THK
The Mark of Linear Motion

November 15, 2007

Consolidated Financial Results for the Six Months Fiscal Year Ending March 31, 2008

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-First Section
Code number	:	6481
Representative	:	Akihiro Teramachi, Chief Executive Officer and President
Contact	:	Hideyuki Kiuchi, Director/General Manager
Dividend payment start date	:	December 10, 2007

1. Consolidated Financial Results for the Six Months Ended September 30, 2007
(April 1, 2007 to September 30, 2007) – Unaudited

(1) Consolidated Operation Results (Millions of Yen)

Period	Net Sales		Operating Income		Ordinary Income		Net Income	
Six months ended Sept.30, 2007	¥100,348	14.1%	¥13,880	(18.6) %	¥15,065	(17.8) %	¥9,169	(16.5)%
Six months ended Sept.30, 2006	87,946	16.7	17,062	32.7	18,334	31.2	10,980	37.1
Fiscal year ended Mar.31, 2007	174,710	—	31,815	—	34,955	—	21,038	—

(Yen)

Period	Net income per share	Diluted net income per share
Six months ended Sept.30, 2007	¥69.03	¥68.60
Six months ended Sept.30, 2006	82.68	82.06
Fiscal year ended Mar.31, 2007	158.36	157.22

(Note)

Period	Equity earnings of affiliates(millions of yen)
Six months ended Sept.30, 2007	¥165
Six months ended Sept.30, 2006	303
Fiscal year ended Mar.31, 2007	490

(2) Consolidated Financial Condition

Period	Total Assets (millions of yen)	Net Assets (millions of yen)	Equity ratio	Shareholders' Equity per Share (yen)
As of Sept.30, 2007	¥271,932	¥193,393	70.4 %	¥1,459.71
As of Sept.30, 2006	261,064	178,603	67.8	1,331.96
As of Mar.31, 2007	263,280	189,039	71.1	1,407.84

(Note)

Period	Stockholders' equity (millions of yen)
As of Sept. 30, 2007	¥191,434
As of Sept. 30, 2006	176,929
As of Mar. 31, 2007	187,222

(3) Consolidated Cash Flows (Millions of Yen)

Period	Cash Flow from Operating Activity	Cash Flow from Investing Activity	Cash Flow from Financing Activity	Cash and Cash Equivalents
Six months ended Sept. 30, 2007	¥12,104	(21,328)	(20,605)	62,918
Six months ended Sept. 30, 2006	14,377	(3,516)	(2,066)	95,136
Fiscal year ended Mar. 31, 2007	29,933	(10,884)	(13,839)	91,953

2. Cash Dividends

(Yen)

Fiscal Year	Annual dividends per share 1st half	2nd half	Total
Fiscal year ended Mar. 31, 2007	¥13.00	¥20.00	¥33.00
Fiscal year ended Mar. 31, 2008	18.00	—	
Fiscal year ended Mar. 31, 2008 (Forecast)	—	18.00	36.00

3. Forecast of Consolidated Financial Results (April 1, 2007 to March 31, 2008)

Fiscal Year	Net sales (millions of yen)		Operating income (millions of yen)		Ordinary income (millions of yen)		Net income (millions of yen)		Net income per share(yen)
Fiscal year ended Mar. 31, 2008	¥214,000	22.5%	¥31,000	(2.6)%	¥33,400	(4.4)%	¥20,000	(4.9)%	¥152.50

(By forecasted average number of shares of common stock year of period)

4. Other

(1) Significant change in scope of consolidation (Changes in reporting entity corresponding with specified subsidiaries [tokutei kogaisha]) : No

(Reference) Items related to scope of consolidation and application of equity method:
Consolidated companies: 29 (Newly included: 9) (Deleted: 0)
Companies using the equity method: 1 (Newly included: 0) (Deleted: 0)

(2) Changes in accounting policies/estimates/disclosure of consolidated financial reports（which will state in material item for basis of financial reports preparation）

① Changes in accounting standard No
② Other changes YES

(3) Issued Shares（Common stock）

Period	Issued	Treasury stock
As of Sept. 30, 2007	133,020,540	1,875,324
As of Sept. 30, 2006	132,865,996	31,463
As of Mar. 31, 2007	133,020,540	34,512

【Reference】Non-Consolidated Operating Result

1. Non-Consolidated financial highlights for the fiscal year ended March 31, 2007
(April 1, 2007 to September 30, 2007) – Unaudited

(1) Non-Consolidated Operation Results (Millions of Yen)

Period	Net Sales		Operating Income		Ordinary Income		Net Income	
Six months ended Sept. 30, 2007	¥67,907	(4.7)%	¥11,428	(17.5) %	¥12,154	(17.0) %	¥7,376	(15.4) %
Six months ended Sept. 30, 2006	71,268	15.1	13,854	27.2	14,643	26.7	8,724	31.3
Fiscal year ended Mar. 31, 2007	143,870	—	28,681	—	30,642	—	17,993	—

(Yen)

Period	Net income per share
Six months ended Sept. 30, 2007	¥55.53
Six months ended Sept. 30, 2006	65.69
Fiscal year ended Mar. 31, 2007	135.45

(2) Non-Consolidated Financial Condition

Period	Total Assets (millions of yen)	Net Assets (millions of yen)	Equity ratio	Shareholders' Equity per Share (yen)
As of Sept. 30, 2007	¥232,782	¥174,461	74.9 %	¥1,330.29
As of Sept. 30, 2006	238,600	166,548	69.8	1,253.81
As of Mar. 31, 2007	237,209	174,245	73.4	1,310.26

(3) Forecast of Non-Consolidated Results for the Fiscal Year ending March 31, 2008

Fiscal Year	Net sales (millions of yen)		Operating income (millions of yen)		Ordinary income (millions of yen)		Net income (millions of yen)		Net income per share(Yen)
Fiscal year ended Mar.31,2008	¥144,000	0.1%	¥25,900	(9.7)%	¥27,000	(11.9)%	¥16,200	(10.0)%	¥123.53

(By forecasted 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.

1 Business Performance

(1) Analysis of Business Performance

① Summary of business performance

The Japanese economy during the current consolidated interim fiscal year sustained a moderate recovery trend spearheaded by consumer spending, although weakness was shown in certain production sectors amid a rise in concern over price hikes of raw materials including crude oil. Looking at the overseas economy, the U.S. economy continued only moderate expansion due to a decrease in housing starts, although consumer spending remained firm. The European economy has been expanding on the back of brisk demand for machinery in East Europe, and the high growth was seen in the economy of Asian countries, including China.

Under these circumstances, the THK Group implemented aggressive equipment investment to strengthen the production capacity of manufacturing bases at home and abroad to achieve its long-term management goal (vision for fiscal 2010) aiming for consolidated gross sales of ¥300 billion in fiscal year of 2010. In an effort to increase sales, the Group has not only reinforced sales networks in China, but also expanded transactions with existing customers in each region, and conducted proactive sales activities to capture new potential users.

In addition, the Group acquired 100% of shares of Rhythm Corporation, an auto-parts maker, on May 31, 2007 and made it a new consolidated subsidiary to accelerate the entry into new business areas.
As a result, net sales for the current consolidated interim fiscal term increased ¥12,401 million or 14.1 percent over the same period a year earlier to ¥100,348 million.

Cost of sales rose ¥11,632 million or 21.3 percent from the same period a year earlier to ¥66,198 million because of aggressive investment made for the future growth, which gave rise to an increase in depreciation expenses due to full-scale operations of new plants at home and abroad.

Selling, general and administrative expenses increased ¥3,951 million or 24.2 percent caused not only by including Rhythm Corporation into consolidated subsidiaries, but also by amortization expenses of goodwill.

As a result, the ratio of operating income to sales declined 5.6 percent from the same period a year earlier to 13.8 percent, and operating income decreased ¥3,181 million or 18.6 percent to ¥13,880 million.

Non-operating income was ¥1,184 million, owing to the recognition of interest and dividend income and earnings from investment based on the equity method in the equity of unconsolidated subsidiaries and affiliated companies. Consequently, ordinary income decreased ¥3,269 million, or 17.8 percent over the same period a year earlier to ¥15,065 million.

Interim net income declined ¥1,811 million or 16.5 percent compared to the same period a year earlier to ¥9,169 million.

② Segment information by businesses

The segment information by businesses is as follows:

Industrial Equipment-Related Business

In Japan, sales to makers of machine tools remained firm on the backdrop of robust demand for machinery in emerging countries including China, while adjustments in a general machinery and electronics-related production have continued.

In the Americas region, sales to makers of machine tools and general machinery remained firm, helped by an increase in sales share for existing customers in the environment where an adjustment of electronics-related production is continuing.

In Europe, sales mainly to makers of general machinery and machine tools increased owing to rising demand for machinery.

In Asia, sales to makers of machine tools and general machinery in China and Taiwan remained robust, given the increasing demand for machinery in China. As a result, net sales and operating income for the current consolidated interim fiscal year were ¥80,548 million and 18,469 million respectively.

Transportation Equipment-Related Business

The THK Group succeeded not only in commencing transactions with new customers, but also in expanding deals with existing customers in Japan and Europe. In the Americas region, sales were performed as planned although production quantity by automakers has been decreasing.

As a result, sales for the current consolidated interim fiscal year marked ¥19,800 million, while an operating loss of ¥924 million was recognized because goodwill was depreciated and equipment investment was made for the construction of a die-casting plant by THK Manufacturing of America, Inc.

③ Segment information by locations

The segment information by locations is as follows:

Japan:

Sales to makers of machine tools remained firm on the backdrop of robust demand for machinery in emerging countries including China, while adjustments in electronics-related production have continued since the second half of the previous year. Sales to makers of transportation machinery rose as well owing to increases in the number of consolidated subsidiaries.

As a result, net sales increased ¥2,336 million from the same period a year earlier to ¥68,398 million, while operating income decreased ¥720 million to ¥14,228 million caused by an increase in the amortization of goodwill in the wake of a rise in the number of consolidated subsidiaries.

The Americas:

In the American markets, combined efforts were made by both the production and sales divisions to expand transactions with existing customers as well as to cultivate new customers while production by auto makers were decreasing and adjustments in electronics-related production were continuing.

As a result, sales to makers of machine tools and general machinery remained firm. In addition, due to an increase in the number of consolidated subsidiaries, sales to makers of transportation machinery were significantly boosted as well. As a result, net sales rose ¥5,978 million from the same period a year earlier to ¥14,225 million, while operating income declined ¥413 million to ¥535 million. The decrease in operating income was caused by an adjustment of transfer prices made in accordance with the accord between the tax authorities of Japan and the U.S., which has been implemented since the second half of the previous consolidated fiscal year.

Europe:

Sales to makers of machine tools and general machinery remained favorable, as a combined sales campaign by both the production and sales division has been conducted similar to those carried out in the Americas region amid an increasing demand for machinery resulting from a string of plant constructions in East Europe. Furthermore, sales to makers of transportation machinery grew as well, helped by an increase in the number of cases where THK products were adopted by major automakers.

As a result, net sales increased ¥3,061 million to ¥12,882 million, while operating income rose ¥1,786 million to ¥2,409 million, both of which were record-high half-yearly results.

Asia and other regions:

In Asian regions, the economy in China continued its high growth, and aggressive sales efforts were conducted including the expansion of distribution networks given the accelerating equipment investment. As a result, sales to makers of machine tools and general machinery remained robust. Even in Taiwan, sales to machine tool and general machinery manufacturers stayed strong due to efforts made to expand transactions with existing customers amid a rise in demand for machinery in China.

As a result, net sales in the Asian region increased ¥1,025 million from the same period a year earlier to ¥4,842 million. Operating income declined ¥74 million to ¥453 million as a result of implementing aggressive equipment investment including those for construction of the second plant of THK Manufacturing of China (Liaoning) in china where the demand is expected in future. In this way, the infrastructure development aiming for future growth has been proceeding stably.

④ Earning Forecast for the fiscal year ending March 31, 2008

Sources of concern for the economic environment surrounding the THK Group could be a possible decline in the growth of the U.S. economy and a sharp rise in raw materials prices. Although the Japan economy is expected to remain strong, driven by strong equipment investment by industries and external demand, the situation not allowing optimism may continue, as many uncertainties exist in foreign currency movements and the trends in interest rates.

Under these circumstances, a prediction for the earnings of this full fiscal year was made based on the business performance of the current interim fiscal year and up-to-date order-receipt conditions. As a result of the prediction, both the consolidated and non-consolidated earning projections for the fiscal year ending March 31, 2008 which had been announced on June 15 and May 17, 2007 respectively, were revised as follows:

Earning Forecast for the fiscal year ending March 31, 2008

(Millions of yen, %)

	Consolidated			Non-consolidated		
	Amount	%	Rate of increase (decrease)	Amount	%	Rate of increase (decrease)
Net sales	214,000	100.0	22.5	144,000	100.0	0.1
Operating income	31,000	14.5	(2.6)	25,900	18.0	(9.7)
Ordinary income	33,400	15.6	(4.4)	27,000	18.8	(11.9)
Net income	20,000	9.3	(4.9)	16,200	11.3	(10.0)

- Annual average of foreign exchange rates of ¥118.00 per US$1 and ¥161.00 per Euro 1 are used to calculate earnings projections for the fiscal year ending March 31, 2008.

(2) Analysis of financial positions

① Analysis of assets, liabilities and net assets

Cash on hand in banks as of the end of the current consolidated interim fiscal year decreased ¥29,171 million compared to the amount as of the end of the previous consolidated fiscal year, due to the acquisition of a new consolidated subsidiary and the repayment for long-term debt, while inventories, tangible fixed assets and goodwill (intangible fixed assets) increased ¥4,175 million, ¥17,696 million and ¥11,886 million respectively because some consolidated subsidiaries are newly included. As a result, the total assets as of the end of the current consolidated interim fiscal year were ¥271,932 million, up ¥8,651million from the end of the previous consolidated fiscal year.

Liabilities increased ¥4,297 million to ¥78,538 million as accounts payable grew ¥3,751 million due to the inclusion of new consolidated subsidiaries.

Net assets increased ¥4,354 million compared to the outstanding balance as of the end of the previous consolidated fiscal year to ¥193,393 million, due to an increase in retained earnings, although treasury shares were acquired for ¥4,337 million.

② Analysis of cash flows

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

Cash flows from operating activities show an inflow position of ¥12,104million (in the same period a year earlier, this was ¥14,377 million), due to the recognition of net income before provision for tax and minority interests of ¥14,904 million, fixed assets depreciation expanses of ¥4,846 million and payment of corporate taxes of ¥7,892 million.

Cash flows from investment activities show an outflow position of ¥21,328 million (in the same period a year earlier, this was ¥3,516 million), due to payment for acquisition of newly acquired consolidated subsidiary for ¥12,129 million, and addition of property, plant and equipment for the expansion of production facilities in the amount of ¥8,995 million.

Cash flows from financing activities show an outflow position of ¥20, 605 million (in the same period a year earlier, this was ¥2,066 million), due to expenditures for repayments of long-term debt in the amount of ¥13,074 million, payments for purchase of treasury stock for ¥4,338 million and dividend payment for ¥2,694 million.

As a result, the total outstanding of cash and cash equivalents as of the end of the current consolidated interim fiscal year decreased ¥29,034 million from the end of the previous consolidated fiscal year to ¥62,918 million.

Analysis of Cash Flow Indices

	FY 2006	FY2007 (interim)	FY 2007	FY2008 (interim)
Equity ratio (%)	68.9	67.8	71.1	70.4
Equity ratio on market value basis (%)	205.4	142.0	140.2	118.6
Debt redemption years (years)	0.8	1.2	0.2	0.5
Interest coverage ratio (multiples)	120.0	174.1	233.9	83.8

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

Equity Ratio on a market value 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.
- Bonds with non-interest-bearing are included in interest-bearing debts.

(3) Basic policy for appropriation of earnings and dividend payment for the full fiscal year ending March 31, 2008

The THK Group considers it important to conduct aggressive profit distribution to shareholders corresponding to business performance results as well as to position stable dividend payments as a basic policy aiming to also strengthen its financial footing through enhancing its retained earnings.

As for retained earnings, the THK Group will make efforts to meet the expectations of shareholders by using them for effective investment in production facilities and information systems which should be implemented to respond to the needs for future research and development activities and globalization.

THK plans to pay ¥36 per share (interim dividend of ¥18) as a full year dividend to perform an aggressive return of profits corresponding to business performance results to shareholders.

The payment of fiscal-year-end dividends will be made after a resolution is adopted by a ordinary general meeting of shareholders scheduled to be held in June 2008.

2 Status of the Corporate Group

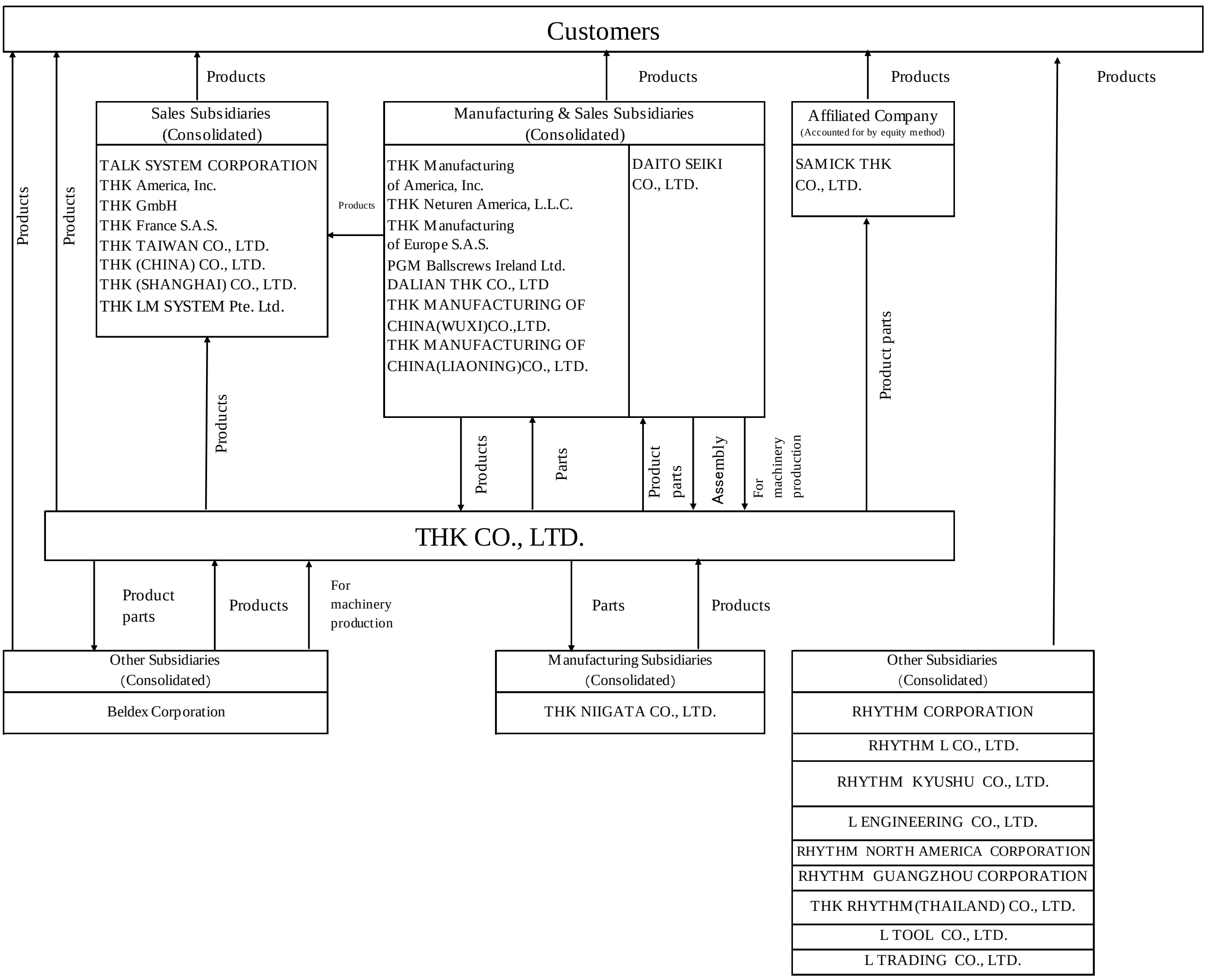
The company's business group consists of thirty-three subsidiaries and three affiliated companies, which engage in the manufacture and distribution of subcomponents of equipment and machinery, centering on linear motion systems and special joint bearings as well as industrial machinery.

In Japan, the company mainly distributes these products directly to makers and sales agents of capital goods such as machine tools, industrial machinery, and semiconductor manufacturing devices; and Talk System Corporation distributes them to certain other capital goods makers and sales agents. Some linear motion systems are produced by Daito Seiki Co., Ltd. and THK Niigata Co., Ltd.

In addition, the company acquired 100% of the shares of Rhythm Corporation, which is an automotive parts manufacturer, in May 2007. The purpose of this acquisition is to increase the corporate value of both companies by improving efficiency in cooperation between the company and Rhythm, which has had excellent business performance as an automotive parts manufacturer, and by enlarging new business areas through the expansion and innovation of new applications.

Engaging in the distribution of the company's products in overseas markets are THK America, Inc. in the Americas, THK GmbH and THK France S.A.S., in Europe, THK LM System Pte. Ltd., THK Taiwan Co., Ltd., THK (Shanghai) Co., Ltd., THK (China) Co., Ltd., and Samick THK Co., Ltd., an affiliated company of THK, in Asia. Some parts of the linear motion systems and special joint bearings that the company produces are manufactured by THK Manufacturing of America, Inc. in the Americas, THK Manufacturing of Europe S.A.S. and PGM Ballscrews Ireland Ltd. in Europe, and Dalian THK Co., Ltd., THK Manufacturing of China (Wuxi) Co., Ltd., THK Manufacturing of China (Liaoning) Co., Ltd., and Samick THK Co., Ltd. in Asia.

A diagram of the THK Group companies is as follows:



3 Management Policy

Disclosure of management policy is omitted due to the fact that there have been no changes since the published summary report (interim summary report published on November 16, 2006).

For the corresponding interim summary report, refer the following URLs.

(THK home page)

http://www.thk.com

(Tokyo Stock Exchange home page (page to search for information on listed companies))

http://www.tse.or.jp/listing/compsearch/index.html

Consolidated Balance Sheets

(Millions of yen)

	As of Sept. 30, 2006		As of Sept. 30, 2007		As of Mar. 31, 2007	
	Amount	%	Amount	%	Amount	%
Assets						
Current assets :						
Cash on hand and bank deposits	95,496		62,685		91,857	
Notes and accounts receivable	62,063		62,739		59,596	
Short-term investments securities	95		232		96	
Inventories	25,563		30,021		25,845	
Deferred tax assets	3,268		4,062		3,726	
Short-term loan receivable	119		726		153	
Other	2,300		2,543		2,722	
Less: Allowance for doubtful Accounts	(224)		(263)		(236)	
Total current assets	188,682	72.3	162,748	59.9	183,762	69.8
Fixed assets :						
Tangible fixed assets						
Buildings & Structures	18,020		27,236		23,650	
Machinery & Equipment	23,177		37,579		27,534	
Land	9,893		13,145		9,879	
Construction in Progress	7,865		3,836		3,489	
Other	1,782		2,637		2,184	
Total tangible fixed assets	60,739	23.3	84,435	31.0	66,738	25.4
Intangible Fixed Assets						
Goodwill	—		12,094		208	
Other	—		910		637	
Total intangible fixed assets	986	0.4	13,005	4.8	845	0.3
Investments and other						
Long-term investments in securities	5,381		5,926		5,828	
Deferred tax assets	1,263		2,058		1,717	
Other	4,402		4,059		4,756	
Less: Allowance for doubtful Accounts	(392)		(302)		(368)	
Total investments and others	10,655	4.0	11,742	4.3	11,934	4.5
Total fixed assets	72,382	27.7	109,183	40.1	79,518	30.2
Total assets	261,064	100.0	271,932	100.0	263,280	100.0

(Millions of yen)

	As of Sept 30, 2006		As of Sept. 30, 2007		As of Mar. 31 , 2007	
	Amount	%	Amount	%	Amount	%
Liabilities						
Current liabilities :						
Account and notes payable	35,959		38,520		34,769	
Current portion of long-term debt	72		68		72	
Bonds due within one year	10,000		—		—	
Convertible Bonds due within one year	—		1,380		1,380	
Income tax payable	6,738		6,087		8,005	
Accrued bonuses	2,355		2,720		2,308	
Accrued bonuses for Directors and Corporate Auditors	67		75		131	
Other	14,658		15,282		16,826	
Total current liabilities	69,851	26.8	64,133	23.6	63,493	24.1
Long-term liabilities :						
Bonds	5,000		5,000		5,000	
Bonds with stock warrant due within one year	1,635		—		—	
Long-term debt	68		—		32	
Allowance for retirement and severance Benefits	2,434		3,378		2,574	
Negative goodwill	1,944		1,296		1,620	
Other	1,528		4,730		1,521	
Total long-term liabilities	12,610	4.8	14,405	5.3	10,748	4.1
Total liabilities	82,461	31.6	78,538	28.9	74,241	28.2

(Millions of yen)

	As of Sept. 30, 2006		As of Sept. 30, 2007		As of Mar. 31 , 2007	
	Amount	%	Amount	%	Amount	%
Net Assets						
Paid-In Capital and Retained Earnings						
Common stock	33,788	12.9	33,916	12.5	33,916	12.9
Additional paid-in capital	43,525	16.6	43,653	16.1	43,653	16.5
Retained earnings	95,944	36.8	110,785	40.7	104,275	39.6
Treasury stock	(54)	(0.0)	(4,401)	(1.6)	(63)	(0.0)
Total paid-in capital and retained Earnings	173,204	66.3	183,953	67.7	181,781	69.0
Valuation and Translation Adjustment						
Valuation adjustment for marketable securities	1,128	0.4	873	0.3	1,037	0.4
Foreign currency translation adjustment	2,596	1.0	6,607	2.4	4,403	1.7
Total Valuation and Transaction Adjustment	3,725	1.4	7,480	2.7	5,441	2.1
Minority Interests	1,673	0.7	1,959	0.7	1,816	0.7
Total net assets	178,603	68.4	193,393	71.1	189,039	71.8
Total liabilities and net assets	261,064	100.0	271,932	100.0	263,280	100.0

Consolidated Statements of Income

(Millions of yen)

Account Items	Six months ended Sept. 30, 2006			Six months ended Sept. 30, 2007			Year ended March 31, 2007		
	Amount		%	Amount		%	Amount		%
Net sales		87,946	100.0		100,348	100.0		174,710	100.0
Cost of sales		54,565	62.0		66,198	66.0		109,568	62.7
Gross profit		33,381	38.0		34,150	34.0		65,142	37.3
Selling, general and administrative expenses									
Packaging and transportation	1,576			2,202			3,300		
Advertising and promotions	449			580			1,088		
Provision of allowance for doubtful Accounts	5			29			40		
Salaries and allowances	4,900			5,693			10,960		
Provision for employee bonuses	869			926			877		
Provision for bonuses for Directors and corporate Auditors	67			75			131		
Retirement expenses	132			155			255		
Rental expenses	1,058			1,168			2,159		
Depreciation and amortization	402			445			807		
Research and development	1,268			1,386			2,615		
Amortization of goodwill	—			1,363			18		
Other	5,586	16,318	18.6	6,243	20,269	20.2	11,071	33,326	19.1
Operating income		17,062	19.4		13,880	13.8		31,815	18.2
Non-operating income									
Interest income	183			443			552		
Dividend income	16			29			26		
Foreign exchange gain	193			—			802		
Amortization of negative goodwill	324			324			648		
Equity in earnings of unconsolidated Subsidiaries and affiliates	303			165			490		
Rental income	101			116			201		
Other	307	1,430	1.6	376	1,454	1.5	675	3,397	1.9
Non-operating expenses									
Interest expenses	82			144			127		
Commission expense	39			40			76		
Other	37	159	0.2	85	270	0.3	52	257	0.1
Ordinary income		18,334	20.8		15,065	15.0		34,955	20.0

(Millions of yen)

Account Items	Six months ended Sept. 30, 2006			Six months ended Sept. 30, 2007			Year ended March 31, 2007		
	Amount		%	Amount		%	Amount		%
Extraordinary income									
Gain on sales of fixed assets	25			16			50		
Other	—	25	0.0	5	22	0.0	—	50	0.0
Extraordinary loss									
Loss on sales and retirement of fixed Assets	61			121			376		
Loss on impairment	—			—			70		
Other	34	96	0.0	62	183	0.1	34	482	0.3
Net income before provision for tax		18,263	20.8		14,904	14.9		34,524	19.7
Income taxes – current	7,000			5,833			14,072		
Income taxes – deferred	110	7,111	8.1	(168)	5,665	5.7	(755)	13,317	7.6
Minority interest in income of consolidated subsidiaries		170	0.2		69	0.1		168	0.1
Net income		10,980	12.5		9,169	9.1		21,038	12.0

Consolidated Statement of Net Assets

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

	Paid-In Capital and Retained Earnings					Valuation and Translation Adjustment			Minority Interest in Consolidated Subsidiary	Total Net Assets
	Common stock	Additional Paid-in Capital	Retained Earnings	Treasury stock	Total paid-in Capital and Retained Earnings	Valuation adjustment for marketable securities	Foreign currency translation adjustment	Total Valuation and Adjust		
Balance at March31,2006	33,733	43,470	87,090	(48)	164,246	1,357	2,668	4,026	1,518	169,791
Changes during the period:										
Cash dividends paid			(1,991)		(1,991)					(1,991)
Bonuses to directors			(135)		(135)					(135)
Issue of new stocks	54	55			110					110
Net income			10,980		10,980					10,980
Acquisition of treasury stock				(7)	(7)					(7)
Retirement of treasury stock		0		0	1					1
Net changes in account other than paid-in capital and retained earnings						(229)	(72)	(301)	154	(146)
Net changes during the period	54	55	8,854	(6)	8,958	(229)	(72)	(301)	154	8,811
Balance at September30 2006	33,788	43,525	95,944	(54)	173,204	1,128	2,596	3,725	1,673	178,603

Six months ended September 30, 2007 (Millions of yen)

	Paid-In Capital and Retained Earnings					Valuation and Translation Adjustment			Minority Interest in Consolidated Subsidiary	Total Net Assets
	Common stock	Additional Paid-in Capital	Retained Earnings	Treasury stock	Total paid-in Capital and Retained Earnings	Valuation adjustment for marketable securities	Foreign currency translation adjustment	Total Valuation and Adjust		
Balance at March31,2007	33,916	43,653	104,275	(63)	181,781	1,037	4,403	5,441	1,816	189,039
Changes during the period:										
Cash dividends paid			(2,659)		(2,659)					(2,659)
Bonuses to directors					—					—
Issue of new stocks					—					—
Net income			9,169		9,169					9,169
Acquisition of treasury stock				(4,338)	(4,338)					(4,338)
Retirement of treasury stock		0		0	0					0
Net changes in account other than paid-in capital and retained earnings						(164)	2,203	2,039	142	2,182
Net changes during the period	—	0	6,509	(4,337)	2,171	(164)	2,203	2,039	142	4,354
Balance at September30 2007	33,916	43,653	110,785	(4,401)	183,953	873	6,607	7,480	1,959	193,393

For the year ended March 31 2007 (Millions of yen)

	Paid-In Capital and Retained Earnings					Valuation and Translation Adjustment			Minority Interest in Consolidated Subsidiary	Total Net Assets
	Common stock	Additional Paid-in Capital	Retained Earnings	Treasury stock	Total paid-in Capital and Retained Earnings	Valuation adjustment for marketable securities	Foreign currency translation adjustment	Total Valuation and Adjust		
Balance at March31,2006	33,733	43,470	87,090	(48)	164,246	1,357	2,668	4,026	1,518	169,791
Changes during the period:										
Cash dividends paid			(3,718)		(3,718)					(3,718)
Bonuses to directors			(135)		(135)					(135)
Issue of new stocks	182	182			365					365
Net income			21,038		21,038					21,038
Acquisition of treasury stock				(16)	(16)					(16)
Retirement of treasury stock		0		0	1					1
Net changes in account other than paid-in capital and retained earnings						(320)	1,735	1,414	297	1,712
Net changes during the period	182	182	17,184	(15)	17,535	(320)	1,735	1,414	297	19,247
Balance at March31 2007	33,916	43,653	104,275	(63)	181,781	1,037	4,403	5,441	1,816	189,039

Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended Sept. 30, 2006	Six months ended Sept. 30, 2007	Year ended March 31, 2007
Cash flows from operating activities:			
Net income before provision for tax and minority interests	18,263	14,904	34,524
Depreciation and amortization	3,293	4,835	7,111
Loss on impairment	—	—	70
Loss(Gain) on sales or disposal of fixed assets	36	104	326
Increase in provisions	425	413	551
Interest and dividend income	(200)	(472)	(579)
Interest expense	82	144	127
Foreign exchange gain(loss)	(38)	31	135
Equity earnings of affiliates	(303)	(165)	(490)
Amortization of goodwill	—	1,363	18
Amortization of negative goodwill	(324)	(324)	(648)
(Increase) in accounts and notes receivable	(3,520)	3,465	(636)
(Increase)decrease in inventories	(574)	(1,828)	(339)
Increase(decrease) in accounts and notes payable	5,594	(1,604)	3,835
Other	(1,005)	(1,191)	(1,335)
Subtotal	21,728	19,674	42,673
Interest and dividend income received	200	472	709
Interest expenses paid	(84)	(150)	(166)
Income taxes paid	(7,466)	(7,892)	(13,283)
Net cash provided by operating activities	14,377	12,104	29,933
Cash flows from investing activities :			
Increase in term deposits due over three months	(457)	—	(463)
Decrease in term deposits due over three months	2,077	—	2,558
Addition of property, plant and, equipment	(5,386)	(8,995)	(12,848)
Disposition of property, plant and equipment	28	23	98
Payments for purchases of long-term investment securities	(7)	(179)	(515)
Proceeds from sales of long-term investment securities	24	18	24
Payments for long-term loans receivables	(50)	(97)	(84)
Proceeds from collection of loans	45	71	58
Payment for acquisition of newly acquired consolidated subsidiary	—	(12,129)	—
Other	209	(40)	287
Net cash used in investing activities	(3,516)	(21,328)	(10,884)
Cash flows from financing activities :			
Repayments of short-term debt	—	(500)	—
Repayments of long-term debt	(36)	(13,074)	(72)
Redemption of bonds	—	—	(10,000)
Cash dividends	(1,986)	(2,694)	(3,713)
Increase in cash and cash equivalents due to inclusion of Consolidated subsidiary	(37)	—	(38)
Payments for purchase of treasury stock	(7)	(4,338)	(16)
Proceeds from sales of treasury stock	1	0	1
Other	(0)	—	(0)
Net cash used in financing activities	(2,066)	(20,605)	(13,839)
Effect of exchange rate change on cash and cash equivalents	35	795	436
Net increase in cash and cash equivalents	8,829	(29,034)	5,646
Cash and cash equivalents at the beginning of the period	86,307	91,953	86,307
Cash and cash equivalents at the end of the period	95,136	62,918	91,953

Important Items Used as the Basis to Prepare a Interim Consolidated Financial Statement

Item	Previous Interim Consolidated Fiscal Year (4/1/06 – 9/30/06)	Current Interim Consolidated Fiscal Year (4/1/07 – 9/30/07)	Previous Consolidated Fiscal Year (4/1/06 – 3/31/07)
1 Items related to the consolidation	(1) Number of consolidated subsidiaries: 20 companies No change in member of consolidated subsidiaries for the current interim consolidated fiscal year. 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.	(1) Number of consolidated subsidiaries: 29 companies Changes in consolidated subsidiaries for the current consolidated fiscal year are as follows. (New) Newly included in consolidated subsidiaries due to the establishment: 1 company THK RHYTHM(THAILAND) CO., LTD. (100% owned by Rhythm Corporation) Newly included in consolidated subsidiaries due to the acquisition of shares: 8 companies RHYTHM CORPORATION RHYTHM L CO ,.LTD RHYTHM KYUSHU CO.,LTD L ENGINEERING CO.,LTD RHYTHM NORTH AMERICA CORPORATION RHYTHM GUANGZHOU CORPORATION L TOOL CO.,LTD L TRADING CO.,LTD	(1) Number of consolidated subsidiaries: 20 companies Changes in consolidated subsidiaries for the current consolidated fiscal year are as follows. (New) Newly included in consolidated subsidiaries due to the establishment: 1 company THK LM SYSTEM Pte. Ltd. (Singapore) (Removals) Companies removed from consolidated subsidiaries due to liquidation: 1 company THK Neturen America, L.L.C. was completed liquidation in September 15, 2006. Thus, it is now outside the scope of consolidated subsidiaries, its income statement and cash flow statement up to the date of liquidation have been consolidated.

Disclosure of details other than the above has been omitted due to the fact that there have been no important changes from information given in the latest Annual Report(June 18, 2007).

Changes in Important Items Used as a Basis to Prepare a Interim Consolidated Financial Statement

Previous Interim Consolidated Fiscal Year (4/1/06 – 9/30/06)	Current Interim Consolidated Fiscal Year (4/1/07 – 9/30/07)	Previous Consolidated Fiscal Year (4/1/06 – 3/31/07)
(Accounting standards related to listing net assets on the 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 Statements.	―――――	(Accounting standards related to listing net assets on the balance sheet) "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 Guide No.8, issued on December 9, 2005) are utilized. There is no impact on income and loss by this change. Amount corresponding to conventional "Shareholders' Equity" is ¥187,222 million. The presentation of New Assets for this fiscal year is made in accordance with the revised Regulations Concerning Consolidated Financial Statements in line with revision of their rules.

Changes in the Method of Statement

Previous Interim Consolidated Fiscal Year (4/1/06 – 9/30/06)	Current Interim Consolidated Fiscal Year (4/1/07 – 9/30/07)
(Consolidated Balance Sheet) The amount stated in "Consolidation Adjusting Account" for the previous interim fiscal year is stated in "Negative Goodwill" for the current interim fiscal year.	(Consolidated Balance Sheet) "Goodwill" and "Others" had been stated in a lump sum in "Intangible Fixed Assets" for the previous consolidated interim fiscal year and before. However, "Goodwill" is stated separately for the current consolidated interim fiscal year, as it exceeded one (1) percent of total assets. "Goodwill" included in "Intangible Fixed Assets" for the previous consolidated interim fiscal year was ¥219 million.
(Consolidated Income Statement) 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 Income Statement) In accordance with the change made in the method of statement for Balance Sheet of the consolidated current interim fiscal year, "amortization of business right" included in "Depreciation and amortization" for the previous interim fiscal year was stated in "Amortization of goodwill" for the current interim fiscal year. The amount of "amortization of business right" included in "Depreciation and amortization" for the previous interim fiscal year was ¥7 million and the amount of "amortization of business right" included in "Amortization of goodwill" for the current interim fiscal year was ¥11 million.
(Consolidated Cash Flow Statement) 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 Cash Flow Statement) In accordance with the change made in the method of statement for Balance Sheet of the consolidated current interim fiscal year, "amortization of business right" included in "Depreciation and amortization" for the previous interim fiscal year was stated in "Amortization of goodwill" for the current interim fiscal year. The amount of "amortization of business right" included in "Depreciation and amortization" for the previous interim fiscal year was ¥7 million and the amount of "amortization of business right" included in "Amortization of goodwill" for the current interim fiscal year was ¥11 million.

Notes on the Consolidated Financial Statement

(Disclosure omitted)

Notes related to lease transactions, securities, derivative transactions, etc., the disclosure is omitted as disclosure items in the financial summary, because it is thought to be of less importance.

(Segment Information)

Business Segment Information

Six months ended September 30, 2006

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.

Six months ended September 30, 2007 (Millions of Yen)

	Industrial Equipment-Related Business	Transportation Equipment-Related Business	Total	Elimination or Corporate	Consolidated
Net Sales:					
To customers	80,548	19,800	100,348	—	100,348
Inter-segment	—	—	—	—	—
Total:	80,548	19,800	100,348	—	100,348
Operating expenses	62,079	20,724	82,803	3,664	86,467
Operating Income(loss):	18,469	(924)	17,545	(3,664)	13,880

Note:

- The business segmentation is classified based on the characteristics of products and the similarity of the distribution markets.
- Main products in each segment

  (1) Industrial Equipment-Related Business: LM systems, etc.

  (2) Transportation Equipment-Related Business: Link ball, Suspension ball joint , etc.
- The main non-allocatable operating expenses (3,664 million yen) included in “Elimination or Corporate” are expenses related to administrative departments, such as the General Administration Department of the parent company.
- Changes in business segmentation

  The THK Group had omitted segment information by business category because net sales and operating income (loss) of machinery parts segment, and the total operating income of segments that generated operating income, exceeded 90 percent of consolidated net sales of all segments. From the current fiscal year, the Group has newly changed the business segment classification to ‘Industrial Equipment-Related Business’ and ‘Transportation Equipment-Related Business’, because we have included RHYTHM CORPORATION in the consolidated scope. As a result, segment information by business segment is stated beginning from the current interim consolidated fiscal year.

For the year ended March 31, 2007

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

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

	Japan	The Americas	Europe	Asia and others	Total	Elimination or Corporate	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(loss):	14,949	948	622	528	17,049	13	17,062

Note:

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

The Americas: United States of America and other countries

Europe: Germany, UK, France, Netherlands, and other countries

Asia and others: China, South Korea, Taiwan and other countries

Six months ended September 30, 2007 (Millions of Yen)

	Japan	The Americas	Europe	Asia and others	Total	Elimination or Corporate	Consolidated
Net Sales:							
To customers	68,398	14,255	12,882	4,842	100,348	—	100,348
Inter-segment	17,263	17	58	1,050	18,390	(18,390)	—
Total:	85,662	14,242	12,941	5,893	118,739	(18,390)	100,348
Operating expenses	71,433	13,707	10,531	5,439	101,112	(14,644)	86,467
Operating Income:	14,228	535	2,409	453	17,626	(3,745)	13,880

Note:

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

The Americas: United States of America and other countries

Europe: Germany, UK, France, Netherlands, and other countries

Asia and others: China, South Korea, Taiwan and other countries

- The main non-allocatable operating expenses (3,664 million yen) included in "Elimination or Corporate" are expenses related to administrative departments, such as the General Administration Department of the parent company.
- Although all operating expenses of the reporting company had been included in the Japan segment, they have been changed to be included in "Elimination or Corporate" from the current interim consolidated fiscal year.

  This change was made to more properly state the actual conditions of each segment because, by reviewing the administrative structures including those of subsidiaries and reinforcing the "control function of the parent company" with the implementation of an internal control assessment system by the reporting company during the current interim consolidated fiscal year, it has been made clear that the operating expenses of the reporting company are not necessarily related only to a single segment.

  As a result, the operating income of the Japan segment increased 3,664 million yen and that of "Elimination or Corporate" decreased 3,664 million yen comparing with those based on the former method.

For the year ended March 31, 2007 (Millions of Yen)

	Japan	The Americas	Europe	Asia and others	Total	Elimination or Corporate	Consolidated
Net Sales:							
To customers	130,351	16,525	19,515	8,318	174,710	—	174,710
Inter-segment	25,206	59	97	1,947	27,312	(27,312)	—
Total:	155,558	16,584	19,613	10,266	202,023	(27,312)	174,710
Operating expenses	125,389	16,212	18,799	9,395	169,797	(26,901)	142,895
Operating Income:	30,169	372	814	870	32,225	(410)	31,815

Note:

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

The Americas United States of America and other countries

Europe: Germany, UK, France, Netherlands, and other countries

Asia and others: China, South Korea, Taiwan and other countries

(Overseas Sales)

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

	The Americas	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

Note:

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

  The Americas: United States of America and other countries

  Europe: Germany, UK, France, 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.

Six months ended September 30, 2007 (Millions of Yen)

	The Americas	Europe	Asia and others	Total
Overseas sales	14,287	12,773	8,923	35,983
Consolidated net sales				100,348
Overseas sales as a percentage of consolidated net sales	14.3	12.7	8.9	35.9

Note:

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

  The Americas : United States of America and other countries

  Europe: Germany, UK, France, 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.

For the year ended March 31, 2007 (Millions of Yen)

	The Americas	Europe	Asia and others	Total
Overseas sales	16,649	19,344	19,203	55,197
Consolidated net sales				174,710
Overseas sales as a percentage of consolidated net sales	9.5	11.1	11.0	31.6

Note:

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

  The Americas: United States of America and other countries

  Europe: Germany, UK, France, 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)

(Yen)

Previous Interim Consolidated Fiscal Year (4/1/06 – 9/30/06)		Current Interim Consolidated Fiscal Year (4/1/07 – 9/30/07)		Previous Consolidated Fiscal Year (4/1/06 – 3/31/07)	
Stockholders' equity per share	1,331.96	Stockholders' equity per share	1,459.71	Stockholders' equity per share	1,407.84
Net income per share	82.68	Net income per share	69.03	Net income per share	158.36
Net income per share after adjustment of dilutive shares	82.06	Net income per share after adjustment of dilutive shares	68.60	Net income per share after adjustment of dilutive shares	157.22

(Note)The basis for calculation of per share income and per share income after adjustment of dilutive shares of the current fiscal year is as follows.

1. Net assets per share

(Millions of yen, number of shares)

Item	As of September 30, 2006	As of September 30, 2007	As of March 31, 2007
Total net assets on balance sheet	178,603	193,393	189,039
Net assets related to common stock	176,929	191,434	187,222
Breakdown for difference Minority interest	1,673	1,959	1,816
Number of common stock shares outstanding	132,865,996	133,020,540	133,020,540
Number of treasury stock shares	31,463	1,875,324	34,512
Number of common stock shares used for the calculation of net assets per share	132,834,533	131,145,216	132,986,028

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 Interim Consolidated Fiscal Year (4/1/06 – 9/30/06)	Current Interim Consolidated Fiscal Year (4/1/07 – 9/30/07)	Previous Consolidated Fiscal Year (4/1/06 – 3/31/07)
Net income on consolidated statements of income	10,980	9,169	21,038
Net income reverting to common shares	10,980	9,169	21,038
Summary of amount not reverting to common shareholders Bonuses paid to directors by income appropriation	—	—	—
Amount not reverting to common shareholders	—	—	—
Average number of common shares	132,814,062	133,020,540	132,848,498
Summary of net income adjustment amount used for the calculation of net income per share after adjustment of dilutive shares Commission paid (after tax equivalent)	0	0	1
Net income adjustment amount	0	0	1
Summary of increased number of common shares used for the calculation of net income per share after adjustment of dilutive shares Bonds with stock acquisition rights	1,012,184	836,364	976,747
Increased number of common stocks	1,021,184	836,364	976,747
Summary of dilutive shares not used for the calculation of net income per share after adjustment of dilutive shares because they have dilutive effect	—	—	—

(Significant Subsequent Event)

Six months ended September 30, 2006

There is no subsequent event.

Six months ended September 30, 2007

There is no subsequent event.

For the year ended March 31, 2007

The Board of Directors Meeting of THK Co., Ltd. held on April 23, 2007 resolved to acquire 100% of the shares of Rhythm Corporation from The Carlyle Group and to make it a subsidiary of the Company, and on the same day it entered into a Share Transfer Agreement with the Carlyle Group.

Such shares were acquired on May 31, 2007 making full payment for the prices.

1. Purpose of Acquisition of all of the Shares, etc. of Rhythm Corporation

The purpose of this agreement is to increase the corporate value of both companies by improving operational efficiency with cooperation between the THK and Rhythm which has a rich history of high achievement as an automotive parts manufacturer, and by expanding new business areas through expansion of new application and innovations.

2. Seller of the Shares

The Carlyle Group

3. Overview of the Transferring Subsidiary (Rhythm Corporation)

(1) Corporate Name: Rhythm Corporation

(2) Location of the Headquarters: 283-3,Gokyu-cho, Minami-ku, Hamamatsu, Shizuoka, 430-0831 Japan

(3) Representative: President and CEO Katsuo Kitamura

(4) Latest Fiscal Year Results(Consolidated):

	FY March,2007(millions of yen)
Sales	30,667
Operation Income	724
Net Income	492
Total Assets	26,241

(5) Main Business: Development, Designing, Manufacturing and Sale of Steering Parts, Suspension Parts, Brake Parts and Engine/Transmission Related Parts, etc.

4. The number of shares acquired, prices for the acquisition, and conditions of shareholdings after the acquisition.

(1) The number of shares held before the acquisition:

0 (Percentage held: 0%)

(2) The number of share acquired

128,549 (Acquisition value: ¥12,589 million)

(3) The number of shares after the acquisition :

128,549 (Percentage held: 100%)

(Note 1) Residual shares (5,052) related to share warrant are included in the foregoing number of shares.

(Note 2) Shares other than shares held by the Carlyle Group (8,749 shares including residual shares related to share warrant) have been acquired as well.

5. Method of procuring fund for the payment

Own fund was appropriated for the payment.

Non-Consolidated Balance Sheets

(Millions of yen)

	As of Sept. 30, 2006		As of Sept. 30, 2007		As of Mar. 31, 2007	
	Amount	%	Amount	%	Amount	%
Assets						
Current assets :						
Cash on hand and bank deposits	74,170		38,331		68,521	
Notes receivable-trade	18,728		16,275		17,806	
Accounts receivable-trade	40,617		39,506		41,597	
Inventories	15,090		14,488		14,401	
Deferred tax assets	2,013		2,022		2,118	
Short-term-loan receivable	6,600		20,350		5,295	
Other	2,179		1,845		2,959	
Less: Allowance for doubtful Accounts	(5)		(4)		(4)	
Total current assets	159,395	66.8	132,816	57.1	152,696	64.4
Fixed assets :						
Tangible fixed assets						
Buildings & Structures	9,838		12,822		12,936	
Machinery & Equipment	13,532		15,513		14,453	
Land	7,774		7,853		7,746	
Other	3,600		2,664		1,974	
Total tangible fixed assets	34,746	14.6	38,853	16.6	37,111	15.6
Intangible Fixed Assets	693	0.3	688	0.3	665	0.3
Investments and other						
Long-term investments in securities	2,658		2,890		3,002	
Investments in shares of related Companies	18,635		31,825		18,712	
Investments in related companies	17,376		20,950		19,156	
Deferred tax assets	891		1,490		1,336	
Other	4,556		3,548		4,875	
Less: Allowance for doubtful Accounts	(352)		(283)		(347)	
Total investments and others	43,765	18.3	60,422	26.0	46,736	19.7
Total fixed assets	79,204	33.2	99,965	42.9	84,513	35.6
Total assets	238,600	100.0	232,782	100.0	237,209	100.0

(Millions of yen)

	As of Sept. 30, 2006		As of Sept. 30, 2007		As of Mar. 31 , 2007	
	Amount	%	Amount	%	Amount	%
Liabilities						
Current liabilities :						
Notes payable − trade	3,211		2,322		2,859	
Accounts payable − trade	29,328		28,076		28,354	
Bonds due within one year	10,000		—		—	
Bonds with stock warrant due within one year	—		1,380		1,380	
Account payable - other	4,879		4,761		6,141	
Accrued expenses	6,208		6,202		6,248	
Income tax payable	5,801		4,936		7,323	
Accrued bonuses	2,099		2,099		2,099	
Accrued bonuses for Directors and corporate Auditors	60		75		120	
Notes payable - tangible fixed assets	376		69		96	
Other	594		307		350	
Total current liabilities	62,561	26.2	50,230	21.6	54,974	23.2
Long-term liabilities :						
Bonds	5,000		5,000		5,000	
Convertible Bonds due within one year	1,635		—		—	
Allowance for retirement and severance Benefits	1,882		2,111		2,006	
Other	972		979		982	
Total long-term liabilities	9,490	4.0	8,090	3.5	7,989	3.4
Total liabilities	72,051	30.2	58,320	25.1	62,963	26.6

(Millions of yen)

	As of Sept. 30, 2006			As of Sept. 30, 2007			As of Mar. 31 , 2007		
	Amount		%	Amount		%	Amount		%
Net Assets									
Paid-In Capital and Retained Earnings									
Common stock		33,788	14.2		33,916	14.6		33,916	14.3
Additional paid-in capital									
Capital Reserve	46,654			46,781			46,781		
Other Additional paid-in capital									
Gain on retirement of treasury stock	0			0			0		
Total additional paid-in capital		46,655	19.5		46,782	20.1		46,782	19.7
Retained earnings									
Retained earnings	1,958			1,958			1,958		
Other retained earnings									
Reserve fund for special depreciation	332			293			307		
Reserve for deferred taxes on land	14			14			14		
Reserve for dividends	2,000			2,500			2,000		
Other reserve	70,000			83,000			70,000		
Un-appropriated retained earnings	10,744			9,543			18,312		
Total retained earnings		85,049	35.6		97,309	41.8		92,592	39.0
Treasury stock		(54)	(0.0)		(4,401)	(1.9)		(63)	(0.0)
Total paid-in capital and retained Earnings		165,438	69.3		173,607	74.6		173,227	73.0
Valuation and Translation Adjustment									
Valuation adjustment for marketable Securities		1,109			854			1,017	
Total Valuation and Transaction Adjustment		1,109	0.5		854	0.3		1,017	0.4
Total net assets		166,548	69.8		174,461	74.9		174,245	73.4
Total liabilities and net assets		238,600	100.0		232,782	100.0		237,209	100.0

Non-Consolidated Statements of Income

(Millions of yen)

Account Items	Six months ended Sept. 30, 2006			Six months ended Sept. 30, 2007			Year ended March 31, 2007		
	Amount		%	Amount		%	Amount		%
Net sales		71,268	100.0		67,907	100.0		143,870	100.0
Cost of sales		47,351	66.4		45,867	67.5		94,906	66.0
Gross profit		23,916	33.6		22,039	32.5		48,964	34.0
Selling, general and administrative expenses		10,062	14.1		10,611	15.7		20,282	14.1
Operating income		13,854	19.5		11,428	16.8		28,681	19.9
Non-operating income									
Interest income	131			248			339		
Dividend income	74			27			277		
Foreign exchange gain	267			137			644		
Other	458	932	1.3	420	834	1.2	942	2,203	1.5
Non-operating expenses									
Bond interest	79			34			123		
Other	63	143	0.2	73	107	0.1	118	242	0.1
Ordinary income		14,643	20.6		12,154	17.9		30,642	21.3
Extraordinary income									
Gain on sales of fixed assets	24			3			35		
Reversal of allowance for doubtful Accounts	—	24	0.0	3	6	0.0	9	44	0.0
Extraordinary loss									
Loss on sales and retirement of fixed Assets	57			77			355		
Loss on impairment	—	57	0.1	—	77	0.1	33	388	0.3
Net income before provision for tax		14,611	20.5		12,084	17.8		30,298	21.0
Income taxes – current	5,760			4,653			12,663		
Income taxes – deferred	127	5,887	8.3	54	4,707	6.9	(359)	12,304	8.5
Net income		8,724	12.2		7,376	10.9		17,993	12.5

Non-Consolidated Statements of Shareholders' Equity

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

	Additional Paid-In Capital and Retained earnings								
		Additional paid-in capital			Retained earnings				
	Common stock	Capital reserve	Other additional paid-in capital	Total Additional paid-in capital	Earned reserve	Other retained earnings	Total retained earnings	Treasury stock	Total paid-in capital and 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)
Issue of new stocks	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 Adjustment		Total shareholders' equity
	Valuation adjustment for marketable securities	Total valuation and translation adjustment	
Balance at March 31, 2006	1,339	1,339	160,061
Changes during the period:			
Cash dividends paid			(1,991)
Bonuses to directors			(120)
Issue of new stocks			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	Un-appropriated 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

Six months ended September 30, 2007 (Millions of yen)

		Additional Paid-In Capital and Retained earnings							
		Additional paid-in capital			Retained earnings				
	Common stock	Capital reserve	Other additional paid-in capital	Total Additional paid-in capital	Earned reserve	Other retained earnings	Total retained earnings	Treasury stock	Total paid-in capital and retained earnings
Balance at March 31, 2007	33,916	46,781	0	46,782	1,958	90,634	92,592	(63)	173,227
Changes during the period:									
Cash dividends paid						(2,659)	(2,659)		(2,659)
Bonuses to directors									
Issue of new stocks									
Net income						7,376	7,376		7,376
Acquisition of treasury stock								(4,338)	(4,338)
Re-issuance of treasury stock			0	0				0	0
Net changes in accounts other than paid-in capital and retained earnings									
Net changes during the period	—	—	0	0	—	4,716	4,716	(4,337)	379
Balance at September 30, 2007	33,916	46,781	0	46,782	1,958	95,351	97,309	(4,401)	173,607

	Valuation and Translation Adjustments		Total shareholders' equity
	Valuation adjustment for marketable securities	Total valuation and translation adjustments	
Balance at March 31, 2007	1,017	1,017	174,245
Changes during the period:			
Cash dividends paid			(2,659)
Bonuses to directors			—
Issue of new stocks			—
Net income			7,376
Acquisition of treasury stock			(4,338)
Re-issuance of treasury stock			0
Net changes in accounts other than paid-in capital and retained earnings	(163)	(163)	(163)
Net changes during the period	(163)	(163)	215
Balance at September 30, 2007	854	854	174,461

Details of other Retained earnings (Millions of yen)

	Reserve fund for special depreciation	Reserve for deferred taxes on land	Reserve for dividends	Other reserve	Un-appropriated retained earnings	Total other retained earnings
Balance at March 31, 2007	307	14	2,000	70,000	18,312	90,634
Changes during the period:						
Cash dividends paid					(2,659)	(2,659)
Bonuses to directors						—
Transfer to reserve (special depreciation)	28				(28)	—
Transfer from reserve (special depreciation)	(42)				42	—
Transfer to reserve (dividends)			500		(500)	—
Transfer to reserve (other)				13,000	(13,000)	—
Net income					7,376	7,376
Net changes during the period	(14)	—	500	13,000	(8,769)	4,716
Balance at September 30, 2007	293	14	2,500	83,000	9,543	95,351

For the year ended March 31, 2007 (Millions of yen)

	Additional Paid-In Capital and Retained earnings								
		Additional paid-in capital			Retained earnings				
	Common stock	Capital reserve	Other additional paid-in capital	Total Additional paid-in capital	Earned reserve	Other retained earnings	Total retained earnings	Treasury stock	Total paid-in capital and 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						(3,718)	(3,718)		(3,718)
Bonuses to directors						(120)	(120)		(120)
Issue of new stocks	182	182		182					365
Net income						17,993	17,993		17,993
Acquisition of treasury stock								(16)	(16)
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	182	182	0	182	—	14,155	14,155	(15)	14,505
Balance at March 31, 2007	33,916	46,781	0	46,782	1,958	90,634	92,592	(63)	173,227

	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			(3,718)
Bonuses to directors			(120)
Issue of new stocks			365
Net income			17,993
Acquisition of treasury stock			(16)
Re-issuance of treasury stock			1
Net changes in accounts other than paid-in capital and retained earnings	(321)	(321)	(321)
Net changes during the period	(321)	(321)	14,183
Balance at March 31, 2007	(1,017)	(1,017)	174,245

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					(3,718)	(3,718)
Bonuses to directors					(120)	(120)
Transfer to reserve (special depreciation)	179				(179)	—
Transfer from reserve (special depreciation)	(155)				155	—
Transfer to reserve (dividends)			400		(400)	—
Transfer to reserve (other)				12,000	(12,000)	—
Net income					17,993	17,993
Net changes during the period	23	—	400	12,000	1,732	14,155
Balance at March 31, 2007	307	14	2,000	70,000	18,312	90,634