

**First Quarter Financial Results
For the Three Months Ended June 30, 2006 - Consolidated**

July 31, 2006

NTN Corporation

Security Code: 6472
 Listings: The First Section of Tokyo and Osaka Stock Exchanges
 URL: <http://www.ntn.co.jp/>
 Head Office: Osaka Japan
 Representative: Yasunobu Suzuki
 President & Representative Director
 Contact: Hidenori Nishikawa
 Executive Officer, General Manager
 General Affairs Department
 Tel: +81-6-6443-5001

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 based on the statutory income tax rates.)
- 2) Changes in accounting policies from the last accounting period: None
- 3) Changes 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, 2006 (April 1, 2006 to June 30, 2006)

(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, 2006	113,571	10.3	10,837	33.0	9,243	26.1
Three months ended June 30, 2005	102,968	8.5	8,147	4.0	7,327	-0.4
Year ended March 31, 2006	434,836	-	37,645	-	32,816	-

	Net income		Net income per share	Diluted net income per share
	million yen	%	yen	yen
Three months ended June 30, 2006	8,249	80.5	17.86	16.41
Three months ended June 30, 2005	4,569	4.4	9.89	9.09
Year ended March 31, 2006	19,550	-	41.94	38.55

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	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Three months ended June 30, 2006	562,764	192,308	33.2	404.26
Three months ended June 30, 2005	525,156	160,901	30.6	348.33
Year ended March 31, 2006	561,493	183,247	32.6	396.73

(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, 2006	10,508	-16,365	882	30,039
Three months ended June 30, 2005	2,933	-12,259	5,937	47,793
Year ended March 31, 2006	38,907	-51,518	-3,277	35,891

3. Forecast of Consolidated Earnings for the Year Ending March 31, 2007

(April 1, 2006 to March 31, 2007)

	Net sales	Operating income	Ordinary income	Net income
	million yen	million yen	million yen	million yen
Interim	226,500	20,000	16,500	11,500
Full year	465,000	43,000	36,000	24,000

Note: There are no changes from the forecast announced on May 16, 2006.

Reference: Projected net income per share for the full year: 51.57 yen

* The above forecasts are based on certain assumptions and projections and the future outlook and plans of the company (as stated in this document) are formulated thereon. Actual results may differ from the above forecasts depending on various conditions.

Earnings Report for the Three Months Ended June 30, 2006 - Consolidated

[Review of Operating Results]

During the three months under review, the Japanese economy staged a recovery despite rising crude oil prices and interest rates, as an improvement in corporate profits lifted capital expenditures and consumer spending increased moderately. Overseas, economic expansion continued in the U.S. and Asia (mainly in China), while European economies saw a mild recovery.

In this setting, the NTN Group moved into the final year of its three-year business plan "Rapid Advance 21," and strived to enhance corporate value through more aggressive marketing activities and thorough cost-cutting efforts .

As a result, the Group's net sales for the period increased 10.3% from a year earlier to 113,571 million yen. Operating income grew 33.0% to 10,837 million yen and ordinary income rose 26.1% to 9,243 million yen. After posting extraordinary gains of 2,851 million yen related to the revision of a retirement benefit plan, net income came to 8,249 million yen, an increase of 80.5% year-on-year.

Sales trends by business segment were as follows:

(1) Bearings

In Automotive applications, axle bearings and needle-roller bearings showed solid performance in North America and Europe. In applications for general industrial machinery, bearings for construction machinery and wind power systems enjoyed strong growth in Japan and Europe, while fluid dynamic bearings for hard disk drive (HDD) motors grew significantly in Asia and other regions. Bearings for office machines also showed solid performance. As a result, net sales increased 8.9% year-on-year to 71,861 million yen.

(2) Constant-velocity Joints (CVJs)

Sales in North America were solid, as volume production for U.S. automakers attained full scale. Also, in China and South Korea, start of volume production contributed to the Group's performance. In Malaysia, performance was solid primarily due to rising demand for compact cars. In Japan, sales of CVJs for compact cars grew strongly. As a result, net sales increased 14.3% to 35,170 million yen.

(3) Precision Equipment

Although sales of color filter repair equipment and other system products were unfavorable, spindles and other element products showed solid growth. As a result, net sales rose 4.7% to 6,539 million yen.

Sales by geographical segment were as follows:

(1) Japan

Solid conditions prevailed for automotive applications including CVJs and axle bearings, as well as for large bearings for general industrial machinery applications (such as construction machinery). Deliveries to distributors also grew strongly. As a result, net sales reached 81,871 million yen, up 7.8% from a year earlier. Operating income increased 22.9% to 6,288 million yen, reflecting higher sales and cost reductions as well as favorable foreign exchange rates.

(2) North America

Although performance was subdued for agricultural and general industrial bearings, automotive applications such as CVJs, axle bearings and needle roller bearings showed solid performance. As a result, net sales reached 29,340 million yen, rising 11.0% from a year earlier. Operating income came to 1,304 million yen, up 10.3% year-on-year, owing mainly to increased sales and cost-cutting efforts.

(3) Europe

In automotive applications, shipments of axle bearings and needle-roller bearings grew strongly. In

industrial machinery applications, shipments of bearings mainly for wind power systems were solid and so were shipments to distributors. As a result, net sales reached 19,139 million yen, an 8.9% increase from a year earlier. Operating income came to 1,145 million yen, up 32.5% year-on-year, partly reflecting sales increases.

(4) Asia and other regions

In China, fluid dynamic bearings and bearings for office machines showed solid performance and shipments of axle bearings and CVJs for automotive applications grew strongly. In South Korea, CVJs and large-size bearings for construction machinery enjoyed growth, while in Malaysia, sales of CVJs grew strongly. As a result, net sales reached 14,372 million yen, rising 51.1% from a year earlier. Operating income surged 91.7% to 1,539 million yen, partly due to higher sales.

[Review of Change in Financial Position]

Net cash from operating activities was 10,508 million yen, an increase of 7,575 million yen, or 258.3%, from the same period last year. This reflects 12,094 million yen in pretax profit, a 13,831 million yen increase in accounts payable associated with the revision of the retirement benefit plan, 7,317 million yen in depreciation and amortization, a 4,210 million yen increase in trade payables and a 1,501 million yen decrease in trade receivables, partly offset by a 16,763 million yen decrease in the accrued retirement benefit for employees, 5,833 million yen in income taxes paid and a 5,402 million yen increase in inventories.

Cash used in investment activities increased 4,106 million yen, or 33.5% year-on-year, to 16,365 million yen, due mainly to outlays of 13,481 million yen for acquisition of property, plants and equipment.

Cash from financing activities was 882 million yen, a decrease of 5,055 million yen, or 85.1%, from the year earlier period. This was due mainly to a net increase of 3,516 million yen in long- and short-term loans, which more than offset 2,771 million yen payment of cash dividends.

As a result of these cash flows, and including a cash outflow of 877 million yen from exchange rate adjustments, cash and cash equivalents as of the end of the three-month period came to 30,039 million yen, a decline of 5,852 million yen, or 16.3%, compared with the end of the previous fiscal year.

[Forecast of Earnings]

Our interim and full-year forecasts for the March 2007 reporting period released on May 16, 2006 remain unchanged as financial results for the three-month period under review were largely on track vis-à-vis the Group's previous forecasts.

1. Summary of Consolidated Balance Sheets

(In millions of yen)

	As of June 30, 2006 (A)	As of March 31, 2006 (B)	(A) – (B)	As of June 30, 2005
	Amount	Amount	Amount	Amount
Assets				
I Current assets				
1 Cash and bank deposits	26,541	26,058	483	14,324
2 Notes and accounts receivable-trade	96,877	98,450	-1,573	101,747
3 Securities	3,498	4,398	-900	6,997
4 Inventories	112,263	107,047	5,216	97,592
5 Other	22,964	30,866	-7,902	43,424
6 Allowance for doubtful accounts	-83	-16	-67	-32
Total current assets	262,062	266,805	-4,743	264,054
II Fixed assets				
1 Property, plant and equipment				
(1) Buildings and structures	62,336	62,571	-235	58,281
(2) Machinery, equipment and vehicles	132,571	129,956	2,615	110,680
(3) Land	24,469	24,246	223	23,033
(4) Construction in progress	14,505	11,613	2,892	14,372
(5) Other	7,996	8,044	-48	7,873
Total property, plant and equipment	241,879	236,431	5,448	214,241
2 Intangible fixed assets	3,124	3,240	-116	3,235
3 Investments and other assets				
(1) Investment securities	33,994	33,530	464	22,062
(2) Other	22,823	22,626	197	22,552
(3) Allowance for doubtful accounts	-1,120	-1,140	20	-989
Total investments and other assets	55,697	55,016	681	43,625
Total fixed assets	300,702	294,688	6,014	261,102
Total assets	562,764	561,493	1,271	525,156

Summary of Consolidated Balance Sheets (Continued)

(In millions of yen)

	As of	As of	(A) – (B)	As of
	June 30, 2006 (A)	March 31, 2006 (B)		June 30, 2005
	Amount	Amount	Amount	Amount
Liabilities				
I Current liabilities				
1 Notes and accounts payable-trade	92,677	88,366	4,311	87,738
2 Short-term loans	95,611	91,762	3,849	94,020
3 Bonds due within one year	10,000	10,000	-	-
4 Accrued income taxes	6,184	8,786	-2,602	4,770
5 Other	34,527	35,842	-1,315	28,237
Total current liabilities	239,000	234,757	4,243	214,767
II Long-term liabilities				
1 Bonds	40,000	40,000	-	50,000
2 Corporate bonds with equity warrant	30,000	30,000	-	30,000
3 Long-term loans	10,532	11,436	-904	11,278
4 Accrued retirement benefits for employees	31,704	48,440	-16,736	47,754
5 Reserve for product defect compensation	1,706	2,054	-348	1,383
6 Other	17,510	6,227	11,283	4,935
Total long-term liabilities	131,454	138,158	-6,704	145,352
Total liabilities	370,455	372,916	-2,461	360,119
Minority interests				
Minority interests	-	5,330	-	4,136
Shareholders' equity				
I Common stock	-	39,599	-	39,599
II Capital surplus	-	52,638	-	52,622
III Retained earnings	-	86,932	-	74,997
IV Net unrealized holding gains on other securities	-	10,739	-	5,245
V Translation adjustments	-	-6,076	-	-11,041
VI Treasury stock	-	-585	-	-522
Total shareholders' equity	-	183,247	-	160,901
Total liabilities, minority interests and shareholders' equity	-	561,493	-	525,156
Net assets				
I Shareholders' capital				
1 Common stock	39,599	-	-	-
2 Capital surplus	52,650	-	-	-
3 Retained earnings	92,231	-	-	-
4 Treasury stock	-525	-	-	-
Total shareholders' capital	183,955	-	-	-
II Valuation and translation adjustments				
1 Net unrealized holding gains on other securities	9,192	-	-	-
2 Translation adjustments	-6,362	-	-	-
Total valuation and translation adjustments	2,830	-	-	-
III. Minority interests	5,522	-	-	-
Total net assets	192,308	-	-	-
Total liabilities and net assets	562,764	-	-	-

2. Summary of Consolidated Statements of Operations

(In millions of yen)

	Three months ended June 30, 2006 (A)	Three months ended June 30, 2005 (B)	(A) – (B)	Year ended March 31, 2006
	Amount	Amount	Amount	Amount
I Net sales	113,571	102,968	10,603	434,836
II Cost of sales	88,281	81,283	6,998	340,570
Gross profit	25,290	21,685	3,605	94,266
III Selling, general and administrative expenses	14,453	13,538	915	56,621
Operating income	10,837	8,147	2,690	37,645
IV Non-operating income				
1 Interest and dividend income	247	189	58	458
2 Other	413	653	-240	3,362
Total non-operating income	661	842	-181	3,821
V Non-operating expenses				
1 Interest expense	1,226	814	412	3,949
2 Other	1,027	846	181	4,700
Total non-operating expenses	2,254	1,661	593	8,650
Ordinary Income	9,243	7,327	1,916	32,816
VI Extraordinary gains				
Gains arising from the change in retirement benefit	2,851	-	2,851	-
Total extraordinary gains	2,851	-	2,851	-
VII Extraordinary losses				
1 Impairment losses	-	224	-224	346
2 Reserve for product defect compensation	-	-	-	2,100
Total extraordinary losses	-	224	-224	2,446
Income before income taxes and minority interests	12,094	7,103	4,991	30,369
Income and other taxes	3,713	2,436	1,277	10,402
Minority interests in subsidiaries	132	96	36	416
Net income	8,249	4,569	3,680	19,550

3. Summary of Statement of Changes in Shareholders' Capital

Three months ended June 30, 2006 (April 1, 2006 – June 30, 2006)

(In millions of yen)

	Shareholders' capital					Valuation and translation adjustments			Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' capital	Net unrealized holding gain/losses on other securities	Translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets
Balance as of March 31, 2006	39,599	52,638	86,932	-585	178,584	10,739	-6,076	4,662	5,330	188,577
Change during the period										
Distribution of retained earnings			-2,771		-2,771					-2,771
Directors' bonuses			-178		-178					-178
Net income			8,249		8,249					8,249
Net gains on sale of treasury stock		12			12					12
Purchase of treasury stock				-30	-30					-30
Sale of treasury stock				90	90					90
Net change in items other than shareholders' capital during the period						-1,547	-286	-1,832	192	-1,640
Total change during the period	-	12	5,299	60	5,371	-1,547	-286	-1,832	192	3,731
Balance as of June 30, 2006	39,599	52,650	92,231	-525	183,955	9,192	-6,362	2,830	5,522	192,308

4. Summary of Consolidated Statements of Cash Flows

(In millions of yen)

	Three months ended June 30, 2006	Three months ended June 30, 2005	Year ended March 31, 2006
	Amount	Amount	Amount
I Cash flows from operating activities:			
1 Income before income taxes and minority interests	12,094	7,103	30,369
2 Depreciation and amortization	7,317	6,417	28,586
3 Amortization of goodwill	-	-	45
4 Increase/decrease in allowance for doubtful accounts	65	-38	74
5 Increase/decrease in accrued retirement benefits for employees	-16,763	401	929
6 Increase/decrease in accrued retirement benefits for directors and statutory auditors	-	-329	-329
7 Increase/decrease in reserve for product defect compensation	-347	-534	135
8 Increase/decrease in accrued payments due to change in retirement benefit plan	13,831	-	-
9 Interest and dividend income	-247	-189	-458
10 Interest expense	1,226	814	3,949
11 Foreign currency translation adjustments Foreign exchange losses/gains	1,040	-320	-1,155
12 Equity in loss/income of non-consolidated subsidiaries and affiliates	-116	-226	-1,111
13 Decrease/ increase in trade receivables	1,501	-906	4,938
14 Decrease/ increase in inventories	-5,402	-4,102	-11,457
15 Increase/decrease in trade payables	4,210	3,164	3,083
16 Bonuses paid to directors and statutory auditors	-180	-184	-184
17 Other	-1,692	-1,849	-3,157
Subtotal	16,537	9,219	54,258
18 Interest and dividend income received	987	896	1,124
19 Interest expenses paid	-1,183	-979	-3,692
20 Income taxes paid	-5,833	-6,203	-12,782
Net cash provided by operating activities	10,508	2,933	38,907
II Cash flows from investing activities:			
1 Increase in time deposits	-0	-	-545
2 Decrease in time deposits	549	84	114
3 Purchase of property, plant and equipment	-13,481	-11,646	-49,690
4 Proceeds from sale of property, plant and equipment	271	-	675
5 Purchase of intangible fixed assets	-80	-576	-1,020
6 Proceeds from sale of investment securities	-	63	524
7 Decrease in short-term loans receivable, net	-0	10	23
8 Other	-3,624	-193	-1,600
Net cash used in investing activities	-16,365	-12,259	-51,518
III Cash flows from financing activities:			
1 Net increase/decrease in short-term loans	3,590	5,639	3,159
2 Proceeds from long-term loans	-	3,160	5,590
3 Repayment of long-term loans	-74	-515	-8,117
4 Issuance of common stock assigned to minority shareholders	95	-	817
5 Cash dividends paid	-2,771	-2,309	-4,619
6 Other	42	-38	-108
Net cash provided by financing activities	882	5,937	-3,277
IV Effect of exchange rate changes on cash and cash equivalents	-877	-119	478
V Increase/decrease in cash and cash equivalents	-5,852	-3,508	-15,411
VI Cash and cash equivalents, at beginning of the year	35,891	51,302	51,302
VII Cash and cash equivalents, at end of the year	30,039	47,793	35,891

Note: A reconciliation of the amounts of cash and cash equivalents at end of the period stated in Consolidated Statements of Cash Flows to the amounts of accounts stated in Consolidated Balance Sheets is as follows.

	As of June 30, 2006	As of June 30, 2005	As of March 31, 2006
Cash and bank deposits	26,541	14,324	26,058
Securities	3,498	6,997	4,398
Short-term loans receivable	8	26,523	6,008
Time deposits with original maturities of more than three months	-1	-30	-565
Short-term loans receivable (excluding Gensaki agreement)	-8	-21	-8
<u>Cash and cash equivalents</u>	<u>30,039</u>	<u>47,793</u>	<u>35,891</u>

5. Segment Information

(1) Business Segment Information

Three months ended June 30, 2006 (April 1, 2006 – June 30, 2006)

(In millions of yen)

	Bearings	CVJs	Precision Equipment	Total
Net sales	71,861	35,170	6,539	113,571

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

Year ended March 31, 2006 (April 1, 2005 – March 31, 2006)

(In millions of yen)

	Bearings	CVJs	Precision Equipment	Total
Net sales	276,694	131,327	26,815	434,836

(2) Geographic Segment Information

(In millions of yen)

	Three months ended June 30, 2006 (April 1, 2006 – June 30, 2006)						
	Japan	North America	Europe	Asia and other areas	Total	Elimination	Consolidated total
Net sales							
(1) External sales	51,987	29,092	19,097	13,393	113,571	-	113,571
(2) Inter-segment sales	29,884	247	41	978	31,152	-31,152	-
Total	81,871	29,340	19,139	14,372	144,723	-31,152	113,571
Operating expenses	75,583	28,035	17,993	12,833	134,445	-31,711	102,734
Operating income	6,288	1,304	1,145	1,539	10,277	559	10,837

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., Canada

Europe: Germany, France, U.K.

Asia and other areas: Asia, South and Central America

(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

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., Canada
 Europe: Germany, France, U.K.
 Asia and other areas: Asia, South and Central America

(In millions of yen)

	Year ended March 31, 2006 (April 1, 2005 – March 31, 2006)						
	Japan	North America	Europe	Asia and other areas	Total	Elimination	Consolidated total
Net sales							
(1) External sales	211,502	113,511	67,111	42,711	434,836	-	434,836
(2) Inter-segment sales	108,820	1,016	312	1,943	112,093	-112,093	-
Total	320,322	114,528	67,423	44,654	546,930	-112,093	434,836
Operating expenses	295,245	110,068	64,227	40,735	510,277	-113,085	397,191
Operating income	25,077	4,460	3,195	3,919	36,652	992	37,645

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., Canada
 Europe: Germany, France, U.K.
 Asia and other areas: Asia, South and Central America

(3) Overseas Sales

Three months ended June 30, 2006 (April 1, 2006 – June 30, 2006)

(In millions of yen)

	North America	Europe	Asia and other areas	Total
I Overseas sales	29,629	19,015	16,828	65,474
II Consolidated net sales				113,571
III Ratio of overseas sales to consolidated sales	26.1%	16.7%	14.9%	57.7%

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., Canada
 Europe: Germany, France, U.K., etc.
 Asia and 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.

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%	17.0%	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., Canada
 Europe: Germany, France, U.K., etc.
 Asia and 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, 2006 (April 1, 2005 – March 31, 2006)

(In millions of yen)

	North America	Europe	Asia and other areas	Total
I Overseas sales	112,001	66,892	58,245	237,139
II Consolidated net sales				434,836
III Ratio of overseas sales to consolidated sales	25.8%	15.4%	13.4%	54.5%

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., Canada

Europe: Germany, France, U.K., etc.

Asia and 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.