THK
The Mark of Linear Motion

May 15, 2008

Consolidated Financial Results for the Year Ended 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 Manger
Scheduled date of Annual shareholders meeting:		June 21, 2008
Scheduled date of (cash) dividend is to start being paid:		June 23, 2008
Scheduled date of filing annual report(“Yukashoken Houkokusho“)		June 23, 2008

1. Consolidated Financial Results for the Year Ended March 31, 2008

(April 1, 2007 to March 31, 2008) – Unaudited Note: Amounts below one million are rounded down.

(1) Consolidated Operating Results

Note: Percentage for net sales, operating income, ordinary income and net income in the following tables represents changes compared to the last fiscal year.

(Millions of Yen)

Period	Net Sales		Operating Income		Ordinary Income		Net Income	
Fiscal year ended Mar. 31, 2008	¥208,708	19.5%	¥26,937	(15.3) %	¥27,026	(22.7) %	¥18,323	(12.9)%
Fiscal year ended Mar. 31, 2007	174,710	10.3	31,815	17.5	34,955	18.1	21,038	13.2

(Yen)

Period	Net Income Per Share(Yen)	Diluted Net Income Per Share	Return on equity	Ordinary income/Total assets	Ordinary income/Net sales
Fiscal year ended Mar. 31, 2008	139.53	138.74	9.7	10.2	12.9
Fiscal year ended Mar. 31, 2007	158.36	157.22	11.9	13.8	18.2

(Note)

Equity earnings of affiliates (millions of yen) Fiscal year ended Mar. 31, 2008 ¥197 Fiscal year ended Mar. 31, 2007 ¥490

(2) Consolidated Financial Condition

Period	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity ratio (%)	Stockholders' Equity per Share (Yen)
As of Mar. 31, 2008	264,229	192,953	72.3	1,484.78
As of Mar. 31, 2007	263,280	189,039	71.1	1,407.84

(Note) Stockholders' equity (millions of yen) As of Mar. 31, 2008 ¥190,953 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 at the end of period
Fiscal year ended Mar. 31, 2008	19,381	(32,354)	(29,975)	49,810
Fiscal year ended Mar. 31, 2007	29,933	(10,884)	(13,839)	91,953

2. Cash Dividends

Record date	Dividend Per share(Yen)			Total dividends paid(full year)	Payout ratio(Consolidated)	Dividends/Net assets(Consolidates)
	Interim	Year-end	Annual	(Millions of Yen)		
Fiscal year ended Mar. 31, 2007	13.00	20.00	33.00	4,386	20.8%	2.5%
Fiscal year ended Mar. 31, 2008	18.00	18.00	36.00	4,675	25.8%	2.5%
Fiscal year ending Mar. 31, 2009(Forecast)	18.00	18.00	36.00	—	25.0%	—

3. Forecast of Consolidated Financial Results (April 1, 2008 to March 31, 2009)

Note: (% indicates changes from the previous period for the "Full year" and from the previous six-month period for the six months ended September 30, 2007)

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）
Six months ended September 30, 2008	110,000	9.6%	15,000	8.1%	15,900	5.5	9,000	(1.8)	69.98
Fiscal year ended Mar. 31, 2009	225,000	7.8	30,500	13.2	32,100	18.8	18,500	1.0	143.85

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 YES

2 Other changes YES

Note: For details, please refer to page 18 of "Changes in Important Items Used as a Basis to Prepare the Consolidated Financial Statement".

(3) Issued Shares（Common stock）

Period	Issued	Treasury stock
As of Mar. 31, 2008	133,856,903	5,249,535
As of Mar. 31, 2007	133,020,540	34,512

【Reference】Non-Consolidated Operating Results

1. Non-Consolidated financial highlights for the fiscal year ended March 31, 2008

(April 1, 2007 to March 31, 2008) – Unaudited

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

Period	Net Sales		Operating Income		Ordinary Income		Net Income	
Fiscal year ended Mar. 31, 2008	¥141,275	(1.8)%	¥21,929	(23.5) %	¥24,988	(18.4)%	¥18,819	4.6%
Fiscal year ended Mar. 31, 2007	143,870	10.0	28,681	20.3	30,642	19.9	17,993	10.6

(Yen)

Period	Net Income Per Share(Yen)	Diluted Net Income per Share
Fiscal year ended Mar. 31, 2008	¥143.31	¥142.49
Fiscal year ended Mar. 31, 2007	135.45	134.47

(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 Mar. 31, 2008	¥226,072	¥177,582	78.6 %	¥1,380.78
As of Mar. 31, 2007	237,209	174,245	73.4	1,310.26

2. Forecast of Non-Consolidated Results for the Fiscal Year ending March 31, 2009

Note: (% indicates changes from the previous period for the "Full year" and from the previous six-month period for the six months ended September 30, 2007)

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)
Six months ended September 30, 2008	¥73,000	7.5%	¥12,600	10.3%	¥13,300	9.4%	¥7,900	7.1%	¥61.43
Fiscal year ended Mar. 31, 2009	¥148,000	4.8%	¥25,000	14.0%	¥26,400	5.6%	¥15,700	(16.6)%	¥122.07

*Forward-Looking Statements:

＊Appropriate use of the business results forecast, and other special matters

The above forecasts were prepared based upon information available as of the disclosure date of this financial data, and therefore the actual business results may substantially differ from these projections due to subsequent various factors.

For the matters related to these forecasts, please refer to page 6 of the attached Schedule.

1. Consolidated Operating Results

(1) Analysis of Consolidated Operating Results

1. Summary of Overall Performance

The Japanese economy for the current consolidated fiscal year has sustained moderate growth in general, supported by increases in export and consumer spending. Toward the end of the year, however, uncertainty over the future economy has been rapidly mounting due to sharp fluctuations in foreign exchange rates and further hikes in raw material price.

Looking at the overseas economy, the economic growth in the U.S. slowed down, affected by the turmoil in the financial market, while export and capital investments played the major role of the economic growth in Europe. The high economic growth in Asia that started with China has continued.

Under these circumstances, the THK group has made efforts to strengthen its structure to be able to expand its business performance stably on a long-term basis, while mitigating business risks such as external environment changes by enlarging its business areas under the policies of "Full-scale Globalization" and "development into new business areas". On the production front, the THK group aggressively made capital investments to reinforce production capacity in response to increasing demand mainly in the emerging markets. On the sales front, it speeded up the expansion of sales to existing users as well as to new users in each transaction territory, in addition to the attempt to expand sales networks in China and Europe. It acquired all the shares of Rhythm Corporation, a manufacturer of auto parts, on May 31, 2007 and made it a new consolidated subsidiary aiming to accelerate the cultivation of new business areas.

As a result, net sales for this consolidated fiscal year stood at ¥208,708 million, an increase of ¥33,997 million or 19.5% from a year earlier, hitting a level of ¥200,000 million for the first time. As Rhythm North America Corporation, a US subsidiary of Rhythm Corporation, changed its fiscal year-end date to December 31 from March 31, it settled its accounts for an irregular nine-month period, as a result of which net sales of this company amounting to about ¥3,000 million is excluded from the current consolidated fiscal year.

On the cost front, the THK group made continuous efforts to improve its productivity by increasing the yield percentage of raw materials and reduction of production lead-time. The cost to sales ratio, however, rose 4.7% from a year earlier to 67.4% due to an increase in the materials cost ratio caused by a surge of raw material price, and to the implementation of aggressive capital investments resulting in an increase in depreciation and amortization expenses due to the full-scale operation of new plants at home and abroad. Selling and general administrative expenses went up ¥7,788 million (23.4%) from a year earlier to ¥41,115 million, due to an increase in personnel expenses caused by an increase in the number of employees for the purpose of strengthening sales capabilities as well as boosted goodwill amortization generated by the inclusion to the consolidated subsidiaries of Rhythm Corporation. The ratio of sales and general administrative expenses to net sales rose 0.6% to 19.7%. As a result, operating income decreased ¥4,877 million (15.3%) to ¥26,937 million and its ratio to net sales dropped 5.3% from a year earlier to 12.9%. Non-operating income stood at ¥2,758 million generated by interest and dividend income and income on equity method investments, while non-operating expenses mounted to ¥2,669 million because of the recognition of foreign exchange losses, etc. As a result, the net of non-operating profit was ¥89 million. Ordinary income was ¥27,026 million, a decrease of ¥7,928 (22.7%) from the previous consolidated fiscal year.

Our company received the dividend of paid-in capital due to the capital reduction of a consolidated subsidiary. Therefore, with recognition of posting transfer loss for tax purpose, income taxes decreased. As a result, net income decreased ¥2,714 million (12.9%) from a year earlier to ¥18,323 million.

2. Business Segment Information

The summary of business segment information is given below.

Industrial Equipment-Related Business

Net sales in Japan decreased from a year earlier as the recovery in the electronics industry took longer than expected and the level of recovery itself was also weak although sales to the machine tool industry grew. Sales in the U.S. increased both to the machine tool and general machinery markets helped by an increase in the share of sales to existing customers, although the adjustments in the electronics industry have continued. In Europe, sales grew mainly in those to the general machinery and machine tool industries helped by an increasing demand for machinery. Sales in Asia increased to the machine tool and general machinery industries in China and Taiwan, while demand for machinery grew in China. As a result, net sales and operating income for the current consolidated fiscal year was ¥168,286 million and ¥36,282 million respectively.

Transportation Equipment-Related Business

The THK group started transactions with new customers and smoothly expanded trade with existing customers as well in Japan and Europe. Net sales in the U.S. remained almost as planned while the number of car sales declined. As a result, net sales for the current consolidated fiscal year stood at ¥40,422 million. The group posted, however, an operating loss of ¥2,220 million due to increased depreciation and amortization of goodwill, resulting from capital investments for foreseeing the future growth, although it continued efforts for cost reductions.

3. Geographic Segment Information

The summary of geographic segment information is given below.

Japan

In Japan, net sales to the machine tool industry increased although sales to the electronics industry declined because the recovery of such industry took longer than expected and the level of recovery itself was also weak. Besides, net sales to the transportation equipment industry went up, helped by an increase in the number of consolidated subsidiaries. As a result, net sales for the current consolidated fiscal year increased ¥15,393 from a year earlier to ¥145,745 million. Operating income declined ¥2,259 million from a year earlier to ¥27,909 million because net sales decreased; depreciation expenses rose due to increases in capital investments for future growth; the ratio of raw materials costs to sales went up due to a surge of raw material price; and goodwill amortization was recognized due to the acquisition of Rhythm Corporation.

The Americas

In The Americas, while electronics industries are in an adjustment phase, the sales and production divisions made efforts in an integrated manner to cultivate new customers as well as to expand transactions with existing customers. As a result, the region succeeded in increasing net sales to both the machine tool and general machinery industries. Net sales to the transportation equipment industry also rose significantly due to an increase in the number of consolidated subsidiaries. All in all, net sales and operating income increased ¥8,947 million and ¥1,066 million from a year earlier to ¥25,472 million and ¥1,439 million respectively.

Europe

In Europe, while strong demand for machinery continues in East Europe, similar to the North America region, sales and production divisions made efforts to develop business activities in a concerted manner, and as a result they succeeded in increasing net sales both to the machine tool and general machinery industries. Net sales to the transportation equipment industry also rose because transactions with new customers started and those with existing customers also expanded smoothly. As a result, net sales and operating income increased ¥5,911 million and ¥869 million from a year earlier to ¥25,427 million and ¥3,492 million respectively, both of which were all time high records.

Asia and others

The THK group in Asia laid out aggressive business activities such as the expansion of sales networks in the circumstances where China saw a continued high growth in its economy and an expansion in capital investments. As a result, net sales both to the machine tool and general machinery industries went up. Even in Taiwan, they made efforts to expand transactions with existing customers while exports of machinery to China, etc. are increasing, which resulted in successfully increasing their sales to the machine tool and general machinery industries. Therefore, the Asian region posted net sales of ¥12,063 million, an increase of ¥3,745 million from a year earlier. Sales rose smoothly in the situation where THK Manufacturing of China (Liaoning) made aggressive capital investments including the construction of its second plant in anticipation of further increases in demand in China, and as a result its operating income rose ¥426 million from the previous consolidated fiscal year to ¥1,296 million.

4. Forecast for the Next Fiscal Year

With regard to the economic environment surrounding our corporate group, the economic growth in emerging regions is expected to be sustained, while the conditions not allowing for optimism are considered to continue due to mounting concern that the growth of the world economy may slow down and raw material price will further surge.

Furthermore, the current business performance of the THK group could probably be adversely affected by the business conditions of capital goods manufacturers such as the makers of machine tools and semiconductor manufacturing devices, depending on capital investment trends.

For the purpose of mitigating the aforementioned business risks, the THK group will flexibly respond to changes in the economic environment while moving ahead to expand its business fields through global expansion and advancing into new markets aiming toward the establishment of a solid operating base.

Also, the THK group will make efforts to proactively pursue synergy effects with Rhythm Corporation which was acquired on May 31, 2007, as there are many areas where THK and Rhythm can mutually complement and strengthen the levels of each firm’s sales and technical capabilities.

The THK group expects to achieve net sales of ¥225,000 million (a 7.8% year-on-year increase) for the consolidated fiscal year ending March 31, 2009 based on our above mentioned efforts and continuously steady increases in the amount of orders received, particularly overseas. Operating income, ordinary income and net income are expected to be ¥30,500 million (13.2% year-on-year increase), ¥32,100 million (18.8% year-on-year increase) and ¥18,500 million (1.0% year-on-year increase) respectively by reinforcing efforts to boost profitability as well as expected growth in sales.

(Millions of Yen)

	Consolidated			Non-consolidated		
	Amount	%	Inc/Dec (%) from 2008	Amount	%	Inc/Dec (%) from 2008
Net sales	225,000	100.0	7.8	148,000	100.0	4.8
Operating income	30,500	13.6	13.2	25,000	16.9	14.0
Ordinary income	32,100	14.3	18.8	26,400	17.8	5.6
Net income	18,500	8.2	1.0	15,700	10.6	(16.6)

* An annual average foreign exchange rate of ¥100 per US$1 and ¥155 per Euro 1 is used to calculate earnings projections for the fiscal year ending March 31, 2009.

(2) Analysis for Financial Conditions

1. Analysis of Assets, Liabilities, and Net Assets

Total assets as of the end of the current consolidated fiscal year increased ¥ 949 million from a year earlier to ¥264,229 million. This is mainly because inventories, tangible fixed assets, and goodwill increased by ¥3,470 million, ¥21,332 million, and ¥10,786 million respectively, resulting from the inclusion of a new consolidated subsidiary, although cash in hand and bank deposits decreased by ¥43,695 million due to the acquisition of the new consolidated subsidiary, repayment of long-term debt, and acquisition of treasury stocks.

Liabilities declined ¥2,965 from a year earlier to ¥71,276, because income tax payable decreased by ¥6,511 million due to the recognition of valuation loss on shares, which was caused by the capital reduction of a consolidated subsidiary, while accounts payable increased ¥2,406 million due to the inclusion of a new consolidated subsidiary.

Net assets increased ¥3,914 million from a year earlier to ¥192,953 million due to an increase in retained earnings, etc., although it decreased ¥11,284 million due to the acquisition of treasury stocks.

2. Analysis of Cash Flow

The condition of each cash flow for the current consolidated fiscal year and related factors are as follows:

Net cash provided by operating activities was ¥19,381 million (net cash provided in the previous consolidated fiscal year was ¥29,933 million). This primarily reflects ¥26,701 million of net income before taxes, ¥10,138 million of depreciation expense, and ¥14,196 million of corporate income tax, etc. paid.

Net cash used in investment activities was ¥32,354 million (net cash used in the previous consolidated fiscal year was ¥10,884 million). This primarily reflects the expenditures of ¥12,129 million for the acquisition of a new consolidated subsidiary, and ¥19,618 million for the acquisition of fixed assets including expanded production facilities.

Net cash used in financing activities was ¥29,975 million (net cash used in the previous consolidated fiscal year was ¥13,839 million). This primarily reflects the expenditures of ¥13,142 million for the repayment of long-term borrowing, ¥11,278 million for the acquisition of treasury stocks, and ¥5,013 million for dividend payments.

As a result, cash and cash equivalents at the end of the current consolidated fiscal year stood at ¥49,810 million, ¥42,142 lower than a year earlier.

(Reference) Changes in Cash Flow-related Indices

	FY2005	FY2006	FY2007	FY2008
Shareholders' equity ratio (%)	58.0	68.9	71.1	72.3
Shareholders' equity ratio on a mark-to-market basis (%)	117.6	205.4	140.2	87.0
Cash flow vs. interest bearing debt ratio (years)	1.9	0.8	0.2	0.3
Interest coverage ratio (multiples)	124.8	120.0	233.9	105.0

(Note) Shareholders' equity ratio: Shareholders' equity as/Total assets
Shareholders' equity ratio on a mark-to-market basis: Market capitalization of stocks/Total assets
Cash flow vs. interest bearing debt ratio: Interest bearing debts/cash flow
Interest coverage ratio: Cash flow/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.
- Net cash provided by operating activities are used as cash flow.

(3) Basic Policies for Distribution of Profit and Dividend Distribution for the Current and Next Fiscal Years

THK makes it a fundamental policy to continue a steady dividend payout. Also, THK considers that it is very important to aggressively distribute its earnings to shareholders corresponding to business performance while concurrently reinforcing its financial strength by accumulating internal reserves.

We will try to effectively use such internal reserves for the investment in production facilities and information systems for research and development activities and in response to globalization in the future, thereby meeting the expectations of shareholders.

For the current fiscal year, we intend to pay a year-end dividend of ¥18 per share to proactively return its profits to shareholders corresponding to its business performance. Added to the interim dividend of ¥18 per share, this will result in a yearly dividend payout of ¥36 per share, an increase of ¥3 per share from the previous year (interim dividend for ¥13 per share and year-end dividend for ¥20 per share).

For the fiscal year ending March 31, 2009, we plan to pay ¥36 per share (thereof, ¥18 per share for the interim dividend).

2 Status of the Corporate Group

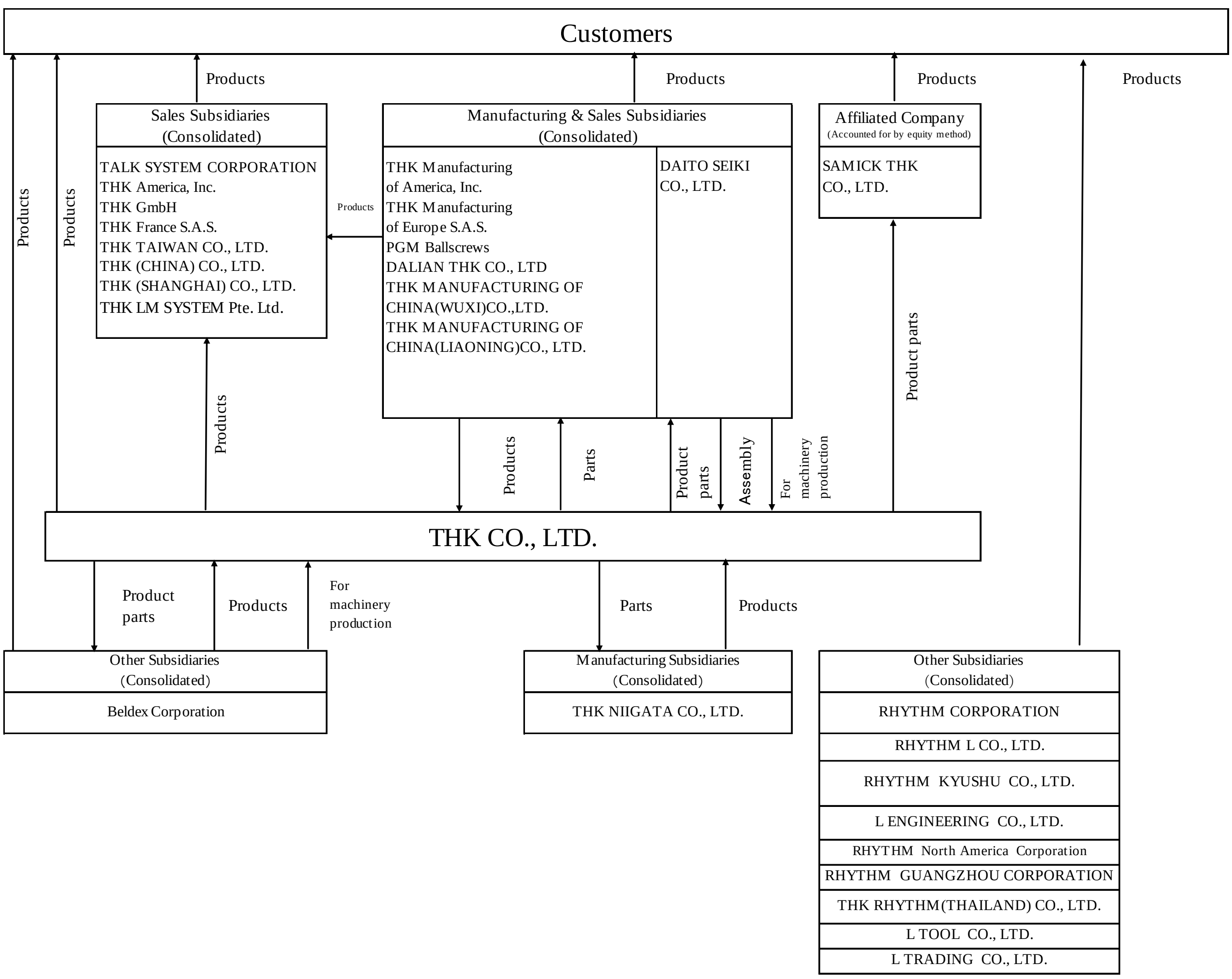
The company's business group consists of thirty-three subsidiaries and three affiliated companies, which engage in the manufacture and distribution of subcomponents of equipment and machinery, centering on linear motion systems and special joint bearings as well as industrial machinery.

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 results published on November 16, 2006).

For the corresponding interim results, refer the following URL.

(THK home page)

http://www.thk.com

Consolidated Balance Sheets

as of March 31, 2007 and 2008

(Millions of yen)

	2007			2008		
Assets						
Current Assets :						
Cash on hand and bank deposits		¥ 91,857			¥ 48,162	
Accounts and notes receivable		59,596			65,353	
Short-term investments securities		96			1,648	
Inventories		25,845			29,315	
Deferred tax assets		3,726			3,373	
Short-term loan receivable		153			728	
Other		2,722			3,999	
Less: Allowance for doubtful accounts		(236)			(247)	
Total current assets		183,762	69.8%		152,333	57.7%
Fixed assets :						
Tangible Fixed Assets						
Buildings & structures	¥ 41,495			¥ 49,221		
Accumulated depreciation	17,845	23,650		22,547	26,674	
Machinery & equipment	83,695			114,767		
Accumulated depreciation	56,160	27,534		76,797	37,970	
Land		9,879			13,143	
Construction in progress		3,489			7,637	
Other	9,947			12,910		
Accumulated depreciation	7,763	2,184		10,265	2,645	
Total tangible fixed assets		66,738	25.4		88,070	33.3
Intangible Fixed Assets						
Goodwill		208			10,994	
Other		637			818	
Total intangible fixed assets		845	0.3		11,813	4.5
Investments and Other						
Long-term investments in securities		5,828			5,418	
Deferred tax assets		1,717			2,425	
Other		4,756			4,504	
Less: Allowance for doubtful accounts		(368)			(336)	
Total investments and other		11,934	4.5		12,012	4.5
Total fixed assets		79,518	30.2		111,896	42.3
Total assets		263,280	100.0		264,229	100.0

(Millions of yen)

	2007		2008	
Liabilities				
Current Liabilities :				
Accounts and notes payable	¥ 34,769		¥ 37,175	
Current portion of long-term debt	72		—	
Bonds due within one year	—		5,000	
Convertible bonds due within one year	1,380		—	
Income tax payable	8,005		1,494	
Accrued bonuses	2,308		2,703	
Accrued bonuses for directors and statutory auditors	131		100	
Other	16,826		15,069	
Total current Liabilities	63,493	24.1%	61,542	23.3%
Long-term liabilities :				
Bonds	5,000		—	
Long-term debt	32		—	
Deferred tax liabilities	—		3,450	
Reserve for employee's retirement benefits	2,574		3,995	
Reserve for director's and statutory auditor's retirement benefits	—		112	
Reserve for product warranty	—		154	
Negative goodwill	1,620		972	
Other	1,521		1,049	
Total long-term liabilities	10,748	4.1	9,733	3.7
Total liabilities	74,241	28.2	71,276	27.0
Net Assets				
Paid-In Capital and Retained Earnings				
Common stock	33,916	12.9	34,606	13.1
Additional paid-in capital	43,653	16.5	44,343	16.8
Retained earnings	104,275	39.6	117,578	44.5
Treasury stock	(63)	(0.0)	(11,347)	(4.3)
Total paid-in capital and retained earnings	181,781	69.0	185,181	70.1
Valuation and Translation Adjustment				
Net unrealized gain on other securities	1,037	0.4	469	0.2
Foreign currency translation adjustment	4,403	1.7	5,302	2.0
Total Valuation and Transaction Adjustment	5,441	2.1	5,772	2.2
Minority Interest	1,816	0.7	1,999	0.7
Total net assets	189,039	71.8	192,953	73.0
Total liabilities and net assets	263,280	100.0	264,229	100.0

Consolidated Statements of Income

for the years ended March 31, 2007 and 2008

(Millions of yen)

	2007			2008		
Net sales		¥ 174,710	100.0%		¥ 208,708	100.0%
Cost of Sales		109,568	62.7		140,655	67.4
Gross profit		65,142	37.3		68,052	32.6
Selling, general and administrative expenses						
Packaging and shipping	¥ 3,300			¥ 4,662		
Advertising	1,088			1,250		
Provision of allowance for doubtful accounts	40			77		
Salaries and allowances	10,960			12,356		
Provision for employee bonuses	877			955		
Provision for bonuses for directors and statutory auditors	131			100		
Retirement expenses	255			300		
Rental expenses	2,159			2,338		
Depreciation and amortization	826			943		
Research and development	2,615			2,959		
Amortization of goodwill	—			2,754		
Other	11,071	33,326	19.1	12,415	41,115	19.7
Operating income		31,815	18.2		26,937	12.9
Non-Operating Income						
Interest income	552			887		
Dividend income	26			46		
Foreign exchange gain	802			—		
Amortization of negative goodwill	648			648		
Equity earnings of affiliates	490			197		
Rental income	201			240		
Other	675	3,397	1.9	739	2,758	1.3
Non-Operating Expenses						
Interest expenses	127			184		
Commission expenses	76			66		
Foreign exchange loss	—			2,287		
Other	52	257	0.1	131	2,669	1.3
Ordinary Income		34,955	20.0		27,026	12.9
Extraordinary income						
Gain on sales of fixed assets	50			62		
Gain on maturity of insurance contract	—			62		
Other	—	50	0.0	5	130	0.1
Extraordinary Loss						
Loss on sale of fixed assets	36			38		
Loss on disposal of fixed assets	340			208		
Loss on write—down of long-term investment	—			10		
Loss on impairment	70			136		
Debt repayment-related expenses	—			62		
Other	34	482	0.3	—	455	0.2
Net income before income tax		34,524	19.7		26,701	12.8
Income taxes – current	14,072			7,636		
Income taxes – deferred	(755)	13,317	7.6	552	8,188	3.9
Minority interest in income of consolidated subsidiaries		168	0.1		188	0.1
Net income		21,038	12.0		18,323	8.8

Consolidated Statement of Net Assets

for the years ended March 31, 2007 and 2008

2007 (Millions of yen)

	Paid-In Capital and Retained Earnings					Valuation and Translation Adjustment				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total paid-in capital and retained earnings	Net unrealized gain on other securities	Foreign currency translation adjustment	Total valuation and adjustment	Minority interest	Total Net Assets
Balance as of March 31, 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			(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 as of March 31, 2007	33,916	43,653	104,275	(63)	181,781	1,037	4,403	5,441	1,816	189,039

2008 (Millions of yen)

	Paid-In Capital and Retained Earnings					Valuation and Translation Adjustment				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total paid-in capital and retained earnings	Net unrealized gain on other securities	Foreign currency translation adjustment	Total valuation and adjustment	Minority interest	Total Net Assets
Balance as of March 31, 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			(5,020)		(5,020)					(5,020)
Bonuses to directors										
Issue of new stocks	690	690			1,380					1,380
Net income			18,323		18,323					18,323
Acquisition of treasury stock				(11,284)	(11,284)					(11,284)
Retirement of treasury stock		0		0	0					0
Net changes in account other than paid-in capital and retained earnings						(567)	898	331	183	514
Net changes during the period	690	690	13,303	(11,283)	3,399	(567)	898	331	183	3,913
Balance as of March 31, 2008	34,606	44,343	117,578	(11,347)	185,181	469	5,302	5,772	1,999	192,953

Consolidated Statements of Cash Flows

for the years ended March 31, 2007 and 2008

(Millions of yen)

	2007	2008
Cash Flows from Operating Activities:		
Net income before income tax and minority interests	¥ 34,524	¥ 26,701
Depreciation and amortization	7,130	10,138
Loss on impairment	70	136
Loss on sales or disposal of property and equipment	326	184
Increase or decrease in provisions	551	606
Interest and dividend income	(579)	(933)
Interest expenses	127	184
Foreign exchange gain(loss)	135	(587)
Equity earnings of affiliates	(490)	(197)
Loss on write-down of long-term investment	―	10
Amortization of goodwill	―	2,754
Amortization of negative goodwill	(648)	(648)
Increase or decrease in accounts and notes receivable	(636)	485
Increase or decrease in inventories	(339)	(1,566)
Increase or decrease in accounts and notes payable	3,835	(2,402)
Other	(1,335)	(2,128)
Subtotal	42,673	32,737
Interest and dividend income received	709	1,028
Interest expenses paid	(166)	(188)
Income taxes paid	(13,283)	(14,196)
Net cash provided by operating activities	29,933	19,381
Cash Flows from Investing Activities :		
Increase in term deposits due over three months	(463)	―
Decrease in term deposits due over three months	2,558	―
Payments for purchase of property, plant and equipment	(12,848)	(19,618)
Proceeds from sales of property, plant and equipment	98	78
Payments for purchase of long-term investment securities	(515)	(637)
Proceeds from sales of long-term investment securities	24	19
Payments for advances	(84)	(105)
Proceeds from collection of advances	58	77
Payment for purchase of investments in consolidated subsidiaries, net	―	(12,129)
Other	287	(37)
Net cash used in investing activities	(10,884)	(32,354)
Cash Flows from Financing Activities :		
Repayments of short-term debt	―	(500)
Repayments of long-term debt	(72)	(13,142)
Redemption of bonds	(10,000)	―
Cash dividends	(3,713)	(5,013)
Increase in cash and cash equivalents due to inclusion of Consolidated subsidiary	(38)	(41)
Payments for purchase of treasury stock	(16)	(11,278)
Proceeds from sales of treasury stock	1	0
Other	(0)	(0)
Net cash used in financing activities	(13,839)	(29,975)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	436	805
Net increase in Cash and Cash Equivalents	5,646	(42,142)
Cash and Cash Equivalents at the Beginning of the year	86,307	91,953
Cash and Cash Equivalents at the End of the year	91,953	49,810

Significant Items Relating to the Preparation of Consolidated Financial Statements

Item	Previous Consolidated Fiscal Year (From April 1, 2006 to March 31, 2007)	Current Consolidated Fiscal Year (From April 1, 2007 to March 31, 2008)
1 Scope of consolidation	(1) Number of consolidated subsidiaries: 20 companies Changes in consolidated subsidiaries for the current consolidated fiscal year are as follows. (New) Newly included consolidated subsidiaries: 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 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.	(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.
2 Fiscal year end of the consolidated subsidiaries	————	Rhythm North America Corporation changed its fiscal year end to December 31 from the current fiscal year. Therefore, the nine-month results of this company (April ~ December of 2007) are consolidated to this Consolidated Financial Statements.

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 Significant Items Relating to the Preparation of Consolidated Financial Statement

(Changes in Accounting Treatment)

Previous Consolidated Fiscal Year (From April 1, 2006 to March 31, 2007)	Current Consolidated Fiscal Year (From April 1, 2007 to March 31, 2008)
(Accounting Standards for presentation of net assets on the balance sheet) The Company has adopted from the current consolidated fiscal year the “Accounting Standards for Presentation of Net Assets on the Balance Sheet” (Business Accounting Standard No. 5 issued on December 9, 2005 by the Business Accounting Standards Board) and “Guidance on Accounting Standards for Presentation of Net Assets on the Balance Sheet” (Business Accounting Standard Guide No. 8 issued on December 9, 2005 by the Business Accounting Standards Board). This change has exerted no impact on income and losses. The equivalent amount included in the conventional account item of “Shareholders’ Equity” was ¥ 187,222.million. The presentation of New Assets for the current consolidated fiscal year is made in accordance with the revised Regulations Concerning Consolidated Financial Statements.	――――――

(Changes in the Method of Statement)

Previous Consolidated Fiscal Year (From April 1, 2006 to March 31, 2007)	Current Consolidated Fiscal Year (From April 1, 2007 to March 31, 2008)
(Consolidated Balance Sheet) Information included in the “Consolidation Adjusting Account” in the previous consolidated fiscal year is now included in “Negative Goodwill”.	(Consolidated Balance Sheet) Negotiable deposits included in “Cash on hand and bank deposits” in the previous consolidated fiscal year have been changed to be included in “Short-term investments securities ” of current assets from the current consolidated fiscal year (¥1,400 million for the current fiscal year) based on the revision of Guidelines 8-2-1 for Regulations Concerning Financial Statements. The outstanding balance of negotiable deposits included in “Cash on hand and bank deposits” as of the end of the previous consolidated fiscal year was ¥42,945 million. “Deferred tax liabilities” included in “Others” of fixed liabilities in the previous consolidated fiscal year surpassed 1/100 of total assets in the current consolidated fiscal year, and therefore deferred tax liabilities are stated independently. Deferred tax liabilities as of the previous consolidated year end included in “Others” was ¥ 467 million.
(Consolidated Income Statement) Information included in “Amortization of Consolidation Adjusting Account” in the previous consolidated fiscal year is now included in “Amortization of Negative Goodwill”.	(Consolidated Income Statement) Amortization of goodwill included in “Depreciation expense” in the previous consolidated fiscal year has been changed to be stated in “Amortization of goodwill” from the current consolidated fiscal year as the importance of goodwill has increased. Amortization of goodwill included in “Depreciation expense” in the previous consolidated fiscal year was ¥18 million.
(Consolidated Cash Flow Statement) Information included in “Amortization of Consolidation Adjusting Account” in the previous consolidated fiscal year is now included in “Amortization of Negative Goodwill”.	(Consolidated Cash Flow Statement) Amortization of goodwill included in “Depreciation expense” in the previous consolidated fiscal year has been changed to be stated in “Amortization of goodwill” from the current consolidated fiscal year as the importance of goodwill has increased. Amortization of goodwill included in “Depreciation expense” in the previous consolidated fiscal year was ¥18 million.

Notes on the Consolidated Financial Statement

(Tax effect accounting)

Previous Consolidated Fiscal Year (From April 1, 2006 to March 31, 2007)

1 Breakdown of main causes to have incurred deferred tax assets and liabilities (millions of yen)

(Deferred tax assets)	
Valuation loss on inventories	1,194
Accrued bonuses	938
Allowance for retirement benefit	886
Inventories (unrealized income)	680
Accrued enterprise tax	537
Software	454
Accrued retirement benefit for directors and auditors	392
Impairment loss	372
Loss carried forward	248
Loss on liquidation of related companies not allowed to be included in deductible expenses	241
Allowance for doubtful accounts	148
Others	1,202
Sub-total deferred tax assets	7,297
Valuation allowance	(423)
Total deferred tax assets	6,874
(Deferred tax liabilities)	
Valuation loss on other securities	(700)
Valuation loss on land	(418)
Insurance reserve fund	(396)
Special depreciation reserve	(219)
Others	(163)
Total deferred tax liabilities	(1,897)
Net amount of deferred tax liabilities	4,976

2. Breakdown of main items causing differences between the statutory effective tax rate and the corporate tax rate after applying tax effect accounting (%)

Legal effective tax rate	40.7
(Adjustment)	
Items permanently disallowed to be included in deductible expenses such as entertainment expense	0.2
Items permanently disallowed to be included in taxable income such as dividends received	(0.1)
Income/loss in consolidated subsidiaries	0.6
Amortization of negative good will	(0.8)
Income/loss on investment on equity method	(0.6)
Inhabitant tax on per capita basis	0.2
Difference between statutory tax rate for Japanese companies and that for overseas companies	(1.2)
Special deduction for test and research	(0.6)
Refund of corporate taxes, etc.	(1.0)
Others	1.1
Corporate tax rates after applying tax effect accounting	38.5

Current Consolidated Fiscal Year (From April 1, 2007 to March 31, 2008)

1 Breakdown of main causes to have incurred deferred tax assets and liabilities (millions of yen)

(Deferred tax assets)	
Allowance for retirement benefit	1,560
Valuation loss on inventories	1,205
Accrued bonuses	1,097
Valuation loss on shares of related companies	954
Fixed assets (unrealized income)	635
Inventories (unrealized income)	576
Loss carried forward	519
Accrued retirement benefit for directors and auditors	420
Software	372
Impairment loss	367
Allowance for doubtful accounts	146
Accrued enterprise tax	54
Others	924
Sub-total deferred tax assets	8,833
Valuation allowance	(1,325)
Total deferred tax assets	7,508
(Deferred tax liabilities)	
Valuation loss on other securities	(2,255)
Valuation loss on land	(1,422)
Insurance reserve fund	(455)
Special depreciation reserve	(202)
Others	(824)
Total deferred tax liabilities	(5,159)
Net amount of deferred tax liabilities	2,348

2 Breakdown of main items causing differences between the statutory effective tax rate and the corporate tax rate after applying tax effect accounting (%)

Legal effective tax rate	40.7
(Adjustment)	
Items permanently disallowed to be included in deductible expenses such as entertainment expense	0.5
Items permanently disallowed to be included in taxable income such as dividends received	(3.6)
Income/loss in consolidated subsidiaries	0.9
Amortization of goodwill	4.2
Amortization of negative good will	(1.0)
Income/loss on investment on equity method	(0.3)
Inhabitant tax on per capita basis	0.2
Difference between statutory tax rate for Japanese companies and that for overseas companies	(1.6)
Special deduction for test and research	(0.9)
Refund of corporate taxes, etc.	(0.4)
Investments to consolidated subsidiaries	(6.1)
Others	(1.9)
Corporate tax rates after applying tax effect accounting	30.7

(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

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.

For the year ended March 31, 2008 (Millions of Yen)

	Industrial Equipment-Related Business	Transportation Equipment-Related Business	Total	Eliminations and Corporate	Consolidated
Ⅰ Net sales and operating income(loss):					
Net Sales:					
To customers	168,286	40,422	208,708	—	208,708
Inter-segment	—	—	—	—	—
Total:	168,286	40,422	208,708	—	208,708
Operating expenses	132,003	42,642	174,646	7,124	181,771
Operating income(loss):	36,282	(2,220)	34,062	(7,124)	26,937
Ⅱ Assets, depreciation, impairment losses and capital additions					
Assets	177,478	42,229	219,707	44,521	264,229
Depreciation	7,804	2,271	10,076	61	10,138
Impairment Losses	1	135	136	—	136
Capital additions	14,511	3,363	17,874	126	18,000

Note:

1 The business segmentation is based on the feature of products and the similarities of the sales market.

2 Major products in each business segment

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

(2) Transportation Equipment-Related Business: Link ball, Suspension ball joint, etc.

3 Of all operating expenses, unallocatable expenses amount of ¥7,124 million included in "Eliminations and Corporate" are mainly comprised of expense incurred in the administrative section in headquarter of the holding company (parent).

4 In assets, all of the company-wide assets (¥44,521million) mainly included in the elimination item or in company-wade asset items are surplus manageable funds (cash in hand and bank deposits, securities and others) and long-term investment funds (investment securities, investment and others) of the company submitting this financial statement and consolidated subsidiaries, and the assets, etc. related to the administration segment such as the administration division of the head office of the company submitting this financial statement.

5 Changes in business segmentation

The THK group had omitted the disclosure of business segment information because net sales, operating income, and assets of machinery components department exceeded 90 percent of the consolidated net sales of all segments, operating income of all segments generating operating income and assets of all segments. Due to the inclusion of Rhythm Corporation to consolidated subsidiaries, it was decided to change the business segmentation to newly include industrial equipment-related business and transportation equipment-related business. As a result, business segment information has been stated from the current consolidated fiscal year. .

Geographic Segment Information

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

	Japan	The Americas	Europe	Asia and others	Total	Eliminations and Corporate	Consolidated
Net sales and operating income							
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
Assets	195,602	17,681	21,252	23,012	257,548	5,732	263,280

Note:

1 Classification of countries and regions is based on geographical proximity.

2 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

3 Typical assets included in company-wide assets (¥55,003 million) stated in the column of "(Elimination)" are those related to surplus funds managed by the parent company (time deposits), and long-term investment funds (investment securities, investments and others).

For the year ended March 31, 2008 (Millions of Yen)

	Japan	The Americas	Europe	Asia and others	Total	Eliminations and Corporate	Consolidated
Net sales and operating income							
Net Sales:							
To customers	145,745	25,472	25,427	12,063	208,708	—	208,708
Inter-segment	34,577	59	97	2,493	37,227	(37,227)	—
Total:	180,322	25,531	25,524	14,557	245,936	(37,227)	208,708
Operating expenses	152,412	24,092	22,032	13,261	211,798	(30,027)	181,771
Operating Income	27,909	1,439	3,492	1,296	34,137	(7,199)	26,937
Assets	211,029	21,044	19,314	31,377	282,765	(18,535)	264,229

Note:

1 Classification of countries and regions is based on geographical proximity.

2 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

3 Of all operating expenses, unallocatable expenses amount of ¥7,124 million included in "Eliminations and Corporate" are mainly comprised of expense incurred in the administrative section in headquarter of the holding company (parents).

4 Entire operating expense of a company submitting this financial statement had been included in the Japan segment. The accounting practice has been changed to include a part of such expenses to the elimination item or company-wide items from the current consolidated fiscal year.
The company submitting this financial report has reinforced its "control power as a parent company" having reviewed its control system including that in its subsidiaries in line with the assessment system for internal control practices from the current consolidated fiscal year. Because of this, the foregoing change was made to more appropriately indicate the real statuses of each segment by classifying expenses related to the administration segment such as the administration

division of the head office of the company submitting this financial statement to expenses related to entire group companies.

As a result, operating income of Japan segment increased ¥ 7,124 million and operating income relating to the elimination and the company-wide income decreased the same amount compared to those in the past.

5 In assets, all of the company-wide assets (¥44,521million) mainly included in the elimination item or in company-wade asset items are surplus manageable funds (cash in hand and bank deposits, securities and others) and long-term investment funds (investment securities, investment and others) of the company submitting this financial statement and consolidated subsidiaries, and the assets, etc. related to the administration segment such as the administration division of the head office of the company submitting this financial statement.

6 Change in method of allocating assets

In the past, assets related to the administration segment such as the administration division of the head office of the company submitting this financial statement and assets of consolidated subsidiaries had been included in each segment, but the accounting practice has been changed to include a part of such assets in those of the elimination item or the company-wide items from the current consolidated fiscal year.

The company submitting this financial report has reinforced its “control power as a parent company” having reviewed its control system including that in its subsidiaries in line with the assessment system for internal control practices from the current consolidated fiscal year. Because of this, the foregoing change was made to more appropriately indicate the real statuses of each segment by classifying expenses related to the administration segment such as the administration division of the head office of the company submitting this financial statement to expenses related to entire group companies.

As a result, assets of Japan, America and Europe segments decreased ¥ 33,306 million, ¥ 5,185 million and ¥ 6,029 million respectively and assets relating to the elimination and the company-wide assets increased ¥44,521 million compared to those in the past.

(Overseas Sales)

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.

For the year ended March 31, 2008 (Millions of Yen)

	The Americas	Europe	Asia and others	Total
Overseas sales	26,000	25,236	21,150	72,387
Consolidated net sales				208,708
Overseas sales as a percentage of consolidated net sales	12.5	12.1	10.1	34.7

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.

(Per share data)

(Yen)

Previous Interim Consolidated Fiscal Year (4/1/06 – 3/31/07)		Current Interim Consolidated Fiscal Year (4/1/07 – 3/31/08)	
Net assets per share	1,407.84	Net assets per share	1,484.78
Net income per share	158.36	Net income per share	139.53
Net income per share after adjustment of dilutive shares	157.22	Net income per share after adjustment of dilutive shares	138.74

(Note)The basis for calculation of amounts presented above is as follows:

1. Net assets per share

(Millions of yen, number of shares)

Item	As of March 31, 2007	As of March 31, 2008
Total net assets on balance sheet	189,039	192,953
Net assets attributable to common stock	187,222	190,953
Difference between net assets attributable to common stock and net assets Minority interest	1,816	1,999
Number of common stock outstanding	133,020,540	133,856,903
Number of treasury stock	34,512	5,249,535
Number of common stock shares used for the calculation of net assets per share	132,986,028	128,607,368

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 – 3/31/07)	Current Interim Consolidated Fiscal Year (4/1/07 – 3/31/08)
Net income on consolidated statements of income	21,038	18,323
Net income attributable to common stock	21,038	18,323
Summary of amount not reverting to common stockholders Bonuses paid to directors by income appropriation	—	—
Amount not attributable to common stockholders	—	—
Average number of common stock	132,848,498	131,320,592
Summary of net income adjustment amount used for the calculation of net income per share after adjustment of dilutive stock Commission paid (net of tax equivalent)	1	2
Net income adjustment amount	1	2
Summary of increased number of common stock used for the calculation of net income per share after adjustment of dilutive stock Bonds with stock acquisition rights	976,747	643,356
Increased number of common stock	976,747	643,356
Summary of dilutive stock not used for the calculation of net income per share after adjustment of dilutive stock because they have dilutive effect	—	—

(Significant 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.

For the year ended March 31, 2008

There is no subsequent event.

Non-Consolidated Balance Sheets

as of March 31, 2007 and 2008

(Millions of yen)

	2007			2008		
Current assets :						
Cash on hand and bank deposits		￥68,521			￥28,583	
Notes receivable-trade		17,806			16,999	
Accounts receivable-trade		41,597			41,275	
Merchandise		198			238	
Products		6,951			5,636	
Raw materials		4,164			4,485	
Goods in process		2,712			3,086	
Stored goods		374			333	
Prepaid expenses		379			485	
Deferred tax assets		2,118			1,707	
Short-term loans to related companies		5,295			21,614	
Accrued revenues		1,889			2,936	
Other		690			1,245	
Less: Allowance for doubtful accounts		(4)			(13)	
Total current assets		152,696	64.4%		128,614	56.9%
Fixed assets :						
Tangible fixed assets						
Buildings	25,258			25,763		
Accumulated depreciation	12,902	12,356		13,643	12,119	
Structures	1,665			1,658		
Accumulated depreciation	1,084	580		1,140	517	
Machinery & Equipment	60,165			63,212		
Accumulated depreciation	45,711	14,453		47,257	15,955	
Vehicles	250			265		
Accumulated depreciation	216	34		222	42	
Tools, furniture and fixtures	7,548			7,990		
Accumulated depreciation	6,512	1,035		6,890	1,100	
Land		7,746			7,853	
Construction in Progress		904			1,193	
Total tangible fixed assets		37,111	15.6		38,782	17.2

(Millions of yen)

	2007			2008		
Intangible Fixed Assets						
Patent rights		￥27			￥23	
Goodwill		208			185	
Software		387			389	
Others		41			40	
Total Intangible Fixed Assets		665	0.3%		639	0.3%
Investments and other						
Long-term investments in securities		3,002			2,660	
Investments in shares of related Companies		18,712			27,568	
Investments in related companies		19,156			22,619	
Long-term loans		239			233	
Long-term loans to related companies		1,238			—	
Bankruptcy and reorganization claims		64			26	
Long-term prepaid expenses		3			40	
Insurance reserve fund		2,506			2,828	
Deferred tax assets		1,336			1,534	
Other		822			834	
Less: Allowance for doubtful Accounts		(347)			(310)	
Total investments and others		46,736	19.7		58,035	25.6
Total fixed assets		84,513	35.6		97,458	43.1
Total assets		237,209	100.0		226,072	100.0

(Millions of yen)

	2007			2008		
Liabilities						
Current liabilities :						
Notes payable − trade		¥2,859			¥2,464	
Accounts payable − trade		28,354			24,435	
Bonds due within one year		—			5,000	
Convertible Bonds due within one year		1,380			—	
Account payable - other		6,141			4,694	
Accrued expenses		6,248			6,242	
Income tax payable		7,323			75	
Advance received		38			28	
Deposits received		288			200	
Accrued bonuses		2,099			1,999	
Accrued bonuses for Directors and corporate Auditors		120			100	
Notes payable - tangible fixed assets		96			15	
Other		22			45	
Total current liabilities		54,974	23.2%		45,301	20.0%
Long-term liabilities :						
Bonds		5,000			—	
Allowance for retirement and severance Benefits		2,006			2,208	
Other		982			979	
Total long-term liabilities		7,989	3.4		3,187	1.4
Total liabilities		62,963	26.6		48,489	21.4

(Millions of yen)

	2007			2008		
Net Assets						
Paid-In Capital and Retained Earnings						
Common stock		￥33,916	14.3%		￥34,606	15.3%
Additional paid-in capital						
Capital Reserve	46,781			47,471		
Other Additional paid-in capital						
Gain on retirement of treasury stock	0			0		
Total additional paid-in capital		46,782	19.7		47,472	21.0
Retained earnings						
Retained earnings	1,958			1,958		
Other retained earnings						
Reserve fund for special depreciation	307			288		
Reserve for deferred taxes on land	14			14		
Reserve for dividends	2,000			2,500		
Other reserve	70,000			83,000		
Un-appropriated retained earnings	18,312			18,629		
Total retained earnings		92,592	39.0		106,391	47.1
Treasury stock		(63)	(0.0)		(11,341)	(5.0)
Total paid-in capital and retained Earnings		173,227	73.0		177,128	78.4
Valuation and Translation Adjustment						
Net unrealized gain on other securities		1,017			454	
Total Valuation and Transaction Adjustment		1,017	0.4		454	0.2
Total net assets		174,245	73.4		177,582	78.6
Total liabilities and net assets		237,209	100.0		226,072	100.0

Non-Consolidated Statements of Income

for the years ended March 31, 2007 and 2008

(Millions of yen)

	2007			2008		
Net sales		143,870	100.0%		141,275	100.0%
Cost of sales		94,906	66.0		97,842	69.3
Gross profit		48,964	34.0		43,432	30.7
Selling, general and administrative expenses		20,282	14.1		21,503	15.2
Operating income		28,681	19.9		21,929	15.5
Non-operating income						
Interest income	339			440		
Interest income from securities	ー			115		
Dividend income	277			3,364		
Foreign exchange gain	644			ー		
Rental income	406			401		
Other	535	2,203	1.5	461	4,784	3.4
Non-operating expenses						
Bond interest expenses	123			68		
Commission expenses	76			59		
Foreign exchange loss	ー			1,533		
Other	42	242	0.1	63	1,724	1.2
Ordinary income		30,642	21.3		24,988	17.7
Extraordinary income						
Gain on sales of fixed assets	35			37		
Reversal of allowance for doubtful accounts	9	44	0.0	ー	37	0.0
Extraordinary loss						
Loss on sales of fixed assets	23			9		
Loss on disposal of fixed assets	332			152		
Loss on impairment	33			ー		
Loss on writeーdown of long-term investment	ー			10		
Loss on valuation of stocks of subsidiaries and affiliates	ー	388	0.3	30	202	0.1
Net income before provision for tax		30,298	21.0		24,824	17.6
Income taxes – current	12.663			5,404		
Income taxes – deferred	(359)	12,304	8.5	600	6,005	4.3
Net income		17,993	12.5		18,819	13.3

Non-Consolidated Statements of Shareholders' Equity

for the years ended March 31, 2007 and 2008

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 as of 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						(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 as of March 31, 2007	33,916	46,781	0	46,782	1,958	90,634	92,592	(63)	173,227

	Valuation and Translation Adjustments		Total Net Assets
	Net unrealized gain on other securities s	Total valuation and translation adjustments	
Balance as of March 31, 2006	1,339	1,339	160,061
Changes during the period:			
Cash dividends			(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 as of 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	Un-appropriated retained earnings	Total other retained earnings
Balance as of March 31, 2006	283	14	1,600	58,000	16,580	76,478
Changes during the period:						
Cash dividends					(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 as of March 31, 2007	307	14	2,000	70,000	18,312	90,634

2008 (Millions of yen)

	Common stock	Additional Paid-In Capital and Retained earnings								
		Additional paid-in capital			Retained earnings			Treasury stock	Total paid-in capital and retained earnings
		Capital reserve	Other additional paid-in capital	Total Additional paid-in capital	Earned reserve	Other retained earnings	Total retained earnings		
Balance as of 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						(5,020)	(5,020)		(5,020)
Bonuses to directors									
Issue of new stocks	690	690		690					1,380
Net income						18,819	18,819		18,819
Acquisition of treasury stock								(11,278)	(11,278)
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	690	690	0	690	─	13,798	13,798	(11,278)	3,900
Balance as of March 31, 2008	34,606	47,471	0	47,472	1,958	104,432	106,391	(11,341)	177,128

	Valuation and Translation Adjustments		Total Net Assets
	Net unrealized gain on other securities s	Total valuation and translation adjustments	
Balance as of March 31, 2007	1,017	1,017	174,245
Changes during the period:			
Cash dividends			(5,020)
Bonuses to directors			
Issue of new stocks			1,380
Net income			18,819
Acquisition of treasury stock			(11,278)
Re-issuance of treasury stock			0
Net changes in accounts other than paid-in capital and retained earnings	(563)	(563)	(563)
Net changes during the period	(563)	(563)	3,337
Balance as of March 31, 2008	454	454	177,582

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 as of March 31, 2007	307	14	2,000	70,000	18,312	90,634
Changes during the period:						
Cash dividends					(5,020)	(5,020)
Bonuses to directors						
Transfer to reserve (special depreciation)	67				(67)	
Transfer from reserve (special depreciation)	(85)				85	
Transfer to reserve (dividends)			500		(500)	
Transfer to reserve (other)				13,000	(13,000)	
Net income					18,819	18,819
Net changes during the period	(18)	─	500	13,000	317	13,798
Balance as of March 31, 2008	288	14	2,500	83,000	18,629	104,432

(4) Notes

(Income Statement)

(Millions of yen)

The Previous Consolidated Fiscal Year (From April 1, 2006 to March 31, 2007)	The Current Consolidated Fiscal Year (From April 1, 2007 to March 31, 2008)
Items related to transactions with related companies are included as follows Net sales 34,477 Interest income 175 Dividend income 251 Income from lease 206 Sundry income 385	Items related to transactions with related companies are included as follows Net sales 38,045 Interest income 306 Dividend income 3,324 Income from lease 167 Sundry income 253

(Tax effect accounting)

The Previous Consolidated Fiscal Year (As of March 31, 2007)

1 Breakdown of the main causes to have incurred deferred tax assets and liabilities (millions of yen)

(Deferred tax assets)	
Accrued bonuses	854
Allowance for retirement benefit	816
Valuation loss on inventories	555
Accrued enterprise tax	506
Software	441
Accrued retirement benefits for directors and auditors	392
Impairment loss	340
Loss on liquidation of related companies not allowed as deductible expenses	241
Accrued expense	157
Allowance for doubtful accounts	115
Others	369
Total deferred tax assets	4,791
(Deferred tax liabilities)	
Loss on revaluation of other securities	(698)
Insurance reserve fund	(396)
Special depreciation reserve	(210)
Others	(31)
Total deferred tax liabilities	(1,336)
Net amount of deferred tax liabilities	3,455

2. Breakdown of main items causing differences between the effective statutory tax rates and the corporate tax rate after applying tax effect accounting:

The statement of the difference between the effective statutory tax rate and the corporate tax rate after applying tax effect accounting is omitted, as the difference is not more than 5/100 of the effective statutory tax rate.

The Current Consolidated Fiscal Year (As of March 31, 2008)

1 Breakdown of the main causes to have incurred deferred tax assets and liabilities (millions of yen)

(Deferred tax assets)	
Valuation loss on related companies	954
Allowance for retirement benefits	898
Accrued bonuses	813
Valuation loss on inventories	591
Software	401
Accrued retirement benefits for directors and auditors	391
Impairment loss	340
Accrued expense	218
Allowance for doubtful accounts	119
Accrued enterprise tax	30
Others	427
Sub-total deferred tax assets	5,187
Valuation allowance	(954)
Total deferred tax assets	4,233
(Deferred tax liabilities)	
Insurance reserve fund	(455)
Loss on revaluation of other securities	(311)
Special depreciation reserve	(198)
Others	(27)
Total deferred tax liabilities	(992)
Net amount of deferred tax liabilities	3,241

2. Breakdown of main items causing differences between the effective statutory tax rates and the corporate tax rate after applying tax effect accounting (%)

Legal effective tax rate	40.7
(Adjustment)	
Items permanently disallowed to be included in deductible expenses such as entertainment expenses	0.2
Bonuses to directors and auditors excluded from deductible expense	0.2
Items permanently disallowed to be included in taxable income such as dividends received	(3.2)
Valuation loss of related companies	(12.1)
Inhabitant tax on a per capita basis	0.2
Deductions related to total test and research expenses	(1.0)
Difference from applied effective tax rate	(0.3)
Others	(0.5)
Corporate tax rates after applying tax effect accounting	24.2

Management Changes (Scheduled on June 21, 2008)

1. Change of corporate representative

   There is no change in corporate representative.

2. Changes of other officers

   (1) Candidates for new directors

Director	Hiroshi Imano	(Presently Deputy General Manager, Production Division, concurrently President and Representative Director of THK Manufacturing of Europe S.A.S.)
Director	Hirokazu Ishikawa	(Presently President and Representative Director of DAITO SEIKI CO., LTD) He will assume a post of General Manager, Sales Support Division of THK

   (2) Directors who will retire

Director	Kotaro Yoshihara	(Presently General Manager, Sales Support Division)
Director	Shigeru Wako	(Presently director, concurrently President and Representative Director of TALK SYSTEM CORPORATION.) He will continue to assume a post of President and Representative Director of TALK SYSTEM CORPORATION.

   (3) Candidate for new corporate auditor

Corporate auditor	Yoshimi Sato	(Presently Corporate Auditor of DAITO SEIKI CO., LTD.)

   (4) Corporate auditor who will retire

Corporate auditor (full-time)	Yoshito Nagafuchi	He will assume a post of adviser of THK