

**First Quarter Financial Results
For the Three Months Ended June 30, 2005 - Consolidated**

August 2, 2005

NTN Corporation

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1. Notes Related to the Preparation of This Report

- 1) Use of simplified accounting method: Yes
 (Corporate income tax and other taxes are calculated using expected annual tax rates based on the statutory income tax rates.)
- 2) Change in accounting policies from the last accounting period: None
- 3) Change in the scope of consolidation or application of the equity method: Yes
 Consolidated subsidiaries (Newly included): 1

2. Consolidated Financial Results for the Three Months Ended June 30, 2005 (April 1, 2005 to June 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	%
Three months ended June 30, 2005	102,968	8.5	8,147	4.0	7,327	-0.4
Three months ended June 30, 2004	94,925	8.2	7,832	34.9	7,354	39.1
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
Three months ended June 30, 2005	4,569	4.4	9.89	9.09
Three months ended June 30, 2004	4,376	38.2	9.47	9.27
Year ended March 31, 2005	16,739	-	35.83	32.94

Note: The percentage figures shown in net sales, operating income, ordinary income, and net income columns represent year-on-year changes.

(2) Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
Three months ended June 30, 2005	525,156	160,901	30.6	348.33
Three months ended June 30, 2004	469,962	145,931	31.1	315.74
Year ended March 31, 2005	516,578	157,952	30.6	341.93

(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
Three months ended June 30, 2005	2,933	-12,259	5,937	47,793
Three months ended June 30, 2004	10,755	-9,768	-1,593	42,146
Year ended March 31, 2005	47,830	-46,151	6,693	51,302

3. Forecast for 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
Interim	205,000	17,500	13,500	8,000
Full year	420,000	37,000	30,500	19,000

Note: There are no changes from the forecast announced on May 17, 2005.

Reference: Projected net income per share for the full year: 40.72 yen

* The above forecasts incorporate certain assumptions and projections based on which the future outlook and plans by the Company as announced in this document are formulated. Actual results may differ from the above forecasts depending on various conditions.

Earnings Report for the Three Months Ended June 30, 2005 - Consolidated

[Review of Operating Results]

The Japanese economy during the first quarter experienced a moderate recovery as the improvement in corporate profits lifted capital expenditure and consumer spending rebounded. Overseas, economic expansion continued in the U.S. and Asia (mainly in China), while European economies saw a moderate upturn. On the other hand, soaring crude oil and steel prices remained a disruptive factor on the global economy.

In this setting, the NTN Group moved into the second year of its 3-year medium-term management plan *Rapid Advance 21*, striving to enhance corporate value by implementing further proactive marketing measures and energetic cost-cutting efforts.

As a result, first-quarter net sales increased 8.5% year-to-year to 102,968 million yen. Operating income expanded 4.0% to 8,147 million yen, while ordinary income slipped 0.4% to 7,327 million yen. Net income for the first quarter after the recognition of 224 million yen in extraordinary losses from fixed asset impairment came to 4,569 million yen, an increase of 4.4% on the year.

Sales trends by business segment were as follows:

(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. Among applications for general industrial machinery, large-size bearings for construction machinery and machine tools expanded in the domestic market, as did precision bearings, while in the North American market bearings for construction machinery saw solid growth. Bearings mainly 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 9.6% year-to-year to 65,961 million yen.

(2) Constant-velocity Joints (CVJs)

U.S. automobile makers gained momentum. Deliveries also increased to Japanese automobile makers in Europe, while in China first orders from new customers contributed to sales growth. As a result, net sales increased 12.2% from the previous year to 30,761 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 in the wake of IT-related inventory adjustments. As a result, net sales came to 6,245 million yen, or a decline of 14.5% compared with the previous year.

Sales by geographical segment were as follows:

(1) Japan

Automotive bearings and large-size bearings and precision bearings for construction machinery and machine tools enjoyed solid conditions among general industrial machinery applications. Deliveries to distributors also developed favorably. As a result, net sales reached 75,941 million yen, which was 9.4% higher compared with the previous year. Operating income came to 5,115 million yen, or a 4.3% increase over the previous year, reflecting increased sales and cost-reductions in the face of surging raw materials prices.

(2) North America

Sales of automotive CVJs and axle bearings expanded strongly, while sales to general industrial machinery applications performed favorably, centered on construction machinery. As a result, net sales reached 26,433 million yen, rising 16.5% from a year earlier. Despite surging raw materials prices, operating income came to 1,182 million yen, increasing 19.4% year-to-year, thanks to higher sales.

(3) Europe

Among automotive applications, CVJs developed favorably, while axle-bearings contributed through orders from new customers. Shipments for general industrial machinery applications and shipments to distributors were solid. As a result, net sales reached 17,578 million yen, reflecting an 8.3% increase from the previous year. Operating income came to 864 million, which was 8.1% lower than 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 the ASEAN region, sales of motorcycle bearings increased in Indonesia. As a result, net sales reached 9,511 million yen, rising 26.0% from the previous year. Operating income came to 803 million yen, an increase of 44.2% on the year, due to higher sales.

[Review of Change in Financial Position]

Net cash provided by operating activities was 2,933 million yen, representing a decrease of 7,822 million yen, or 72.7%, compared with the previous year. This reflects 7,103 million yen in pretax profit, 6,417 million yen in depreciation expenses, and a 3,164 million yen increase in trade payables, all of which were offset by 6,203 million yen in income taxes, a 4,102 million yen increase in inventories, 979 million yen in interest payable, and a 906 million yen increase in trade receivables.

Cash used in investing activities increased 25.5% year-to-year to 12,259 million yen. This was mainly because of the outlays of 11,646 million yen for fixed assets.

Cash provided by financing activities was 5,937 million yen, representing an increase of 7,530 million yen compared with a year earlier. This was mainly due to a 8,284 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 a reduction of 119 million yen from foreign exchange translation differences, cash and cash equivalents as of the end of the first quarter came to 47,793 million yen, representing a decline of 3,509 million yen, or 6.8%, compared with a year earlier.

[Forecast of Earnings]

Since business results for the first quarter were largely in line with the company's forecast, no revisions are made to estimates announced on May 17, 2005 for interim and full-year financial results for the year ending March 31, 2006.

1. Summary of Consolidated Balance Sheets

(In millions of yen)

	As of	As of	(A) – (B)	As of
	June 30, 2005 (A)	March 31, 2005 (B)		June 30, 2004
	Amount	Amount	Amount	Amount
Assets				
I Current assets				
1 Cash and bank deposits	14,324	22,418	-8,094	10,215
2 Notes and accounts receivable-trade	101,747	100,889	858	94,437
3 Securities	6,997	6,997	0	6,996
4 Inventories	97,592	93,167	4,425	84,577
5 Other	43,424	38,988	4,436	41,720
6 Allowance for doubtful accounts	-32	-63	31	-59
Total current assets	264,054	262,397	1,657	237,887
II Fixed Assets				
1 Property, plant and equipment				
(1) Buildings and structures	58,281	58,258	23	50,668
(2) Machinery, equipment and vehicles	110,680	105,353	5,327	90,351
(3) Land	23,033	23,041	-8	24,521
(4) Construction in progress	14,372	13,164	1,208	15,940
(5) Other	7,873	7,841	32	7,752
Total property, plant and equipment	214,241	207,659	6,582	189,235
2 Intangible fixed assets	3,235	2,833	402	2,469
3 Investments and other assets				
(1) Investment securities	22,062	22,164	-102	20,681
(2) Other	22,552	22,488	64	20,556
(3) Allowance for doubtful accounts	-989	-964	-25	-867
Total investments and other assets	43,625	43,687	-62	40,370
Total fixed assets	261,102	254,181	6,921	232,074
Total assets	525,156	516,578	8,578	469,962

(In millions of yen)

	As of June 30, 2005 (A)	As of March 31, 2005 (B)	(A) – (B)	As of June 30, 2004
	Amount	Amount	Amount	Amount
Liabilities				
I Current liabilities				
1 Notes and accounts payable-trade	87,738	84,702	3,036	71,652
2 Short-term loans	94,020	88,080	5,940	73,573
3 Accrued income taxes	4,770	8,164	-3,394	4,757
4 Other	28,237	31,462	-3,225	25,793
Total current liabilities	214,767	212,409	2,358	175,777
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	11,278	8,105	3,173	11,907
4 Accrued retirement benefits for employees	47,754	47,347	407	46,593
5 Accrued retirement benefits for directors and statutory auditors	-	329	-329	282
6 Reserve for product defect compensations	1,383	1,918	-535	1,931
7 Other	4,935	4,450	485	3,871
Total long-term liabilities	145,352	142,151	3,201	144,586
Total liabilities	360,119	354,560	5,559	320,363
Minority interests				
Minority interests	4,136	4,065	71	3,666
Shareholders' equity				
I Common stock	39,599	39,599	-	39,599
II Capital Surplus	56,622	52,622	-	52,622
III Retained earnings	74,997	72,918	2,079	62,172
IV Net unrealized holding gains on securities	5,245	5,231	14	4,712
V Translation adjustments	-11,041	-11,911	870	-12,808
VI Treasury stock	-522	-508	-14	-366
Total shareholders' equity	160,901	157,952	2,949	145,931
Total liabilities, minority interests and shareholders' equity	525,156	516,578	8,578	469,962

2. Summary of Consolidated Statements of Operations

(In millions of yen)

	Three months ended June 30, 2005 (A)	Three months ended June 30, 2004 (B)	(A) – (B)	Year ended March 31, 2005
	Amount	Amount	Amount	Amount
I Net sales	102,968	94,925	8,043	388,348
II Cost of sales	81,283	74,044	7,239	303,232
Gross profit	21,685	20,881	804	85,116
III Selling, general and administrative expenses	13,538	13,048	490	51,915
Operating income	8,147	7,832	315	33,200
IV Non-operating income	842	777	65	3,259
1 Interest and dividend income	189	120	69	286
2 Other	653	656	-3	2,972
V Non-operating expenses	1,661	1,255	406	8,074
1 Interest expenses	814	562	252	2,460
2 Other	846	693	153	5,613
Ordinary Income	7,327	7,354	-27	28,385
VI Extraordinary losses	224	-	224	1,800
1 Impairment losses	224	-	224	-
2 Reserve for product defect compensations	-	-	-	1,800
Income before income taxes and minority interests	7,103	7,354	-251	26,585
Income and other taxes	2,436	2,867	-431	9,601
Minority interests in subsidiaries	96	111	-15	244
Net income	4,569	4,376	193	16,739

3. Summary of Consolidated Statements of Cash Flows

(In millions of yen)

	Three months ended June 30, 2005	Three months ended June 30, 2004	Year ended March 31, 2005
	Amount	Amount	Amount
I Cash flows from operating activities:			
1 Income before income taxes and minority interests	7,103	7,354	26,585
2 Depreciation and amortization	6,417	5,648	24,870
3 Amortization of goodwill	-	-41	-40
4 Increase/decrease in allowance for doubtful accounts	-38	-19	88
5 Increase/decrease in accrued retirement benefits for employees	401	68	788
6 Increase/decrease in accrued retirement benefits for directors and statutory auditors	-329	-168	-121
7 Increase/decrease in reserve for product defect compensation	-534	-725	-738
8 Interest and dividend income	-189	-120	-286
9 Interest expenses	814	562	2,460
10 Foreign currency translation adjustments Foreign exchange losses/gains	-320	-577	-629
11 Equity in loss/income of non-consolidated subsidiaries and affiliates	-226	-175	-932
12 Decrease/ increase in trade receivables	-906	-2,271	-7,649
13 Decrease/ increase in inventories	-4,102	-275	-8,523
14 Increase/decrease in trade payables	3,164	2,931	15,656
15 Bonuses paid to directors and statutory auditors	-184	-153	-153
16 Other	-1,849	-117	2,126
Subtotal	9,219	11,918	53,500
17 Interest and dividend income received	896	688	852
18 Interest expenses paid	-979	-679	-2,374
19 Income taxes paid	-6,203	-1,171	-4,149
Net cash provided by operating activities	2,933	10,755	47,830
II Cash flows from investing activities:			
1 Increase in time deposits	-	-	-70
2 Decrease in time deposits	84	-	22
3 Purchase of property, plant and equipment	-11,646	-10,844	-47,465
4 Proceeds from sale of property, plant and equipment	-	918	2,216
5 Purchase of intangible fixed assets	-576	30	-1,061
6 Proceeds from sale of investment securities	63	4	446
7 Decrease in short-term loans receivable, net	10	0	29
8 Other	-193	122	-269
Net cash used in investing activities	-12,259	-9,768	-46,151
III Cash flows from financing activities			
1 Net increase/decrease in short-term loans	5,639	-134	8,343
2 Proceeds from long-term loans	3,160	4,316	1,825
3 Repayment of long-term loans	-515	-4,366	-505
4 Issuance of common stock assigned to minority shareholders	-	13	223
5 Cash dividends paid	-2,309	-1,386	-3,004
6 Other	-38	-36	-189
Net cash used in/provided by financing activities	5,937	-1,593	6,693
IV Effect of exchange rate changes on cash and cash equivalents	-119	420	596
V Increase/decrease in cash and cash equivalents	-3,508	-186	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	47,793	42,146	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 June 30, 2005	As of June 30, 2004	As of March 31, 2005
Cash and bank deposits	14,324	10,215	22,418
Securities	6,997	6,996	6,997
Short-term loans receivable	26,523	25,062	22,032
Time deposits with original maturities of more than three months	-30	-66	-114
Short-term loans receivable (excluding Gensaki agreement)	-21	-62	-32
Cash and cash equivalents	47,793	42,146	51,302

4. Segment Information

(1) Business Segment Information

Three months ended June 30, 2005 (April 1, 2005 – June 30, 2005)

(In millions of yen)

	Bearings	CVJs	Precision Equipment	Total
Net sales	65,961	30,761	6,245	102,968

Three months ended June 30, 2004 (April 1, 2004 – June 30, 2004)

(In millions of yen)

	Bearings	CVJs	Precision Equipment	Total
Net sales	60,190	27,426	7,308	94,925

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

(In millions of yen)

	Bearings	CVJs	Precision Equipment	Total
Net sales	248,810	11,307	28,230	288,348

(2) Geographic Segment Information

(In millions of yen)

	Three months ended June 30, 2005 (April 1, 2005 – June 30, 2005)						
	Japan	North America	Europe	Asia and other areas	Total	Elimination	Consolidated total
Net sales							
(1) External sales	50,060	26,193	17,541	9,173	102,968	-	102,968
(2) Inter-segment sales	25,881	239	37	337	26,495	-26,495	-
Total	75,941	26,433	17,578	9,511	129,464	-26,495	102,968
Operating expenses	70,826	25,250	16,713	8,707	121,498	-26,676	94,821
Operating income	5,115	1,182	864	803	7,966	180	8,147

Note: 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 and other areas: Asia, South and Central America

(In millions of yen)

	Three months ended June 30, 2004 (April 1, 2004 – June 30, 2004)						
	Japan	North America	Europe	Asia and other areas	Total	Elimination	Consolidated total
Net sales							
(1) External sales	48,886	22,527	16,114	7,397	94,925	-	94,925
(2) Inter-segment sales	20,546	157	115	151	20,971	-20,971	-
Total	69,432	22,685	16,229	7,549	115,896	-20,971	94,925
Operating expenses	64,525	21,694	15,288	6,992	108,501	-21,408	87,093
Operating income	4,906	990	940	557	7,395	437	7,832

Note: 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 and other areas: Asia, South and Central America

(In millions of yen)

	Year ended March 31, 2005 (April 1, 2004 – March 31, 2005)						
	Japan	North America	Europe	Asia and other areas	Total	Elimination	Consolidated total
Net sales							
(1) External sales	202,341	91,669	62,956	31,380	388,348	-	388,348
(2) Inter-segment sales	92,608	705	349	927	94,590	-94,590	-
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

Note: 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 and other areas: Asia, South and Central America

(3) Overseas Sales

Three months ended June 30, 2005 (April 1, 2005 – June 30, 2005)

(In millions of yen)

	North America	Europe	Asia and other areas	Total
I Overseas sales	26,265	17,505	12,168	55,939
II Consolidated net sales				102,968
III Ratio of overseas sales to consolidated sales	25.5%	17.1%	11.8%	54.3%

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 and 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.

Three months ended June 30, 2004 (April 1, 2004 – June 30, 2004)

(In millions of yen)

	North America	Europe	Asia and other areas	Total
I Overseas sales	22,592	16,041	10,218	48,853
II Consolidated net sales				94,925
III Ratio of overseas sales to consolidated sales	23.8%	16.9%	10.8%	51.5%

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 and 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, 2004 – March 31, 2005)

(In millions of yen)

	North America	Europe	Asia and other areas	Total
I Overseas sales	92,046	62,592	43,719	198,358
II Consolidated net sales				388,348
III Ratio of overseas sales to 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 and 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.