



Company Profile

THK, the pioneering developer of the world's first LM Guides (Linear Motion Guides), which convert the rotary motion of mechanical tools into linear motion, remains the world's leading manufacturer of such machinery parts. LM Guides are used in a variety of equipment, including machine tools, industrial robots, semiconductor production equipment, and medical instruments. Essential in achieving higher precision, faster speeds, and energy conservation, LM Guides have contributed greatly to the advancement of manufacturing industry.

THK is a creative, development-focused business which, since its foundation in 1971, has concentrated on the development of a variety of products predicated upon a management philosophy of "providing innovative products to the world and generating new trends to contribute to the creation of an affluent society." In 1996, THK succeeded in developing what may be called the next-generation LM Guide, the "LM Guide with Caged Ball Technology," which provides customers with advanced features, such as long-term, maintenance-free operation. Currently, Caged Ball Technology is finding application in the areas of Ball Screws and Ball Splines, with the result that THK is now able to provide the merits of these technologies to an even broader range of customers.

In FY 2000, the 30th anniversary of our company's establishment, THK created a Long-Term Management Target, the "Fiscal 2010

Vision." These long terms goals include an expansion of our business area, centering on the pillars of "Full-Scale Globalization" and "Development of New Business Areas," and achieving consolidated net sales of 300,000 million yen by FY 2010. Under the first pillar, "Full-Scale Globalization," we are attempting to place production closer to demand centers, and are therefore working to create production systems and improve our sales capabilities in four major geographic regions: Japan, North America, Europe and Asia. Additionally, we are aiming to merge production and sales into unified production-sales operations within each of these areas.

Under the other pillar, "Development of New Business Areas," THK has established, among others, the "FAI Division," which produces automobile products necessary to improve automobile safety and comfort, and the "ACE Division," which produces seismic isolation devices designed to protect human life, buildings and property from the threat of earthquakes. Through these and other measures, we are steadily expanding our business into consumer goods sectors to complement our previous focus on capital goods.

FY 2006 will be an extremely important turning point in the Fiscal 2010 Vision. We will aggressively promote our efforts at "Full-Scale Globalization" and "Development of New Business Areas" and undauntedly continue our efforts to achieve our Long-Term Management Target (the Fiscal 2010 Vision).

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Five year Consolidated Financial Summary

Years ended March 31

| | Millions of yen | | | | | Thousands of U.S. dollars (Note 1) |
|--|-----------------|----------|-----------|-----------|-----------|------------------------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2006 |
| Net Sales | ¥ 89,340 | ¥ 94,600 | ¥ 119,254 | ¥ 147,158 | ¥ 158,413 | \$ 1,348,537 |
| Japan | 59,645 | 65,280 | 85,344 | 105,555 | 112,245 | 955,519 |
| The Americas | 11,629 | 10,775 | 10,436 | 12,888 | 14,108 | 120,096 |
| Europe | 12,863 | 10,780 | 12,739 | 15,340 | 16,199 | 137,898 |
| Asia and other | 5,203 | 7,765 | 10,735 | 13,375 | 15,861 | 135,024 |
| Cost of Sales | 63,294 | 66,647 | 77,932 | 93,551 | 100,491 | 855,461 |
| Gross profit | 26,046 | 27,953 | 41,322 | 53,607 | 57,922 | 493,076 |
| Selling, General and Administrative Expenses | 23,870 | 23,060 | 25,090 | 27,633 | 30,842 | 262,549 |
| Operating income | 2,176 | 4,893 | 16,232 | 25,974 | 27,080 | 230,527 |
| Income before Income Taxes and Minority Interest | 833 | 3,597 | 15,521 | 26,845 | 30,566 | 260,202 |
| Income Taxes | 15 | 1,773 | 6,926 | 9,442 | 11,636 | 99,059 |
| Net Income | 820 | 1,892 | 8,584 | 17,348 | 18,584 | 158,202 |

| Per Share Data: | Yen | | | | | U.S. dollars (Note 1) |
|--------------------------------------|--------|---------|---------|----------|----------|-----------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2006 |
| Net Income - basic | ¥ 6.88 | ¥ 15.65 | ¥ 72.27 | ¥ 145.31 | ¥ 148.42 | \$ 1.263 |
| Net Income - diluted | — | 15.12 | 63.69 | 130.05 | 137.97 | 1.175 |
| Shareholders' Equity per Share (Yen) | 869.20 | 860.80 | 923.35 | 1,067.42 | 1,266.39 | 10.781 |

| | Millions of yen | | | | | Thousands of U.S. dollars (Note 1) |
|----------------------------|-----------------|-----------|-----------|-----------|-----------|------------------------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2006 |
| Total assets | ¥ 179,705 | ¥ 193,197 | ¥ 191,105 | ¥ 220,008 | ¥ 244,385 | \$ 2,080,401 |
| Total shareholders' equity | 103,748 | 102,478 | 109,182 | 127,650 | 168,273 | 1,432,475 |
| Capital Expenditures | 6,476 | 4,611 | 6,307 | 12,425 | 9,719 | 82,739 |
| Depreciation | 5,503 | 5,529 | 5,005 | 5,343 | 5,856 | 49,847 |
| R&D Expenses | 1,932 | 2,104 | 2,520 | 2,686 | 2,684 | 22,846 |

| | 2002 | 2003 | 2004 | 2005 | 2006 |
|--|------|------|------|------|------|
| Operating Margin (%) | 2.4 | 5.2 | 13.6 | 17.7 | 17.1 |
| Net Income Percentage of Net Sales (%) | 0.9 | 2.0 | 7.2 | 11.8 | 11.7 |
| Return on Equity (%) | 0.8 | 1.8 | 8.1 | 14.7 | 12.6 |
| Return on Assets (%) (Note 2) | 1.3 | 2.7 | 8.5 | 12.8 | 11.8 |
| Equity Ratio (%) | 57.7 | 53.0 | 57.1 | 58.0 | 68.9 |
| Turnover Ratio (Times) | 0.47 | 0.51 | 0.62 | 0.72 | 0.68 |

Note 1: Throughout this report, U.S. dollars amounts represent translation of Japanese yen, for convenience only, at the rate of ¥117.47=U.S.\$1, the approximate rate of exchange prevailing in Tokyo on March 31, 2006.

Note 2: Return on assets is the percentage of operating income and interest and dividend income to annual average balance of total assets.