Financial Results
For the Year Ended March 31, 2006 - Consolidated

May 16, 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, General Manager, General Affairs Department
Telephone: +81-6-6443-5001
Date of the Meeting of the Board of Directors: May 16, 2006
Basis of presentation: Japanese GAAP

1. Consolidated Financial Results for the Year Ended March 31, 2006

(April 1, 2005 to March 31, 2006)

(1) Operating Results

(Amounts rounded down to the nearest million yen)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2006	434,836	12.0	37,645	13.4	32,816	15.6	19,550	16.8
Year ended March 31, 2005	388,348	8.7	33,200	34.4	28,385	36.6	16,739	51.7

	Net income per share	Diluted net income per share	Return on equity	Ordinary income/ Total assets	Ordinary income/Sales
	yen	yen	%	%	%
Year ended March 31, 2006	41.94	38.55	11.5	6.1	7.5
Year ended March 31, 2005	35.83	32.94	11.1	5.8	7.3

Notes:
1. Equity in income or loss of non-consolidated subsidiaries and affiliates:
   Year ended March 31, 2006: 1,111 million yen
   Year ended March 31, 2005: 932 million yen
2. Average number of shares issued and outstanding during the period (consolidated basis):
   Year ended March 31, 2006: 461,908,277 shares
   Year ended March 31, 2005: 462,101,396 shares
3. Changes in accounting policy during the period: None
4. The percentage figures shown in net sales, operating income, ordinary income and net income 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
Year ended March 31, 2006	561,493	183,247	32.6	396.73
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 (consolidated basis):
Year ended March 31, 2006: 461,899,350 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
Year ended March 31, 2006	38,907	-51,518	-3,277	35,891
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: 38
Number of non-consolidated subsidiaries to which the equity method is applicable: None
Number of affiliated companies to which the equity method is applicable: 5

(5) Changes in the scope of consolidation or application of the equity method

Number of consolidated subsidiaries:
Newly included 4 Newly excluded 0
Number of affiliates to which the equity method is applicable:
Newly included 0 Newly excluded 0

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

* The above forecast 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 forecast depending on various conditions. For additional information, please refer to "Outlook for the Year Ending March 31, 2007" in "Operating Results and Financial Position" section of this document.

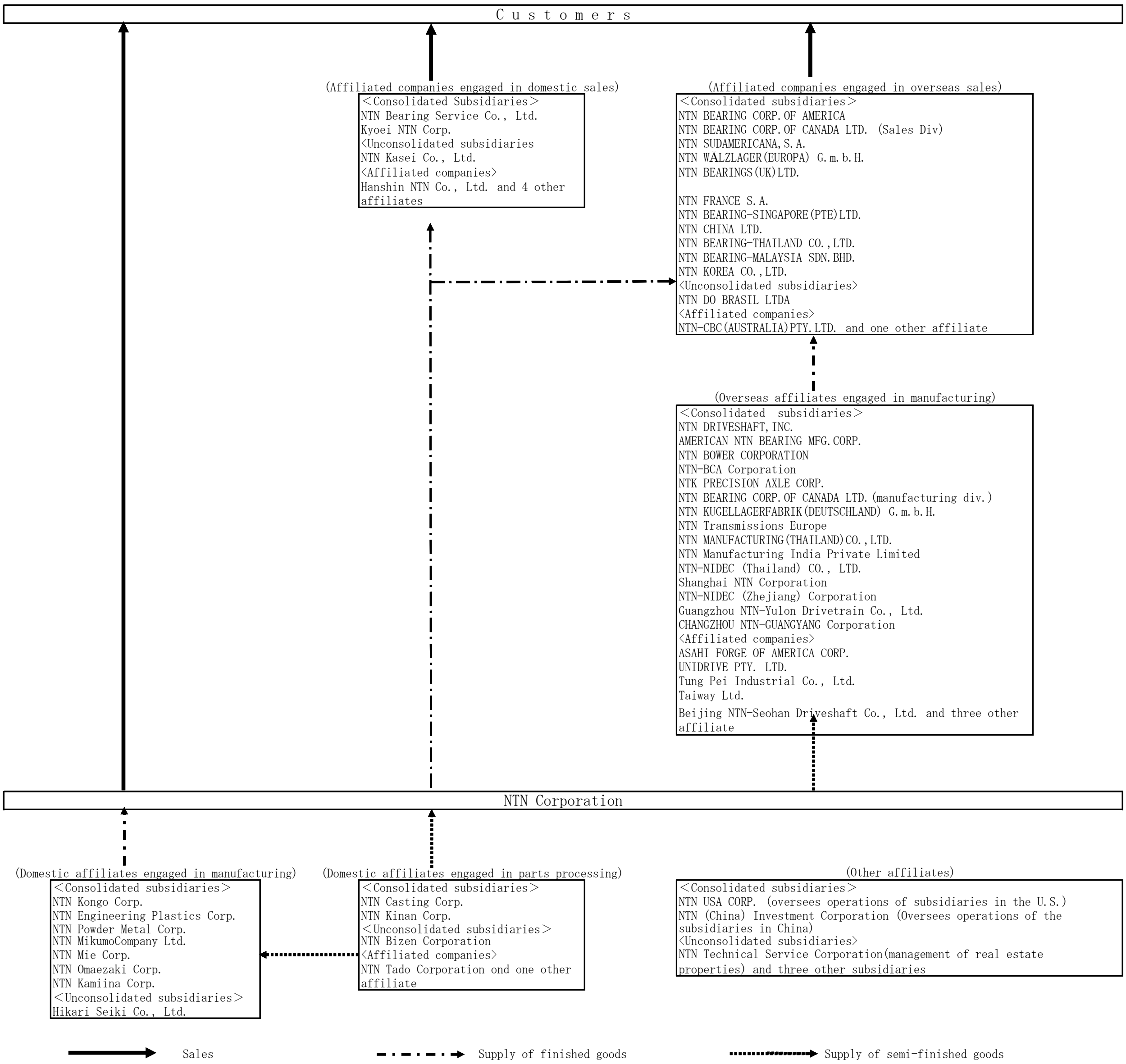
[1] The Group Overview

The NTN Group consists of NTN Corporation (the Company), 46 subsidiaries and 17 affiliated companies (as of March 31, 2006). 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, by its overseas sales subsidiaries which procure products from the Company or from its overseas manufacturing subsidiaries as well as by its overseas manufacturing subsidiaries.

During the term under review, the Company established NTN Kamiina Corporation, NTN (China) Investment Corporation, NTN-NIDEC (THAILAND) CO., LTD., NTN Manufacturing India Private Limited and 4 other new companies.



[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 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 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 in Japan and overseas.

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 establish 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 that contributes 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”.

Attaching the highest priority to ensuring quality, the Company will invest its global management resources in strategic products and boost competitive strengths in its products, services and proposals to pursue sustainable growth and ultimately “value creation”.

6. Other Information Related to the Parent Company

N/A

7. Management Issues to be Addressed

In April 2006, NTN entered the final year of its medium-term management plan “Rapid Advance 21”. The Company has been moving forward with measures to complete the three-year plan.

In an effort to enhance its Group management, the Company in April 2006 expanded its corporate structure using separate divisions. Specifically, the Company established the CV.Joint Division, the Axle Unit Division and Bearing Production Headquarters to manage operations globally and further improve production efficiency. Under this structure, the Company strives to enhance the

NTN brand by providing top-quality products and services to its customers.

The Company's sales and technology enhancement measures include strengthening its proposal-making capabilities and speeding up of product development. Also, building on its basic corporate philosophy "Design determines everything", the Company seeks to further increase proprietary technologies and pursue product designs that add value to its products. In April 2006, the Company reorganized Research & Development Center into separate Elemental Technological R&D Center and New Product Development R&D Center, both of which became independent entities. Elemental Technological R&D Center specializes in developing basic technology in tribology, surface modification and material processing areas, while New Product Development R&D Center will focus on speedy product launch through strengthened development of new products and new technologies. At the same time, the Company aims to build a patent management network to strengthen protection and utilization of its intellectual property in order to establish technological superiority over the long term.

On the production front, the priority measure is to drive forward "HITOZUKURI and MONOZUKURI" innovation: the Company will make thorough revision of its human resources, facilities, hardware and methodologies to improve production efficiency dramatically. The Company highly values "HITOZUKURI", or human resource development by passing down skills to younger staff, and will further strengthen its comprehensive capability, which encompasses quality control, production technology and facilities development, in order to flexibly respond to production needs. On the capital investment front, the Company will remain focused on upgrading production facilities for automotive bearings and CVJs, and for large and precision bearings for general industrial machinery applications, while carefully monitoring return on investment. The Company established a new company in India to expand CVJ operations in the market with high growth potential. For the fluid dynamic bearings business, following the establishment of a company in China, the Company established another joint venture company in Thailand , which is expected to grow in tandem with growing demand for HDD. The Company also established a new company in Nagano prefecture, Japan, to meet production demand and reduce costs of producing high precision rollers used in CVJs and bearings. Going forward, the Company will work to build operations at each of the new companies for quick achievement of stable production.

To strengthen its earnings structure as the Group's operations expand globally, the Company seeks to reduce costs by using value analysis (VA) and value engineering (VE) as well as rationalizing global and local sourcing. The Company works to improve asset efficiency by measures such as inventory turnover and facilities operating rates.

To expand business through strategic alliances, in March 2006, the Company started negotiations with Renault of France for a partnership in the bearing business. Also in April, the Company invested in a CVJ manufacturer of the IFA Group of Germany, which has strong business ties with the Volkswagen Group. Going forward, the Company will further accelerate its CVJ business in Europe.

The NTN Group is fully aware of the importance of corporate social responsibility (CSR) and is committed to Group management focused on not only economic aspects (such as provision of technologies and services), but also on social aspects such as compliance and contributing to local communities. In environmental aspects, the Group upholds "harmony with the global environment" as its top priority issue and is implementing group-wide initiatives to reduce environmental burdens. Such initiatives include development environment-friendly- and human-friendly products, efforts to reduce use of materials with an adverse environmental impact, and further strengthening NTN's support for parts suppliers and partnership companies in their efforts to receive ISO14001 certification. Also, in April 2006, the Company established the Corporate Social Responsibility Dept., which plays the central role in building internal control and risk management systems to earn the trust of stakeholders and to further increase the presence of the NTN brand.

[3] Operating Results and Financial Position

1. Operating Results for the Year Ended March 2006

During the fiscal year under review, although rising crude oil and steel prices made a large impact on the global economy, the Japanese economy experienced a moderate recovery throughout the year, driven by capital expenditures reflecting improved corporate profits and growing consumer spending. Overseas, economic expansion continued in the U.S. and Asia (mainly in China), while European economies saw a moderate recovery.

Under these economic conditions, the NTN Group, in its second year of the three-year medium-term business plan “Rapid Advance 21” and aiming to achieve the targets for the year set by the plan, strived to enhance corporate value through more active sales and relentless cost-cutting efforts.

As a result, the Group’s net sales for the fiscal year increased 12.0% from a year earlier to 434,836 million yen. Operating income grew 13.4% to 37,645 million yen due to sales increase and a progress made in cost cutting efforts offsetting negative impacts of lower selling prices and surging raw material prices. Ordinary income rose 15.6% to 32,816 million yen. After extraordinary items including a 2,100 million yen loss associated with increasing of product warranty allowance, net income came to 19,550 million yen, an increase of 16.8% from a year earlier.

The Company plans to increase the year-end dividend by ¥1 per share over the ¥5 per share of the interim dividend, resulting in an annual dividend of ¥11 per share for the fiscal year.

Sales segment information:

(1) Bearings

In automotive applications, axle-bearings and needle roller bearings showed solid performance in Japan, North America and Asia, etc., helped by orders from new customers. In applications for general industrial machinery, large-size bearings and precision bearings expanded for applications such as construction machinery and machine tools in Japan and North America. In Europe, large-size bearings for wind power systems expanded, while fluid dynamic bearings for hard disk drive (HDD) motors and bearings for office machines grew in Asia and other region. Deliveries to distributors were solid in both Japan and overseas. As a result, sales increased 11.2% from a year earlier to 276,694 million yen.

(2) Constant-velocity joints (CVJs)

Sales in North America surged, helped by a substantial volume of new orders from Japanese and U.S. automakers. In Europe, deliveries to Japanese carmakers rose, while start of production for new orders contributed in China, Malaysia and South Korea. As a result, sales totaled 131,327 million yen, an increase of 18.0% from a year earlier.

(3) Precision equipment

Sales of parts feeders for car manufacturing plants and other purposes were solid, while sales of precision system products such as LCD repair systems and PDP rib repair systems declined. As a result, sales declined 5.0% from a year earlier to 26,815 million yen.

Geographic segment information:

(1) Japan

Solid conditions prevailed for automotive bearings, such as axle-bearings, needle roller bearings and CVJs. Large and precision bearings for general industrial machinery applications such as construction machinery and machine tools performed strongly. Deliveries to distributors of bearing units and large-size bearings for repairing plant facilities also developed favorably. As a result, net sales reached 320,322 million yen, up 8.6% from a year earlier. Despite a surge in raw materials prices, operating income rose 9.8% to 25,077 million yen partly reflecting sales increase, cost reduction and favorable foreign exchange rates.

(2) North America

Sales surged for automotive CVJs and axle-bearings, while sales performed favorably for general industrial machinery applications, particularly large-size bearings for construction machinery. Deliveries to distributors were also solid. As a result, net sales reached 114,528 million yen, rising 24.0% from a year earlier. Despite soaring raw materials prices and increased expenses associated with production capacity expansion, operating income increased 26.1% to 4,460 million yen partly thanks to higher sales.

(3) Europe

In automotive applications, CVJs and axle-bearings developed favorably, helped by orders from new customers. In general industrial machinery applications, shipments of large-size bearings for wind power systems contributed and shipments to distributors were solid. As a result, net sales reached 67,423 million yen, a 6.5% increase from a year earlier. Operating income increased 1.4% to 3,195 million yen partly thanks to higher sales.

(4) Asia and other regions

In China, sales of automotive bearings and CVJs grew and sales of fluid dynamic bearings and bearings for office machines were also solid. In ASEAN markets, sales of motorcycle bearings increased in Indonesia and sales of CVJs grew in Malaysia, South Korea and Thailand. As a result, net sales reached 44,654 million yen, rising 38.2% from a year earlier. Operating income surged 41.6% to 3,919 million yen, partly due to higher sales.

2. Outlook for the Year Ending March 31, 2007

Looking ahead, Japan’s economic recovery is expected to continue, supported by private demand, although uncertainties such as higher interest rates in Japan and overseas and surging crude oil prices may affect the global economy, which requires continued vigilance. Under such circumstances, the Company, now in the final year of “Rapid Advance 21”, is implementing measures in a steady manner to complete the plan. For the full year ending March 31, 2007, the Group forecasts consolidated net sales of 465 billion yen, operating income of 43 billion yen, ordinary income of 36 billion yen and net income of 24 billion yen, based on foreign exchange rate assumptions of ¥110/US$1.00 and ¥135/EUR1.00.

3. Financial Position

Net cash provided by operating activities totaled 38,907 million yen, a decrease of 8,923 million yen, or 18.7%, from a year earlier. This reflects 30,369 million yen in pretax profit, 28,586 million yen in depreciation expenses and a 4,938 million yen decrease in trade receivables, which were offset primarily by 12,782 million yen in income taxes paid and an 11,457 million yen increase in inventories.

Net cash used in investment activities increased 5,367 million yen, or 11.6% year-on-year, to 51,518 million yen, due primarily to 49,690 million yen for acquisition of fixed assets.

Net cash used in financing activities was 3,277 million yen, a decrease of 9,970 million yen from the year-earlier period. This was due mainly to a net increase of 632 million yen in short-and long-term borrowings being offset by 4,619 million yen paid in dividends.

As a result of these cash flows, and including an increase of 478 million yen from foreign exchange translation differences, cash and cash equivalents as of the end of the fiscal year totaled 35,891 million yen, a decline of 15,411 million yen, or 30.0%, from the end of the previous fiscal year.

Cash flow indicators for the NTN group are as follows:

	Year ended March 2003	Year ended March 2004	Year ended March 2005	Year ended March 2006
Shareholders' equity ratio (%)	28.9	31.0	30.6	32.6
Shareholders' equity ratio based on current market value (%)	46.5	52.8	53.2	76.8
Years needed to repay debt (year)	3.3	7.8	3.7	4.7
Interest coverage ratio	15.0	7.2	20.1	10.5

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 for the fiscal year.
- "Market capitalization" is calculated based on the closing stock price at the end of the fiscal year X the number of shares issued and outstanding as of the end of 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 May 16, 2006.

(1) Economy

The NTN Group has global production and sales operations across countries and regions, and supplies to customers in a wide variety of industries. Because of this, the Group's business results and financial positions may be affected by factors such as changes in economic conditions of specific countries or regions as well as business climate of the industries in which its customers operate.

(2) Foreign exchange fluctuations

Overseas sales of the NTN Group account for over 50% of its consolidated sales. This percentage is expected to increase further as the Group continues to accelerate global expansion. Overseas subsidiaries' business results and financial positions reported in their local currencies are translated into the 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 foreign currency risks through forward foreign exchange contracts and expansion of local procurement, effects of exchange rate fluctuations between local currencies and the yen on the Group's 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 also to the industrial machinery sector and continues with the implementation of policies whose concern throughout is 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 customers 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 financial position of the NTN Group. Although the NTN Group has taken out global product liability insurance, complete coverage for loss indemnity is not provided.

(8) Intellectual property

The NTN Group generates a wealth of innovative technologies and know-how in the process of new product development, 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 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 March 31, 2006 (A)	As of March 31, 2005 (B)	(A) – (B)
	Amount	Amount	Amount
Assets			
I Current assets			
1 Cash and bank deposits	26,058	22,418	3,640
2 Notes and accounts receivable-trade	98,450	100,889	-2,439
3 Securities	4,398	6,997	-2,599
4 Inventories	107,047	93,167	13,880
5 Deferred tax assets	8,105	6,533	1,572
6 Short-term loans receivable	6,008	22,032	-16,024
7 Other	16,752	10,421	6,331
8 Allowance for doubtful accounts	-16	-63	47
Total current assets	266,805	262,397	4,408
II Fixed Assets			
1 Property, plant and equipment			
(1) Buildings and structures	62,571	58,258	4,313
(2) Machinery, equipment and vehicles	129,956	105,353	24,603
(3) Land	24,246	23,041	1,205
(4) Construction in progress	11,613	13,164	-1,551
(5) Other	8,044	7,841	203
Total property, plant and equipment	236,431	207,659	28,772
2 Intangible fixed assets	3,240	2,833	407
3 Investments and other assets			
(1) Investment securities	33,530	22,164	11,366
(2) Deferred tax assets	18,375	18,808	-433
(3) Other	4,250	3,679	571
(4) Allowance for doubtful accounts	-1,140	-964	-176
Total investments and other assets	55,016	43,687	11,329
Total fixed assets	294,688	254,181	40,507
Total assets	561,493	516,578	44,915

(In million yen)

	As of March 31, 2006 (A)	As of March 31, 2005 (B)	(A) – (B)
	Amount	Amount	Amount
Liabilities			
I Current liabilities			
1 Notes and accounts payable-trade	88,366	84,702	3,664
2 Short-term loans	91,762	88,080	3,682
3 Bonds due within one year	10,000	-	10,000
4 Accrued income taxes	8,786	8,164	622
5 Other	35,842	31,462	4,380
Total current liabilities	234,757	212,409	22,348
II Long-term liabilities			
1 Bonds	40,000	50,000	-10,000
2 Corporate bonds with equity warrant	30,000	30,000	-
3 Long-term loans	11,436	8,105	3,331
4 Accrued retirement benefits for employees	48,440	47,347	1,093
5 Accrued retirement benefits for directors and statutory auditors	-	329	-329
6 Reserve for product defect compensation	2,054	1,918	136
7 Other	6,227	4,450	1,777
Total long-term liabilities	138,158	142,151	-3,993
Total liabilities	372,916	354,560	18,356
Minority interests			
Minority interests	5,330	4,065	1,265
Shareholders' equity			
I Common stock	39,599	39,599	-
II Capital surplus	52,638	52,622	16
III Retained earnings	86,932	72,918	14,014
IV Net unrealized holding gain on securities	10,739	5,231	5,508
V Translation adjustments	-6,076	-11,911	5,835
VI Treasury stock	-585	-508	-77
Total shareholders' equity	183,247	157,952	25,295
Total liabilities, minority interests and shareholders' equity	561,493	516,578	44,915

Statement of Operations

(In million yen)

	Year ended March 31, 2006 (A)	Year ended March 31, 2005 (B)	(A) – (B)
	Amount	Amount	Amount
I Net sales	434,836	388,348	46,488
II Cost of sales	340,570	303,232	37,338
Gross profit	94,266	85,116	9,150
III Selling, general and administrative expenses	56,621	51,915	4,706
Operating income	37,645	33,200	4,445
IV Non-operating income			
1 Interest and dividend income	458	286	172
2 Other	3,362	2,972	390
Total non-operating income	3,821	3,259	562
V Non-operating expenses			
1 Interest expenses	3,949	2,460	1,489
2 Other	4,700	5,613	-913
Total non-operating expenses	8,650	8,074	576
Ordinary Income	32,816	28,385	4,431
VI Extraordinary losses			
1 Provision for reserve for product defect compensation	2,100	1,800	300
2 Impairment losses	346	-	346
Total extraordinary losses	2,446	1,800	646
Income before income taxes and minority interests	30,369	26,585	3,784
Income and other taxes	13,186	9,263	3,923
Deferred income taxed	-2,783	338	-3,121
Minority interests in subsidiaries	416	244	172
Net income	19,550	16,739	2,811

Statements of Capital Surplus and Retained Earnings

(In million yen)

	Year ended March 31, 2006	Year ended March 31, 2005	Increase /decrease
	Amount	Amount	Amount
Capital Surplus			
I Balance, beginning of the year	52,622	52,622	-
II Increase in capital-surplus			
1 Gain on sale of treasury stock	15	-	15
Total increase in capital-surplus	15	-	15
III Balance, end of the year	52,638	52,622	16
Retained earnings			
I Balance, beginning of the year	72,918	59,332	13,586
II Increase in retained earning			
1 Net income	19,550	16,739	2,811
Total increase in retained-earnings	19,550	16,739	2,811
III Decrease in retained-earnings			
1 Cash dividends	4,619	3,004	1,615
2 Bonuses to directors and statutory auditors	180	149	31
3 Decrease resulting from merger with a non-consolidated subsidiary	736	-	736
Total decrease in retained-earnings	5,536	3,153	2,383
IV Balance, end of the year	86,932	72,918	14,014

Statements of Cash Flows

(In million yen)

	Year ended March 31, 2006	Year ended March 31, 2005
	Amount	Amount
I Cash flows from operating activities:		
1 Income before income taxes and minority interests	30,369	26,585
2 Depreciation and amortization	28,586	24,870
3 Amortization of goodwill	45	-40
4 Increase/decrease in allowance for doubtful accounts	74	88
5 Increase/decrease in accrued retirement benefits for employees	929	788
6 Increase/decrease in accrued retirement benefits for directors and statutory auditors	-329	-121
7 Increase/decrease in reserve for product defect compensation	135	-738
8 Interest and dividend income	-458	-286
9 Interest expenses	3,949	2,460
10 Foreign currency translation adjustments / Foreign exchange losses/gains	-1,155	-629
11 Equity in loss/income of non-consolidated subsidiaries and affiliates	-1,111	-932
12 Increase/ decrease in trade receivables	4,938	-7,649
13 Increase/ decrease in inventories	-11,457	-8,523
14 Increase/decrease in trade payables	3,083	15,656
15 Bonuses paid to directors and statutory auditors	-184	-153
16 Other	-3,157	2,126
Subtotal	54,258	53,500
17 Interest and dividend income received	1,124	852
18 Interest expenses paid	-3,692	-2,374
19 Income taxes paid	-12,782	-4,149
Net cash provided by operating activities	38,907	47,830
II Cash flows from investing activities:		
1 Increase in time deposits	-545	-70
2 Decrease in time deposits	114	22
3 Purchase of property, plant and equipment	-49,690	-47,465
4 Proceeds from sale of property, plant and equipment	675	2,216
5 Purchase of intangible fixed assets	-1,020	-1,061
6 Proceeds from sale of investment securities and others	524	446
7 Net decrease/increase in short-term loans receivable, net	23	29
8 Other	-1,600	-269
Net cash used in investing activities	-51,518	-46,151
III Cash flows from financing activities		
1 Increase/decrease in short-term loans, net	3,159	8,343
2 Proceeds from long-term loans	5,590	1,825
3 Repayment of long-term loans	-8,117	-505
4 Issuance of common stock assigned to minority shareholders	817	223
5 Cash dividends paid	-4,619	-3,004
6 Other	-108	-189
Net cash used in/provided by financing activities	-3,277	6,693
IV Effect of exchange rate changes on cash and cash equivalents	478	596
V Increase/decrease in cash and cash equivalents	-15,411	8,969
VI Cash and cash equivalents, at beginning of the year	51,302	42,157
VII Increase in cash and cash equivalents resulting from addition of newly consolidated subsidiaries	-	175
VIII Cash and cash equivalents, at end of the year	35,891	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 March 31, 2006	As of March 31, 2005
Cash and bank deposits	26,058	22,418
Securities	4,398	6,997
Short-term loans receivable	6,008	22,032
Time deposits with original maturities of more than three months	-565	-114
Short-term loans receivable (excl. repurchase agreement)	-8	-32
Cash and cash equivalents	35,891	51,302

Significant Information regarding the Preparation of Consolidated Financial Statements

1. Scope of consolidation

Number of consolidated subsidiaries: 38
(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 included consolidated subsidiaries: 4
Name: NTN Kamiina Corporation (newly established)
NTN (China) Investment Corporation (newly established)
NTN-NIDEC (THAILAND) CO., LTD. (newly established)
NTN Manufacturing India Private Limited (newly established)

4. Significant accounting policies

(1) Valuation of assets

(a) Securities

Other securities

Securities for which market price is available---------------------------Carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, 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 and equipment

The Company and its domestic consolidated subsidiaries

Buildings (excluding ancillary facilities)--------Straight-line method

Property, plant and 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 their useful life for 5 years)

(3) Recognition of allowances/reserves

(a) Allowance for doubtful accounts

Allowance for doubtful accounts is provided to cover possible losses from bad debts. Allowance with respect to non-classified loans/receivables is calculated based on historical default rates. For classified loans/receivables the Company states an amount deemed to be unrecoverable based on the prospect of recovery of individual loans/receivables.

(b) Accrued retirement benefits for employees
The Company provides accrued retirement benefits for employees 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" has been included as fixed liabilities under the category "other long-term liabilities."

(d) Reserve for product defect compensation
The Company encountered serious problems involving 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 amount of compensation that was expected to become payable. Additional provision was made during the period under review based on a revised estimate of the possible compensation payment.

(4) 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 foreign 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. Amortization of Goodwill
Goodwill incurred at the end of the previous consolidated fiscal year-end is fully amortized in the consolidated fiscal year under review.

6. Appropriations of retained earnings
Appropriations of retained earnings are recorded in the fiscal year in which the proposed appropriations are approved by the annual shareholders' meeting.

7. 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 moths or less.

Changes in accounting policy during the period:

(Accounting Standard for Impairment of Fixed Assets)

In the period under review, the Company adopted 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 346 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 Consolidated Financial Statements" (MOF Ordinance No. 28, 1976).

<Notes>

〔Balance Sheets〕

(In million yen)

	As of March 31, 2006	As of March 31, 2005
1. Accumulated depreciation of property, plan and equipment	440,698	413,166
2. Investments in non-consolidated subsidiaries and affiliated companies		
Investment securities	9,602	7,409
3. Assets pledged as collateral and loans secured by such collateral		
Assets pledged as collateral	1,628	2,225
Loans secured by such collateral	1,149	2,042
4. Trade note receivables discounted with banks	597	625
5. Number of treasury stock	1,157,425 shares	1,109,722 shares

〔Statements of Income〕

Year ended March 31, 2006

1. Asset impairment loss

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 346 million yen has been recognized as an extraordinary loss. The recoverable amount was calculated based on net selling price obtained by real estate appraisal and other factors.

Purpose of use	Category of assets	Location	Impairment losses
			Million yen
Welfare provisions	Land and buildings, etc	Mie Prefecture, etc	245
Research facility	Buildings, etc	Shizuoka Prefecture	101
Total			346

<1> Segment Information

1. Business segment information

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

(1) 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.
(3) The amount of assets held by Machinery Equipment Division accounts for more than 90% of total assets of all the segments.

2. Geographic segment information

(In million yen)

	Year ended March 31, 2006 (April 1, 2005 – March 31, 2006)						
	Japan	North America	Europe	Asia and other areas	Total	Elimination	Consolidated total
I. Net sales and operating income/loss							
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
II. Assets	380,587	125,936	58,898	54,101	619,524	-58,030	561,493

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
Asia and other areas: Asia, South and Central America
2. The corporate assets included in “Elimination” amounted to 44,268 million yen, and consisted mainly of the Company’s invested funds (bank deposits and securities) and long-term investments (investment securities).

(In million yen)

	Year ended March 31, 2005 (April 1, 2004 – 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	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
II. Assets	361,293	103,423	54,247	35,637	554,601	-38,023	516,578

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
Asia and other areas: Asia, South and Central America

2. The corporate assets included in “Elimination” amounted to 53,642 million yen, and consisted mainly of the Company’s invested funds (bank deposits and securities) and long-term investments (investment securities).

3. Overseas sales

(In million yen)

	Year ended March 31, 2006 (April 1, 2005 – March 31, 2006)			
	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 total 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.A., Canada
Europe: Germany, France, United Kingdom and other
Asia and other areas: Asia, South and Central America and other
2. “Overseas sales” includes sales by the Company and its consolidated subsidiaries to the countries and regions other than Japan.

(In million yen)

	Year ended March 31, 2005 (April 1, 2004 – March 31, 2005)			
	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 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 and other
Asia and other areas: Asia, South and Central America and other
2. “Overseas sales” includes sales by the Company and its consolidated subsidiaries to the countries and regions other than Japan.

<2> Lease Transactions

For information regarding “Lease transactions” please refer to the Yukashoken Hokokusho available through the EDINET system (electronic disclosure of statutorily required financial documents).

<3> Transactions with Related Parties

None

<4> Tax Effect Accounting

(In million yen)

As of March 31, 2006

1. Breakdown of deferred tax assets and deferred tax liabilities

[Current assets/liabilities]		
Deferred tax assets		
Inventories (including unrealized gains)	3,638	
Accrued expenses	3,483	
Tax loss carry forwards	440	
Other	606	
Sub total	8,170	
Valuation allowance	-20	8,149
Deferred tax liabilities		
Subsidiary retained earnings	401	
Reserve for deferred gain on property included in retained earnings	10	
Other	57	469
		7,680
[Fixed assets/liabilities]		
Deferred tax assets		
Accrued retirement benefit for employees	20,274	
Tax loss carry forwards	5,502	
Reserve for product defect compensation	821	
Loss on devaluation of investment securities	324	
Depreciation and amortization	62	
Other	1,333	
Sub total	28,319	
Valuation allowance	-86	28,233
Deferred tax liabilities		
Unrealized holding gains /losses on other securities	7,163	
Depreciation and amortization	4,769	
Reserve for deferred gain on property included in retained earnings	416	
Other	218	12,567
Net deferred tax assets		15,665

2. Reconciliation of the statutory tax rate to the effective income tax rate

As of March 31, 2005

1. Breakdown of deferred tax assets and deferred tax liabilities

[Current assets/liabilities]		
Deferred tax assets		
Accrued expenses	3,551	
Inventories (including unrealized gains)	2,404	
Tax loss carry forwards	395	
Other	244	
Sub total	6,596	
Valuation allowance	-15	6,580
Deferred tax liabilities		
Reserve for deferred gain on property included in retained earnings	12	
Other	49	62
		6,518
[Fixed assets/liabilities]		
Deferred tax assets		
Accrued retirement benefit for employees	18,122	
Tax loss carry forwards	3,402	
Reserve for product defect compensation	767	
Loss on devaluation of investment securities	324	
Depreciation and amortization	144	
Other	1,372	
Sub total	24,134	
Valuation allowance	-94	24,039
Deferred tax liabilities		
Unrealized holding gains /losses on other securities	3,498	
Depreciation and amortization	3,427	
Reserve for deferred gain on property included in retained earnings	437	
Other	91	7,455
Net deferred tax assets		16,583

2. Reconciliation of the statutory tax rate to the effective income tax rate

Statutory tax rate	40.0%	Statutory tax rate	40.0%
Increase/decrease in taxes resulting from:		Increase/decrease in taxes resulting from:	
Permanent non-deductible items such as entertainment expenses	0.3%	Permanent non-deductible items such as entertainment expenses	0.4%
Permanent non-taxable items such as dividend income	-2.2%	Permanent non-taxable items such as dividend income	-1.5%
Elimination of dividend income	5.3%	Elimination of dividend income	3.4%
Equity in earnings of affiliates	-1.5%	Equity in earnings of affiliates	-1.4%
R&D expenses	-3.8%	Other	-4.8%
Difference of tax rates for foreign subsidiaries	-4.3%	Effective income tax rate	36.1%
Other	0.5%		
Effective income tax rate	34.3%		

<5> Securities

As of March 31, 2006

1. Other securities for which market price is available

(In million yen)

	Acquisition costs	Carrying value on B/S	Unrealized gain/loss
Securities whose carrying value on consolidated B/S exceeds their acquisition costs			
(1) Equity	5,443	23,356	17,912
(2) Other	-	-	-
Sub total	5,443	23,356	17,912
Securities whose carrying value does not exceed their acquisition cost:			
(1) Equity	52	51	-1
(2) Other	42	28	-13
Sub total	95	80	-14
Total	5,539	23,437	17,898

2. Other securities for which market price is not available

(In million yen)

	Carrying value on B/S
(1) Other Securities	
Money management funds	4,398
Unlisted equity	489

As of March 31, 2005

1. Other securities for which market price is available

(In million yen)

	Acquisition costs	Carrying value on B/S	Unrealized gain/loss
Securities whose carrying value on consolidated B/S exceeds their acquisition costs			
(1) Equity	5,438	14,185	8,746
(2) Other	-	-	-
Sub total	5,438	14,185	8,746

Securities whose carrying value does not exceed their acquisition cost:			
(1) Equity	82	69	-12
(2) Other	42	27	-15
Sub total	125	97	-28
Total	5,563	14,282	8,718

2. Other securities for which market price is not available

(In million yen)

	Carrying value on B/S
(1) Other Securities	
Money management funds	6,997
Unlisted equity	471

<6> Derivative Transactions

There are not applicable derivative transactions except for those that are subject to hedge accounting.

<7> Retirement benefits

1. Summary of the retirement benefits plan adopted

The Company and certain domestic consolidated subsidiaries have defined benefit plans, i.e., Welfare Pension Fund Plan and a lump sum severance indemnities plan. Some of its overseas consolidated subsidiaries have defined benefit plans. The Company also has in place an employees' retirement benefit trust.

Effective April 2, 2006, the Company and some of its domestic consolidated subsidiaries have changed part of their Welfare Pension Fund Plan to a defined contribution plan or retirement benefit prepayment program.

2. Retirement benefit obligations

(In million yen)

	Year ended March 31, 2006	Year ended March 31, 2005
1) Retirement benefit obligations	-114,282	-111,832
2) Plan assets	66,392	51,366
3) Unfunded retirement benefit obligations: 1) + 2)	-47,889	-60,465
4) Unrecognized actuarial differences	4,873	16,118
5) Unrecognized prior service cost	-5,424	-2,999
6) Net amount on consolidated balance sheet: 3) + 4) + 5)	-48,440	-47,347
7) Accrued retirement benefits for employees	-48,440	-47,347

3. Retirement benefit expenses

(In million yen)

	Year ended March 31, 2006	Year ended March 31, 2005
1) Service cost*	3,578	3,909
2) Interest cost	3,293	3,255
3) Expected return on plan assets	-1,603	-1,745
4) Amortization of actuarial differences	1,284	1,335
5) Amortization of prior service cost	-427	-228
6) Retirement benefit expenses 1) + 2) + 3) + 4) + 5)	6,126	6,525

*Note: Employees' contribution to Welfare Pension Fund Plan is excluded.

4. Basis of calculation of “Retirement benefit obligations”

(In million yen)

	Year ended March 31, 2006	Year ended March 31, 2005
1) Discount rate	Principally 2.6%	Principally 2.6%
2) Expected rate of return on plan assets	Principally 2.5%	Principally 4.0%
3) Allocation method of estimated total retirement benefits	Straight-line	Straight-line
4) Amortization period of prior service cost	Principally 15 years on straight-line method	Principally 15 years on straight-line method
5) Amortization period of actuarial differences	Principally 15 years on straight-line method (Amortization starts immediately following the year when the difference is recognized)	Principally 15 years on straight-line method (Amortization starts immediately following the year when the difference is recognized)

<8> Significant information related to the premise of a going concern

NA

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

(In million yen)

	Year ended March 31, 2006		Year ended March 31, 2005	
	Amount	%	Amount	%
Production:				
Bearings	271,548	63.5	238,942	63.4
CVJs	130,711	30.6	109,763	29.1
Precision equipment	25,340	5.9	28,161	7.5
Production total:	427,599	100.0	376,866	100.0
Sales:				
Bearings	276,694	63.6	248,810	64.0
CVJs	131,327	30.2	111,307	28.7
Precision equipment	26,815	6.2	28,230	7.3
Sales total:	434,836	100.0	388,348	100.0
Order intake:				
Bearings	283,165	63.9	258,826	64.7
CVJs	133,299	30.0	114,217	28.5
Precision equipment	27,167	6.1	27,361	6.8
Order intake total:	443,632	100.0	400,405	100.0
Order backlog:				
Bearings	65,454	78.8	57,349	79.4
CVJs	15,622	18.8	13,195	18.3
Precision equipment	2,020	2.4	1,630	2.3
Order backlog total:	83,096	100.0	72,175	100.0