



Segment Information

Japan

Sales Office(s)..... 48
 Plant(s) 9
 Distribution Center(s).. 4

THK Head Office

Manufactures and sells LM Guides, Ball Screws and Spherical Joints, etc.

DAITO SEIKI CO., LTD.

Manufactures parts and equipment for machinery

TALK SYSTEM CORPORATION

Sells machinery parts and various machines

Beldex Corporation

Manufactures and sells parts for machines to process hard and brittle board materials, such as glass and optical machines, etc.

THK NIIGATA CO., LTD.

Manufactures Ball Splines



THK Head Office



Kofu Plant



THK NIIGATA CO., LTD.



Yamaguchi Plant



DAITO SEIKI CO., LTD.
Mishima Plant



Yamagata Plant



DAITO SEIKI CO., LTD.
Sendai Plant



Mie Plant



DAITO SEIKI CO., LTD.
Matsumoto Plant



Gifu Plant

America

America (US)

Sales Office(s)..... 9
 Plant(s) 1

Canada

Sales Office(s)..... 1

Brazil

Sales Office(s)..... 1

THK Holdings of America, L.L.C.

The holding company of THK Group companies in America

THK America, Inc.

Sells LM Guides, Ball Screws and Spherical Joints, etc.

THK Manufacturing of America, Inc.

Manufactures LM Guides and Spherical Joints



THK America, Inc.
Head Office



THK Manufacturing of
America, Inc.

Global Network



Europe

Germany	THK Europe, B.V.
Sales Office(s)..... 3	The holding company of THK group companies in Europe
England	THK GmbH
Sales Office(s)..... 1	Sells LM Guides, Ball Screws and Spherical Joints, etc.
Ireland	THK France S.A.S.
Sales Office(s)..... 1	Sells LM Guides, Ball Screws and Spherical Joints, etc.
Plant(s) 1	
Netherlands	THK Manufacturing of Europe S.A.S.
Distribution Center(s).. 1	Manufactures LM Guides, Ball Screws and Spherical Joints
Italy	PGM Ballscrews Ireland Ltd.
Sales Office(s)..... 2	Manufactures and sells Ball Screws
Sweden	
Sales Office(s)..... 1	
Austria	
Sales Office(s)..... 1	
Spain	
Sales Office(s)..... 1	
France	
Sales Office(s)..... 1	
Plant(s) 1	



THK Europe Head Office



PGM Ballscrews Ireland Ltd.



THK Manufacturing of Europe S.A.S.

Asia

China	THK TAIWAN CO., LTD.
Sales Office(s)..... 3	Sells LM Guides, Ball Screws and Spherical Joints, etc.
Plant(s) 3	
Taiwan	THK (CHINA) CO., LTD.
Sales Office(s)..... 3	The lead company among independent Group companies in China
Singapore	THK (SHANGHAI) CO., LTD.
Sales Office(s)..... 1	Sells LM Guides, Ball Screws and Spherical Joints, etc.
India	DALIAN THK CO., LTD.
Sales Office(s)..... 1	Manufactures and sells Ball Screws
South Korea	THK MANUFACTURING OF CHINA (WUXI) CO., LTD.
Sales Office(s)..... 12	Manufactures LM Guides
Plant(s) 1	
	THK MANUFACTURING OF CHINA (LIAONING) CO., LTD.
	Manufactures LM Guides
	Beldex KOREA Corporation
	Manufactures and sells parts for machines to process hard and brittle board materials, such as glass and optical machines, etc.
	SAMICK THK CO., LTD.
	Manufactures and sells LM Guides



DALIAN THK CO., LTD.



SAMICK THK CO., LTD.



THK MANUFACTURING OF CHINA (WUXI) CO., LTD.



THK MANUFACTURING OF CHINA (LIAONING) CO., LTD.

Japan

Net sales in Japan for FY 2005 rose by 6.3 percent compared to the previous year to 112,200 million yen, setting a new record. THK's forecast, as described in the Medium-Term Management Plan announced during May 2004, was for the electronics industry to enter an adjustment period from the end of 2004 and accordingly, we expected a reduction in demand for THK products and a reduction in revenues for FY 2005 compared to the previous year. However, strenuous sales efforts were made. As a result, the demand trend in general machinery and machine tools was satisfactory, supported by positive demand from the automotive industry. Meanwhile, the depth and duration of the electronics-related adjustment process turned out to be far milder than previously expected. As a result, in contradistinction to earlier estimates of a decline in sales, a new record was set.

In terms of production, THK expected to have some reserve capacity at our manufacturing plants under the original forecast of reduced revenues. Accordingly, we conducted a reorganization of products produced at THK's five domestic plants in order to further improve

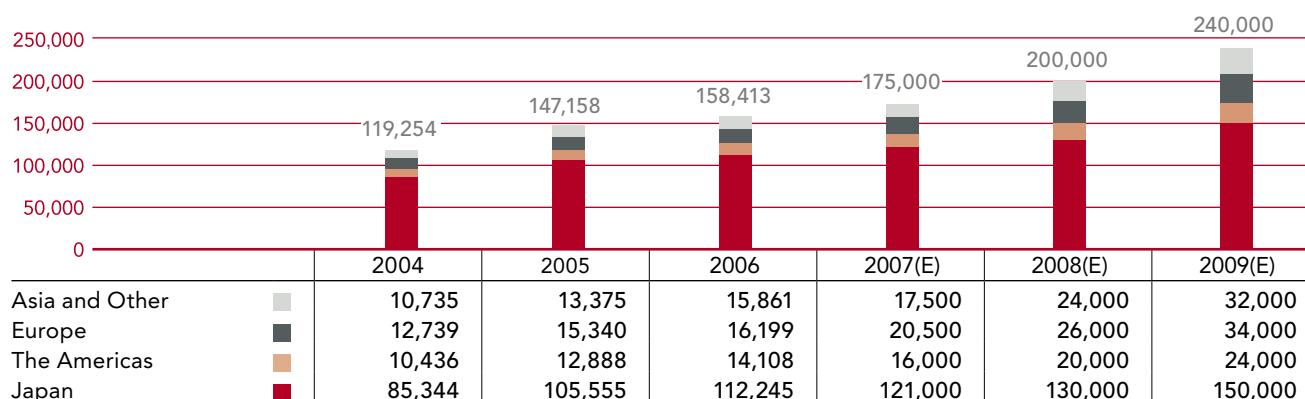
productivity and product quality. As described above, the demand environment took a turn for the better, which in turn meant that the aforementioned reorganization actually took place against a background of rising production. Although there was some limited confusion as a result, THK was able to show steadily strengthening profitability while building a stronger business base for FY 2006 on.

In terms of sales, THK was also able to strengthen its ability to provide problem-solving, proposal-type sales by continuously promoting our TAP1 (THK Advantage Program) activities, a skills-building program for salespeople. The FAI Division strengthened its business relationships with domestic, large automobile manufacturers – a new business area for THK – and as a result was able to increase the number of vehicle types that employ THK products and expand net sales. The ACE Division, responsible for seismic isolation devices, conducted aggressive public relations activities paving the way to expanded future sales. This was also a memorable year for research and development, marking our adoption of electronics-related technology, exemplified by the

Sales by Geographical Region

(Millions of yen)

Years ended March 31



development of THK's first electronically controlled unit product, the Servo Amplifier type TD. In July of 2005, THK concentrated its technological departments and created the Techno Center as a core research and development facility with the goal of improving development times. Additionally, research time has been shortened and designing improved through the introduction of 3D CAD in this new facility.

THK's plans call for domestic net sales of 121,000 million yen in FY 2006, a 7.8 percent increase over the previous year. In order to achieve this plan, we will continue to push our TAP1 activities to strengthen our sales abilities. In addition to creating the third facility at the Yamagata Plant, scheduled to go online in December 2006, we are also expanding the facilities at THK NIIGATA, which are scheduled to go online in February 2007, in response to increasing order inflow. Current plans also call for a Distribution Center to be established in the Gifu Plant and to consolidate the functions of the centers now located in Tokyo and Osaka. We are aggressively tackling the development of electronics technology, to

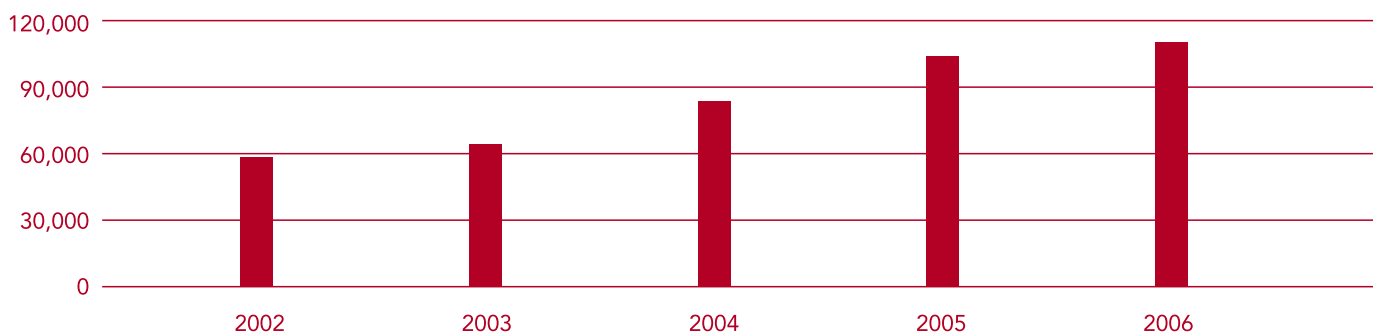
expand the range of needs to which THK is capable of responding. We are working to expand our developing cage embedded product series, including component parts such as the LM Guides and Ball Screws, and at the same time, focus on development of special-use and highly functional products.

We cannot dismiss macro-economic concerns, such as the effect that the slowing of the American economy will have on the Japanese economy. However, on a per-industry basis, Japan's automobile manufacturers continue to make high levels of capital investment and we expect demand from the machine tools sector to remain firm. Additionally, trends in demand from the electronics sector have also been largely bullish after the end of the first quarter of this fiscal year, despite some opacity after the second half of the previous fiscal year. THK will continue to promote aggressive operations in all fields, including sales, production and development, in order to achieve the domestic net sales goal of 150,000 million yen in FY 2010 that we established in our Fiscal 2010 Vision.

Trend in Sales

(Millions of yen)

Years ended March 31



North America



(From left to right)

Junichi Kuwabara

Director

President and Representative Director of
THK Holdings of America, L.L.C.

President and Representative Director of
THK America, Inc.

Nobuyuki Maki

President of THK Manufacturing of America,
Inc.

THK Holdings of America, L.L.C. is a holding company that supervises sales and production companies within North America. Net sales in FY 2005 rose by 7.3 percent compared to the previous year (local currency base) marking a continuous improvement in revenues from the previous period. One external reason for the increase in net sales was the positive tone of the American economy. However, we believe that the increase was primarily due to the unification of production and sales activities between our production subsidiary, THK Manufacturing of America, Inc.

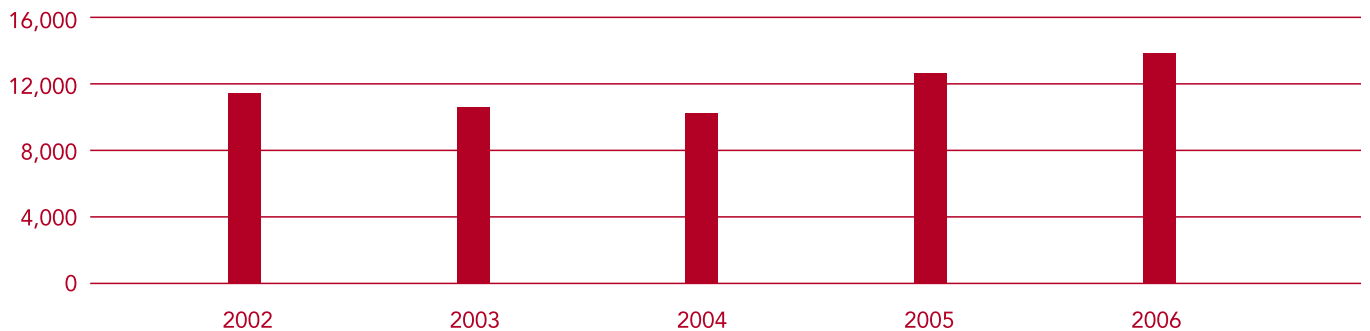
(TMA), and our sales subsidiary, THK America, Inc. Together, they have developed systems and methodologies allowing us to satisfy customers with the products they need at the time they need them. This ability has yielded us a significant competitive edge and increased orders won. Additionally, the operational effect of increased demand on TMA has resulted in a favorable cycle in which product costs have fallen, a synergistic effect of the unification of production and sales. As a result, increases in operating income were also achieved for the second consecutive period. FY 2005 was an important year, bringing to an end the first half of the Fiscal 2010 Vision. It was during this important year that we were able to secure a unified production and sales system in North America in preparation for future growth.

THK America, Inc. is THK's sales subsidiary company in the North American market. Their net sales in FY 2005 increased for the

Trend in Sales

(Millions of yen)

Years ended March 31



second year in a row. One of the primary causes of the increase in net sales was the expansion of business with existing customers. Specifically, we were able to increase our market share among large machine tools manufacturers. Additionally, we were also able to increase the number of automobiles employing our products. Two reasons can be given for these increases. One reason is the improvement in the skills of salespeople through the promotion of THK's unique employee education program, THK Advantage Program. Our salespeople conduct proposal-type sales. They do not simply sell products, but discover the problems that customers are confronted by and after suggesting a plan to solve these problems, have the customers employ our products as a component of the plan. The other reason is the arrangement of a system to supply the products that customers need, when they need it, through improved proficiency in skills at TMA, our production subsidiary, and using this advantage in sales more effectively than other companies. Efforts were also made to cultivate new markets in Canada, Mexico, etc., in preparation for future growth. A sales base has already been established in Canada, sales activities begun and the Canadian market is steadily being developed. Salespeople were deployed to Mexico in 2005 and have begun full-scale cultivation of the Mexican market.

The sales target in North America for FY 2006 is 145 million dollars. Fears of an overall slowdown in the local economy cannot be discounted. However, despite the external environment, THK intends to expand business with current customers and cultivate new markets, and ensure that our targets are achieved.

TMA is the manufacturing arm for LM Guides and Link Balls in North America. In FY 2005, they worked to improve their proficiency in production skills and at the same time, carried out an overall review of their factory layout. As a result, idle time between processes shrunk, production capabilities improved by 20 percent and the factory is now capable of handling increased orders. At the end of 2005, nearly all production equipment was in operation. Based on these conditions, they will further strengthen their efforts to improve productivity in FY 2006. Additionally, they are also planning to strengthen their production capabilities by installing a new LM Guide grinding machine. The local target value for their production ratio continues to be 50 percent. TMA will work to expand their production lineup while striving to improve productivity in the future in order to fulfill their supply responsibilities as the sole manufacturing arm in North America.

Europe



(From right to left)

Tetsuya Hayashida

Director
President and Representative Director of
THK Europe B.V.
President and Representative Director of
THK GmbH
President and Representative Director of
THK France S.A.S.
President and Representative Director of
PGM Ballscrews Ireland Ltd.

Hiroshi Saito

President and Representative Director of
THK Manufacturing of Europe S.A.S.

Net sales in FY 2005 for THK Europe B.V., the holding company that manages THK sales and production companies in Europe, rose by 3.9 percent compared to the previous year (local currency base), setting a new net record high for net sales. Although net sales were supported by external factors such as a gentle recovery in the

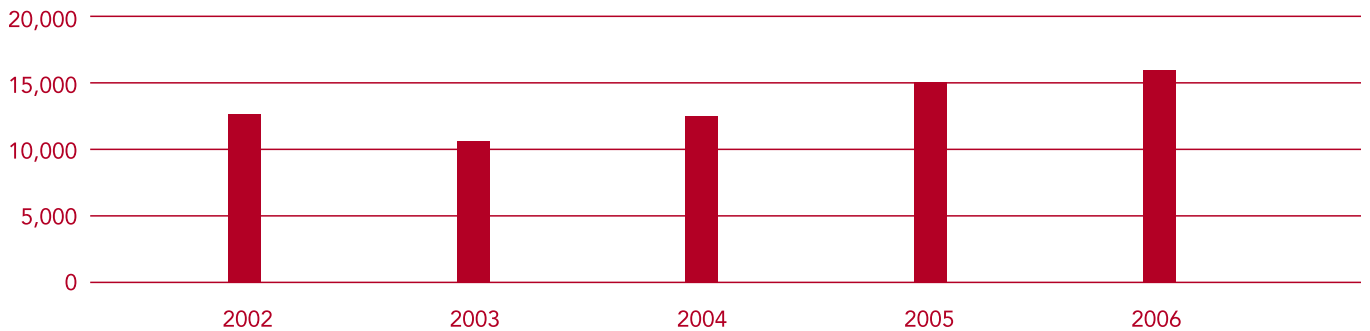
European economy, we believe the rise in net sales is primarily the result of our work to unify production and sales, as in the case of North America. In FY 2005, we were able to further consolidate the unified production and sales system in Europe as well.

Net sales in FY 2005 for THK sales companies in Europe, increased for the third consecutive period, exceeding the previous record high set in FY 2000. In FY 2005, they worked to expand their businesses with existing customers, as in North America, amid the gentle economic recovery in Europe. As a result of their efforts, they achieved an increase in our products' share among machine tools and general machinery manufacturers, the primary customers. In addition to these reasons, another factor for the rise in net sales was an increase in the number of large automobile manufacturers employing our products. We also aggressively cultivated new

Trend in Sales

(Millions of yen)

Years ended March 31



customers in emerging markets, through such measures as organizing an agency network within Russia and strengthening sales support to agencies in the Czech Republic, Poland, and Turkey in preparation for future growth. In November, we received TÜV certification, the technical standard in Germany. As a result, the barriers for local customers employing our products have been reduced, leading to a boost in sales effectiveness. Additionally, we have worked to increase profitability by streamlining distribution and increasing the effectiveness of operations. Net sales in FY 2006 are expected to increase by 20 percent over the previous period to 146 million euros. At the same time, we are also emphasizing the cultivation of new customers in emerging markets, as well as the expansion of business with existing customers, such as large automobile manufacturers to prepare for this planned increase in net sales. We are strengthening sales of unit products manufactured by THK Manufacturing of Europe S.A.S. (TME), a production

subsidiary. We are making all efforts to insert our presence into the European market, a region with a long history of machinery production, while respecting local traditions and cultures, and ensuring that we achieve our goals.

In order to achieve increased productivity, factory improvement efforts have been continued from the previous year into FY 2005 at TME, including multitasking processes, enabling equipment to deal with a variety of products, and optimizing inter-process logistics. As a result, profitability was achieved for the second consecutive year, even after absorbing fixed costs such as increases in employee numbers. As of FY 2005, the local production ratio had risen to approximately 40 percent in Europe. We aim to meet 50 percent of local demand from local production in future and are working to establish systems that meet even the most intricate needs of European customers.

Asia



(From left to right)

Takashi Okubo

Director

President of THK (CHINA) CO., LTD
President of THK MANUFACTURING OF
CHINA (LIAONING) CO., LTD

Toshiyuki Sato

President of THK (SHANGHAI) CO., LTD

Hiroshi Imano

President of THK MANUFACTURING OF
CHINA (WUXI) CO., LTD

Susumu Oogami

President of THK TAIWAN CO., LTD.

Kazushige Ohno

President of DALIAN THK CO., LTD.

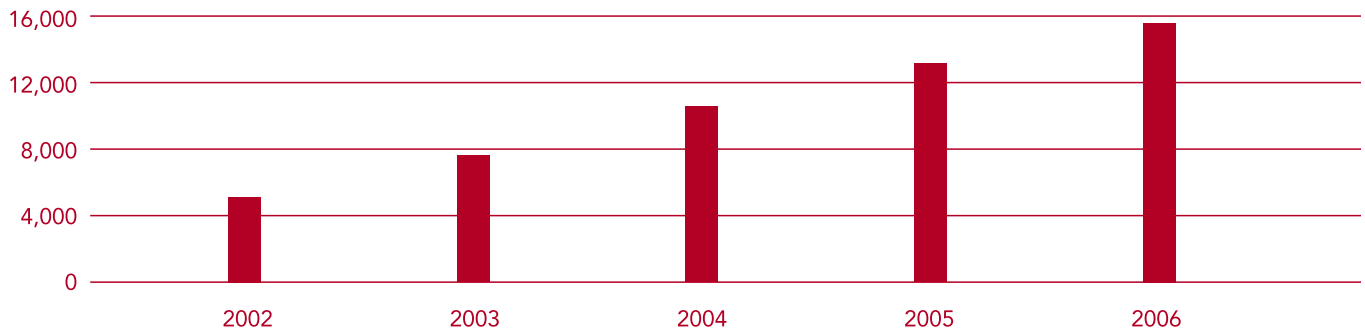
In Asia, we are working to expand our sales and production systems in China, where we have grown rapidly in recent years, as well as continuing the earlier momentum established in Taiwan and South Korea. In 1989, we established THK TAIWAN CO., LTD. as a sales base in Taiwan and in 1991 made an equity participation in, and technological tie-up with, South Korea's SAMICK THK CO., LTD. In 1996, we established DALIAN THK CO., LTD. in Dalian City, China, and began the production and sales of precision Ball Screws and

Actuators. In 2003, we established THK (SHANGHAI) CO., LTD. in Shanghai City. In the next year, 2004, we established THK MANUFACTURING OF CHINA (WUXI) CO., LTD., the first LM Guide manufacturing plant in China, and began shipments in February 2005. Additionally, we established THK MANUFACTURING OF CHINA (LIAONING) CO., LTD. in Dalian City in March 2005, and shipments are scheduled to begin in August 2006. In September 2005, we established THK (CHINA) CO., LTD. as the lead company in China with the goal of strengthening our domestic Chinese sales capabilities and management, increasing the speed at which decisions are made and conducting unified management of common Group functions. As a result, we were able to engage in direct sales in China. We nominated FY 2005 as the period for preparation of a unified production and sales system and at long last, have reached a stage where we can deploy a unified production and sales presence in Asia.

Trend in Sales

(Millions of yen)

Years ended March 31



Net sales for THK TAIWAN CO., LTD. in FY 2005 were approximately the same as the previous year on a local currency basis. A major cause of this is the stagnation of orders from machine tools and general machinery manufacturers due to the effect of China's investment control strategy. Under these circumstances, THK increased its efforts in cultivating new customers and product uses both through direct channels by strengthening tie-ups with agencies and by being proactive in regards to calling on new customers. Regarding new product uses, THK's seismic isolation equipment was evaluated highly by local experts in Taiwan, another earthquake prone nation, opening up a new area for future sales expansion. On the other hand, in spite of stagnant sales, operating income increased to approximately twice that of the previous year, setting a new record. We believe that there is still room for further improvement in the profit margin which may be achieved by rationalizing sales cost while at the same time, expanding sales of low-cost products produced in China.

DALIAN THK CO., LTD. operates a 24 hours per day, 350 days per year production system (four teams working three shifts a day, one team per shift). In FY 2005, the Company invested in new equipment and reviewed their manufacturing process flow. As a result, monthly production capacity increased by roughly 50 percent, and net sales increased by over 30 percent compared to the previous year. Currently, 40 percent of production is for local consumption while 60 percent is exported to Japan. Local demand is excellent and orders are expected to rise to exceed production. DALIAN THK will continue to direct its efforts towards further production improvements as China's Ball Screw production base.

China's first LM Guide production base, THK MANUFACTURING OF CHINA (WUXI) CO., LTD., began product shipments in February 2005. A 24 -hours per day (with three teams on duty) production system was

established in FY 2005, within one year of the start of production and with the aim of establishing a four team rotation system on Saturdays and Sundays in FY 2006. At the same time, efforts have also been made to increase product quality in order to screen out substandard products before shipment. The factory is currently operating at approximately 50 percent capacity. However, in anticipation of increased demand in FY 2006, various improvements are being undertaken at the centers of production, such as having local employees submit at least one idea for improvement each month per group. Improvements are also being made in both product quality and productivity. Additionally, a second factory is being constructed to meet increasing demand in China with an estimated production start date of November 2006. THK MANUFACTURING OF CHINA (WUXI) CO., LTD. will continue to function, with the collective efforts of its employees, as the core of the production base in China and the THK Group.

THK (SHANGHAI) CO., LTD. has carefully identified potential new customers, and as a result, has been able to increase market share in the machine tools sector, leading to increased net sales. Currently, while China is overwhelmingly the world leader of machine tools in terms of consumption value, they still rank only fourth in terms of production value. The local NC ratio has not yet reached 10 percent and we believe that demand for LM Guides will rapidly rise as the production of machine tools in China and the NC ratio increase. Preparations are being made to establish 20 branch offices under THK (CHINA) CO., LTD., established in September 2005, in order to respond to this increasing demand. The plan is to use these branch offices to construct a wide-ranging agency network that will cover the entire country and at the same time, cultivate new customers. Rapid growth is expected in the Chinese market and we will do our best to make use of the strengths of our unified production and sales system to emerge as the leading factor in this area.

New Businesses

FAI Division



Manufacturing and sales of automobile parts that contribute to improved safety.

The FAI Division was launched in 1999 for the purpose of expanding our business with the automobile sector. Currently, the FAI Division supplies Link Balls, primarily used in automobile undercarriages, to automobile manufacturers in Japan, North America and Europe. The number of manufacturers using our products and the types of automobiles using our products have steadily increased. We are establishing a business record with automobile manufacturers using Link Balls as a strategic product while aiming for a future increase in the use of THK's main product, LM Guides, in automobiles. Use of LM Guides as an automobile part is still limited. However, examples of use are slowly increasing. One example is in vehicles designed for the handicapped. Net sales of these vehicles in 2006 are expected to double compared with those of the previous year. These parts are a way to directly contribute to the welfare of society and we are aggressively working to increase their future usage. Net sales for the Division in FY 2005 were approximately 6,000 million yen. By increasing the number of automobile types in which Link Balls are employed and the number of LM Guides and other THK products used, we are aiming for a 20 percent increase in current period net sales compared to the previous period.

ACE Division



Manufacturing and sales of seismic isolation devices that protect people's lives and property from the threat of earthquakes.

ACE Division was launched in 2001 under the basic concept of "technically developing creative living spaces for comfort." The Division manufactures and sells seismic isolation devices that protect life and property from the threat of earthquakes. Net sales for the Division in FY 2005 were approximately 1,000 million yen. Seismic isolation devices are superior to anti-earthquake devices as an earthquake countermeasure. However, no de facto standard technology exists. Accordingly, many different seismic isolation systems exist and construction companies, housing manufacturers, rubber manufacturers, hydraulic equipment manufacturers, etc. are all involved in the market. THK's seismic isolation devices make use of the specific qualities, such as high load capabilities, of our LM Guides and Ball Screws and can be adapted to a variety of buildings, from high-rise residential buildings to single residential homes. We at THK are confident that we are a step ahead in seismic isolation technology for low-rise and light buildings, heretofore considered to be particularly difficult. In the future we will carry out an aggressive public relations campaign to assist construction companies, housing manufacturers and large design firms in understanding THK's seismic isolation technology and at the same time, pour our efforts into sales promotions, such as actively holding seminars and exhibitions, in order to deepen understanding of seismic isolation technology among general consumers.

CAP Project



Developing new markets for THK products as consumer goods.

The CAP Project was launched in 2002 in order to cultivate new markets by commercializing the use of THK products in consumer markets. Although THK's main customers are companies, the CAP Project's aim is to develop its own products that will lead to new opportunities for THK in the future, primarily new products aimed at consumers. In our product development, we make a clear distinction between advanced product development and development that will lead to business opportunities in the near future and promote the rapid transformation of development ideas into actual products. We have already created unique products such as lens shift units in liquid crystal projectors, automobile roof boxes, and refrigerators and slide rails for IH cooking heaters. The markets that we are targeting are the households goods market; the lifestyle goods market, primarily amusement machines; the high-growth robotics market; and the human support automation market where automation is undertaken by electrically-powered equipment, etc. While the 850 million yen in planned net sales for FY 2006 is still on a rather small scale, we are aiming for a 40 percent to 50 percent annual increase in sales through new product development and further promotion of proposal activities.

MRC Center



Development of robots that assist in operations and other cutting edge technologies.

The MRC Center was established in 2000 in order to assist in development of leading-edge technology. Currently there are 10 full-time technicians in the Center working on developments in fields at the leading edge of technology, such as surgical-assistance robots. Through this development, the Center has established close relationships with research institutes at Japan's leading universities, with whom we are now conducting joint-research. Through the Center's activities, THK has been able to foster collaboration between industry and academia. Additionally, we are steadily making progress in the application of surgical-assistance robots through the strengthening of cooperative relationships with large hospitals and medical instrument manufacturers. Surgical-assistance robots will reduce the burden on human bodies and at the same time, allow for precise surgery in a short time frame. There are great market possibilities for such robots. The Center is speeding the process of making these robots practical while at the same time, pouring effort into developing the next-generation products to succeed it.