November 16, 2006

Consolidated Financial Review for the Six Months Ended September 30, 2006

Company Name: THK CO., LTD.
Head Office: Tokyo, Japan (Tel: +81-3-5434-0300)
URL: http://www.thk.com.
Stock exchange listing: Tokyo Stock Exchange 1st Section
Code number: 6481
President and CEO: Akihiro Teramachi
Director/General Manager of Corporate Strategy Department: Hideyuki Kiuchi
Date of the board meeting: November 16, 2006
Application of U.S. GAAP: None

1. Consolidated Financial Highlights
Note: All figures are rounded down to nearest million yen.

(1) Operating results

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Sep.30, 2006	87,946	16.7	17,062	32.7	18,334	31.2
Six months ended Sep.30, 2005	75,331	(2.0)	12,860	(16.1)	13,972	(15.5)
Year ended Mar.31, 2006	158,412		27,079		29,606	

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Six months ended Sep.30, 2006	10,980	37.1	82.68	82.06
Six months ended Sep.30, 2005	8,010	(22.9)	66.81	59.94
Year ended Mar.31, 2006	18,584		148.42	137.97

Notes:

1. Profit/loss on equity method:
   Six months end Sep.30, 2006: 303million yen
   Six months end Sep.30, 2005: 217million yen
   Year ended Mar.31, 2006: 415million yen
2. Average number of shares of common stock issued: (on a consolidated basis)
   Six months end Sep.30, 2006: 132,814,062shares
   Six months end Sep.30, 2005: 119,892,029shares
   Year ended Mar.31, 2006: 124,301,116shares

3. Change of accounting policy: Yes
4. Percentages for net sales, operating income, ordinary and net income indicated changes from the previous term.

(2) Financial position

	Total assets	Shareholders' equity	Equity ratio	Equity per share
	Millions of yen	Millions of yen	%	Yen
Six months ended Sep.30, 2006	261,064	178,603	67.8	1,331.96
Six months ended Sep.30, 2005	225,651	145,671	64.6	1,156.78
Year ended Mar.31, 2006	244,384	168,272	68.9	1,266.39

Note: Number of shares of common stock issued (on a consolidated basis)as of
Six Months end Sep.30, 2006: 132,834,533shares
Six Months end Sep.30, 2005: 125,927,973shares
Year ended Mar.31, 2006: 132,769,590shares

(3)Consolidated cash flow position

	Cash flow from operating activities	Cash flow from Investing activities	Cash flow from financing activities	Cash and cash equivalents at the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Six months Ended Sep.30, 2006	14,377	(3,516)	(2,066)	95,136
Six months Ended Sep.30, 2005	8,236	(5,851)	(467)	78,439
Year ended Mar.31, 2006	20,206	(9,343)	(1,741)	86,307

(4)Scope of consolidation and application of equity method

Consolidated subsidiaries: 20 companies
Unconsolidated subsidiaries using the equity method: 0 company
Affiliates using the equity method: 1 company

(5)Changes in scope of consolidation and application of equity method

Consolidated companies: Additions: 0 companies Deletions: 0 company
Companies using the equity method: Additions: 0 company Deletions: 0 company

2. Corporate estimates for the year ending March 31, 2007(April 1, 06 ~ March 31, 07)

	Net sales	Operating income	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ending Mar.31, 2007	175,000	32,300	34,600	20,500

For reference: Estimate of net income per share for the year ending March 31, 2007: 154.33Yen
(By forecast average number of shares of common stock year of period)

*Forward-Looking Statements:
This release contains forward-looking statements that are based on management's estimates, assumptions and projections at the time of release. Some factors, which include, but are not limited to, the risks and uncertainty associated with the worldwide economy, competitive activity and currency fluctuation, could cause actual results to differ materially from expectations.

Note to the Financial Information:
This is summarized and translated financial information that the Company posted to the Tokyo Stock Exchange in accordance with their rules that governs the disclosure of financial information.
The Company maintains an Internet website at www.thk.com. The Company makes available free of charge on the website its financial information in Japanese language. That information translated in English language will be disclosed as soon as reasonably practicable after disclosing materials in Japanese language.

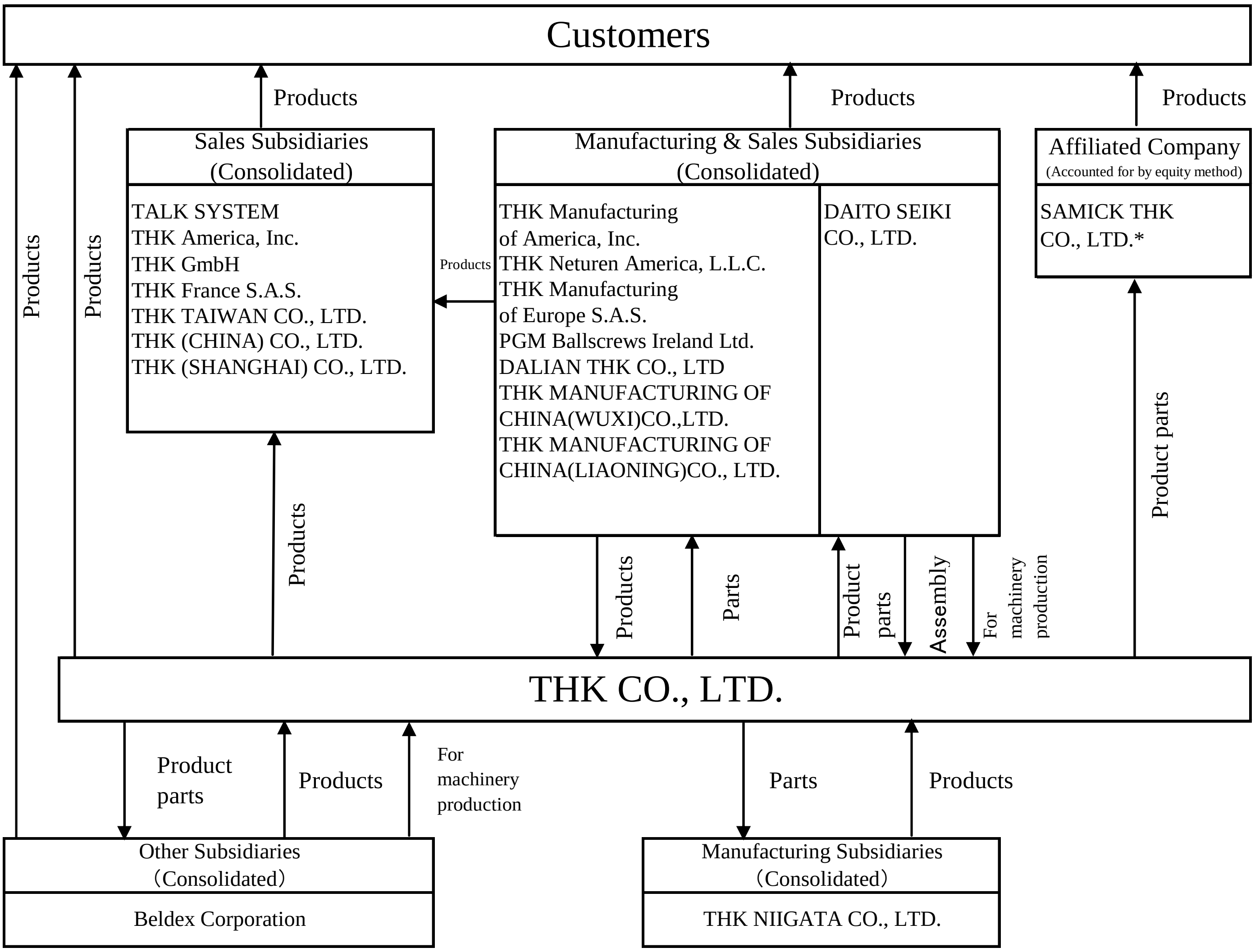
Status of the Corporate Group

The company's business group consists of twenty-four subsidiaries and three affiliated companies, which engage in the manufacture and distribution of the subcomponents of equipment and machinery, centering on linear motion systems, ball screws, and spherical joints.

These products are manufactured by the company itself, as well as by DAITO SEIKI CO., LTD., and THK NIIGATA CO., LTD., in Japan, and by THK Manufacturing of America, Inc., THK Neturen America, L.L.C., THK Manufacturing of Europe S.A.S., PGM Ballscrews Ireland Ltd., DALIAN THK CO., LTD., THK MANUFACUTURING OF CHINA (WUXI) CO., LTD., and SAMICK LMS CO., LTD in foreign countries.

The company sells these products through its own distribution channels TALK SYSTEM CO., LTD. in Japan, and using its own sales channels, THK America, Inc., THK GmbH, THK France S.A.S., THK TAIWAN CO., LTD, THK (SHANGHAI) CO., LTD. and SAMICK THK CO., LTD., in foreign countries.

A diagram of the main THK Group companies is as follows:



*SAMICK LMS CO., LTD, an affiliated company has changed its name to SAMICK THK CO., LTD., effective on April 20, 2006.

Management Policy

(1) Basic Management Policies

The company is creativity- and development-oriented, and is a world-leading maker of linear motion guides. Supported by its research-and-development efforts, its innovative technological contributions to society are its operating base.

The company has consistently worked toward technological innovation (it holds 713 domestic and 810 overseas patents and patents pending), and will continue its basic character as a creativity- and development-oriented enterprise. Based on its commitment to producing innovative products, and to creating trends that contribute to society, the company plans to expand its business base and to eventually increase its value by aggressively cultivating new markets and areas, helped by its technologies and products.

(2) Basic Profit-sharing Policies

The company's basic profit-sharing policy is to continue to pay stable dividends to its shareholders. It believes that it is also important to appropriate earnings that correspond to actual earnings results, in an attempt to enhance its retained earnings and financial strength.

The company will effectively use its retained earnings to reinvest in production equipment and facilities, and in information systems, responding to the future needs of R&D activities and of the globalization of its industry.

(3) Consideration and Policies on Deduction of Investment Units

The company changed the number of shares constituting one trade unit from 1,000 to 100 in accordance with a resolution adopted at the regular shareholders meeting in June 1991.

The company will continue to make efforts to implement flexible policies when needed, toward expanding its shareholder base and enhancing the market liquidity of its stocks.

(4) Targeted Management Indexes

To maximize shareholders' interest, the company considers return-on-equity on a consolidated basis to be the most important management index; it has set a goal of 10-percent ROE. The company places the greatest emphasis on profitability, to improve ROE on a consolidated basis, and therefore has also targeted a 20-percent operating profit ratio.

(5) Medium-term Management Strategy

The company has proposed the unique linear motion guide as an unrivaled new mechanism owing to its creative idea and exclusive technology. This product has received much recognition and a high share in the Japanese market. There is greater potential overseas demand for linear motion guides, due to their lower rate of use than in Japan.

The company will aggressively cultivate overseas markets by supplying high-quality products, centering on linear motion guides. To this end, it will strengthen its overseas sales system and focus on establishing a global manufacturing structure that can rapidly respond to local demand, based on the concept that production should be conducted as near as possible to the market of final demand. In this way, it plans to increase its overseas sales ratio to 50 percent from the current 30.7 percent over the long term.

The company will make great efforts to expand its business by increasing its presence in global markets, and by cultivating new products, and will aggressively pursue improved profitability and financial strength, by which it will attempt to increase its value.

(6) Issues to Be Acted Upon

The company produces and distributes subcomponents for equipment and machinery, including linear motion guides, ball screws, and other items. The main users of these products are manufacturers of industrial machinery, such as machine tools and semiconductor manufacturing equipment. The company's earnings results are significantly influenced by trends in its clients' industries private-sector capital investment and production.

To mitigate fluctuations of business results, the company plans to expand its user base by accelerating overseas development and new business areas.

The company's overseas marketing regions are Europe, North America, and Asia. To choose the best production spots, the company will expand its sales by reinforcing its cost-competitiveness, and by marketing its high-level technologies to users by increasing production nearer to their locations.

The company will also work toward gaining new business areas and markets, including electromechanics, housing, and automobile industries.

Business Performance and Financial Standings

1. Business Performance

(1) Summary of Business Performance for the Current Consolidated Interim Fiscal Term

The Japanese economy during the current consolidated interim fiscal term generally remained favorable, assisted by robust capital investment on the back of strong corporate earnings results and improvement in employment conditions, although the impact of price hikes of raw materials including crude oil was a source of concern. Looking at the overseas economies, the U.S. economy stayed firm, owing to brisk corporate business performances, although certain areas, such as housing investments, are somewhat on a decelerating trend. The European economy continued to moderately expand, and in Asia the economy remained generally strong, supported by firm export growth.

Under these circumstances, the THK Group implemented aggressive capital investment aiming to strengthen the production capacity of manufacturing bases at home and abroad to meet growing demand from users. On the sales front, we have expanded transactions with existing users and amplified our proactive sales activities toward new users as well.

As a result, net sales for the current consolidated interim fiscal term increased ¥12,615 million, or 16.7 percent over the same period a year earlier to ¥87,946 million.

The sales-cost ratio improved 1.2 point to 62.0 percent from 63.2 percent of the previous consolidated interim fiscal term attributing to enhanced capacity utilization and improved productivity helped by increased sales. The ratio of selling and general administrative expenses to sales declined 1.1 percent to 18.6 percent from 19.7 percent of the same period a year earlier owing to improved efficiencies. As a result, the ratio of operating income to sales improved 2.3 points to 19.4 percent, and the Group marked an operating income of ¥17,062 million, up ¥4,202 million or 32.7 percent on a year-over-year basis.

Ordinary income marked ¥18,334 million, up ¥4,361 million or 31.2 percent over the same period a year earlier, mainly because exchange profits were generated due to the weaker yen against the U.S. dollar and the Euro, and non-operating net income of ¥1,271 million was recognized, including investment profit on equity investment.

Interim net income climbed ¥2,970 million or 37.1 percent on a year-over-year basis to ¥10,980 million. As a result of these, the Group marked all-time-high interim term sales and income, surpassing the records of the interim fiscal term ended September 30, 2004.

Summary of Consolidated Business Performance (Millions of Yen)

	Six months ended Sep 30, 2005			Six months ended Sep 30, 2006		
	Amount	%	Inc/Dec (%) from 2004 (interim)	Amount	%	Inc/Dec (%) from 2005 (interim)
Net sales	75,331	100.0	(2.0)	87,946	100.0	16.7
Operating income	12,860	17.1	(16.1)	17,062	19.4	32.7
Ordinary income	13,972	18.6	(15.5)	18,334	20.8	31.2
Net income	8,010	10.6	(22.9)	10,980	12.5	37.1

Reference: Summary of Non-consolidated Business Performance (Millions of Yen)

	Six months ended Sep 30, 2005			Six months ended Sep 30, 2006		
	Amount	%	Inc/Dec (%) from 2004 (interim)	Amount	%	Inc/Dec (%) from 2005 (interim)
Net sales	61,905	100.0	(2.9)	71,268	100.0	15.1
Operating income	10,891	17.6	(20.4)	13,854	19.5	27.2
Ordinary income	11,561	18.7	(21.6)	14,643	20.6	26.7
Net income	6,642	10.7	(25.2)	8,724	12.2	31.3

(2) Segment information for the Current Consolidated Interim Fiscal Term

Segment information by locations is as follows:

Japan: Sales to makers of machine tools and industrial machinery, and to the electronic sector, continued to grow on a high level. Sales to agents and exports remained firm as well. As a result, net sales amounted to ¥77,314 million, an increase of ¥10,177 million on the year. Operating income increased ¥3,433 million over the same period a year earlier, to ¥14,949 million.

North America: Net sales in North America soared ¥1,831 million from the same period a year earlier, to ¥8,267 million, because the share of sales of our company's product to major machine tool makers went up on the back of efforts made to expand transactions with the existing users, and the external sales environment remained strong. Operating income increased ¥323 million from the same period a year earlier, to ¥948 million.

Europe: The number of major auto makers' car models using our company products has shown an increase, and sales to all industry sectors including makers of machine tools, industrial machines, electronic devices, and transportation equipment remained robust in Europe, due to efforts made to expand transactions with existing users. As a result, net sales increased ¥1,345 million over the previous term to ¥9,877 million. Operating income rose ¥125 million to ¥622 million.

Asia and other regions: Sales to makers of machine tools and industrial machines remained strong in Asian regions, on the backdrop of robust demand for machinery in China. Net sales jumped ¥1,562 million to ¥4,816 million and operating income soared ¥341 million to ¥528 million.

(3) Profit-sharing for the Current Interim Fiscal Term

The company decided to pay an interim fiscal-year end dividend of ¥13 per share, increasing ¥3 from the same term a year earlier.

II Financial Standings

(1) Analysis of Balance Sheets of the Consolidated Interim Fiscal Term

The total assets as of the end of the current consolidated interim fiscal term were ¥261,064 million, up ¥35,413 million from the end of the previous consolidated interim fiscal term. Major factors were increases in accounts receivable due to robust sales and also in fixed assets attributing to strong capital investments.

Liabilities increased ¥3,589 million to ¥82,461 million, due to soared accounts payable and accrued liabilities arising from capital investments.

Net assets grew to ¥178,603 million due to the recognition of net income of ¥10,980 million.

(2) Analysis of Cash Flow Statements

The statuses and factors contributing to them for each cash flow of the current consolidated interim fiscal term are as follows:

Cash Flows from Operating Activities: Cash flows from operating activities show an inflow position of ¥14,377 million (in the same period of last year, this was ¥8,236 million), due to net interim income before taxes of ¥18,263 million, depreciation costs of ¥3,293 million, and payment of corporate taxes of ¥7,466 million.

Cash Flows from Investment Activities: Cash flows from investment activities show an outflow position of ¥3,516 (in the same period of last year, this was ¥5,851 million), due to payments for the acquisition of fixed assets in the amount of ¥5,386 million and withdrawal of 3 months or longer time deposits in the amount of ¥2,077 million.

Cash Flows from Financing Activities: Cash flows from financing activities show an outflow position of ¥2,066 million (in the same period of last year, this was ¥467 million), due to dividend payment for ¥1,986 million.

The total outstanding cash and cash equivalents therefore increased ¥8,829 million over the same period a year earlier, to ¥95,136 million.

(3)Analysis of Cash Flow Indices

	FY2005 (interim)	FY 2005	FY2006 (interim)	FY 2006	FY2007 (interim)
Equity ratio (%)	57.4	58.0	64.6	68.9	67.8
Equity ratio on mark-to-market basis (%)	106.4	117.6	158.0	205.4	142.0
Debt redemption years (years)	4.7	1.9	3.5	0.8	1.2
Interest coverage ratio (multiples)	99.4	124.8	98.5	120.0	174.1

Equity Ratio: Shareholders' equity as of fiscal year-end / Total assets as of fiscal year-end

Equity Ratio on a Mark-to-market Basis: Market capitalization of stocks as of fiscal year-end / Total assets as of fiscal year-end

Debt Redemption Years: Interest-bearing debts as of fiscal year-end / Net cash flows provided by operating activities

Interest Coverage Ratio: Net cash flows provided by operating activities / interest payable

- These are all calculated using consolidated financial data.
- Market capitalization of stocks is calculated by multiplying the total number of stocks issued, by a closing stock price as of fiscal year-end.
- Corporate bonds with non-interest-bearing warrants are included in interest-bearing debts.

III Earnings Projections for the Full Fiscal Term

(1) General Earnings Projections for the Fiscal Year Ending March 31, 2007

The THK Group decided to revise the earnings projections for the fiscal year ending March 31, 2007, released on May 18, 2006, as follows, as a result of having made new predictions based on the Group's business results of the current interim fiscal term and the recent order-receiving environment.

Annual average foreign exchange rates of ¥116.20 per US$ 1, and ¥145.50 per € 1 are used to calculate earnings projections for the fiscal year ending March 31, 2007.

Revised consolidated earnings projections for the fiscal year ending March 31, 2007

(Millions of yen)

	Sales	Operating income	Ordinary income	Net income
Projections released previously (A)	175,000	34,000	35,000	21,300
Revised projections (B)	175,000	32,300	34,600	20,500
Increase/ Decrease (B)	-	(1,700)	(400)	(800)
Rate of increase/decrease(%)	-	(5.0)	(1.1)	(3.8)

Revised non-consolidated earnings projections for the fiscal year ending March 31, 2007

(Millions of yen)

	Sales	Operating income	Ordinary income	Net income
Projections released previously (A)	144,000	28,600	28,300	16,800
Revised projections (B)	142,000	26,800	28,000	16,500
Increase/ Decrease (B)	(2,000)	(1,800)	(300)	(300)
Rate of increase/decrease(%)	(1.4)	(6.3)	(1.1)	(1.8)

(2)Dividends Projection for the Full Fiscal Year Ending March 31, 2007

The company plans to pay ¥26 per share (interim dividends of ¥13), an increase of ¥1 over the previous year. The payment of fiscal year-end dividends will be made after a resolution by the general shareholders meeting scheduled for June 2007.

ⅣBusiness Risks

The following are risks and uncertainties that may affect the business performance and financial conditions of this corporate group.

(1) Dependency on the LM System

Our main business is the manufacture and sale of the LM System, centered on the LM Guide (liner motion guide). We rely on sales of the LM System for a majority of our total sales, which is expected to continue for the foreseeable future. If our products lose their position as primary machinery parts, however, due to unexpected technological innovations, the business performance and financial conditions of this corporate group may be adversely affected.

(2) Impact from changes in the manufacturing trends of certain industries.

This corporate group manufactures and sells such vital machinery components as the LM Guide and ball screws, used primarily by such industrial machine makers as general machinery and semiconductor manufacturing equipment. We are making efforts to increase such users by expanding overseas and into new fields, nonetheless we are affected by trends in the general machinery and semiconductor manufacturing equipment industries that support our performance base.

The future performance and financial conditions of this corporate group may be adversely affected by a decrease in the manufacturing level of particular industries, but we believe that such trends will not in same direction on a global basis, and will be dependent on the economic conditions of individual counties.

(3) Expansion of our overseas business

Our group maintains sales and manufacturing facilities in the North America, Europe, Asia, and elsewhere, and so the performance and financial conditions of this corporate group may be adversely affected by economic downturns in the countries where we operate, and by subsequent decreases in demand for our products, or by unexpected regulatory changes in those countries.

(4) Fluctuations of Foreign Exchange Rates

This corporate group conducts some business in foreign currencies, and is trying to hedge exchange risks through forward exchange contracts and other means, but performance and financial conditions may be adversely affected by large, unexpected fluctuations of exchange rates.

(5) Reliance on specific suppliers

The THK Group procures some portions of raw materials and parts from suppliers outside of the Group. Because special features are required for those materials and parts, there are only limited numbers of suppliers. Therefore, shortfalls of such materials and parts caused by the insufficient productivities of such suppliers or casualties could adversely influence the Group’s manufacturing activities.

Consolidated Balance Sheets

(Millions of yen)

		As of Sep. 30, 2005		As of Sep. 30, 2006		As of Mar. 31, 2006	
		Amount	%	Amount	%	Amount	%
Assets							
Current assets :							
Cash on hand and in banks		78,203		95,496		87,911	
Notes and accounts receivable-trade	*6	53,063		62,063		58,482	
Short-term investments in securities		236		95		340	
Inventories		23,887		25,563		24,949	
Deferred tax assets		2,902		3,268		3,303	
Short-term loans		106		119		113	
Other		1,496		2,300		1,412	
Less: Allowance for doubtful debts		(190)		(224)		(233)	
Total current assets		159,706	70.8	188,682	72.3	176,280	72.1
Fixed assets :							
Tangible fixed assets	*2 *3						
Buildings and structures		18,113		18,020		18,437	
Machinery, equipment and vehicles		20,492		23,177		21,710	
Land		9,854		9,893		9,887	
Construction in progress		1,934		7,865		4,598	
Other		1,795		1,782		1,768	
Total tangible fixed assets		52,190	23.1	60,739	23.3	56,402	23.1
Intangible fixed assets		1,211	0.5	986	0.4	852	0.4
Investments and others							
Long-term investments in securities		7,658		5,381		5,589	
Deferred tax assets		1,152		1,263		1,223	
Other		4,146		4,402		4,433	
Less: Allowance for doubtful debts		(415)		(392)		(396)	
Total investments and others		12,542	5.6	10,655	4.0	10,849	4.4
Total fixed assets		65,944	29.2	72,382	27.7	68,104	27.9
Total assets		225,651	100.0	261,064	100.0	244,384	100.0

(Millions of yen)

		As of Sep. 30, 2005		As of Sep. 30, 2006		As of Mar. 31 , 2006	
		Amount	%	Amount	%	Amount	%
Liabilities							
Current liabilities :							
Notes and accounts payable – trade	*6	27,289		35,959		30,323	
Current portion of long-term debt	*3	186		72		72	
Bonds due within one year		—		10,000		10,000	
Accrued income taxes		5,246		6,738		7,201	
Allowance for bonuses		2,091		2,355		2,096	
Allowance for Directors' and corporate auditors' bonuses		—		67		—	
Other		9,348		14,658		11,964	
Total current liabilities		44,162	19.5	69,851	26.8	61,657	25.2
Long-term liabilities :							
Bonds		15,000		5,000		5,000	
Bonds with stock acquisition rights		13,040		1,635		1,745	
Long-term debt	*3	256		68		104	
Allowance for retirement and severance benefits		2,212		2,434		2,316	
Consolidation adjusting account		2,592		—		2,268	
Good will		—		1,944		—	
Other		1,607		1,528		1,501	
Total long-term liabilities		34,709	15.4	12,610	4.8	12,935	5.3
Total liabilities		78,871	34.9	82,461	31.6	74,593	30.5
Minority interests							
Minority interests		1,108	0.5	—	—	1,518	0.6
Shareholders' equity							
Common stock		28,086	12.4	—	—	33,733	13.8
Capital surplus		37,822	16.8	—	—	43,470	17.8
Retained earnings		77,776	34.5	—	—	87,090	35.6
Valuation adjustment for marketable securities	*4	1,455	0.6	—	—	1,357	0.6
Foreign currency translation adjustments		566	0.3	—	—	2,668	1.1
Treasury stock		(36)	(0.0)	—	—	(48)	(0.0)
Total shareholders' equity		145,671	64.6	—	—	168,272	68.9
Total liabilities, minority interests, and shareholders' equity		225,651	100.0	—	—	244,384	100.0

(Millions of yen)

		As of Sep. 30, 2005		As of Sep. 30, 2006		As of Mar. 31 , 2006	
		Amount	%	Amount	%	Amount	%
Shareholders' equity							
Paid-In Capital and Retained earnings							
Common stock		—		33,788		—	
Capital surplus		—		43,525		—	
Retained earnings		—		95,944		—	
Treasury stock		—		(54)		—	
Total paid-in capital and retained earnings		—	—	173,204	66.3	—	—
Valuation and translation adjustments							
Valuation adjustment for marketable securities		—		1,128		—	
Foreign currency translation adjustments		—		2,596		—	
Total Valuation and translation adjustments		—	—	3,725	1.4	—	—
Minority interests		—	—	1,673	0.7	—	—
Total shareholders' equity		—	—	178,603	68.4	—	—
Total liabilities and shareholders' equity		—	—	261,064	100.0	—	—

Consolidated Statements of Income

(Millions of yen)

	Six months ended Sep. 30, 2005			Six months ended Sep. 30, 2006			Year ended March 31, 2006		
	Amount		%	Amount		%	Amount		%
Net sales		75,331	100.0		87,946	100.0		158,412	100.0
Cost of sales		47,615	63.2		54,565	62.0		100,490	63.4
Gross profit		27,715	36.8		33,381	38.0		57,921	36.6
Sales, general and administrative expenses									
Packaging and transportation	1,363			1,576			2,853		
Advertising and promotions	432			449			814		
Provision of allowance for doubtful debts	－			5			13		
Salaries and allowances	4,226			4,900			9,683		
Provision for employee bonuses	772			869			816		
Retirement expenses	114			132			235		
Rental expenses	1,067			1,058			2,121		
Depreciation and amortization	429			402			914		
Research and development	1,352			1,268			2,683		
Other	5,095	14,854	19.7	5,653	16,318	18.6	10,705	30,841	19.5
Operating income		12,860	17.1		17,062	19.4		27,079	17.1
Non-operating income									
Interest income	129			183			263		
Dividend income	27			16			44		
Foreign exchange gain	266			193			817		
Amortization of consolidation adjusting account	324			－			648		
Amortization on goodwill	－			324			－		
Equity in earnings of unconsolidated subsidiaries and affiliates	217			303			415		
Rental income	95			101			195		
Others	243	1,304	1.7	307	1,430	1.6	512	2,898	1.8
Non-operating expenses									
Interest expenses	83			82			168		
Payment charge	43			39			84		
Others	65	192	0.2	37	159	0.2	118	371	0.2
Ordinary income		13,972	18.6		18,334	20.8		29,606	18.7

(Millions of yen)

		Six months ended Sep. 30, 2005			Six months ended Sep. 30, 2006			Year ended March 31, 2006		
		Amount		%	Amount		%	Amount		%
Extraordinary income										
Gain on sales of fixed assets	*1	379			25			469		
Gain on sales of investment securities		–			–			1,933		
Reversal of allowance for doubtful debts		20			–			–		
Modification on past loss	*2	–			–			252		
Others		–	399	0.5	–	25	0.0	60	2,715	1.7
Extraordinary loss										
Loss on sales and retirement of fixed assets	*3	94			61			410		
Loss on evaluation of investment securities		–			–			164		
Loss on impairment	*4	1,142			–			1,152		
Others		28	1,265	1.7	34	96	0.0	28	1,755	1.1
Net income before taxes and minority interests			13,106	17.4		18,263	20.8		30,565	19.3
Income taxes – current		5,185			7,000			12,196		
Income taxes – deferred		(195)	4,990	6.6	110	7,111	8.1	(560)	11,636	7.4
Minority interest in income of consolidated subsidiaries			106	0.2		170	0.2		345	0.2
Net income			8,010	10.6		10,980	12.5		18,584	11.7

Consolidated Statements of Retained Earnings

(Millions of Yen)

		Six months ended Sep. 30, 2006		Year ended March 31, 2006	
		Amount		Amount	
Capital Surplus					
Capital surplus at the beginning of the period			32,651		32,651
Increase in capital surplus					
Gain on disposition of treasury stocks		191		191	
Issuance of new stocks by the exercise of stock acquisition rights		4,980	5,171	10,627	10,818
Capital surplus at the end of the period			37,822		43,470
Retained earnings					
Retained earnings at the beginning of the period			71,130		71,130
Increase in retained earnings					
Net income		8,010	8,010	18,584	18,584
Decrease in retained earnings					
Dividends		1,254		2,513	
Bonuses to directors		110	1,364	110	2,623
Retained earnings at the end of the period			77,776		87,090

Consolidated Statements of Shareholders' Equity

Six months ended September 30, 2006 (Millions of yen)

	Paid-In Capital and Retained Earnings				
	Common stock	Capital surplus	Retained Earnings	Treasury stock	Total paid-in capital and retained Earnings
Balance at March 31, 2006	33,733	43,470	87,090	(48)	164,246
Changes during the period					
Cash dividends paid			(1,991)		(1,991)
Bonuses to directors			(135)		(135)
Exercise of stock acquisition rights	54	55			110
Net income			10,980		10,980
Acquisition of treasury stock				(7)	(7)
Re-issuance of treasury stock		0		0	1
Net changes in accounts other than paid-in capital and retained Earnings					
Net changes during the period	54	55	8,854	(6)	8,958
Balance at September 30, 2006	33,788	43,525	95,944	(54)	173,204

	Valuation and Translation Adjustments			**Minority interests**	**Total shareholders' equity**
	Valuation adjustment for marketable securities	Foreign currency translation adjustments	Total Valuation and translation adjustments		
Balance at March 31, 2006	1,357	2,668	4,026	1,518	169,791
Changes during the period					
Cash dividends paid					(1,991)
Bonuses to directors					(135)
Exercise of stock acquisition rights					110
Net income					10,980
Acquisition of treasury stock					(7)
Re-issuance of treasury stock					1
Net changes in accounts other than paid-in capital and retained Earnings	(229)	(72)	(301)	154	(146)
Net changes during the period	(229)	(72)	(301)	154	8,811
Balance at September 30, 2006	1,128	2,596	3,725	1,673	178,603

Consolidated Statements of Cash Flows

(Millions of yen)

		Six months ended Sep. 30, 2005	Six months ended Sep. 30, 2006	Year ended March 31, 2006
Cash flows from operating activities:				
Income before income tax and minority interests		13,106	18,263	30,565
Depreciation and amortization		3,050	3,293	6,562
Loss on impairment of fixed assets		1,142	－	1,152
Loss(Gain) on sales or disposal of fixed assets		(285)	36	(58)
Increase in provisions		35	358	155
Interest and dividend income		(157)	(200)	(308)
Interest expenses		83	82	168
Foreign exchange (gain)		(160)	(38)	(134)
Equity in earnings of unconsolidated subsidiaries and affiliates		(217)	(303)	(415)
Gain on sales of investment securities		－	－	(1,933)
Loss on evaluation of investment		－	－	164
Amortization of consolidating adjustments		(324)	－	(648)
Amortization on goodwill		－	(324)	－
Increase in notes and accounts receivable		(3,407)	(3,520)	(8,461)
Decrease (increase) in inventories		371	(574)	(219)
Increase in notes and accounts payable		1,915	5,594	4,565
Others		(342)	(938)	643
Subtotal		14,812	21,728	31,797
Interest and dividend income received		255	200	398
Interest expenses paid		(86)	(84)	(170)
Income taxes paid or reclaimed.		(6,743)	(7,466)	(11,819)
Net cash provided by operating activities		8,236	14,377	20,206
Cash flows from investing activities :				
Decrease in depositing the fixed deposits due over three months		－	(457)	(1,944)
Increase in refunding the fixed deposits due over three months		－	2,077	－
Payments for purchases of fixed assets		(6,989)	(5,386)	(12,520)
Proceeds from sales of fixed assets		1,133	28	1,338
Payments for purchases of long-term investment securities		(6)	(7)	(12)
Proceeds from sales of long-term investment securities		35	24	3,849
Increase in loans		(31)	(50)	(66)
Collection of loans		6	45	12
Others		－	209	－
Net cash provided by investing activities		(5,851)	(3,516)	(9,343)
Cash flows from financing activities :				
Repayment of long-term debt		(97)	(36)	(352)
Cash dividends		(1,253)	(1,986)	(2,512)
Cash dividends to minority stockholders		(8)	(37)	(11)
Income for acceptance of capital increase by minority stockholders		－	－	255
Purchase of treasury stock		(7)	(7)	(19)
Proceeds from sales of treasury stock		898	1	898
Others		－	(0)	－
Net cash provided by financing activities		(467)	(2,066)	(1,741)
Effect of exchange rate change on cash and cash equivalents		534	35	1,198
Net increase in cash and cash equivalents		2,452	8,829	10,319
Cash and cash equivalents at the beginning of the period		75,987	86,307	75,987
Cash and cash equivalents at the end of the period		78,439	95,136	86,307

Basis for Preparing Interim Consolidated Financial Statements

Item	Previous Interim Consolidated Fiscal Year (4/1/05~9/30/05)	Current Interim Consolidated Fiscal Year (4/1/06~9/30/06)	Previous Consolidated Fiscal Year (4/1/05~3/31/06)
1 Scope of Consolidation	(1) Number of consolidated subsidiaries: 20 Names of main consolidated subsidiaries DAITO SEIKI CO., LTD. TALK SYSTEM CO., LTD. THK America, Inc. THK Manufacturing of America, Inc. THK Europe B.V. THK GmbH THK Manufacturing of Europe S.A.S. Newly established THK (CHINA) CO., LTD. and Beldex KOREA Corporation are included in consolidated subsidiaries effective from the current interim fiscal year. (2) Name of main unconsolidated subsidiaries A main unconsolidated subsidiary is Nippon Slide CO., LTD. (Reason for excluding from the consolidation) The unconsolidated subsidiaries are small, and their total assets, sales, net interim income/loss (corresponding to equity portion) have no material effect on interim consolidated financial statements.	(1) Number of consolidated subsidiaries: 20 Names of main consolidated subsidiaries DAITO SEIKI CO., LTD. TALK SYSTEM CO., LTD. THK America, Inc. THK Manufacturing of America, Inc. THK Europe B.V. THK GmbH THK Manufacturing of Europe S.A.S. Liquidation of THK Neturen America, L.L.C. completed on September 15, 2006, of which the impact is minor, and therefore no adjustment concerning this matter is made as of the book-closing date. (2) Name of main unconsolidated subsidiaries Same as left	(1) Number of consolidated subsidiaries: 20 Names of main consolidated subsidiaries DAITO SEIKI CO., LTD. TALK SYSTEM CO., LTD. THK America, Inc. THK Manufacturing of America, Inc. THK Europe B.V. THK GmbH THK Manufacturing of Europe S.A.S. Newly established THK (CHINA) CO., LTD. and Beldex KOREA Corporation are included in consolidated subsidiaries effective from the current interim fiscal year. (2) Name of main unconsolidated subsidiaries A main unconsolidated subsidiary is Nippon Slide CO., LTD. (Reason for excluding from the consolidation) The unconsolidated subsidiaries are small, and their total assets, sales, net interim income/loss (corresponding to equity portion) have no material effect on consolidated financial statements.
2 Use of the Equity Method	(1) Number of affiliated companies accounted for using the equity method: 1 Name of the company: SAMICK LMS CO., LTD. (2) Names of main unconsolidated subsidiaries and affiliated companies not accounted for using the equity method Nippon Slide CO., LTD. (Reasons not being accounted for using the equity method) Net income/loss (corresponding to equity portion) and retained earnings (corresponding to equity portion) of unconsolidated subsidiaries and affiliated companies not accounted for using the equity method have no material impact on the interim consolidated financial statements and they are of no significance as a whole.	(1) Number of affiliated companies accounted for using the equity method: 1 Name of the company: SAMICK LMS CO., LTD. SAMICK LMS CO., LTD, an affiliated company has changed its name to SAMICK THK CO., LTD., effective on April 20, 2006. (2) Names of main unconsolidated subsidiaries and affiliated companies not accounted for using the equity method Same as left	(1) Number of affiliated companies accounted for using the equity method: 1 Name of the company: SAMICK LMS CO., LTD. (2) Names of main unconsolidated subsidiaries and affiliated companies not accounted for using the equity method Nippon Slide CO., LTD. (Reasons not being accounted for using the equity method) Net income/loss (corresponding to equity portion) and retained earnings (corresponding to equity portion) of unconsolidated subsidiaries and affiliated companies not accounted for using the equity method have no material impact on the interim consolidated financial statements and they are of no significance as a whole.

Item	Previous Interim Consolidated Fiscal Year (4/1/05~9/30/05)	Current Interim Consolidated Fiscal Year (4/1/06~9/30/06)	Previous Consolidated Fiscal Year (4/1/05~3/31/06)
3 Interim Fiscal Years (Fiscal Years) of consolidated subsidiaries	Of consolidated subsidiaries, the following subsidiaries' interim fiscal year ends on June 30: THK Holdings of America, L.L.C.; THK America, Inc.; THK Manufacturing of America, Inc.; THK Neturen America, L.L.C.; THK Europe B.V.; THK GmbH; THK France S.A.S.; THK Manufacturing of Europe S.A.S.; PGM Ballscrews Ireland Ltd.; THK TAIWAN CO., LTD.; Beldex KOREA Corporation; THK (CHINA) CO., LTD.; THK (SHANGHAI) CO., LTD.; DALIAN THK CO., LTD.; THK MANUFACTURING OF (WUXI) CO., LTD.; THK MANUFACTURING OF (LIAONING) CO., LTD.; In preparing interim consolidated financial statements, subsidiaries' interim financial statements as of their interim settlement date are adopted, but adjustment has been made for significant transactions between subsidiaries' interim fiscal year-ends and consolidated interim fiscal year-end (September 30).	Same as left	Of consolidated subsidiaries, the following subsidiaries' interim fiscal year ends on December 31: THK Holdings of America, L.L.C.; THK America, Inc.; THK Manufacturing of America, Inc.; THK Neturen America, L.L.C.; THK Europe B.V.; THK GmbH; THK France S.A.S.; THK Manufacturing of Europe S.A.S.; PGM Ballscrews Ireland Ltd.; THK TAIWAN CO., LTD.; THK (CHINA) CO., LTD.; THK (SHANGHAI) CO., LTD.; DALIAN THK CO., LTD.; THK MANUFACTURING OF (WUXI) CO., LTD.; THK MANUFACTURING OF (LIAONING) CO., LTD. In preparing interim consolidated financial statements, subsidiaries' interim financial statements as of December 31 are adopted, but adjustment has been made for significant transactions between subsidiaries' interim fiscal year-ends and consolidated fiscal year-end (March 31).
4 Accounting Standards	(1) Evaluation standards and methods for significant assets i. Securities Other securities Marketable securities: Stated at market value at the interim fiscal year-end (valuation gains and losses are included in shareholders' equity, net of taxes, and costs of sales are calculated using the moving-average method) Non-marketable securities: Stated at costs determined using the moving-average method	(1) Evaluation standards and methods for significant assets i. Securities Other securities Marketable securities: Stated at market value at the interim fiscal year-end (valuation gains and losses are included in shareholders' equity, net of taxes, and costs of sales are calculated using the moving-average method) Non-marketable securities: Stated at costs determined using the moving-average method	(1) Evaluation standards and methods for significant assets i. Securities Other securities Marketable securities: Stated at market value at the fiscal year-end (valuation gains and losses are included in shareholders' equity, net of taxes, and costs of sales are calculated using the moving-average method) Non-marketable securities: Stated at costs determined using the moving-average method

Item	Previous Interim Consolidated Fiscal Year (4/1/05~9/30/05)	Current Interim Consolidated Fiscal Year (4/1/06~9/30/06)	Previous Consolidated Fiscal Year (4/1/05~3/31/06)
	For amounts invested to investment business limited partnerships and partnerships similar to them (those deemed to be securities by Article 2, paragraph 2 of Securities and Exchange Law), net equity equivalent amount calculated based on the latest financial statements available as of settlement report date prescribed in a contract of partnership is stated. (Amendment of statement method) The "Law Amending a Part of Securities and Exchange Law" (Law No. 97, 2004) was promulgated on June 9, 2004 and it became effective on December 1, 2004, and "Practical Guideline for Financial Products Accounting" (Accounting System Council Report No.14) was also revised on February 15, 2005. Due to these changes, the company amended effective from the current interim consolidated fiscal year its method of stating amounts investing to investment business limited partnerships or partnerships similar to them (those deemed to be securities by Article 2, paragraph 2 of Securities and Exchange Law) to include in investment securities. Such amounts included in investment securities as of the end of the current interim consolidated fiscal year are ¥112 million.	For amounts invested to investment business limited partnerships and partnerships similar to them (those deemed to be securities by Article 2, paragraph 2 of Securities and Exchange Law), net equity equivalent amount calculated based on the latest financial statements available as of settlement report date prescribed in a contract of partnership is stated. ————	For amounts invested to investment business limited partnerships and partnerships similar to them (those deemed to be securities by Article 2, paragraph 2 of Securities and Exchange Law), net equity equivalent amount calculated based on the latest financial statements available as of settlement report date prescribed in a contract of partnership is stated. ————

Item	Previous Interim Consolidated Fiscal Year (4/1/05~9/30/05)	Current Interim Consolidated Fiscal Year (4/1/06~9/30/06)	Previous Consolidated Fiscal Year (4/1/05~3/31/06)
	ii. Inventories THK, TALK SYSTEM CO., LTD., THK NIIGATA CO., and THK Manufacturing of Europe S.A.S. stated their inventories mainly using the gross average cost method, THK America, Inc., THK Manufacturing of America, Inc., THK Neturen America, L.L.C., and PGM Ballscrews Ireland Ltd., THK (SHANGHAI) CO., LTD, and THK TAIWAN CO., LTD. stated their inventories at lower of cost or market using the first-in-first-out method, THK Europe B.V., THK GmbH, THK France S.A.S., DALIAN THK CO., LTD., and THK MANUFACTURING (WUXI) CO., LTD., at lower of cost or market using the moving average method, and DAITO SEIKI CO., LTD. and Beldex Corporation stated mainly at cost using the actual cost method.	ii. Inventories Same as left	ii. Inventories Same as left
	(2) Method of depreciation and amortization i. Tangible fixed assets The tangible fixed assets of the company and its domestic subsidiaries are depreciated using the declining-balance method, and those of overseas consolidated subsidiaries are depreciated using either the straight-line method or the accelerated depreciation method, depending on their local accounting standards. The amount of depreciation for buildings (excluding fixtures to buildings) acquired on and after April 1, 1998, by the company and its domestic subsidiaries is estimated using the straight-line method. The useful lives of main properties are as follows: Buildings and structure 5-50 years Machinery, equipment, and vehicle 4-10 years	(2) Method of depreciation and amortization i. Tangible fixed assets Same as left	(2) Method of depreciation and amortization i. Tangible fixed assets Same as left

Item	Previous Interim Consolidated Fiscal Year (4/1/05~9/30/05)	Current Interim Consolidated Fiscal Year (4/1/06~9/30/06)	Previous Consolidated Fiscal Year (4/1/05~3/31/06)
	ii. Intangible fixed assets The straight-line method is used by the company and its domestic consolidated subsidiaries. Software costs for their internal use are amortized using the straight-line method over their estimated useful lives (5 years). The intangible fixed assets of overseas consolidated subsidiaries are amortized using the straight-line method, based on their local accounting standards.	ii. Intangible fixed assets Same as left	ii. Intangible fixed assets Same as left
	(3) Accounting standards for major allowance i. Allowance for doubtful accounts To prepare for possible losses caused by irrecoverable money claims at the fiscal year-end, the company and its domestic subsidiaries provide allowances as follows: For general credit claims, allowance is provided for the amount calculated based on the past credit loss experience, and for specifically doubtful credit claims, allowance is provided for the estimated uncollectible amount based on the collectibility assessment for individual credit claims. Overseas consolidated subsidiaries provide allowances for the amounts they deem necessary, considering the collectibility of specific doubtful credit claims.	(3) Accounting standards for major allowance i. Allowance for doubtful accounts Same as left	(3) Accounting standards for major allowance i. Allowance for doubtful accounts Same as left
	ii. Allowance for bonuses Allowance for employee bonuses is provided in provisions for payment of bonuses to employees in the amount of estimated bonuses, which are attributable to this interim consolidated fiscal year.	ii. Allowance for bonuses Same as left	ii. Allowance for bonuses Allowance for employee bonuses is provided in provisions for payment of bonuses to employees in the amount of estimated bonuses, which are attributable to this consolidated fiscal year.
	ⅲ. ————	ⅲ .Allowance for directors' and auditors' bonuses An allowance for directors' and auditors' bonuses is provided for payment of bonuses to them in the amount of estimated bonuses, which are attributable to this interim consolidated fiscal year.	ⅲ. ————

Item	Previous Interim Consolidated Fiscal Year (4/1/05~9/30/05)	Current Interim Consolidated Fiscal Year (4/1/06~9/30/06)	Previous Consolidated Fiscal Year (4/1/05~3/31/06)
	ⅳ. Allowance for retirement and severance benefits Allowance for employee retirement benefits is provided in provision for payment of retirement benefits to employees in the amount deemed accrued at the end of the current interim consolidated fiscal year, based on the projected retirement benefit obligation and fair value of pension assets at the consolidated fiscal year end. The unrecognized net actuarial difference is amortized using the straight-line method over a number of years (usually 10 years) within the employees' average remaining employment period, commencing from the next consolidated fiscal year in which they arise (stated as either income or expense in the statement of income). (4) Accounting for major lease transactions Finance lease transactions, excluding those in which the ownership of the leased properties is transferred to the lessee, are accounted for in the same manner as operating leases. (5) Hedge accounting i. Method of hedge accounting Exchange contract transactions and currency swap transactions meet the requirement of allocation treatment, and are accounted for accordingly. Interest swap transactions meet the requirement of special treatment, and are accounted for accordingly.	ⅳ. Allowance for retirement and severance benefits Same as left (4) Accounting for major lease transactions Same as left (5) Hedge accounting i. Method of hedge accounting Same as left	ⅳ. Allowance for retirement and severance benefits Allowance for employee retirement benefits is provided in provision for payment of retirement benefits to employees in the amount deemed accrued at the end of this consolidated fiscal year, based on the projected retirement benefit obligation and fair value of pension assets at the consolidated fiscal year end. The unrecognized net actuarial difference is amortized using the straight-line method over a number of years (usually 10 years) within the employees' average remaining employment period, commencing from the next consolidated fiscal year in which they arise (stated as either income or expense in the statement of income). (4) Accounting for major lease transactions Same as left (5) Hedge accounting i. Method of hedge accounting Same as left

Item	Previous Interim Consolidated Fiscal Year (4/1/05~9/30/05)	Current Interim Consolidated Fiscal Year (4/1/06~9/30/06)	Previous Consolidated Fiscal Year (4/1/05~3/31/06)
	ii. Hedging instruments and hedged items Exchange contract transactions …Foreign currency denominated money claims Currency swap transactions …Foreign currency denominated money claims Interest swap transactions …Interest fluctuation of money borrowed iii. Hedging policy The company uses exchange contract transactions and currency swap transactions for the purpose of hedging exchange rate fluctuation risks and fixing cash flows related to the payment of foreign currency denominated money liabilities or the collection of principal and interest on loans. The company uses interest related hedge accounting for the purpose of hedging risks for interest rate fluctuation for borrowings. iv. Assessment method for the effectiveness of hedges The company omits the assessment of the effectiveness of hedges for exchange contract transactions and currency swap transactions, because the significant terms and conditions for such transactions and for hedged assets/liabilities are identical, and are assumed beforehand to offset exchange rate fluctuations or cash flow fluctuations continuously from the time hedging is initiated. The company also omits the assessment of the effectiveness for interest swap transactions, because they meet the requirement of special treatment.	ii. Hedging instruments and hedged items Exchange contract transactions …Foreign currency denominated money claims Currency swap transactions …Foreign currency denominated money claims Interest swap transactions …Interest fluctuation of money borrowed iii. Hedging policy The company uses exchange contract transactions and currency swap transactions for the purpose of hedging exchange rate fluctuation risks and fixing cash flows related to the collection and payment of foreign currency denominated credit claims and liabilities or the collection of principal and interest on loans. The company uses interest swap transactions for the purpose of hedging risks for interest rate fluctuation for borrowings. iv. Assessment method for the effectiveness of hedges Same as left	ii. Hedging instruments and hedged items Exchange contract transactions …Foreign currency denominated money claims Currency swap transactions …Foreign currency denominated money claims Interest swap transactions …Interest fluctuation of money borrowed iii. Hedging policy The company uses exchange contract transactions and currency swap transactions for the purpose of hedging exchange rate fluctuation risks and fixing cash flows related to the payment of foreign currency denominated money liabilities or the collection of principal and interest on loans. The company uses interest related hedge accounting for the purpose of hedging risks for interest rate fluctuation for borrowings. iv. Assessment method for the effectiveness of hedges Same as left

Item	Previous Interim Consolidated Fiscal Year (4/1/05~9/30/05)	Current Interim Consolidated Fiscal Year (4/1/06~9/30/06)	Previous Consolidated Fiscal Year (4/1/05~3/31/06)
	(6) Other significant items to prepare interim consolidated financial statements i. Consumption taxes Consumption taxes and local consumption taxes are excluded from the transaction amounts. ii. Treatment of reserves Taxes payable and corporate tax adjustment for the current interim consolidated fiscal year are calculated under the premise that entries of provisions and reversals will be made to and from reserve accounts for special depreciation in accordance with profit appropriation scheduled for the current fiscal year.	(6) Other significant items to prepare interim consolidated financial statements i. Consumption taxes Same as left ii. ————	(6) Other significant items to prepare consolidated financial statements i. Consumption taxes Same as left ii. ————
5 Scope of funds stated in the interim consolidated statements of cash flows (the consolidated statements of cash flows)	The funds (cash and cash equivalents) stated in the interim consolidated statements of cash flows are composed of cash on hand, bank deposits that can be withdrawn on demand, and short-term investments with original maturities of up to three months that are exposed to minor value fluctuation risk.	Same as left	The funds (cash and cash equivalents) stated in the consolidated statements of cash flows are composed of cash on hand, bank deposits that can be withdrawn on demand, and short-term investments with original maturities of up to three months that are exposed to minor value fluctuation risk.

Change in Accounting Treatment

Previous Interim Consolidated Fiscal Year (4/1/05~9/30/05)	Current Interim Consolidated Fiscal Year (4/1/06~9/30/06)	Previous Consolidated Fiscal Year (4/1/05~3/31/06)
(Change in Accounting Treatment) Although THK TAIWAN CO., LTD had stated its inventories accounted at lower cost or market using the moving average method so far, it has applied first-in-first–out lower or market method effective from the current interim fiscal year. This change was made for the purpose of properly grasping cost of sales by sales units and improving the periodic accounting of profit and loss, taking the occasion of having introduced a sale/distribution system and accounting system as a part of implementing a program to achieve more speedy and efficient clerical works. The impact of this change on the current interim financial statements was minor. Statement of the amount in the segment information affected by this change is omitted since its impact is minor.	——————	(Change in Accounting Treatment) Although THK TAIWAN CO., LTD had stated its inventories accounted at lower cost or market using the moving average method so far, it has applied first-in-first–out lower or market method effective from the current fiscal year. This change was made for the purpose of properly grasping cost of sales by sales units and improving the periodic accounting of profit and loss, taking the occasion of having introduced a sale/distribution system and accounting system as a part of implementing a program to achieve more speedy and efficient clerical works. The impact of this change on the current financial statements was minor. Statement of the amount in the segment information affected by this change is omitted since its impact is minor.
(Fixed asset impairment accounting standard) Effective this interim fiscal year, the company has adopted "Accounting Standard Concerning Fixed Asset Impairment"(Statement of Position Concerning Establishment of Fixed Asset Impairment Accounting Standard) (Business Accounting Council; August 9, 2002) and "Application Guideline for Fixed Asset Impairment Accounting Standard"(Business Accounting Standard Board, Business Accounting Standard Application Guideline No. 6, October 31, 2003). As a result, interim income before tax adjustment decreased ¥1,142 million. The amount of accumulated impairment loss was directly deducted from each asset in accordance with the amended interim financial statements regulation.	——————	(Fixed asset impairment accounting standard) Effective this fiscal year, the company has adopted "Accounting Standard Concerning Fixed Asset Impairment"(Statement of Position Concerning Establishment of Fixed Asset Impairment Accounting Standard) (Business Accounting Council; August 9, 2002) and "Application Guideline for Fixed Asset Impairment Accounting Standard"(Business Accounting Standard Board, Business Accounting Standard Application Guideline No. 6, October 31, 2003). As a result, income before tax adjustment decreased ¥1,152 million. The amount of accumulated impairment loss was directly deducted from each asset in accordance with the amended financial statements regulation.
——————	(Accounting standards for directors' and auditors' bonuses) Effective this interim fiscal year, the company has adopted "Accounting Standards for Bonuses to Directors" (Business Accounting Standard Board: Statement No. 4, issued on November 29, 2005) As a result, interim operating income, ordinary income, and income before tax adjustment decreased ¥67 million. The statement of the amount in the segment information affected by this change is omitted since its impact is minor.	——————

Previous Interim Consolidated Fiscal Year (4/1/05~9/30/05)	Current Interim Consolidated Fiscal Year (4/1/06~9/30/06)	Previous Consolidated Fiscal Year (4/1/05~3/31/06)
―――――	(Accounting Standards for Presentation of Net Assets on Balance Sheet) Effective this interim fiscal year, the company has adopted "Accounting Standards for Presentation of Net Assets on Balance Sheet" (Business Accounting Standard Board: Business Accounting Standard No. 5, issued on December 9, 2005), and "Guidance on Accounting Standards for Presentation of Net Assets on Balance Sheet" (Business Accounting Standard Board: Business Accounting Standard Guidance No. 8, issued on December 9, 2005) There is no impact on income and loss by this change. Amount corresponding to conventional "Shareholders' Equity" was ¥176,929 million. The presentation of Net Assets for this interim fiscal year was made in accordance with the revised Regulations Concerning Interim Consolidated Financial Statement.	―――――

Change in the Method of Statement

Previous Interim Consolidated Fiscal Year (4/1/05~9/30/05)	Current Interim Consolidated Fiscal Year (4/1/06~9/30/06)	Previous Consolidated Fiscal Year (4/1/05~3/31/06)
―――――	(Balance Sheet of the Current Consolidated Interim Fiscal Year) The amount stated in "Consolidation Adjusting Account" for the previous interim fiscal year is stated in "Negative Goodwill" for the current interim fiscal year.	―――――
―――――	(Statements of Income of the Consolidated Current Interim Fiscal Year) The amount stated in "Amortization of Consolidation Adjusting Account" for the previous interim fiscal year is stated in "Amortization of Negative Goodwill" for the current interim fiscal year.	―――――
―――――	―――――	(Consolidated Statements of Cash Flows) As the importance of proceeds from sales of treasury stocks which were included in "Others" of Cash flows from financial activities for the previous fiscal year has increased, they are stated separately in the item of "Sales of treasury stocks" for the current fiscal year. The amount of proceeds from sales of treasury stocks included in "Other" of Cash flows from financial activities was ¥0 million for the previous fiscal year.

Notes

(Interim Consolidated Balance Sheet)

As of September 30,2005	As of September 30,2006	As of March 31,2006
1 ――――――	1 Debt guarantees for companies other than consolidated subsidiaries are as follows: (Millions of Yen) Debtor / Amount / Guarantee Debt guarantee Nippon Slide CO.,LTD. / 143 / Guarantee for liabilities Total / 143 / ―	1 Debt guarantees for companies other than consolidated subsidiaries are as follows: (Millions of Yen) Debtor / Amount / Guarantee Debt guarantee Nippon Slide CO.,LTD. / 27 / Guarantee for liabilities Total / 27 / ―
*2 Accumulated depreciation on tangible fixed assets totaled ¥76,215 million.	*2 Accumulated depreciation on tangible fixed assets totaled ¥79,200 million.	*2 Accumulated depreciation on tangible fixed assets totaled ¥77,285 million.
*3 Assets pledged and liabilities related to such pledged assets are as follows: (Millions of Yen) Mishima and Sendai Plant foundation collateral Buildings and fixture 986 Machinery and equipment 179 Land 240 Total 1,406 Liabilities covered by the pledge is long-term borrowing for ¥212 million (current portion thereof is ¥72 million)	*3 ――――――	*2 Assets pledged and liabilities related to such pledged assets are as follows: (Millions of Yen) Mishima and Sendai Plant foundation collateral Buildings and fixture 987 Machinery and equipment 168 Land 240 Total 1,395 Liabilities covered by the pledge is long-term borrowing for ¥176 million (current portion thereof is ¥72 million)
*4 Amount stated in relation to companies accounted for using equity method was ¥4 million.	*4 Amount stated in relation to companies accounted for using equity method was ¥17 million.	*4 Amount stated in relation to companies accounted for using equity method was ¥14 million.
5 THK group (the company and its consolidated subsidiaries) signed a special credit facility agreement with main banks to effectively raise working funds. (Millions of Yen) Special Credit limit under the contract 14,000 Balance of borrowings ― Available line of credit 14,000	5 THK group (the company and its consolidated subsidiaries) signed a special credit facility agreement with main banks to effectively raise working funds. (Millions of Yen) Special Credit limit under the contract 13,000 Balance of borrowings ― Available line of credit 13,000	5 THK group (the company and its consolidated subsidiaries) signed a special credit facility agreement with main banks to effectively raise working funds. (Millions of Yen) Special Credit limit under the contract 14,000 Balance of borrowings ― Available line of credit 14,000
*6 ――――――	*6 Bills matured at the end of the consolidated interim fiscal year are treated, as they are settled on such interim fiscal year-end. Since the last day of the current interim fiscal year was a holiday of financial institutions, bills matured on the last day of the current consolidated interim fiscal year as shown below were excluded from the balance of bills as of the last day of the current interim fiscal year: Bills receivable ¥2,100 million Bills payable ¥1,023 million	*6 ――――――

(Interim Consolidated Statement of Income)

Six months ended Sep.30,2005	Six months ended Sep.30,2006	Year ended March 31,2006
*1 Main gains on sale of fixed assets are as follows: (Millions of Yen) Buildings and fixture 48 Machinery, equipment and vehicles 14 Land 314 Others 1 Total 379	*1 Main gains on sale of fixed assets are as follows: (Millions of Yen) Buildings and fixture 0 Machinery, equipment and vehicles 24 Total 25	*1 Main gains on sale of fixed assets are as follows: (Millions of Yen) Buildings and fixture 48 Machinery, equipment and vehicles 104 Land 314 Others 1 Total 469
*2 ――――――	*2 ――――――	*2 Gains from the previous fiscal year income (losses) adjustment represent the adjusted depreciation expense of the past fiscal years posted by THK Manufacturing of Europe S.A.S., which has changed the useful lives of its tangible fixed assets, classifying them by compositional units and considering economic benefits in accordance with the Opinion Statement of the National Deliberation Committee and Regulations of the Accounting Rule Council in France
*3 Main losses on retirement and sale of fixed assets are as follows: (Millions of Yen) Buildings and fixture 51 Machinery, equipment and vehicles 20 Others 21 Total 94	*3 Main losses on retirement and sale of fixed assets are as follows: (Millions of Yen) Buildings and fixture 8 Machinery, equipment and vehicles 48 Others 5 Total 61	*3 Main losses on retirement and sale of fixed assets are as follows: (Millions of Yen) Buildings and fixture 294 Machinery, equipment and vehicles 49 Other (tangible fixed assets) 63 Intangible fixed assets 4 Total 410

Six months ended Sep.30,2005	Six months ended Sep.30,2006	Year ended March 31,2006

Six months ended Sep.30,2005

*4 During the current interim consolidated fiscal year, impairment losses were recognized for the following asset groups

(Millions of Yen)

Use	Kind	Location	Amount
Unused	Land	Ikoma-shi, Nara Pref.	590
Unused	Land & Lease right	Shinagawa-ku, Tokyo	245
Unused	Land	Sanyo Onoda-shi, Yamaguchi Pref.	96
Unused	Land, Bldgs & Others	Other nine properties	211
Total			1,142

(Summary of impairment losses by types of assets)

Types	Amount (Millions of yen)
Buildings and structure	5
Land	1,060
Others (tangible fixed assets)	9
Intangible fixed assets	67
Total	1,142

THK group conducts grouping for business properties by plants and treats headquarters and operating assets as a property for common use. The group also groups unused assets and leased assets into one unit by each property. Of unused properties, for those of which market prices are falling, their book values were reduced to the amount collectible and the company recognizes such reduced amount as impairment loss of "extraordinary loss". The amount collectible is determined as a net sale price which was calculated by appraisal value provided mainly by a real-estate appraiser.

Six months ended Sep.30,2006

*4 —————

Year ended March 31,2006

*4 During the current consolidated fiscal year, impairment losses were recognized for the following asset groups

(Millions of Yen)

Use	Kind	Location	Amount
Unused	Land	Ikoma-shi, Nara Pref.	590
Unused	Land & Lease right	Shinagawa-ku, Tokyo	245
Unused	Land	Sanyo Onoda-shi, Yamaguchi Pref.	96
Unused	Land, Bldgs & Others	Other ten properties	220
Total			1,152

(Summary of impairment losses by types of assets)

Types	Amount (Millions of yen)
Buildings and structure	5
Machineries and transport equipment	9
Land	1,060
Others (tangible fixed assets)	9
Intangible fixed assets	67
Total	1,152

THK group conducts grouping for business properties by plants and treats headquarters and operating assets as a property for common use. The group also groups unused assets and leased assets into one unit by each property. Of unused properties, for those of which market prices are falling, their book values were reduced to the amount collectible and the company recognizes such reduced amount as impairment loss of "extraordinary loss". The amount collectible is determined as a net sale price which was calculated by appraisal value provided mainly by a real-estate appraiser.

(Consolidated Statement of Changes in Net Assets)

The Current Consolidated Interim Fiscal Year (From April 1, 2006 to September 30, 2006)

1 Shares issued

Type of shares	As of 3/31/2006	Increase	Decrease	As of 9/30/2006
Common stock	132,799,331	66,665	—	132,865,996

(Summary of causes for change)
Increase in the number of common stock issued:
66,665 shares, due to the exercising of warrant attached to convertible bonds with warrant.

2 Treasury stocks

Type of shares	As of 3/31/2006	Increase	Decrease	As of 9/30/2006
Common stock	29,741	2,122	400	31,463

(Summary of causes for change)
Increase in the number of treasury stocks: 2,122 shares, due to the purchase of stocks falling short of trading unit.
Decrease in the number of treasury stocks: 400 shares, due to the request of purchase of stocks falling short of trading unit.

3 Dividend
(1)Dividend paid

Resolution	Type of shares	Total amount of dividend (Millions of yen)	Dividend per share (yen)	Record date	Effective date
Regular General Shareholders' meeting held on June 17, 2006	Common stock	1,991	15	March 31, 2006	June 19, 2006

(2) Of dividends of which the record date falls within the current consolidated fiscal year, dividend of which effective date of payment falls on any date after the current consolidated fiscal year.

Resolution	Type of shares	Source of dividend	Total amount of dividend (Millions of yen)	Dividend per share (yen)	Record date	Effective date
Board of directors meeting held on November 16, 2006	Common stock	Retained earnings	1,726	13	Sept. 30, 2006	Dec. 4, 2006

(Interim Consolidated Statement of Cash Flows)

Six months ended Sep.30,2005	Six months ended Sep.30,2006	Year ended March 31,2006
1 The relationship of the cash and due from banks outstanding at the end of this interim fiscal year and cash and cash equivalents stated in the interim consolidated balance sheet is as follows: (Millions of Yen) Cash and deposits 78,203 Securities 236 Cash and cash equivalents 78,439	1 The relationship of the cash and due from banks outstanding at the end of this interim fiscal year and cash and cash equivalents stated in the interim consolidated balance sheet is as follows: (Millions of Yen) Cash and deposits 95,496 Securities 95 The fixed deposit will expire within three months (454) Cash and cash equivalents 95,136	1 The relationship of the cash and due from banks outstanding at the end of this fiscal year and cash and cash equivalents stated in the consolidated balance sheet is as follows: (Millions of Yen) Cash and deposits 87,911 Securities 340 The fixed deposit will expire within three months (1,944) Cash and cash equivalents 86,307

(Lease transactions)

Report of lease transactions is omitted, because it is disclosed via EDINET.

(Securities)

1 Marketable securities

(Millions of Yen)

Classification	Six months ended Sep.30,2006			Six months ended Sep.30,2006			Year ended March 31,2006		
	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Other securities									
Equities	2,416	4,834	2,417	587	2,458	1,871	581	2,835	2,253
Others	3	4	1	0	0	0	3	4	1
Total	2,419	4,838	2,418	588	2,459	1,871	584	2,839	2,255

Note: In addition to the above, difference between acquisition costs and market values in equity portion in investment business partnerships are included in "Valuation adjustment for other securities" on the balance sheets. Such differences, net of tax effect amount, are ¥27 million for the previous interim fiscal year, ¥2 million for the current interim fiscal year, and ¥9 million for the previous fiscal year.

Regarding impairment of securities stated in the table above, when an issue's market value falls by 50 percent or more lower than its acquisition cost, the company makes it a rule to write them down. For each security whose value is 30 percent or more, but less than 50 percent lower than acquisition cost, the company judges whether to write it down by assessing its issuer's financial conditions as of its latest fiscal year-end, and its earnings results for the last two fiscal years, and by comparing each issue's acquisition cost with its average month-end closing price for the last 24 months.

2 Non-marketable securities

(Millions of Yen)

Breakdown	As of September 30,2005	As of September 30,2006	As of March 31,2006
	Book value	Book value	Book value
Other securities			
Unlisted equities (Excluding OTC equities)	563	202	407
Unlisted foreign bonds	236	95	340

(Derivatives Transactions)

Status of contract amounts, market values and valuation gains/losses

THK group has no applicable items as it adopts hedge accounting practices for derivatives transactions.

(Segment Information)

Business Segment Information

Net sales and operating income of machinery subcomponent departments exceed 90 percent of the consolidated net sales of all segments, and of the total operating income of segments that generated operating income, and so segment information by business category is omitted.

Geographic Segment Information

For the six months ended September 30, 2005 (Millions of Yen)

	Japan	America	Europe	Asia and others	Total	(Elimination)	Consolidated
Net Sales:							
To customers	57,752	6,416	8,490	2,672	75,331	—	75,331
Inter-segment	9,384	19	41	582	10,028	(10,028)	—
Total:	67,137	6,436	8,531	3,254	85,359	(10,028)	75,331
Operating expenses	55,620	5,810	8,034	3,067	72,533	(10,062)	62,470
Operating Income:	11,516	625	497	186	12,826	34	12,860

For the six months ended September 30, 2006 (Millions of Yen)

	Japan	America	Europe	Asia and others	Total	(Elimination)	Consolidated
Net Sales:							
To customers	66,062	8,246	9,821	3,817	87,946		87,946
Inter-segment	11,252	21	56	999	12,328	(12,328)	
Total:	77,314	8,267	9,877	4,816	100,275	(12,328)	87,946
Operating expenses	62,364	7,318	9,254	4,288	83,226	(12,342)	70,884
Operating Income:	14,949	948	622	528	17,049	13	17,062

For the year ended March 31, 2006 (Millions of Yen)

	Japan	America	Europe	Asia and others	Total	(Elimination)	Consolidated
Net Sales:							
To customers	122,456	14,008	16,309	5,637	158,412		158,412
Inter-segment	19,362	33	87	1,390	20,874	(20,874)	
Total:	141,819	14,042	16,397	7,028	179,286	(20,874)	158,412
Operating expenses	116,542	12,737	16,452	6,548	152,280	(20,947)	131,332
Operating Income:	25,276	1,304	(55)	480	27,006	73	27,079

Note:

- Classification of countries and regions is based on geographical proximity.
- Main countries and areas belonging to each classification are as follows.

America: United States of America and other countries
Europe: Germany, UK, Netherlands, and other countries
Asia and others: China, South Korea, Taiwan and other countries

Overseas Sales

For the six months ended September 30, 2005 (Millions of Yen)

	America	Europe	Asia and others	Total
Overseas sales	6,466	8,451	7,579	22,498
Consolidated net sales				75,331
Overseas sales as a percentage of consolidated net sales	8.6%	11.2%	10.1%	29.9%

For the six months ended September 30, 2006 (Millions of Yen)

	America	Europe	Asia and others	Total
Overseas sales	8,304	9,727	8,981	27,012
Consolidated net sales				87,946
Overseas sales as a percentage of consolidated net sales	9.4	11.1	10.2	30.7

For the year ended March 31, 2006 (Millions of Yen)

	America	Europe	Asia and others	Total
Overseas sales	14,107	16,198	15,861	46,167
Consolidated net sales				158,412
Overseas sales as a percentage of consolidated net sales	8.9%	10.2%	10.0%	29.1%

Note:

- Classification of countries and regions is based on geographical proximity.
- Main countries and areas belonging to each classification are as follows.

  America: United States of America and other countries

  Europe: Germany, UK, Netherlands, and other countries

  Asia and others: China, South Korea, Taiwan and other countries
- Overseas sales are sales booked in foreign countries or in regions other than Japan, by the company and its consolidated subsidiaries.

(Per share data)

Previous consolidated interim fiscal year (From Apr. 1, 2005 to Sept. 30, 2005)		Current consolidated interim fiscal year (From Apr. 1, 2006 to Sept. 30, 2006)		Previous consolidated fiscal year (From Apr. 1, 2005 to Mar. 31, 2006)	
Net assets per share	¥1,156.78	Net assets per share	¥1,331.96	Net assets per share	¥1,266.39
Net income per share	¥66.81	Net income per share	¥82.68	Net income per share	¥148.42
Net income per share after adjustment of dilutive share	¥59.94	Net income per share after adjustment of dilutive share	¥82.06	Net income per share after adjustment of dilutive share	¥137.97

(Note) Base data for the calculation

1. Net assets per share

(Millions of yen, number of shares)

Item	As of September 30, 2005	As of September 30, 2006	As of March 31, 2006
Total net assets on balance sheet	—	178,603	—
Net assets related to common stock		176,929	
Breakdown for difference			
Minority interest	—	1,673	—
Number of common stock shares outstanding	—	132,865,996	—
Number of treasury stock shares	—	31,463	—
Number of common stock shares used for the calculation of assets per share	—	132,834,533	—

2. Base data for the calculation of net income and per share net income after the adjustment of dilutive share are as follows:

(Millions of yen, number of shares)

Item	Previous consolidated interim fiscal year (4/1/05-9/30/05)	Current consolidated interim fiscal year (4/1/06-9/30/06)	Consolidated fiscal year (4/1/05-3/31/06)
Consolidated interim net income	8,010	10,980	18,584
Net income related to common stock	8,010	10,980	18,449
Main amount not reverting to common shareholders: Bonuses paid to directors by income appropriation	—	—	135
Amount not reverting to common shareholders.	—	—	135
Average number of common stocks	119,892,029	132,814,062	124,301,116
Summary of net income adjustment amount used for calculation of net income per share after adjustment of dilutive share: Commission paid (after tax equivalent)	0	0	1
Net income adjusted	0	0	1
Summary of increased number of common shares used for calculation of the net income per share after adjustment of dilutive shares: Bond with stock acquisition rights	13,754,923	1,012,184	9,429,809
Increased number of common stock	13,754,923	1,012,184	9,429,809
Summary of dilutive shares not used for the calculation of net income per share after adjustment of dilutive shares because they have no dilutive effect	—	—	—

(Significant subsequent events)

Previous interim fiscal year (April 1, 2005 ~ September 30, 2006)
There is no subsequent event.

The current interim fiscal year (April 1, 2006 ~ September 30, 2006)
There is no subsequent event.

The previous fiscal year (April 1, 2005 ~ March 31, 2006)
There is no subsequent event.

November 16, 2006

Non-Consolidated Financial Review for the Six Months Ended September 30, 2006

Company Name:	THK CO., LTD.
Head Office:	Tokyo, Japan (Tel: +81-3-5434-0300)
URL:	http://www.thk.com.
Stock exchange listing:	Tokyo Stock Exchange 1st Section
Code number:	6481
President and CEO:	Akihiro Teramachi
Director/General Manager of Corporate Strategy Department:	Hideyuki Kiuchi
Date of the board meeting:	November 16, 2006
Date of dividend payment:	December 4, 2006
Adoption of Unit stock system:	Yes (1 unit 100 shares)

1. Non-Consolidated Financial Highlights
Note: All figures are rounded down to the nearest million yen.

(1) Operating results

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months Ended Sep.30, 2006	71,268	15.1	13.854	27.2	14.643	26.7
Six months Ended Sep.30, 2005	61,905	(2.9)	10,891	(20.4)	11,561	(21.6)
Year ended Mar.31, 2006	130,767		23,843		25,563	

	Net income		Net income per share
	Millions of yen	%	Yen
Six months ended Sep.30, 2006	8,724	31.3	65.69
Six months ended Sep.30, 2005	6,642	(25.2)	55.32
Year ended Mar.31, 2006	16,264		129.78

Notes:
1. Average number of shares of common stock issued (on a non-consolidated basis):
   Six months ended Sep.30, 2006: 132,814,062 shares
   Six months ended Sep.30, 2005: 120,078,071 shares
   Year ended Mar.31, 2006: 124,401,292 shares
2. Change of accounting policy: Yes
3. Percentages for net sales, operating income, ordinary and net income indicated changes from the previous term.

(2) Financial position

	Total assets	Shareholders' equity	Equity ratio	Equity per share
	Millions of yen	Millions of yen	%	Yen
Six months ended Sep.30, 2006	238,600	166,548	69.8	1,253.81
Six months ended Sep.30, 2005	209,934	140,526	67.0	1,115.92
Year ended Mar.31, 2006	225,568	160,061	71.0	1,204.66

Notes:
1. Number of shares of common stock issued (on a consolidated basis) as of
   Six months ended Sep.30, 2006: 132,834,533 shares
   Six months ended Sep.30, 2005: 125,927,973 shares
   Year ended Mar.31, 2006: 132,769,590 shares
2. The number of treasury stock as of :
   Six months ended Sep.30, 2006: 31,463shares
   Six months ended Sep.30, 2005: 25,914shares
   Year ended Mar.31, 2006: 29,741shares

2. Corporate estimates for the year ending March 31, 2007(April 1, 06 ~ March 31, 07)

	Net sales	Operating income	Ordinary income	Net income
	Million of yen	Million of yen	Million of yen	Million of yen
Year ending Mar.31, 2007	142,000	26,800	28,000	16,500

For reference: Estimate of net income per share for the year ending March 31, 2007: 126.47 Yen
(By forecast average number of shares of common stock year of period)

3. Cash dividends

<table>
<tr><th rowspan="2"></th><th colspan="3">Dividends per share</th></tr>
<tr><th>Interim</th><th>Year-end</th><th>Annual dividends</th></tr>
<tr><td></td><td>Yen</td><td>Yen</td><td>Yen</td></tr>
<tr><td>FY2005</td><td>10.00</td><td>15.00</td><td>25.00</td></tr>
<tr><td>FY2006 (performance)</td><td>13.00</td><td>－</td><td rowspan="2">26.00</td></tr>
<tr><td>FY2006 (forecast)</td><td>－</td><td>13.00</td></tr>
</table>

*Forward-Looking Statements:
This release contains forward-looking statements that are based on management's estimates, assumptions and projections at the time of release. Some factors, which include, but are not limited to, the risks and uncertainty associated with the worldwide economy, competitive activity and currency fluctuation, could cause actual results to differ materially from expectations.

Note to the Financial Information:
This is summarized and translated financial information that the Company posted to the Tokyo Stock Exchange in accordance with their rules that governs the disclosure of financial information.
The Company maintains an Internet website at www.thk.com. The Company makes available free of charge on the website its financial information in Japanese language. That information translated in English language will be disclosed as soon as reasonably practicable after disclosing materials in Japanese language.

Non-Consolidated Balance Sheets

(Millions of yen)

		As of Sep. 30 , 2005		As of Sep. 30 , 2006		As of Mar. 31 , 2006	
		Amount	%	Amount	%	Amount	%
Assets							
Current assets:							
Cash on hand and in banks		58,311		74,170		68,334	
Notes receivable-trade	*5	18,960		18,728		19,277	
Accounts receivable- trade		31,409		40,617		36,566	
Inventories		14,209		15,090		14,848	
Deferred tax assets		1,815		2,013		2,017	
Short-term loans		5,937		6,600		6,794	
Others		1,874		2,179		2,468	
Less: Allowance for doubtful debts		(4)		(5)		(4)	
Total current assets		132,512	63.1	159,395	66.8	150,303	66.6
Fixed assets:							
Tangible fixed assets	*1 *2						
Buildings and Structures		10,381		9,838		10,135	
Machinery, equipment, vehicles		12,581		13,532		12,699	
Land		7,774		7,774		7,774	
Other		2,118		3,600		2,624	
Total tangible fixed assets		32,856	15.7	34,746	14.6	33,233	14.7
Intangible fixed assets		728	0.3	693	0.3	551	0.3
Investments and other							
Long-term investments in securities		5,075		2,658		3,050	
Investments in shares of related companies		18,656		18,635		18,656	
Investments in related companies		13,962		17,376		13,962	
Deferred tax assets		794		891		857	
Others		5,712		4,556		5,308	
Less: Allowance for doubtful debts		(364)		(352)		(355)	
Total investments and others		43,836	20.9	43,765	18.3	41,479	18.4
Total fixed assets		77,421	36.9	79,204	33.2	75,264	33.4
Total assets		209,934	100.0	238,600	100.0	225,568	100.0

(Millions of yen)

		As of Sep. 30, 2005		As of Sep. 30, 2006		As of Mar. 31, 2006	
		Amount	%	Amount	%	Amount	%
Liabilities							
Current liabilities :							
Notes payable - trade	*5	5,317		3,211		4,176	
Accounts payable - trade		18,848		29,328		23,819	
Bonds due within one year		—		10,000		10,000	
Account payable - other		1,589		4,879		2,625	
Accrued expenses		5,222		6,208		5,742	
Accrued income taxes		4,713		5,801		6,588	
Allowance for bonuses		1,869		2,099		1,868	
Allowance for Directors' and corporate auditors' bonuses		—		60		—	
Notes payable - tangible fixed assets	*5	738		376		396	
Other		406		594		787	
Total current liabilities		38,705	18.4	62,561	26.2	56,005	24.8
Long-term liabilities							
Bonds		15,000		5,000		5,000	
Bonds with stock acquisition rights		13,040		1,635		1,745	
Allowance for retirement and severance benefits		1,672		1,882		1,769	
Others		989		972		986	
Total long-term liabilities		30,702	14.6	9,490	4.0	9,500	4.2
Total liabilities		69,408	33.0	72,051	30.2	65,506	29.0
Shareholders' equity							
Common stock		28,086	13.4	—	—	33,733	14.9
Capital surplus							
Capital reserve		40,951		—		46,599	
Other capital surplus							
Gains on disposal of treasury stocks		0		—		0	
Total capital surplus		40,951	19.5	—	—	46,599	20.7
Retained earnings							
Earned reserve		1,958		—		1,958	
Voluntary reserve		59,898		—		59,898	
Unappropriated profit of this term		8,218		—		16,580	
Total retained earnings		70,075	33.4	—	—	78,437	34.8
Valuation gains on marketable securities		1,448	0.7	—	—	1,339	0.6
Treasury stocks		(36)	(0.0)	—	—	(48)	(0.0)
Total shareholders' equity		140,526	67.0	—	—	160,061	71.0
Total liabilities and shareholders' equity		209,934	100.0	—	—	225,568	100.0

(Millions of yen)

		As of Sep. 30, 2005			As of Sep. 30, 2006			As of Mar. 31, 2006		
		Amount		%	Amount		%	Amount		%
Shareholders' Equity										
Paid-In Capital and Retained earnings:										
Common stock			–	–		33,788	14.2		–	–
Capital surplus										
Capital reserve		–			46,654			–		
Other capital surplus										
Gains on disposal of treasury stocks		–			0			–		
Total capital surplus			–	–		46,655	19.5		–	–
Retained earnings										
Earned reserve		–			1,958			–		
Other retained earnings										
Reserve fund for special depreciation		–			332			–		
Reserve for deferred taxes on land		–			14			–		
Reserve for dividends		–			2,000			–		
Other reserve		–			70,000			–		
Unsppropriated retained earnings		–			10,744			–		
Total retained earnings			–	–		85,049	35.6		–	–
Treasury stocks			–			(54)			–	
Total shareholders' equity			–	–		165,438	69.3		–	–
Valuation and translation adjustments:										
Valuation adjustment for marketable securities			–			1,109			–	
Total Valuation and translation adjustments			–	–		1,109	0.5		–	–
Total shareholders' equity			–	–		166,548	69.8		–	–
Total liabilities and shareholders' equity			–	–		238,600	100.0		–	–

Non-Consolidated Statements of Income

(Millions of yen)

		Six months ended Sep. 30, 2005			Six months ended Sep. 30, 2006			Year ended March 31, 2006		
		Amount		%	Amount		%	Amount		%
Net sales			61,905	100.0		71,268	100.0		130,767	100.0
Cost of sales			41,738	67.4		47,351	66.4		87,568	67.0
Gross profit			20,166	32.6		23,916	33.6		43,199	33.0
Sales, general, and administrative expenses			9,275	15.0		10,062	14.1		19,355	14.8
Operating income			10,891	17.6		13,854	19.5		23,843	18.2
Non-operating income										
Interest income		104			131			192		
Dividend income		120			74			321		
Foreign exchange gain		251			267			770		
Other		350	827	1.3	458	932	1.3	733	2,018	1.5
Non-operating expenses										
Bond interest		79			79			159		
Other		78	157	0.2	63	143	0.2	139	299	0.2
Ordinary income			11,561	18.7		14,643	20.6		25,563	19.5
Extraordinary income										
Gain on sales of fixed assets		376			24			464		
Gain on sales of investment securities		—			—			1,933		
Reversal of allowance for doubtful debts		40			—			49		
Other		—	417	0.6	—	24	0.0	60	2,507	1.9
Extraordinary loss										
Loss on sales/retirement of fixed assets		92			57			395		
Loss on impairment of fixed assets	*2	856	949	1.5	—	57	0.1	856	1,252	0.9
Net income before taxes			11,030	17.8		14,611	20.5		26,818	20.5
Taxes – current		4,563			5,760			10,920		
Taxes – deferred		(176)	4,387	7.1	127	5,887	8.3	(366)	10,554	8.1
Net income			6,642	10.7		8,724	12.2		16,264	12.4
Retained earnings brought forward			1,575			—			1,575	
Interim dividend			—			—			1,259	
Unappropriated retained earnings at the end of period			8,218			—			16,580	

Non-Consolidated Statements of Shareholders' Equity

Six months ended September 30, 2006 (Millions of yen)

	Paid-In Capital and Retained earnings								
	Common stock	Capital surplus			Retained earnings			Treasury stock	Total paid-in capital and retained earnings
		Capital reserve	Other capital surplus	Total Capital surplus	Earned reserve	Other retained earnings	Total retained earnings		
Balance at March 31, 2006	33,733	46,599	0	46,599	1,958	76,478	78,437	(48)	158,722
Changes during the period:									
Cash dividends paid						(1,991)	(1,991)		(1,991)
Bonuses to directors						(120)	(120)		(120)
Exercise of stock acquisition rights	54	55		55					110
Net income						8,724	8,724		8,724
Acquisition of treasury stock								(7)	(7)
Re-issuance of treasury stock			0	0				0	1
Net changes in accounts other than paid-in capital and retained earnings									-
Net changes during the period	54	55	0	55	-	6,612	6,612	(6)	6,716
Balance at September 30, 2006	33,788	46,654	0	46,655	1,958	83,091	85,049	(54)	165,438

	Valuation and Translation Adjustments		**Total shareholders' equity**
	Valuation adjustment for marketable securities	Total valuation and translation adjustments	
Balance at March 31, 2006	1,339	1,339	160,061
Changes during the period:			
Cash dividends paid			(1,991)
Bonuses to directors			(120)
Exercise of stock acquisition rights			110
Net income			8,724
Acquisition of treasury stock			(7)
Re-issuance of treasury stock			1
Net changes in accounts other than paid-in capital and retained earnings	(229)	(229)	(229)
Net changes during the period	(229)	(229)	6,487
Balance at September 30, 2006	1,109	1,109	166,548

Details of other Retained earnings (Millions of yen)

	Reserve fund for special depreciation	Reserve for deferred taxes on land	Reserve for dividends	Other reserve	Unsppropriated retained earnings	Total other retained earnings
Balance at March 31, 2006	283	14	1,600	58,000	16,580	76,478
Changes during the period:						
Cash dividends paid					(1,991)	(1,991)
Bonuses to directors					(120)	(120)
Transfer to reserve (special depreciation)	164				(164)	-
Transfer from reserve (special depreciation)	(115)				115	-
Transfer to reserve (dividends)			400		(400)	-
Transfer to reserve (other)				12,000	(12,000)	-
Net income					8,724	8,724
Net changes during the period	48	-	400	12,000	(5,835)	6,612
Balance at September 30, 2006	332	14	2,000	70,000	10,744	83,091

Basis for Preparing Interim Non-Consolidated Financial Statements

Item	Previous Interim Fiscal Year (4/1/05~9/30/05)	Current Interim Fiscal Year (4/1/06~9/30/06)	Previous Fiscal Year (4/1/05~3/31/06)
1 Evaluation standards and methods of assets	(1) Securities Stocks of subsidiaries and affiliated companies …Stated at costs determined using the moving-average method Other securities Marketable securities …Stated at market value at the interim fiscal year-end (valuation gains and losses are included in shareholders' equity, net of taxes, and costs of sales are calculated using the moving-average method) Non-marketable securities …Stated at costs determined using the moving-average method For amounts invested to investment business limited partnerships and partnerships similar to them (those deemed to be securities by Article 2, paragraph 2 of Securities and Exchange Law), net equity equivalent amount calculated based on the latest financial statements available as of settlement report date prescribed in a partnership contract had been stated. (Amendment of statement method) The "Law Amending a Part of Securities and Exchange Law" (Law No. 97, 2004) was promulgated on September 9, 2004 and it became effective on December 1, 2004, and "Practical Guideline for Financial Products Accounting" (Accounting System Council Report No.14) was also revised on February 15, 2005. Due to these changes, the company amended effective from the current interim fiscal year its method of stating amounts invested into investment business limited partnerships or partnerships similar to them (deemed to be securities by Article 2, paragraph 2 of Securities and Exchange Law) to include in investment securities. Such amounts included in investment securities as of the end of the current interim fiscal year totaled ¥112 million.	(1) Securities Stocks of subsidiaries and affiliated companies …Stated at costs determined using the moving-average method Other securities Marketable securities …Stated at market value at the interim fiscal year-end (valuation gains and losses are included in shareholders' equity, net of taxes, and costs of sales are calculated using the moving-average method) Non-marketable securities …Stated at costs determined using the moving-average method For amounts invested to investment business limited partnerships and partnerships similar to them (those deemed to be securities by Article 2, paragraph 2 of Securities and Exchange Law), net equity equivalent amount calculated based on the latest financial statements available as of settlement report date prescribed in a partnership contract had been stated. ――――――	(1) Securities Stocks of subsidiaries and affiliated companies …Stated at costs determined using the moving-average method Other securities Marketable securities …Stated at market value at this fiscal year-end (valuation gains and losses are included in shareholders' equity, net of taxes, and costs of sales are calculated using the moving- average method) Non-marketable securities …Stated at costs determined using the moving-average method For amounts invested to investment business limited partnerships and partnerships similar to them (those deemed to be securities by Article 2, paragraph 2 of Securities and Exchange Law), net equity equivalent amount calculated based on the latest financial statements available as of settlement report date prescribed in a contract of partnership had been stated. ――――――

Item	Previous Interim Fiscal Year (4/1/05~9/30/05)	Current Interim Fiscal Year (4/1/06~9/30/06)	Previous Fiscal Year (4/1/05~3/31/06)
	(2) Inventories i. Products…gross average cost method ii. Merchandise…First-in-first-out cost method iii. Raw materials…gross average cost method iv. Goods in process…gross average cost method v. Supplies…the-last-purchase-cost method	(2) Inventories Same as left	(2) Inventories Same as left
2 Method of depreciation and amortization of fixed assets	(1) Tangible fixed assets Depreciated using the declining-balance method. Note that the amount of buildings (excluding fixtures to such buildings) acquired on and after April 1, 1998 is estimated using the straight-line method. The useful lives of main properties are as follows: Buildings and structures 5~50 years Machinery and equipment 10 years Vehicles and delivery equipment 4 ~ 6 years Tools/furniture and furnishings 2 ~ 10 years	(1) Tangible fixed assets Same as left	(1) Tangible fixed assets Same as left
	(2) Intangible fixed assets Amortized using the straight-line method Note that software costs for internal use are amortized using the straight-line method over the internally estimated useful lives (5years)	(2) Intangible fixed assets Same as left	(2) Intangible fixed assets Same as left
	(3) Long-term prepaid expenses Amortized using the straight-line method	(3) Long-term prepaid expenses Same as left	(3) Long-term prepaid expenses Same as left

Item	Previous Interim Fiscal Year (4/1/05~9/30/05)	Current Interim Fiscal Year (4/1/06~9/30/06)	Previous Fiscal Year (4/1/05~3/31/06)
3 Accounting standards for providing allowances	(1) Allowance for doubtful accounts To prepare for possible losses caused by irrecoverable money claims allowances are provided as follows: For general credit claims, allowance is provided for the amount calculated based on the past credit loss experience, and for specifically doubtful credit claims, allowance is provided for the estimated uncollectible amount based on the collectibility assessment for individual credit claims. (2) Allowance for bonuses Allowance for employee bonuses is provided in provisions for payment of bonuses to employees in the amount of estimated bonuses, which are attributable to this interim fiscal year. (3) ————	(1) Allowance for doubtful accounts Same as left (2) Allowance for bonuses Same as left (3) Allowance for directors' and auditors' bonuses An allowance for directors' and auditors' bonuses is provided for payment of bonuses to them in the amount of estimated bonuses, which are attributable to this interim consolidated fiscal year.	(1) Allowance for doubtful accounts Same as left (2) Allowance for bonuses Allowance for employee bonuses is provided in provisions for payment of bonuses to employees in the amount of estimated bonuses, which are attributable to this fiscal year. (3) ————

Item	Previous Interim Fiscal Year (4/1/05~9/30/05)	Current Interim Fiscal Year (4/1/06~9/30/06)	Previous Fiscal Year (4/1/05~3/31/06)
	(4) Allowance for retirement benefits and severance benefits Allowance for retirement benefits and severance benefits is provided in provision for payment of retirement benefits to employees in the amount deemed accrued at the end of this interim fiscal year, based on the projected amounts of retirement benefit obligations and retirement plan assets at this fiscal year end. The unrecognized net actuarial difference is amortized using the straight-line method over a number of years (usually 10 years) within the employees' average remaining employment period, commencing from the next fiscal year in which they arise (stated as either income or expense in the statement of income).	(4) Allowance for retirement benefits and severance benefits Same as left	(4) Allowance for retirement benefits and severance benefits Allowance for retirement benefits and severance benefits is provided in provision for payment of retirement benefits to employees in the amount deemed accrued at the end of this fiscal year, based on the projected amounts of retirement benefit obligations and retirement plan assets at this fiscal year end. The unrecognized net actuarial difference is amortized using the straight-line method over a number of years (usually 10 years) within the employees' average remaining employment period, commencing from the next fiscal year in which they arise (stated as either income or expense in the statement of income).
4 Accounting for lease transactions	Excluding those in which the ownership of the leased property is transferred to the lessee, finance lease transactions are accounted for in the same manner as operating leases	Same as left	Same as left
5 Hedge accounting	(1) Method of hedge accounting Currency swap transactions meet the requirement of allocation treatment, and are accounted for accordingly. (2) Hedging instruments and hedged items Currency swap transaction …Foreign currency denominated money claims (3) Hedging policy The company uses currency-related hedge accounting for the purpose of fixing cash flows related to the collection of principal and interest on loans.	(1)Method of hedge accounting Exchange contract transactions and currency swap transactions meet the requirement of allocation treatment, and are accounted for accordingly. (2) Hedging instruments and hedged items Exchange contract transactions …Foreign currency denominated money claims Currency swap transactions …Foreign currency denominated money claims (3) Hedging policy The company uses exchange contract transactions and currency swap transactions for the purpose of hedging exchange rate fluctuation risks and fixing cash flows related to the collection of foreign currency denominated credit claims or principal and interest on loans.	(1) Method of hedge accounting Currency swap transactions meet the requirement of allocation treatment, and are accounted for accordingly. (2) Hedging instruments and hedged items Currency swap transaction …Foreign currency denominated money claims (3) Hedging policy The company uses currency-related hedge accounting for the purpose of fixing cash flows related to the collection of principal and interest on loans.

Item	Previous Interim Fiscal Year (4/1/05~9/30/05)	Current Interim Fiscal Year (4/1/06~9/30/06)	Previous Fiscal Year (4/1/05~3/31/06)
	(4) Assessment method for the effectiveness of hedges The company omits the assessment of the effectiveness of hedges for currency swap transactions, because the significant terms and conditions for such transactions and for hedged assets are identical, and are assumed beforehand to offset exchange rate risks or cash flow fluctuations continuously from the time hedging is initiated.	(4) Assessment method for the effectiveness of hedges The company omits the assessment of the effectiveness of hedges for exchange contract transactions and currency swap transactions, because the significant terms and conditions for such transactions and for hedged assets are identical, and are assumed beforehand to offset exchange rate fluctuations or cash flow fluctuations continuously from the time hedging is initiated.	(4) Assessment method for the effectiveness of hedges The company omits the assessment of the effectiveness of hedges for currency swap transactions, because the significant terms and conditions for such transactions and for hedged assets are identical, and are assumed beforehand to offset exchange rate risks or cash flow fluctuations continuously from the time hedging is initiated.
6 Other significant items to prepare interim financial statements (full year financial statements)	(1) Consumption taxes Consumption taxes are excluded from the transaction amounts. The net amount of suspense paid for consumption taxes on purchases and suspense received for consumption taxes on sales is included under “Other” for current liabilities (2) Treatment of Reserves Taxes payable and corporate tax adjustment for this interim fiscal year are calculated under the premise that entries of provisions and reversals will be made to reserve accounts for special depreciation in accordance with profit appropriation scheduled for this interim fiscal year.	(1) Consumption taxes Same as left (2) ―――――	(1) Consumption taxes Consumption taxes are excluded from the transaction amounts. (2) ―――――

Change in accounting treatment
(Interim Non-consolidated Balance Sheet)

Previous Interim Fiscal Year (4/1/05~9/30/05)	Current Interim Fiscal Year (4/1/06~9/30/06)	Previous Fiscal Year (4/1/05~3/31/06)
(Fixed asset impairment accounting standard) Effective this interim fiscal year, the company adopted "Accounting Standard Concerning Fixed Asset Impairment" (Statement of Position Concerning Establishment of Fixed Asset Impairment Accounting Standard) (Business Accounting Council; August 9, 2002) and "Application Guideline for Fixed Asset Impairment Accounting Standard" (Business Accounting Standard Board, Accounting Standard Application Guideline No. 6, October 31, 2003). As a result, interim income before tax for the current fiscal year decreased ¥856 million. The amount of accumulated impairment loss was directly deducted from each asset in accordance with the amended interim financial statements regulation.	―――――	(Fixed asset impairment accounting standard) Effective this fiscal year, the company adopted "Accounting Standard Concerning Fixed Asset Impairment" (Statement of Position Concerning Establishment of Fixed Asset Impairment Accounting Standard) (Business Accounting Council; August 9, 2002) and "Application Guideline for Fixed Asset Impairment Accounting Standard" (Business Accounting Standard Board, Accounting Standard Application Guideline No. 6, October 31, 2003). As a result, income before tax for the current fiscal year decreased ¥856 million. The amount of accumulated impairment loss was directly deducted from each asset in accordance with the amended financial statements regulation.
―――――	(Accounting standards for directors' and auditors' bonuses) Effective this interim fiscal year, the company has adopted "Accounting Standards for Bonuses to Directors" (Business Accounting Standard Board: Statement No. 4, issued on November 29, 2005) As a result, interim operating income, ordinary income and income before tax adjustment decreased ¥60 million.	―――――
―――――	(Accounting Standards for Presentation of Net Assets on Balance Sheet) Effective this interim fiscal year, the company has adopted "Accounting Standards for Presentation of Net Assets on Balance Sheet" (Business Accounting Standard Board: Business Accounting Standard No. 5, issued on December 9, 2005), and "Guidance on Accounting Standards for Presentation of Net Assets on Balance Sheet" (Business Accounting Standard Board: Business Accounting Standard Guidance No. 8, issued on December 9, 2005) There is no impact on income and loss by this change. Amount corresponding to conventional "Shareholders' Equity" was ¥166,548 million. The presentation of Net Assets for this interim fiscal year was made in accordance with the revised Regulations Concerning Interim Consolidated Financial Statement.	―――――

Notes
(Balance Sheet of the Interim fiscal year)

As of September 30,2005

*1 Advanced depreciation by national subsidy ¥150 million

*2 Accumulated depreciation on tangible fixed assets ¥64,770 million

3 Debt guarantees and acts similar to guarantee are as follows:

Debtor	Amount	Guarantee
Debt guarantee		
THK Manufacturing of America,Inc.	¥602 million ($5,324 thousand)	Guarantee for lease transaction
DALIAN THK CO., LTD	¥128 million	Guarantee for borrowing from financial institutions
Total	¥730million	—

4 The company signed a special credit facility agreement with main banks to effectively raise working funds.

Special credit limit under the contract	¥14,000 million
Balance of borrowings	—
Available line of credit	¥14,000 million

*5 ————

As of September 30,2006

*1 Advanced depreciation by national subsidy ¥150 million

*2 Accumulated depreciation on tangible fixed assets ¥65,714 million

3 Debt guarantees and acts similar to guarantee are as follows:

Debtor	Amount	Guarantee
Debt guarantee		
THK Manufacturing of America,Inc.	¥165 million ($1,407 thousand)	Guarantee for lease transaction
THK GmbH	¥46 Million (€310 thousand)	Rent for liabilities
DAITO SEIKI CO., LTD.	¥1,823 million	Guarantee for liabilities
TALK SYSTEM CO., LTD.	¥2,143 million	Guarantee for liabilities
THK NIIGATA CO., LTD.	¥685 million	Guarantee for liabilities
Beldex Corporation	¥127 Million	Guarantee for liabilities
Nippon Slide CO.,LTD.	143 Million	Guarantee for liabilities
Total	¥5,136 million	—

4 The company signed a special credit facility agreement with main banks to effectively raise working funds.

Special credit limit under the contract	¥13,000 million
Balance of borrowings	—
Available line of credit	¥13,000 million

*5 Bills matured at the end of the interim fiscal year are treated, as they are settled on such interim fiscal year-end.
Since the last day of the current interim fiscal year was a holiday of financial institutions, bills matured on the current fiscal year-end as shown below were excluded from the balance of bills as of the current fiscal year-end:

Bills receivable	¥1,874 million
Bills payable	¥752 million
Bills payable – Equipment related	¥119 million

As of March 31,2006

*1 Advanced depreciation by national subsidy ¥150 million

*2 Accumulated depreciation on tangible fixed assets ¥64,870 million

3 Debt guarantees and acts similar to guarantee are as follows:

Debtor	Amount	Guarantee
Debt guarantee		
THK Manufacturing of America,Inc.	¥228 million ($1,942 thousand)	Guarantee for lease transaction
DAITO SEIKI CO., LTD.	¥322 million	Guarantee for liabilities
TALK SYSTEM CO., LTD.	¥149 million	Guarantee for liabilities
THK NIIGATA CO., LTD.	¥119 million	Guarantee for liabilities
Beldex Corporation	¥38 million	Guarantee for liabilities
Nippon Slide CO.,LTD.	¥27 million	Guarantee for liabilities
Total	¥884 million	—

4 The company signed a special credit facility agreement with main banks to effectively raise working funds.

Special credit limit under the contract	¥14,000 million
Balance of borrowings	—
Available line of credit	¥14,000 million

*5 ————

(Statements of Income for the Interim fiscal year)

<table>
<tr><th>Six months ended Sep.30,2005</th><th>Six months ended Sep.30,2006</th><th>Year ended March 31,2006</th></tr>
<tr>
<td>
1 Amount of depreciation
Tangible fixed assets
¥1,895 million
Intangible fixed assets
¥202 million
*2 Impairment losses
During the current interim fiscal year, impairment losses were recognized for the following asset groups
(Millions of Yen)
<table>
<tr><th>Use</th><th>Kind</th><th>Location</th><th>Amount</th></tr>
<tr><td>Unused</td><td>Land</td><td>Ikoma-shi, Nara Pref.</td><td>590</td></tr>
<tr><td>Unused</td><td>Land</td><td>Sanyo Onoda-shi, Yamaguchi Pref.</td><td>96</td></tr>
<tr><td>Unused</td><td>Land, Bldgs</td><td>Other six properties</td><td>170</td></tr>
<tr><td colspan="3">Total</td><td>856</td></tr>
</table>
(Summary of impairment losses by types of assets)
<table>
<tr><th>Types</th><th>Amount (Millions of yen)</th></tr>
<tr><td>Buildings and structure</td><td>5</td></tr>
<tr><td>Land</td><td>850</td></tr>
<tr><td>Total</td><td>856</td></tr>
</table>
The company conducts grouping for business properties by plants and treats its head quarter and operating assets as a property for common use. The company also groups unused assets and leased assets into one unit by each property.
Of unused properties, for those of which market prices are decreasing, their book values were reduced to the amount collectible and the company recognizes such reduced amount as impairment loss of “extraordinary loss”. The amount collectible was determined as a net sale price which was calculated by appraisal value provided mainly by a real-estate appraiser.
</td>
<td>
1 Amount of depreciation
Tangible fixed assets
¥1,887 million
Intangible fixed assets
¥236 million
*2 ――――――
</td>
<td>
1 Amount of depreciation
Tangible fixed assets
¥3,988 million
Intangible fixed assets
¥421 million
*2 Impairment losses
During the current fiscal year, impairment losses were recognized for the following asset groups
(Millions of Yen)
<table>
<tr><th>Use</th><th>Kind</th><th>Location</th><th>Amount</th></tr>
<tr><td>Unused</td><td>Land</td><td>Ikoma-shi, Nara Pref.</td><td>590</td></tr>
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<tr><td>Land</td><td>850</td></tr>
<tr><td>Total</td><td>856</td></tr>
</table>
THK group conducts grouping for business properties by plants and treats headquarters and operating assets as a property for common use. The group also groups unused assets and leased assets into one unit by each property.
Of unused properties, for those of which market prices are falling, their book values were reduced to the amount collectible and the company recognizes such reduced amount as impairment loss of “extraordinary loss”. The amount collectible is determined as a net sale price which was calculated by appraisal value provided mainly by a real-estate appraiser.
</td>
</tr>
</table>

(Statement of Changes in Net Assets)

The Current Interim Fiscal Year (From April 1, 2006 to September 30, 2006)

Treasury stocks

Type of shares	As of 3/31/2006	Increase	Decrease	As of 9/30/2006
Common stock	29,741	2,122	400	31,463

(Summary of causes for change)

Increase in the number of treasury stocks: 2,122 shares, due to the purchase of stocks falling short of the trading unit.

Decrease in the number of treasury stocks: 400 shares, due to the request of purchase of stocks falling short of the trading unit.

(Lease transactions)

Report of lease transactions is omitted, because it is disclosed via EDINET.

(Securities)

Marketable stocks of subsidiaries and affiliated companies

1 As of September 30, 2005

(Millions of Yen)

	Book value	Market value	Difference
Stocks of affiliated companies	1,069	3,055	1,985

2 As of September 30, 2006

	Book value	Market value	Difference
Stocks of affiliated companies	1,069	4,022	2,952

3 As of March 31, 2006

	Book value	Market value	Difference
Stocks of affiliated companies	1,069	3,560	2,490

(Per share data)

Previous non-consolidated interim fiscal year (From Apr. 1, 2005 to Sept. 30, 2005)		Current non-consolidated interim fiscal year (From Apr. 1, 2006 to Sept. 30, 2006)		Previous non-consolidated fiscal year (From Apr. 1, 2005 to Mar. 31, 2006)	
Net assets per share	¥1,115.92	Net assets per share	¥1,253.81	Net assets per share	¥1,204.66
Net income per share	¥55.32	Net income per share	¥65.69	Net income per share	¥129.78
Net income per share after adjustment of dilutive share	¥49.64	Net income per share after adjustment of dilutive share	¥65.19	Net income per share after adjustment of dilutive share	¥120.64

(Note) Base data for the calculation

1. Net assets per share

(Millions of yen, number of shares)

Item	As of September 30, 2005	As of September 30, 2006	As of March 31, 2006
Total net assets on balance sheet	—	166,548	--
Net assets related to common stock	—	166,548	—
The number of common stock shares outstanding	—	132,865,996	—
The number of treasury stock shares	—	31,463	—
The number of common stock shares used for the calculation of assets per share	—	132,834,533	—

2.Base data for the calculation of net income and per share net income after the adjustment of dilutive share are as follows:

(Millions of yen, number of shares)

Item	Previous non-consolidated interim fiscal year (4/1/05-9/30/05)	Current non-consolidated interim fiscal year (4/1/06-9/30/06)	Non-consolidated fiscal year (4/1/05-3/31/06)
Non-consolidated interim net income	6,642	8,724	16,264
Net income related to common stock	6,642	8,724	16,144
Main amount not reverting to common shareholders: Bonuses paid to directors by income appropriation	—	—	120
Amount not reverting to common shareholders.	—	—	120
Average number of common stocks	120,078,071	132,814,062	124,401,292
Summary of net income adjustment amount used for calculation of net income per share after adjustment of dilutive share: Commission paid (after tax equivalent)	0	0	1
Net income adjusted	0	0	1
Summary of increased number of common shares used for calculation of the net income per share after adjustment of dilutive shares: Bond with stock acquisition rights	13,754,923	1,012,184	9,429,809
Increased number of common stock	13,754,923	1,012,184	9,429,809
Summary of dilutive shares not used for the calculation of net income per share after adjustment of dilutive shares because they have no dilutive effect	—	—	—

(Significant subsequent events)

Previous interim fiscal year (April 1, 2005 ~ September 30, 2005)
There is no subsequent event.

The current interim fiscal year (April 1, 2006 ~ September 30, 2006)
There is no subsequent event.

The previous fiscal year (April 1, 2005 ~ March 31, 2006)
There is no subsequent event.