Yamamoto who were assisted by eight certified public accountants and three assistant certified public accountants.

Amid increasing awareness of corporate social responsibility, the Company established a Corporate Ethics Committee in accordance with its compliance administration regulations introduced in May 2003, thus strengthening the Company’s compliance enforcement. Together with enforcing adherence to statutes and ethics codes by all officers and employees, the Company has established internal and external help lines to offer consultation.

7. Other Information Related to the Parent Company

N/A

8. Management Issues to be Addressed

The Company’s medium-term business plan titled “Rapid Advance 21,” which aims to increase corporate value and commenced in April 2004, showed steady results in its first year. Now in its second year of the plan, the Company is working to accelerate value enhancement while responding to changes in its business environment.

Addressing value enhancement in sales and marketing operations and in technology, the Company will aim to also buttress proposition capabilities and accelerate the speed of product development. At the same time, it will continue its quest for accumulating proprietary technology and added value enhancement through product designs.It is essential to develop top-ranked products that are unmatched by competitors. To that end, reinforcing its development capabilities for new products and technologies, the Company is making rapid progress in accommodating needs of customers across the five major global regions (Japan, the Americas, Europe, Asia and China). At the same time, it will intensify protection and utilization of intellectual property by creating a patent rights network in order to ensure its long-term technological superiority.

As to value enhancement in manufacturing, a priority is placed on “MONOZUKURI Innovation” aimed at a leap in production efficiency through exhaustive reviews of personnel, facilities, equipment and methodology. Amid continued strength in demand helped by economic recovery, NTN is beefing up production capacity by employing its competitive strengths combining its capabilities in production technology, facilities development and quality management. For

“MONOZUKURI Innovation” to be successful it must be based on “HITOZUKURI” (human resource development). The Company will therefore proactively engage in fostering personnel, centered on experienced staff handing down their skills and expertise to less experienced, younger staff. In capital investment, it emphasizes strengthening facilities for automotive bearings and constant-velocity joints as well as bearings for industrial machinery. Simultaneously, the Company will proceed with examining opportunities for new business initiatives in promising future growth markets such as Eastern Europe and India.

Also, during the period, in a bid to further expand business in China, NTN created NTN (China) Investment Corporation, a holding company charged with managing production, local sales subsidiaries and new projects in the country. Through the company, NTN is making efficient use of management resources and expanding business in China.

Key issues for strengthening profitability are cost reduction and enhanced asset efficiency such as inventory turnover and capacity utilization rates. Together with global business expansion, the NTN Group is working to enhance its cost competitiveness through the use of VA/VE and the expansion of global and local procurement.

The NTN Group is aware of the importance of corporate social responsibility (CSR). Management therefore considers not only economic impacts such as provision of technologies and services, but is mindful also of social aspects such as legal compliance and contributions to the community. Furthermore, from an environmental perspective, the NTN group considers coexistence with the global environment a matter of highest importance. Measures being implemented promote development and promulgation of products with low impact on people and the environment (i.e. environmentally friendly products), eliminating use of substances under environmental restrictions, support for the Group’s component suppliers and sub-contractors towards acquisition of international standard certification ISO 14001 and other activities to minimize environmental impacts.

[3] Operating Results and Financial Position

1. Operating Results for the Six Months Ended September 30, 2005

(April 1, 2005– September 30, 2005)

The Japanese economy experienced a moderate recovery in the six months under review, as an improvement in corporate profits lifted capital expenditures and consumer spending rebounded. Overseas, economic expansion continued in the U.S. and Asia (mainly in China), while European economies saw a moderate gain. On the other hand, soaring crude oil and steel prices remained a disruptive factor for the global economy.

In this setting, the NTN Group moved into the second year of its three-year medium-term business plan "Rapid Advance 21", striving to enhance corporate value by implementing further proactive marketing measures and energetic cost-cutting efforts, aiming to beat the targets set by the plan.

As a result, the Group's net sales for the period increased 9.0% from a year earlier to 207,089 million yen. Operating income increased 1.2% to 16,015 million yen, while ordinary income slipped 1.5% to 14,129 million yen. After 224 million yen in extraordinary losses from fixed asset impairment, net income came to 8,929 million yen, an increase of 3.1% on the year.

The Group decided to pay an interim dividend of 5 yen per share.

Sales segment information:

(1) Bearings

Automotive applications showed solid performance in axle bearings and needle-roller bearings, helped by orders from new customers in Japan, North America and Europe. In general industrial machinery, demand expanded in the domestic market for large bearings for construction machinery and machine tools as well as for precision bearings; there was solid growth in North America for bearings for construction machinery and in Europe for bearings for wind power systems. Fluid dynamic bearings for hard disk drive (HDD) motors and bearings for office machines showed solid performance in Asia and other regions. Shipments to distributors were firm both in Japan and overseas. As a result, net sales increased 9.1% year-on-year to 132,794 million yen.

(2) Constant-velocity joints (CVJs)

In North America, first orders from new customers, including Japanese and U.S. automakers, contributed substantially to significant sales growth. Deliveries also increased to Japanese automakers in Europe, while in China, Thailand and Malaysia, first orders from new customers contributed to sales growth. As a result, net sales increased 12.9% from a year earlier period to 61,321 million yen.

(3) Precision equipment

While LCD color filter repair equipment performed favorably, products such as liquid crystal repair equipment and plasma display panel (PDP) rib repair systems posted declines following IT-related inventory adjustments. As a result, net sales came to 12,973 million yen, or a decline of 7.4% from the year-earlier period.

Geographic segment information:

(1) Japan

Solid conditions prevailed for automotive bearings and large and precision bearings for general industrial machinery applications such as construction machinery and machine tools. Deliveries to distributors of bearing units and large-size bearings for repairing facilities and plants also developed favorably. As a result, net sales reached 152,436 million yen, up 7.6% from a year earlier. Despite increased sales and reduction in certain cost operating income decreased 3.8% year-on-year to 10,383 million yen, reflecting a surge in prices of raw materials.

(2) North America

Sales expanded strongly for automotive CVJs and axle-bearings, while sales performed favorably for general industrial machinery applications, particularly construction machinery. Deliveries to distributors were also solid. As a result, net sales reached 53,608 million yen, rising 18.7% from a year earlier. Despite surging raw materials prices and increased expenses associated with boosting production capacity, operating income came to 1,942 million yen, up 5.0% year-on-year, partly thanks to higher sales.

(3) Europe

In automotive applications, CVJs developed favorably, while axle-bearings contributed through orders from new customers. In the industrial machinery market, shipments of large-size bearings for wind power systems contributed and shipments to distributors were solid. As a result, net sales reached 32,318 million yen, a 4.2% increase from the year earlier period. Operating income came to 1,336 million yen, down 9.3% from a year earlier, as surging prices for raw materials outpaced higher sales.

(4) Asia and other regions

Sales in China were solid for fluid dynamic bearings and bearings for office machines, while CVJs contributed through orders from new customers. In ASEAN markets, sales of motorcycle bearings increased in Indonesia and sales of CVJs grew in Malaysia. As a result, net sales reached 20,250 million yen, rising 29.9% from a year earlier. Operating income surged 50.6% on the year to 1,723 million yen, partly due to higher sales.

2. Outlook for the Full Fiscal Year Ending March 31, 2006

We expect Japan’s economy to continue on its recovery path bolstered by domestic private-sector demand. However, our optimism is checked by the overseas economic climate, where we are concerned that a possible slowdown in the U.S. economy, coupled with higher interest rates and surging prices for oil and steel products could lead to a global economic slowdown.

Through the second half of the fiscal year, the NTN Group is fully committed to the steady implementation of the medium-term business plan “Rapid Advance 21.” We forecast full-year net sales of 427 billion yen, operating income of 37 billion yen, ordinary income of 31 billion yen, and net income of 20 billion yen. Our forecasts for the second half of fiscal 2006 are based on assumptions of foreign exchange rates of 110 yen = 1 US dollar, and 135 yen = 1 Euro.

3. Financial Position

Net cash flow from operating activities was 13,775 million yen, a decrease of 13,223 million yen, or 49.0%, from the same period last year. This reflects 13,905 yen in pretax profit, 13,297 million yen in depreciation expenses and a 1,794 million yen increase in trade payables, offset by 8,885 million yen in income taxes and a 7,569 million yen increase in inventories.

Cash used in investment activities increased 3,094 million yen, or 14.0% year-on-year, to 25,190 million yen, due mainly to outlays of 24,289 million yen for acquisition of fixed assets.

Cash from financing activities was 8,484 million yen, an increase of 7,597 million yen from the year-earlier period. This was due mainly to a 10,863 million yen increase in short- and long-term borrowings which was partly offset by 2,309 million yen paid in dividends.

As a result of these cash flows, and including an increase of 303 million yen from foreign exchange translation differences, cash and cash equivalents as of the end of the first half came to 48,674 million yen, a decline of 2,628 million yen, or 5.1%, compared with the end of the previous fiscal year.

Cash flow indicators for the NTN group are as follows:

	Year ended March 2004	Six months ended September 2003	Year ended March 2005	Six months ended September 2005
Shareholders' equity ratio (%)	31.0	31.0	30.6	31.1
Shareholders' equity ratio based on current market value (%)	52.8	55.3	53.2	57.8
Years needed to repay debt (year)	7.8	3.1	3.7	6.9
Interest coverage ratio	7.2	24.4	20.1	8.9

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 flows
Interest coverage ratio: Operating cash flows / Interest payments

- Each of these indicators was calculated based on the consolidated statements.
- "Market capitalization" is calculated based on the closing stock price at the end of the interim period and the fiscal year X the number of shares issued and outstanding as of the end of the interim period and the fiscal year (after deducting treasury stock).
- "Operating cash flows" is taken from the "Cash flows from operating activities" in the consolidated statements of cash flows. "Interest-bearing debt" refers to all debts included in the consolidated balance sheets for which interest is paid. The amount of "Interest payments" was taken from "Interest expenses paid" in the consolidated statements of cash flows.

4. Risks from Operations

Business results and financial position of the Company are subject to the following risks. It should be noted that forward looking statements contained in the following reflect judgments of the NTN Group as of the date of the announcement of this report which is November 8, 2005.

(1) Economy

The NTN Group operates global production and sales networks and supplies customers in various industrial sectors. Business results and financial positions of the NTN Group operations may be affected by the economic and business conditions in specific countries where the NTN Group engages in sales and production activities.

(2) Foreign exchange fluctuations

Overseas sales of the NTN Group account for over 50% of consolidated sales. This percentage is expected to increase further due to continued acceleration in the global business development of the NTN Group.

Overseas subsidiaries' foreign currency denominated business results and financial positions are converted to yen for the preparation of consolidated financial statements. Moreover, many export transactions with overseas customers of the Company are conducted in foreign currencies. Although the NTN Group hedges risks through forward foreign exchange contracts and expansion of local procurement, the effects of exchange rate fluctuations on business results and financial positions cannot be fully eliminated.

(3) Declines in market prices

The competitive environment surrounding production and sales activities of the NTN Group is becoming harsher worldwide. As products from China and Eastern Europe are gaining ground, bearings have been affected by instances of falling market prices. At the same time, against a backdrop of global price competition, calls for price reductions are mounting in the automotive industry, which accounts for over half of the NTN Group sales. Although the NTN Group works continuously to reduce cost while developing new products of high quality and high added value, business results and financial position may be affected by downward pressure on market prices.

(4) Rise in raw materials prices

The NTN Group procures a wide range of raw materials from outside sources. In order to deal with cost increases (especially of steel materials, which pose a high weighting in materials costs), measures have been taken such as mark-ups on selling prices to reflect higher materials cost as well as cost reductions through enhanced production yields and VA/VE methods. Nevertheless, business results and financial position may be affected by stronger than expected increases in raw materials costs.

(5) Disasters and accidents

Production plants and facilities of the NTN Group and its transaction counterparties are exposed to the risk of damage from natural disaster such as earthquake and flood, or damage caused by fire, etc. Although the NTN Group has put into place crisis management systems and stands ready to engage in initial measures so as to contain damage as much as possible, risks cannot be completely eliminated and business performance and financial status of the NTN Group may be affected by natural disaster or accident.

(6) Dependency on specific industries

The NTN Group's bearings division derives approximately half of its sales revenues from the automotive industry, which also buys more than half of the components that the constant-velocity joints division produces for automotive power transmission to the drive axle. Dependency on the automotive industry is therefore high. Although the NTN Group works to increase sales of bearings and precision equipment products to the industrial machinery sector and continues to implement policies to generate a balanced sales structure, a rapid shift in demand in the automotive industry could potentially affect the NTN Group's business results and financial position.

(7) Product defects

To ensure product quality, the NTN Group works to satisfy customer requirements concerning product functions and specifications, and strives to provide appropriate quality with due regard for product safety while enforcing quality assurance globally. However, a substantial product defect leading to serious accident, claim for damages or product recall could entail huge product warranty costs and potentially affect business performance and the financial position of the NTN Group. Although the NTN Group has taken out global product liability insurance, absolute coverage is not possible.

(8) Intellectual property

The NTN Group generates a wealth of innovative technologies and know-how , representing valuable intellectual property for which the NTN Group files patent applications to protect its rights and for use as management resources. However, business performance and the financial position of the NTN Group may be affected if a legal challenge is initiated against its intellectual property or if its intellectual property is infringed by a third party.

(9) Risks associated with global operations

The NTN Group develops its business operations worldwide with overseas sales exceeding 50% of consolidated sales. Overseas business development is associated with the following risks:

a. Risks from unforeseen change in tax systems of or between individual countries
b. Risks from unforeseen change in laws of individual countries

c. Difficulty in hiring and retaining appropriate staff
d. Evolving technology levels and unstable labor relations in emerging economies
e. Political instability in emerging economies

[4] Consolidated Financial Statements

Balance Sheets

(In million yen)

	As of September 30, 2005	As of September 30, 2004	As of March 31, 2005
	Amount	Amount	Amount
Assets			
I Current assets			
1 Cash and bank deposits	25,867	22,761	22,418
2 Notes and accounts receivable-trade	100,203	94,650	100,889
3 Securities	6,997	6,996	6,997
4 Inventories	101,810	87,352	93,167
5 Deferred tax assets	7,361	5,946	6,533
6 Short-term loans receivable	16,031	19,001	22,032
7 Other	11,233	9,067	10,421
8 Allowance for doubtful accounts	-31	-59	-63
Total current assets	269,474	245,716	262,397
II Fixed assets			
1 Property, plant and equipment			
(1) Buildings and structures	61,935	56,459	58,258
(2) Machinery, equipment and vehicles	115,675	94,802	105,353
(3) Land	23,049	24,545	23,041
(4) Construction in progress	12,439	16,181	13,164
(5) Other	8,073	7,774	7,841
Total property, plant and equipment	221,174	199,762	207,659
2 Intangible fixed assets	3,327	2,589	2,833
3 Investments and other assets			
(1) Investment securities	27,231	20,226	22,164
(2) Deferred tax assets	17,975	17,698	18,808
(3) Other	4,248	3,032	3,679
(4) Allowance for doubtful accounts	-955	-1,059	-964
Total investments and other assets	48,501	39,898	43,687
Total fixed assets	273,003	242,249	254,181
Total assets	542,477	487,965	516,578

(In million yen)

	As of September 30, 2005	As of September 30, 2004	As of March 31, 2005
	Amount	Amount	Amount
Liabilities			
I Current liabilities			
1. Notes and accounts payable-trade	86,606	76,934	84,702
2. Short-term loans	95,618	79,855	88,080
3. Accrued income taxes	5,129	2,879	8,164
4. Other	33,196	30,906	31,462
Total current liabilities	220,550	190,575	212,409
II Long-term liabilities			
1. Bonds	50,000	50,000	50,000
2. Corporate bonds with equity warrant	30,000	30,000	30,000
3. Long-term loans	14,148	9,915	8,105
4. Accrued retirement benefits for employees	48,167	46,476	47,347
5. Accrued retirement benefits for directors and statutory auditors	-	292	329
6. Reserve for product defect compensation	987	1,500	1,918
7. Other	5,593	4,064	4,450
Total long-term liabilities	148,896	142,248	142,151
Total liabilities	369,447	332,824	354,560
Minority interests			
Minority interests	4,052	3,847	4,065
Shareholders' equity			
I Common stock	39,599	39,599	39,599
II Capital surplus	52,627	52,622	52,622
III Retained earnings	78,620	66,453	72,918
IV Net unrealized holding gain on securities	7,943	4,112	5,231
V Translation adjustments	-9,265	-11,085	-11,911
VI Treasury stock	-547	-408	-508
Total shareholders' equity	168,977	151,293	157,952
Total liabilities, minority interests and shareholders' equity	542,477	487,965	516,578

Statements of Operations

(In million yen)

	Six months ended September 30, 2005	Six months ended September 30, 2004	Year ended March 31, 2005
	Amount	Amount	Amount
I Net sales	207,089	190,070	388,348
II Cost of sales	163,238	147,648	303,232
Gross profit	43,851	42,421	85,116
III Selling, general and administrative expenses	27,835	26,593	51,915
Operating income	16,015	15,828	33,200
IV Non-operating income	1,760	1,521	3,259
1 Interest and dividend income	232	147	286
2 Other	1,527	1,374	2,972
V Non-operating expenses	3,646	3,004	8,074
1 Interest expenses	1,750	1,117	2,460
2 Other	1,895	1,886	5,613
Ordinary Income	14,129	14,345	28,385
VI Extraordinary losses	224	-	1,800
1 Reserve for product defect compensation	-	-	1,800
2 Impairment loss	224	-	-
Net income before income taxes and minority interests	13,905	14,345	26,585
Income and other taxes	5,801	2,620	9,263
Income tax adjustment	-998	2,885	338
Minority interests in earnings of consolidated subsidiaries	172	182	244
Net income	8,929	8,657	16,739

Statements of Capital Surplus and Retained Earnings

(In million yen)

	Six months ended September 30, 2005	Six months ended September 30, 2004	Year ended March 31, 2005
	Amount	Amount	Amount
Capital surplus			
I Balance, beginning of the year	52,622	52,622	52,622
II Increase	4	-	-
1 Gain on sale of treasury stock	4	-	
III Balance, end of the year	52,627	52,622	52,622
Retained earnings			
I Balance, beginning of the year	72,918	59,332	59,332
II Increase	8,929	8,657	16,739
1 Net income	8,929	8,657	16,739
III Decrease	3,226	1,536	3,153
1 Cash dividends	2,309	1,386	3,004
2 Bonuses to directors and statutory auditors	180	149	149
3 Prior year adjustment	736	-	-
IV Balance, end of the year	78,620	66,453	72,918

Consolidated Statements of Cash Flows

(millions of yen)

	Six months ended September 30, 2005	Six months ended September 30, 2004	Year ended March 31, 2005
	Amount	Amount	Amount
I Cash flows from operating activities:			
1 Net income before income taxes and minority interests	13,905	14,345	26,585
2 Depreciation and amortization	13,297	11,633	24,870
3 Amortization of consolidation adjustments	-2	-41	-40
4 Increase/decrease in allowance for doubtful accounts	-76	148	88
5 Increase/decrease in accrued retirement benefits for employees	486	-120	788
6 Increase/decrease in accrued retirement benefits for directors and statutory auditors	-329	-158	-121
7 Increase/decrease in reserve for product defect compensation	-930	-1,156	-738
8 Interest and dividend income	-232	-147	-286
9 Interest expenses	1,750	1,117	2,460
10 Foreign currency translation adjustments/Foreign exchange losses/gains	-377	-920	-629
11 Equity in loss/income of unconsolidated subsidiaries and affiliates	-536	-416	-932
12 Decrease/increase in trade receivables	1,526	-1,386	-7,649
13 Decrease/increase in inventories	-7,569	-2,300	-8,523
14 Increase/decrease in trade payables	1,794	7,911	15,656
15 Bonuses paid to directors and statutory auditors	-184	-153	-153
16 Other	766	1,785	2,126
Subtotal	23,286	30,140	53,500
17 Interest and dividend income received	926	714	852
18 Interest expenses paid	-1,551	-1,107	-2,374
19 Income taxes paid	-8,885	-2,748	-4,149
Net cash provided by operating activities	13,775	26,998	47,830
II Cash flows from investing activities:			
1 Increase in time deposits	-155	-24	-70
2 Decrease in time deposits	84	-	22
3 Purchase of property, plant and equipment	-24,289	-22,652	-47,465
4 Proceeds from sales of property, plant and equipment	410	1,046	2,216
5 Purchase of intangible fixed assets	-788	-370	-1,061
6 Proceeds from sales of investment securities and other	94	4	446
7 Decrease/increase in short-term loans receivable, net	0	60	29
8 Other	-546	-161	-269
Net cash used in investing activities	-25,190	-22,096	-46,151
III Cash flows from financing activities			
1 Increase/decrease in short-term loans, net	8,410	1,829	8,343
2 Proceeds from long-term loans	5,138	1,933	1,825
3 Repayment of long-term loans	-2,685	-1,424	-505
4 Issuance of common stock assigned to minority shareholders	-	13	223
5 Dividend payment	-2,309	-1,386	-3,004
6 Other	-69	-77	-189
Net cash provided by financing activities	8,484	887	6,693
IV Effect of exchange rate changes on cash and cash equivalents	303	544	596
V Increase/decrease in cash and cash equivalents	-2,627	6,334	8,969
VI Cash and cash equivalents, at beginning of the year	51,302	42,157	42,157

VII Increase in cash and cash equivalents resulting from addition of newly consolidated subsidiaries	-	175	175
VIII Cash and cash equivalents, at end of the year	48,674	48,667	51,302

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	25,867	22,761	22,418
Securities	6,997	6,996	6,997
Short-term loans receivable	16,031	19,001	22,032
Time deposits with maturities of more than three months	-191	-90	-114
Short-term loans receivable (excluding repurchase agreement)	-31	-1	-32
Cash and cash equivalents	48,674	48,667	51,302

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: 1
Name: NTN (China) Investment 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 changesin unrealized holding gain or loss, net of 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 the 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

The Company provides reserve for employees' retirement benefits in the amount that is deemed to have accrued as of the end of the accounting period based on projected year-end benefit obligations and outstanding amount of plan assets.

(c) Accrued retirement benefits for directors and statutory auditors

To provide for the payment of retirement benefits for directors and statutory auditors, in the past the Company set aside the required amount at the end of each half-year period in accordance with the Company's internal regulations. The Company has decided, however, to discontinue the system of paying retirement benefits for directors and statutory auditors, and the relevant proposal was approved by shareholders at the annual general meeting of June 29, 2005. Following the shareholder motion, the Company drew down the reserves for retirement benefits for directors and statutory auditors in their entirety. Remaining "accrued retirement benefits for directors and statutory auditors" have been included as fixed liabilities under the category "other long-term liabilities."

(d) Reserve for product defect compensation

The Company encountered 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.

(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 are used to hedge against foreign 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.

Changes in the Accounting Policy

(Accounting Method Related to Impairment Loss on Fixed Assets)

In the period under review, the Company adopted the Accounting Standard and Guidance in accordance with the Accounting Standard on Impairment of Fixed Assets (i.e. "Opinion Concerning Establishment of Accounting Standard on Impairment of Fixed Assets" (Business Accounting Council, August 9, 2002), and “Guidance for Accounting Standard on Impairment of Fixed Assets” (ASB Guidance No.6, October 31, 2003)). The adoption decreased pretax profit by 224 million yen. The cumulative impairment loss has been deducted directly from the value of corresponding assets, in accordance with the revision of the “Regulations of Interim Consolidated Financial Statements” (MOF Ordinance No. 24, 1999),.

<Notes>

［Balance Sheets］

	Six months ended Sept 30, 2005	Six months ended Sept 30, 2004	Year ended March 31, 2005
	million yen	million yen	million yen
(1) Accumulated depreciation of property, plants and equipment	425,954	406,844	413,166
(2) Investments in unconsolidated subsidiaries and affiliated companies			
Investment securities	7,785	7,333	7,409
(3) Assets pledged as collateral and loans secured by such collateral			
Assets pledged as collateral	2,459	2,233	2,225
Loans secured by such collateral	1,792	2,099	2,042
(4)Trade note receivables discounted with banks	711	166	625
(5) Quantity of treasury stock	1,163,559 shares	937,492 shares	1,109,722 shares

［Statements of Operations］

Six months ended September 30, 2005 (April 1, 2004 to September 30, 2005)

(1) Impairment losses

Regarding fixed assets used in manufacturing activities, the Company has defined the plant/factory as the smallest cash-flow-generating unit, based on business segmentation under management accounting; fixed assets associated with the head office and those used for sales/marketing activities are categorized as shared assets. The following assets are for sale and disposal; their carrying amount (net book value) has been reduced to the recoverable amount and the resulting asset impairment loss in the combined amount of 224 million yen has been recognized as an extraordinary loss.　The recoverable amount was calculated based on a net selling price obtained by real estate appraisal and other factors.

Purpose of use	Class of assets	Location	Impairment losses
			In million yen
Welfare provisions	Land and buildings, etc	Mie Prefecture, etc	123
Research facility	Buildings, etc	Shizuoka Prefecture	101
Total			224

1. Segment Information

(1) Business segment information

Business segment information is not provided herein due to the following reasons:
(1) Net 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.

(2) Geographic segment information

(In million yen)

	Six months ended September 30, 2005 (April 1, 2005 to September 30, 2005)						
	Japan	North America	Europe	Asia and other areas	Total	Elimination	Consolidated total
I. Net sales and Operating income /loss							
Net sales							
(1) External sales	102,306	53,027	32,203	19,552	207,089	-	207,089
(2)Inter-segment sales	50,129	581	114	697	51,523	-51,523	-
Total	152,436	53,608	32,318	20,250	258,613	-51,523	207,089
Operating expenses	142,052	51,666	30,981	18,526	243,227	-52,153	191,074
Operating income	10,383	1,942	1,336	1,723	15,386	629	16,015

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

(In million yen)

	Six months ended September 30, 2004 (April 1, 2004 to September 30, 2004)						
	Japan	North America	Europe	Asia and other areas	Total	Elimination	Consolidated total
I. Net sales and Operating income /loss							
Net 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

(In million yen)

	Year ended March 31, 2005 (April 1, 2004 to March 31, 2005)						
	Japan	North America	Europe	Asia and other areas	Total	Elimination	Consolidated total
I. Net sales and Operating income /loss							
Net sales (1) External sales (2)Inter-segment sales	202,341 92,608	91,669 705	62,956 349	31,380 927	388,348 94,590	- -94,590	388,348 -
Total	294,950	92,374	63,305	32,308	482,939	-94,590	388,348
Operating expenses	272,114	88,836	60,155	29,540	450,647	-95,499	355,147
Operating income	22,835	3,537	3,150	2,767	32,292	908	33,200

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, 2005 (April 1, 2005 to September 30, 2005)

(In million yen)

	North America	Europe	Asia and other areas	Total
Overseas sales	52,937	32,124	25,597	110,659
Consolidated net sales				207,089
Ratio of overseas sales to total consolidated sales	25.6%	15.5%	12.3%	53.4%

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 countries and regions other than Japan.

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

(In million yen)

	North America	Europe	Asia and 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 countries and regions other than Japan.

Year ended March 31, 2005 (April 1, 2004 to March 31, 2005)

(In million yen)

	North America	Europe	Asia and other areas	Total
Overseas sales	92,046	62,592	43,719	198,358
Consolidated net sales				388,348
Ratio of overseas sales to total consolidated sales	23.7%	16.1%	11.3%	51.1%

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 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

(In million yen)

	Six months ended September 30, 2005 As of September 30, 2005		
	Acquisition costs	Carrying value on Balance Sheets	Unrealized gain/loss
1. Other securities for which market price is available			
(1) Equity	5,504	18,751	13,247
(2) Other	211	202	-8
Subtotal	5,715	18,954	13,238
2. Other securities for which market price is not available	Carrying value on Balance Sheets		
(1) Other Securities			
Money management funds	6,997		
Unlisted equity	490		

(In million yen)

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

(In million yen)

	Year ended March 31, 2005 As of March 31, 2005		
	Acquisition costs	Carrying value on Balance Sheets	Unrealized gain/loss
1. Other securities for which market price is available			
(1) Equity	5,520	14,255	8,734
(2) Other	42	27	-15
Subtotal	5,563	14,282	8,718
2. Other securities for which market price is not available	Carrying value on Balance Sheets		
(1) Other Securities			
Money management funds	6,997		
Unlisted equity	471		

4. Derivative Transactions

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

[5] Production, Sales, Order Intake and Order Backlog

(In million yen)

	Six months ended September 30, 2005		Six months ended September 30, 2004		Year ended March 31, 2005	
	Amount	%	Amount	%	Amount	%
Production:						
Bearings	131,995	64.5	114,435	62.3	238,942	63.4
CVJs	60,300	29.5	55,060	30.0	109,763	29.1
Precision equipment	12,406	6.0	14,046	7.7	28,161	7.5
Production total:	204,702	100.0	183,543	100.0	376,866	100.0
Sales:						
Bearings	132,794	64.1	121,723	64.0	248,810	64.0
CVJs	61,321	29.6	54,330	28.6	111,307	28.7
Precision equipment	12,973	6.3	14,016	7.4	28,230	7.3
Sales total:	207,089	100.0	190,070	100.0	388,348	100.0
Order intake:						
Bearings	137,088	64.2	128,542	64.8	258,826	64.7
CVJs	63,048	29.6	56,674	28.6	114,217	28.5
Precision equipment	13,216	6.2	13,013	6.6	27,361	6.8
Order intake total:	213,352	100.0	198,229	100.0	400,405	100.0
Order backlog:						
Bearings	62,254	78.6	54,301	79.2	57,349	79.4
CVJs	15,074	19.0	12,769	18.6	13,195	18.3
Precision equipment	1,888	2.4	1,490	2.2	1,630	2.3
Order backlog total:	79,217	100.0	68,562	100.0	72,175	100.0