

**Earnings Report for the Nine Months Ended December 31, 2004
(Consolidated)**

February 7, 2005

NTN Corporation

Security Code: 6472
Listings: The First Section of Tokyo and Osaka Stock Exchanges
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1. Notes Regarding Preparation of this Report

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

2. Consolidated Financial Results for the Nine Months Ended December 31, 2004 (April 1, 2004 to December 31, 2004)

(1) Operating Results

(Amounts rounded down to the nearest million yen)

	Net sales		Operating income		Ordinary income	
	million yen	%	million yen	%	million yen	%
Nine months ended December 31, 2004	285,234	8.9	24,296	37.2	21,579	40.8
Nine months ended December 31, 2003	261,813	-	17,714	-	15,326	-
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
Nine months ended December 31, 2004	13,571	39.0	29.37	27.00
Nine months ended December 31, 2003	9,766	-	21.13	19.53
Year ended March 31, 2004	11,031	-	23.54	21.87

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	Shareholder's equity per share
	million yen	million yen	%	yen
Nine months ended December 31, 2004	497,973	153,620	30.8	332.51
Nine months ended December 31, 2003	450,699	141,149	31.3	305.35
Year ended March 31, 2004	460,340	142,487	31.0	308.27

(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
Nine months ended December 31, 2004	33,236	-32,819	4,197	47,473
Nine months ended December 31, 2003	6,565	-25,839	2,388	33,068
Year ended March 31, 2004	21,142	-34,990	6,043	42,157

3. Forecast for 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

Note: There are no changes from the forecasts announced on November 5, 2004

Reference: Projected net income per share for the full year: 36.46 yen

* The above forecasts incorporate certain assumptions and projections on which the future outlook and plans of 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 Nine Months Ended December 31 (Consolidated)

[Review of Operating Results]

The Japanese economy in the 3rd quarter under review experienced a mild recovery thanks to rising capital expenditures on the back of improving corporate profits, despite the impact of a weakening US dollar since the autumn of last year. Outside Japan, the US economy continued on a growth path, supported by expanding personal consumption and solid corporate capital expenditures. The European economy underwent a moderate recovery, amid concerns over a strong euro. Asian economies kept expanding thanks to robust growth in personal consumption and other factors, centered in China and Thailand.

In this environment, the NTN Group is promoting various programs as outlined in its "Rapid Advance 21" medium-term business plan, which began from April 2004. Under the plan we are promoting an active marketing campaign to respond to strong demand growth. At the same time we are carrying out other activities to bolster earnings such as productivity enhancement and cost reductions.

As a result, sales for the third quarter amounted to 285.234 billion yen, representing a year-on-year increase of 23.421 billion yen or 8.9%. In terms of earnings, operating income was 24.296 billion yen (up 37.2% year-on-year), ordinary income was 21.579 billion yen (up 40.8%) and net income for the quarter was 13.571 billion yen (up 39.0%).

Sales trends by business segment were as follows:

(1) Bearings

Bearings performed favorably in Japan for automotive applications and general industrial machinery, with the focus on construction machinery and machine tools, and demand from sales agents was also solid. Shipments for automotive and general machinery applications were solid to North America, Europe, and Asian destinations. As a result, total bearing sales rose by 15.776 billion yen, or 9.4% year-on-year to 182.727 billion yen.

(2) Constant-velocity Joints (CVJs)

In the US, sales increased to Japanese automobile makers while in Europe strong sales growth was recorded particularly to Renault. In China, sales benefited from the start of volume production at Guangzhou NTN-Yulon Drivetrain Co., Ltd. As a result, total CVJ sales amounted to 81.824 billion yen, or 5.8 billion yen higher than the same period of the previous year and up 7.6% year-on-year.

(3) Precision Equipment

Driven by the popularity of digital consumer electronics, demand for system products such as LCD repair equipment surged strongly, with sales expanding 1.845 billion yen, or 9.8%, from the previous fiscal year to 20.683 billion yen.

Sales by geographical segment were as follows:

(1) Japan

Supported by strong increases in automobile and digital home electronics products, growth was seen in bearings for automobiles, LCD repair equipment and other system products. In general industrial machinery applications, precision bearings and large-size bearings posted higher sales due to successful efforts by Global Application Managers (GAM) focused on individual industries such as machine tools, construction machinery and rolling stock. Shipments of bearings to sales agents were also strong. As a result, sales increased 20.460 billion, or 10.4%, from the previous fiscal year to 216.776 billion yen. Operating income expanded 4.737 billion, or 38.1%, from the previous fiscal year to 17.183 billion yen, as lower selling prices, foreign currency conversion effects due to a weak US dollar and surging raw material costs were offset by contributions from increased sales revenue and cost reductions.

(2) North America

Demand was favorable for CVJs and for bearings for construction machinery, agricultural machinery and other general industrial machinery, despite foreign currency conversion effects from a weak US dollar. As a result, sales increased 2.456 billion yen, or 3.8%, from the previous fiscal year to 66.824 billion yen. Operating income gained 552 million yen, or 30.1%, from the previous fiscal year to 2.384 billion yen as increased sales revenue and contributions from a reorganization of production offset effects from lower selling prices and surging raw materials costs.

(3) Europe

Among automotive applications, demand was solid for CVJs, while bearings for applications in general industrial machinery saw good demand from wind power generation and construction machinery, with additional support from successful GAM activities. As a result, sales revenue increased 4.355 billion yen, or 10.4%, from the previous fiscal year to 46.263 billion yen. Operating income increased 244 million yen, or 12.3%, from the previous fiscal year to 2.233 billion yen, reflecting higher sales revenue.

(4) Asia and other regions

In China, demand for fluid dynamic bearings was robust, with further strong contributions from the start of volume production of CVJs. In the ASEAN region, automotive bearings saw good demand, while shipments of bearings to Korea were solid for machine tool and construction machinery applications. As a result, sales revenue increased 5.985 billion, or 33.9%, from the previous fiscal year to 23.620 billion yen. Operating income increased 890 million yen, or 95.6%, from the previous fiscal year to 1.821 billion yen, attributable to higher sales revenue and effects from initiation of volume production.

[Review of Changes in Financial Position]

Cash flow from operating activities increased by 33.236 billion yen. This is mainly attributable to the quarterly pretax profit of 21.579 billion yen, a depreciation expense of 18.048 billion yen, and an 12.545 billion yen increase in accounts payable, all of which were partly offset by a 9.097 billion yen increase in inventory and 3.4 billion yen increase in accounts receivable.

Cash flow from investing activities declined by 32.819 billion yen, mainly because of purchases of tangible assets amounting to 34.369 billion yen.

Cash flow from financing activities increased by 4.197 billion yen. This increase was mainly due to 3.004 billion yen in dividend payments, offset by a net increase of 7.154 billion yen in short and long-term loans.

In addition to the above, an increase of 525 million yen related to conversion differentials and an increase of 175 million yen resulting from the inclusion of newly consolidated subsidiaries resulted in cash and cash equivalents on hand of 47.473 billion yen at the end of the third quarter, representing an increase of 5.316 billion yen from the end of the previous fiscal year.

[Forecast of Earnings]

Despite effects from a weak US dollar and surging raw material prices, the Company expects to be able to achieve its full-year forecasts (from April 1, 2004 to March 31, 2005) as released at the time of the interim earnings announcement for the year ending March 2005, given that consolidated results for the 3rd-quarter under review are in keeping with these forecasts.

1. Summary of Consolidated Balance Sheets

(In millions of yen)

	Nine months ended December 31, 2004 as of December 31, 2004	Year ended March 31, 2004 as of March 31, 2004	Increase /Decrease	Nine months ended December 31, 2003 as of December 31, 2003
	Amount	Amount	Amount	Amount
Assets				
I Current assets				
1 Cash and bank deposits	19,578	19,027	551	11,134
2 Notes and accounts receivable -trade	96,173	91,431	4,742	85,469
3 Securities	6,997	6,996	1	6,995
4 Inventory	93,283	83,565	9,718	91,533
5 Other current assets	37,031	34,448	2,583	33,632
6 Allowance for doubtful accounts	-58	-399	341	-430
Total current assets	253,005	235,070	17,935	228,335
II Fixed Assets				
1 Property, plant and equipment				
(1) Buildings and structures	57,263	47,979	9,284	48,375
(2) Machinery, equipment and vehicles	96,654	88,003	8,651	90,183
(3) Land	23,262	23,792	-530	24,067
(4) Construction in progress	15,963	13,877	2,086	10,510
(5) Other property, plant and equipment	7,796	7,480	316	7,429
Total property, plant and equipment	200,939	181,133	19,806	180,565
2 Intangible fixed assets	2,316	2,512	-196	2,178
3 Investments and other assets				
(1) Investment securities	21,798	21,751	47	20,330
(2) Other investments and other assets	20,914	20,734	180	20,132
(3) Allowance for doubtful accounts	-1,001	-861	-140	-843
Total investments and other assets	41,711	41,624	87	39,619
Total fixed assets	244,968	225,270	19,698	222,363
Total assets	497,973	460,340	37,633	450,699

(In millions of yen)

	Nine months ended December 31, 2004 as of December 31, 2004	Year ended March 31, 2004 as of March 31, 2004	Increase /Decrease	Nine months ended December 31, 2003 as of December 31, 2003
	Amount	Amount	Amount	Amount
Liabilities				
I Current liabilities				
1 Notes and accounts payable-trade	81,566	68,003	13,563	66,236
2 Short-term loans	84,129	72,585	11,544	69,326
3 Current portion of corporate bonds	-	-	-	30,000
4 Accrued income taxes	6,967	3,170	3,797	2,029
5 Other current liabilities	26,903	25,923	980	23,673
Total current liabilities	199,565	169,683	29,882	191,265
II Long-term liabilities				
1 Bonds	50,000	50,000	-	50,000
2 Corporate bonds with equity warrant	30,000	30,000	-	-
3 Long-term loans	8,545	11,505	-2,960	12,470
4 Accrued retirement benefits for employees	46,912	46,304	608	45,483
5 Accrued retirement benefits for directors and statutory auditors	310	450	-140	399
6 Reserve for product defect compensation	1,040	2,656	-1,616	3,371
7 Goodwill	-	-	-	264
8 Other long-term liabilities	4,008	3,761	247	3,115
Total long-term liabilities	140,817	144,678	-3,861	115,104
Total liabilities	340,383	314,362	26,021	306,370
Minority interests				
Minority interests	3,969	3,490	479	3,178
Shareholders' equity				
I Common stock	39,599	39,599	-	39,599
II Capital Surplus	52,622	52,622	-	52,622
III Retained earnings	69,750	59,332	10,418	58,067
IV Net unrealized holding gain on securities	4,867	4,966	-99	3,832
V Translation adjustments	-12,747	-13,682	935	-12,639
VI Treasury stock	-472	-350	-122	-333
Total shareholders' equity	153,620	142,487	11,133	141,149
Total liabilities, minority interests and shareholders' equity	497,973	460,340	37,633	450,699

2. Summary of Consolidated Statements of Earnings

(In millions of yen)

	Nine months ended December 31, 2004 April 1, 2004 - December 31, 2004	Nine months ended December 31, 2003 April 1, 2003 - December 31, 2003	Increase /Decrease	Year ended March 31, 2004 April 1, 2003 - March 31, 2004
	Amount	Amount	Amount	Amount
I Net Sales	285,234	261,813	23,421	357,394
II Cost of sales	221,900	206,595	15,305	282,594
Gross profit	63,334	55,217	8,117	74,800
III Selling, general and administrative expenses	39,037	37,503	1,534	50,090
Operating income	24,296	17,714	6,582	24,709
IV Non-operating income	2,389	2,992	-603	4,223
1 Interest and dividend income	257	274	-17	294
2 Other	2,131	2,718	-587	3,929
V Non-operating expenses	5,106	5,381	-275	8,156
1 Interest expenses	1,766	2,154	-388	2,792
2 Other	3,339	3,226	113	5,363
Ordinary Income	21,579	15,326	6,253	20,776
VI Extraordinary losses	-	-	-	2,595
Income before income taxes and minority interests	21,579	15,326	6,253	18,181
Income and other taxes	7,806	5,441	2,365	7,074
Refund of current income taxes	-	-	-	105
Minority interests in subsidiaries	201	118	83	180
Net income	13,571	9,766	3,805	11,031

3. Summary of Consolidated Statements of Cash Flows

(In millions of yen)

	Nine months ended December 31, 2004 April 1, 2004 - December 31, 2004	Nine months ended December 31, 2003 April 1, 2003 - December 31, 2003	Year ended March 31, 2004 April 1, 2003 - March 31, 2004
	Amount	Amount	Amount
I Cash flows from operating activities:			
1 Income before income taxes and minority interests	21,579	15,326	18,181
2 Depreciation and amortization	18,048	17,703	23,979
3 Amortization of goodwill	-40	-792	-1,057
4 Increase/decrease in allowance for doubtful accounts	156	30	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	371	-8,045	-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	-139	-119	-68
9 Increase/decrease in reserve for product defect compensation	-1,616	-1,128	-1,843
10 Interest and dividend income	-257	-274	-294
11 Interest expenses	1,766	2,154	2,792
12 Foreign currency translation adjustments Foreign exchange losses/gains	-568	818	647
13 Equity in earnings of affiliates	-646	-363	-568
14 Increase/ decrease in trade receivables	-3,400	-362	-7,262
15 Increase/ decrease in inventory	-9,097	-453	7,191
16 Increase/decrease in trade payables	12,545	-460	1,502
17 Bonuses paid to directors and statutory auditors	-153	-21	-21
18 Other	-2,360	-2,052	138
Subtotal	36,186	31,415	45,644
19 Interest and dividend income received	823	932	952
20 Interest expenses paid	-1,897	-2,359	-2,920
21 Retirement benefits paid under employees' early retirement incentive plan	-	-20,446	-20,446
22 Income taxes paid	-1,876	-2,977	-2,087
Net cash provided by operating activities	33,236	6,565	21,142
II Cash flows from investing activities:			
1 Increase in time deposits	-58	-30	-100
2 Decrease in time deposits	22	224	290
3 Purchase of property, plant and equipment	-34,369	-27,350	-36,414
4 Proceeds from sale of property, plant and equipment	1,981	-	-
5 Purchase of intangible fixed assets	-429	-525	-711
6 Proceeds from sale of investment securities and others	6	1,643	1,644
7 Purchase of shares of affiliated companies to which equity method is applicable	-	-435	-
8 Decrease in short-term loans receivable, net	60	34	36
9 Other	-32	600	264
Net cash used in investing activities	-32,819	-25,839	-34,990
III Cash flows from financing activities			
1 Decrease in short-term loans, net	6,832	-10,027	-5,965
2 Proceeds from long-term loans	1,971	4,401	4,362
3 Repayment of long-term loans	-1,649	-692	-1,140
4 Proceeds from issuance of bonds	-	30,000	59,757
5 Redemption of bonds	-	-20,000	-50,000
6 Issuance of common stock assigned to minority shareholders	200	1,044	1,384
7 Cash dividends paid	-3,004	-2,311	-2,311

8 Other	-153	-24	-44
Net cash provided/used by financing activities	4,197	2,388	6,043
IV Effect of exchange rate changes on cash and Cash equivalents	525	-335	-328
V Increase/decrease in cash and cash equivalents	5,140	-17,221	-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 addition of newly consolidated subsidiaries	175	-	-
VIII Increase in cash and cash equivalents resulting from merger of an unconsolidated subsidiary	-	50	50
IX Cash and cash equivalents, at end of the year	47,473	33,068	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.

	December 31, 2004	December 31, 2003	March 31, 2004
Cash and bank deposits	19,578	11,134	19,027
Securities	6,997	6,995	6,996
Short-term loans receivable	21,002	15,404	16,602
Time deposits with original maturities of more than three months	-102	-62	-66
Short-term loans receivable (excl. repurchase agreement)	-2	-404	-402
Cash and cash equivalents	47,473	33,068	42,157

4. Segment Information

(1) Business Segment Information

Nine months ended December 31, 2004 (April 1, 2004 – December 31, 2004)

(In millions of yen)

	Bearings	CVJs	Precision Equipment	Total
Net Sales	182,727	81,824	20,683	285,234

Nine months ended December 31, 2003 (April 1, 2003 – December 31, 2003)

(In millions of yen)

	Bearings	CVJs	Precision Equipment	Total
Net Sales	166,951	76,024	18,838	261,813

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

(In millions of yen)

	Bearings	CVJs	Precision Equipment	Total
Net Sales	228,615	102,959	25,820	357,394

(2) Geographic Segment Information

(In millions of yen)

	Nine months ended December 31, 2004 (April 1, 2004 – December 31, 2004)						
	Japan	North America	Europe	Asia and other areas	Total	Elimination	Consolidated total
Sales							
(1) External sales	149,947	66,326	45,963	22,996	285,234	-	285,234
(2) Inter-segment sales	66,828	497	300	623	68,250	-68,250	-
Total	216,776	66,824	46,263	23,620	353,484	-68,250	285,234
Operating expenses	199,592	64,440	44,030	21,798	329,861	-68,923	260,938
Operating income	17,183	2,384	2,233	1,821	23,622	673	24,296

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)

	Nine months ended December 31, 2003 (April 1, 2003 – December 31, 2003)						
	Japan	North America	Europe	Asia and other areas	Total	Elimination	Consolidated total
Sales							
(1) External sales	138,635	63,780	41,775	17,622	261,813	-	261,813
(2) Inter-segment sales	57,681	588	133	13	58,415	-58,415	-
Total	196,316	64,368	41,908	17,635	320,228	-58,415	261,813
Operating expenses	183,870	62,535	39,919	16,703	303,029	-58,931	244,098
Operating income	12,446	1,832	1,989	931	17,199	515	17,714

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, 2004 (April 1, 2003 – March 31, 2004)						
	Japan	North America	Europe	Asia and other areas	Total	Elimination	Consolidated total
Sales							
(1) External sales	188,169	86,002	58,491	24,730	357,394	-	357,394
(2) Inter-segment sales	76,343	756	216	160	77,475	-77,475	-
Total	264,513	86,758	58,707	24,890	434,870	-77,475	357,394
Operating expenses	247,787	84,326	55,751	23,411	411,276	-78,591	332,685
Operating income	16,725	2,431	2,956	1,479	23,593	1,116	24,709

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

Nine months ended December 31, 2004 (April 1, 2004 – December 31, 2004)

(In millions of yen)

	North America	Europe	Asia and other areas	Total
I Overseas sales	66,569	45,719	32,006	144,296
II Consolidated net sales				285,234
III Ratio of overseas sales to consolidated sales	23.3%	16.0%	11.3%	50.6%

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.

Nine months ended December 31, 2003 (April 1, 2003 – December 31, 2003)

(In millions of yen)

	North America	Europe	Asia and other areas	Total
I Overseas sales	63,888	41,626	26,729	132,243
II Consolidated net sales				261,813
III Ratio of overseas sales to consolidated sales	24.4%	15.9%	10.2%	50.5%

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, 2003 – March 31, 2004)

(In millions of yen)

	North America	Europe	Asia and other areas	Total
I Overseas sales	86,084	58,243	36,864	181,192
II Consolidated net sales				357,394
III Ratio of overseas sales to 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 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.