May 19, 2005

Consolidated Financial Review for the Year Ended March 31, 2005

Company Name:	THK CO., LTD.
Head Office:	Tokyo Japan(Tel:+81-3-5434-0300)
URL:	http://www.thk.com
Stock exchange listing:	Tokyo Stock Exchange 1ST Section
Code number:	6481
President and CEO:	Akihiro Teramachi
Director/General Manager of Corporate Strategy Department:	Kotaro Yoshihara
Date of the board meeting:	May 19, 2005
Application of U.S. GAAP:	None

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

(1) Operating results

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended 3/31/05	147,158	23.4	25,974	60.0	27,646	74.0
Year ended 3/31/04	119,253	26.1	16,231	231.7	15,892	229.2

	Net income		Net income per share	Fully diluted net income per share	Return on equity	Ordinary income to total assets	Ordinary income to sales
	Millions of yen	%	Yen	Yen	%	%	%
Year ended 3/31/05	17,348	102.1	145.31	130.05	14.7	13.5	18.8
Year ended 3/31/04	8,583	353.7	72.27	63.69	8.1	8.3	13.3

Note:
1. Profit/loss on equity method: Year ended 3/31/05: 433million yen
   Year ended 3/31/04: 301million yen
2. Average number of shares of common stock (consolidated) issued:
   Year ended 3/31/05: 118,701,382 shares
   Year ended 3/31/04: 118,090,965 shares
3. Change of accounting policy: None
4. Percentages for net sales, operating income, ordinary and net income indicated changes from the previous term.

(2) Financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
As of 3/31/05	220,007	127,649	58.0	1,067.42
As of 3/31/04	191,105	109,181	57.1	923.35

Note: Number of shares of common stock (consolidated) issued as of
March 31, 2005 119,493,725 shares
March 31, 2004 118,190,473 shares

THK
The Mark of Linear Motion

(3)Consolidated cash flow position

	Cash flow from operating activities	Cash flow from Investing activities	Cash flow from financing activities	Cash and cash equivalents at the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended 3/31/05	22,378	(7,171)	(1,821)	75,987
Year ended 3/31/04	15,735	(3,681)	(27,132)	57,037

(4)Scope of consolidation and application of equity method
Consolidated subsidiaries: 18 companies
Unconsolidated subsidiaries using the equity method: 0 company
Affiliates using the equity method: 1 company

(5)Changes in scope of consolidation and application of equity method
Consolidated companies: Additions: 5 companies Deletions: 1 company
Companies using the equity method: Additions: 0 company Deletions: 1 company

2. Corporate estimates for the year ending March 31, 2006(4/1/05/-3/31/06)

	Net sales	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
Six months ending 9/30/05	73,000	12,500	7,500
Year ending 3/31/06	148,000	25,500	16,000

For reference: Estimate of net income per share for the year ending March 31, 2006: 133.06 Yen
(By forecast average number of shares of common stock year of period)

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

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

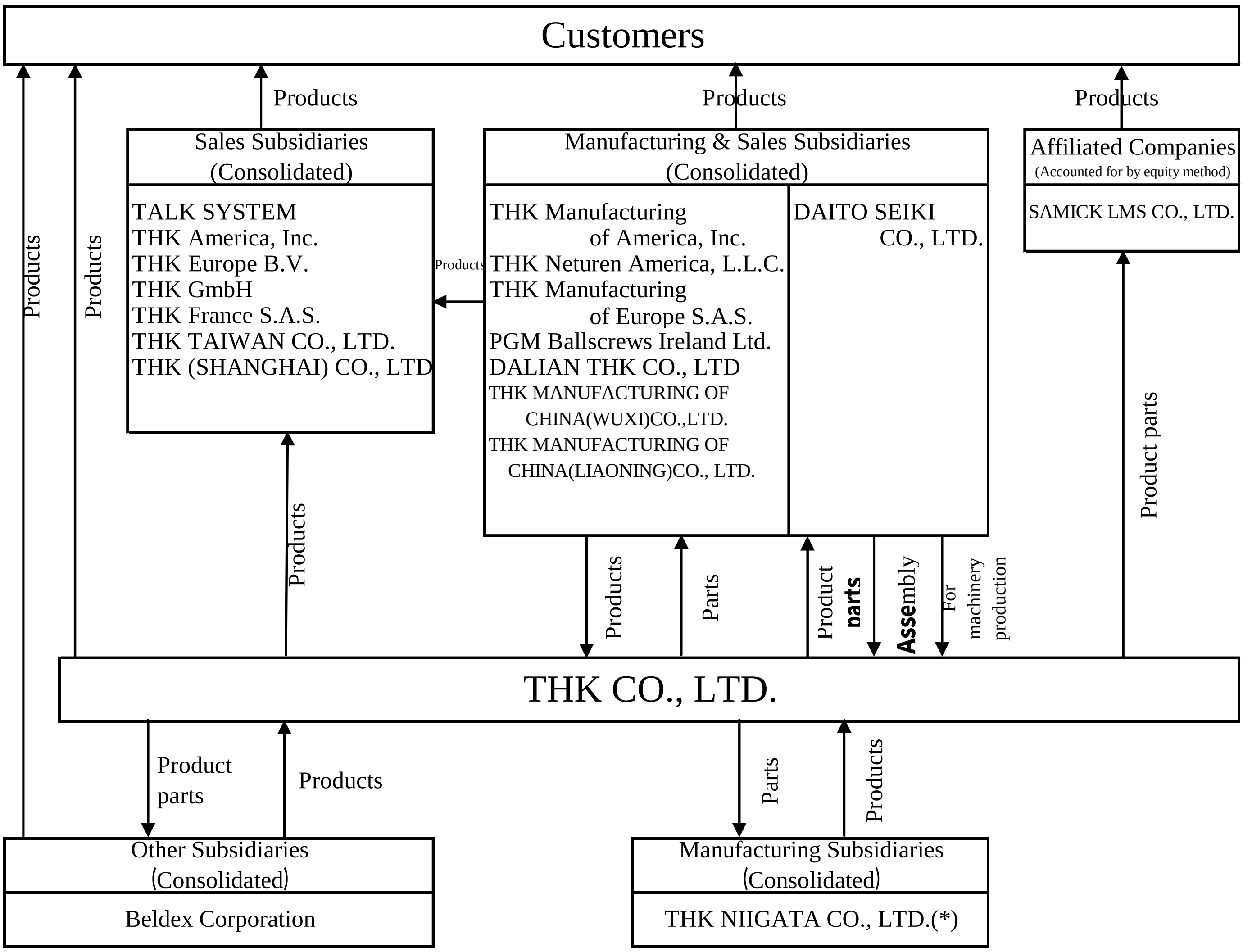
Status of the Corporate Group

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

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

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

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



(*) THK Yasuda Co., Ltd, a consolidated subsidiary has changed its name to THK NIIGATA CO., LTD., effective on July 1, 2004.

Management Policy

(1) Basic Management Policies

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

The company has consistently worked toward technological innovation (it holds 965 domestic and 967 overseas patents and patents pending), and will continue its basic character as a creativity- and development-oriented enterprise. Based on its commitment to producing innovative products, and to creating trends that contribute to society, the company plans to expand its business base and to eventually increase its value by aggressively cultivating new markets and areas, helped by its technologies and products.

(2) Basic Profit-sharing Policies

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

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

(3) Consideration and Policies on Deduction of Investment Units

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

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

(4) Targeted Management Indexes

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

(5) Medium-term Management Strategy

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

The company will aggressively cultivate overseas markets by supplying high-quality products, centering on linear motion guides. To this end, it will strengthen its overseas sales system and focus on establishing a global manufacturing structure that can rapidly respond to local demand, based on the concept that production should be conducted as near as possible to the market of final demand. In this way, it plans to increase its overseas sales ratio to 50 percent from the current 28.3 percent over the long term.

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

(6) Issues to Be Acted Upon

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

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

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

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

(7) Basic Policy of Corporate Governance and Implementation Status

(Basic policy for corporate governance)

To maximize shareholders' interest, the company aims for fair and efficient management by enhancing transparency to shareholders.

(Implementation status of basic policy for corporate governance)

A. Management Bodies of the Company

(i) Outlines

The company adopts an auditor system.

The Board of Directors is composed of 15 members, none of whom are from outside the company. To make clear directors' responsibility for the business management, a term of office has been made to last just for one (1) year.

The company tries to enhance overall management's supervisory capabilities by strengthening the functions of the Corporate Auditors Meeting which is composed of 4 members, two of whom are from outside of the company.

(ii) Directors, Board of Directors, and Management Meeting

The management bodies of the company are basically the Board of Directors and the Meeting of Corporate Auditors meeting the requirement of the Commercial Code of Japan. To help the Board of Directors make strategic and prompter decisions, the company established a Management Meeting as a supreme decision-making body. This Management Meeting makes decisions on basic policies from strategic viewpoint, gathers information from responsible sections necessary for the discussions at the Board meetings, solicits objective opinions from third parties such as lawyers or certified public accountants as needed, and organizes such information and points of discussion to present them to the Board of Directors. The Board of Directors further discusses the management matters based on such information and make final decisions.

(**iii**) Corporate auditors and the Meeting of Corporate Auditors

As above mentioned, the Meeting of Corporate Auditors is composed of 4 members, 2 of whom are from outside of the company. The Meeting of Corporate Auditors was held once every month during the fiscal year ended March 31, 2005. Although no special staff is assigned to the Meeting or to the corporate auditors, business departments such as the Internal Audit Office provide staff services as a part of their responsible jobs. Each auditor attends meetings of the Board of Directors and other important meetings, hears business reports from directors, reviews key decision making documents and investigates businesses and financial standings of head office and major business offices in accordance with the auditing policy and their division of duties. In addition, the auditors of all group companies in Japan hold regular meetings to exchange information on auditing practices.

B. Internal Control System and Risk Management Structure

The company has established the Internal Audit Office, to monitor the correctness of daily operations, and the appropriateness and efficiency of the management of the company and its affiliates at home and abroad. Each of the Environment Management Promotion Office, the Quality Control Department, and Trade Management Office independently check the appropriateness and efficiency of daily operations. Corporate auditors, staff of Internal Audit Office and accounting auditors are trying to exchange business information or opinions from time to time and coordinate with each other.

To promote the management focusing on compliance with laws, rules and regulations, the company makes effort to strengthen the compliance management mainly through the function of the Legal Office. The company formulated a basic management policy hinging on three slogans namely “Value Creation and Contribution to the Society”, “Customer First Services”, and “Compliance with Laws”, and established a Compliance Committee headed by president of the company as a body to promote compliance management. Compliance sub-committees were also formed for each business division to promote compliance activities for them. The company also set up a “THK Helpline” as a so-called whistle-blowing system by which it tries to prevent scandals by promptly finding events violating laws occurring or possible to occur in the company, to achieve sound management, and to establish employment environment where employees can work safely and happily. Further, the company adopts a system to solicit advices which are informative for making business judgment in relation to corporate management and day-to-day operations whenever necessary from several professionals such as lawyers.

Business Performance and Financial Standings

1. Business Performance

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

Although economic optimism has gained momentum in Japan, with increased capital investments driven by improved corporate earnings and recovered personal consumption during the first half of this fiscal period, the pace of recovery has slowed in the latter half because the yen's strength against the US dollar has stalled exports. The global economy remained generally strong, including the economies of Europe and China, although some signs of slowdown have been seen in the US economy, which has been the driving force behind growth.

The company has therefore strengthened its new-product development efforts, and focused on expanding production capacity at home and abroad. It has also worked to improve productivity in Japan and expand production facilities overseas, in the expectation of future increases in demand. The company also worked to enhance its sales capabilities, by aggressively promoting TAP (THK Advantage Program) 1 activities to increase the skills of its salespeople.

The company has made DAITO SEIKI Co., LTD., previously a subsidiary accounted for using the equity method, into a wholly-owned subsidiary through a stock swap as of November 1, 2004, to improve earnings results with quicker decision-making practices and business reconstruction.

Consolidated net sales for the fiscal year ended March 31, 2005, were ¥147,158 million, marking an increase of ¥27,904 million (or 23.4 percent) since the previous fiscal year. The sales-cost ratio improved by 1.8 percent, to 63.6 percent, from the 65.4 percent of the previous consolidated fiscal year, owing to a sharp rise in capacity utilization in domestic plants, as well as to enhanced capacity in overseas plants (which was helped by improved worker skills and an production increase). The cost-to-sales ratio fell by 2.3 percent, from 21.0 percent to 18.7 percent, although sales and general administrative expenses increased ¥2,542 million (or 10.1 percent) year-on-year, due to a rise in personnel expenses that arose from increases in the number of employees overseas and from packing and freight costs. As a result, operating income marked ¥25,974 million, up ¥9,742 million (or 60 percent) from the previous fiscal year. Ordinary income was ¥27,646 million, up ¥11,754 million (or 74 percent) from the previous fiscal year, because of a decline in interest expenses following the repayment of external debts, the generation of foreign exchange profit, and an increase in gains on investment using the equity method. Net income was ¥17,348 million, an increase of ¥8,764 million (or 102.1 percent) from the previous fiscal year.

SUMMARY OF CONSOLIDATED BUSINESS PERFORMANCE *¥ million*

	Year Ended March 31, 2004			Year Ended March 31, 2005		
	Amount	%	Change from 2003	Amount	%	Change from 2004
Net sales	119,253	100.0	26.1%	147,158	100.0	23.4%

	Year Ended March 31, 2004			Year Ended March 31, 2005		
	Amount	%	Change from 2003	Amount	%	Change from 2004
Operating income	16,231	13.6	231.7%	25,974	17.7	60.0%
Ordinary income	15,892	13.3	229.2%	27,646	18.8	74.0%
Net income	8,583	7.2	353.7%	17,348	11.8	102.1%

REFERENCE: SUMMARY OF NON-CONSOLIDATED BUSINESS PERFORMANCE *¥ million*

	Year Ended March 31, 2004			Year Ended March 31, 2005		
	Amount	%	Change from 2003	Amount	%	Change from 2004
Net sales	97,740	100.0	28.7%	120,541	100.0	23.3%
Operating income	16,186	16.6	139.5%	22,973	19.1	41.9%
Ordinary income	16,099	16.5	120.8%	24,069	20.0	49.5%
Net income	8,831	9.0	106.5%	14,510	12.0	64.3%

(2) Segment Information for the Current Consolidated Interim Fiscal Year

Japan:

Sales to makers of electronics-related and special machinery for industrial use (such as machine-tool, semiconductor, and liquid crystal manufacturing-device makers) have remained firm since the beginning of this period. For the latter half of the fiscal year, however, although sales to the electronics-related sector weakened due to a slowdown in demand for digital home appliances, sales to machine-tool makers continued to be strong. Net sales amounted to ¥115,700 million, an increase of ¥21,929 million (or 23.4 percent) from the previous fiscal year. Operating income was ¥23,508 million, up ¥6,810 million (or 40.8 percent) from the previous fiscal year.

North America:

Sales to makers of machine tools, automobiles, semiconductor manufacturing devices, and medical equipment remained firm, helped by strong corporate capital investments and private consumption. Net sales increased by ¥2,477 million (or 24 percent) over the previous fiscal year, to ¥12,818 million, although the yen was stronger against the US dollar than it was a year ago. Operating income rose by ¥1,342 million from the previous fiscal year, to ¥1,128 million, thanks to improvements in the capacity utilization and productivity of THK Manufacturing of America, Inc.

Europe:

Sales to machine-tool, general-machinery, and semiconductor manufacturing device makers continued to be strong, due to a mild economic recovery in the euro zone. Sales in most sectors have continued to be comparatively strong through the second half of the year. Although some signs of slow down have been seen. Net sales increased by ¥2,628 million (or 20.6 percent) over the previous fiscal year, to ¥15,370 million. This is attributed to the increased use of the company's products, the successful cultivation of new customers, and the strength of the yen against the euro. Operating income was ¥526 million, an increase of ¥1,332 million since the previous fiscal year, due to the improvement in capacity utilization and productivity of THK Manufacturing of Europe S.A.S.

Asia and Other Regions:

Sales to machine-tool and general machinery makers, and to electronics industries, were strong, driven mainly by the expanded Chinese market. Net sales were ¥3,268 million, an increase of ¥869 million (or 36.2 percent) from the previous fiscal year. Operating income increased by ¥98 million(191.5 percent) over the previous fiscal year, to ¥150 million, due to strong sales during the second half of the year, despite an increase in sales and administrative expenses that came with systems development to improve business efficiency.

(3) Profit-sharing for the Year Ended March 31, 2005

The company decided to pay a fiscal year-end dividend of ¥10.5 per share, which makes a total of ¥18 paid per share for the whole consolidated fiscal year.

2. Financial Standings

(1) Analysis of Balance Sheets

Total assets for the fiscal year ended March 31, 2005, were ¥220,007 million, up ¥28,902 million from the previous consolidated fiscal year-end. This is due mainly to a rise in net income, and to greatly increased cash, cash equivalents, and fixed assets, caused by the inclusion of DAITO SEIKI CO., LTD., DALIAN THK CO., LTD., THK MANUFACTURING OF CHINA (WUXI) Co., LTD., THK MANUFACTURING OF CHINA (LIAONING) Co., LTD. ,and THK (SHANGHAI) Co., Ltd. as consolidated subsidiaries.

Liabilities also increased by ¥9,836 million from the previous fiscal year-end, to ¥91,402 million. This is mainly because accounts payable increased reflecting increased sales.

Shareholders equity rose by ¥18,468 million from the previous fiscal year-end, to ¥127,649 million, attributed to an increase in net profit and an increase of ¥1,689 million in capital surplus caused by the stock swap with Daito Seiki.

(2) Analysis of Statements of Cash Flows

Cash Flows from Operating Activities:

Income before income taxes and other taxes marked an increase of ¥11,324 million from the previous consolidated fiscal year, to ¥26,845 million, although cash used in operating activities increased ¥7,053 million over the previous year to ¥9,499 million, due to an increase in corporate taxes. As a result, net cash gained by operating activities increased ¥6,642 million, to ¥22,378 million.

Cash Flows from Investing Activities:

Net cash used in investment activities was ¥7,171 million, up ¥3,490 million over the previous fiscal year, because expenditures to acquire fixed assets (such as for the construction of a new Gifu Plant building) grew by ¥1,857 million year-on-year, to ¥6,963 million, while gains on sales of investment securities were ¥3 million, down ¥1,790 million from the previous year.

Cash Flows from Financing Activities:

Net cash used in financing activities was ¥1,821 million, due to the progress of debt payment, although decreased by ¥25,310 million from the previous interim fiscal year. As a result, the outstanding balance of cash and cash equivalents increased over that of the previous fiscal year by ¥18,950 million during the current fiscal year, to ¥75,987 million.

(3) Analysis of Cash Flow Indices

	FY2002	FY2003	FY2004	FY2005
Equity ratio	57.7%	53.0%	57.1%	58.0%
Equity ratio on mark-to-market basis	166.1%	70.2%	127.1%	117.6%
Debt redemption years	17.3 years	3.9 years	2.4 years	1.7 years
Interest coverage ratio	x3.1	x18.0	x31.9	x137.6

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

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

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

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

- The above 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.
- Cash flows provided by operating activities are used for cash flows.
- Corporate bonds with non-interest-bearing warrants and bills discounted are included in interest-bearing debts.

3. Earnings Projections

(1) General Earnings Projections for the Fiscal Year Ending March 31, 2005

Concerns are emerging that sharply rising prices of raw materials (such as crude oil) may have an adverse impact on the global economy. The US economy is expected to moderately slow down when interest rates rise and the effect of tax cuts ends, although personal consumption and employment conditions are moving upward. The European economy is also forecasted to slow down, affected by the trends in the US, but the economy in Asia will remain firm, helped by the expanding Chinese economy. The Japanese economy is expected to moderately recover in the second half of 2005, although foreign exchange rate fluctuations, a slowdown in personal consumption, and a slowdown in corporate capital investments are anticipated.

Under these circumstances, the group will build a stronger operating base by capitalizing on its tetra-lateral production and distribution systems covering Japan, North America, Europe, and Asia-Pacific, focusing on the achievement of three goals: formulation and promotion of global strategies; continued expansion in newly developing markets; and creation of systems sensitive to demand fluctuations.

The company projects to post a ¥148,000 million in net sales (up 0.6 percent year-on-year), a ¥24,500 million in operating income (down 5.7 percent year-on-year), a ¥25,500 million in ordinary income (down 7.8 percent year-on-year) and a ¥16,000 million in net income (down 7.8 percent year-on-year) for the fiscal year ending March 31, 2006.

CONSOLIDATED EARNINGS PROJECTIONS FOR FISCAL YEAR ENDING MAR. 31, 2006 *¥ million*

	Consolidated			Non-consolidated		
	Amount	%	Change from 2003	Amount	%	Change from 2004
Net sales	148,000	100.00	0.6%	120,000	100.0	(0.4%)
Operating income	24,500	16.6	(5.7%)	20,000	16.7	(12.9%)
Ordinary income	25,500	17.2	(7.8%)	20,500	17.1	(14.8%)
Net income	16,000	10.8	(7.8%)	11,700	9.8	(19.4%)

(2) Dividends Projection for the Full Fiscal Year Ending March 31, 2006

The company plans to pay ¥18 per share, the same amount as for the current fiscal year, as dividends for the full fiscal year ending March 31, 2006 (interim dividends of ¥9).

Note: The annual average foreign exchange rate of ¥105 per US$1 and ¥135 per €1 is used to calculate earnings projections for the fiscal year ending March 31, 2006.

Consolidated Balance Sheets

(Millions of yen)

Account Items	As of March 31, 2004			As of March 31, 2005		
	Amount		%	Amount		%
Assets			%			%
Current assets :						
Cash on hand and in banks		56,550			75,842	
Notes and accounts receivable-trade		46,285			49,604	
Short-term investments in securities		516			144	
Inventories		23,108			24,208	
Deferred tax assets		2,667			3,040	
Short-term loans		173			102	
Other		1,722			1,495	
Less: Allowance for doubtful debts		(317)			(253)	
Total current assets		130,706	68.4		154,185	70.1
Fixed assets :						
Tangible fixed assets						
Buildings and structures	29,160			35,547		
Accumulated depreciation	14,214	14,946		16,748	18,799	
Machinery, equipment and vehicles	62,314			68,581		
Accumulated depreciation	46,720	15,593		50,360	18,220	
Land		10,168			11,446	
Construction in progress		726			3,299	
Other	8,474			9,307		
Accumulated depreciation	6,927	1,546		7,578	1,728	
Total tangible fixed assets		42,982	22.5		53,494	24.3
Intangible fixed assets		1,482	0.8		1,239	0.6
Investments and other						
Long-term investments in securities		8,134			6,668	
Deferred tax assets		1,474			1,095	
Other		6,750			3,748	
Less: Allowance for doubtful debts		(425)			(424)	
Total investments and others		15,933	8.3		11,088	5.0
Total fixed assets		60,398	31.6		65,822	29.9
Total assets		191,105	100.0		220,007	100.0

(Millions of yen)

Account Items	As of March 31, 2004		As of March 31, 2005	
Liabilities		%		%
Current liabilities :				
Notes and accounts payable – trade	24,219		25,391	
Current portion of long-term debt	—		186	
Corporate income taxes payable and other	6,482		6,685	
Accrued for bonuses	1,433		2,094	
Other	8,182		11,999	
Total current liabilities	40,318	21.1	46,356	21.1
Long-term liabilities :				
Bonds	15,000		15,000	
Bonds with stock acquisition rights	23,000		23,000	
Long-term debt	—		350	
Allowance for retirement and severance benefits	1,631		2,106	
Allowance for directors' and auditors' retirement benefits	1,315		—	
Consolidation adjusting account	—		2,916	
Other	300		1,671	
Total long-term liabilities	41,247	21.6	45,045	20.5
Total liabilities	81,565	42.7	91,402	41.6
Minority interests				
Minority interests	357	0.2	955	0.4
Shareholders' equity				
Common stock	23,106	12.0	23,106	10.5
Capital surplus	30,962	16.2	32,651	14.8
Earned surplus	55,836	29.2	71,130	32.3
Valuation adjustment for marketable securities	721	0.4	1,041	0.5
Foreign currency translation adjustments	(120)	(0.0)	327	0.2
Treasury stock	(1,324)	(0.7)	(607)	(0.3)
Total shareholders' equity	109,181	57.1	127,649	58.0
Total liabilities, minority interests, and shareholders' equity	191,105	100.0	220,007	100.0

Consolidated Statements of Income

(Millions of yen)

Account Items	Year ended March 31, 2004			Year ended March 31, 2005		
	Amount		%	Amount		%
Net sales		119,253	100.0		147,158	100.0
Cost of sales		77,932	65.4		93,551	63.6
Gross profit		41,321	34.6		53,606	36.4
Sales, general and administrative expenses						
Packaging and transportation	2,073			2,447		
Advertising and promotions	710			785		
Provision for doubtful accounts	33			—		
Salaries and allowances	8,732			9,278		
Provision for employee bonuses	516			731		
Retirement expenses	148			172		
Provision for directors' bonuses	121			29		
Rental expenses	1,694			1,803		
Depreciation and amortization	603			740		
Research and development	2,520			2,685		
Other	7,935	25,090	21.0	8,959	27,632	18.7
Operating income		16,231	13.6		25,974	17.7
Non-operating income						
Interest income	121			228		
Dividend income	26			52		
Foreign exchange gain	—			362		
Amortization of consolidation adjusting account	—			324		
Equity in earnings of unconsolidated subsidiaries and affiliates	301			433		
Rental income	159			168		
Others	461	1,070	0.9	484	2,054	1.4
Non-operating expenses						
Interest expenses	493			162		
Foreign exchange loss	580			—		
Others	336	1,409	1.2	219	381	0.3
Ordinary income		15,892	13.3		27,646	18.8

(Millions of yen)

Account Items	Year ended March 31, 2004			Year ended March 31, 2005		
	Amount		%	Amount		%
Extraordinary income						
Gain on sales of property, plant and equipment	33			177		
Gain on sales of investment securities	35			—		
Reversal of allowance for doubtful debts	—			1		
Reversal of allowance for directors' retirement benefits	—	68	0.1	47	226	0.1
Extraordinary loss						
Loss on sales of property, plant and equipment	102			91		
Loss on disposals of property, plant and equipment	218			287		
Loss on liquidation of subsidiary company	99			—		
Loss on arrangement of subsidiary company	—			649		
Others	19	439	0.4	—	1,028	0.7
Net income before tax adjustment		15,520	13.0		26,845	18.2
Income taxes – current	7,265			9,510		
Income taxes – deferred	(338)	6,926	5.8	(67)	9,442	6.4
Minority interest in income of consolidated subsidiaries		10	0.0		54	0.0
Net income		8,583	7.2		17,348	11.8

Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2004	Year ended March 31, 2005
Cash flows from operating activities:		
Income before income tax and minority interests	15,520	26,845
Depreciation and amortization	5,566	5,657
Loss on sales or disposal of property, plant and equipment	287	200
Loss on liquidation of subsidiary company	99	—
Loss on arrangement of subsidiary company	—	649
Increase (decrease) in provisions	338	(716)
Interest and dividend income	(147)	(281)
Interest expenses	493	162
Foreign exchange gain (loss)	108	(167)
Equity in earnings of unconsolidated subsidiaries and affiliates	(301)	(433)
Amortization of consolidating adjustments	—	(324)
Decrease (increase) in notes and accounts receivable	(11,293)	(3,202)
Decrease (increase) in inventories	395	14
Increase (decrease) in notes and accounts payable	7,337	3,098
Other	78	227
Subtotal	18,484	31,729
Interest and dividend income received	192	339
Interest expenses paid	(495)	(191)
Income taxes paid or reclaimed.	(2,446)	(9,499)
Net cash provided by operating activities	15,735	22,378
Cash flows from investing activities :		
Increase in time deposits due over three months	—	30
Proceeds from sales of short-term investments in securities	907	—
Payments for purchases of property, plant and equipment	(5,105)	(6,963)
Proceeds from sales of property, plant and equipment	81	215
Payments for purchases of long-term investment securities	(309)	(475)
Proceeds from sales of long-term investment securities	1,793	3
Increase in loans	(1,183)	(400)
Collection of loans	135	418
Net cash provided by investing activities	(3,681)	(7,171)
Cash flows from financing activities :		
Increase (decrease) in short-term debt	(3,303)	—
Repayment of long-term debt	(3,598)	(36)
Redemption of bonds	(17,334)	—
Cash dividends	(1,784)	(1,771)
Purchase of treasury stock	(1,111)	(14)
Other	0	0
Net cash provided by financing activities	(27,132)	(1,821)
Effect of exchange rate change on cash and cash equivalents	(418)	(41)
Net increase in cash and cash equivalents	(15,496)	13,343
Cash and cash equivalents at the beginning of the period	72,533	57,037
Increase in cash and cash equivalents due to initial inclusion of consolidated subsidiary	—	5,622
Decrease in cash and cash equivalents due to exclusion of consolidated subsidiary	—	(15)
Cash and cash equivalents at the end of the period	57,037	75,987

Consolidated Statements of Retained Earnings

(Millions of Yen)

Account Items	Year ended March 31, 2004		Year ended March 31, 2005	
	Amount		Amount	
Capital Surplus				
Capital surplus at the beginning of the period		30,962		30,962
Increase in capital surplus				
Gain on disposition of treasury stocks	—		688	
Increase in capital surplus due to an increase in the number of consolidated subsidiaries	—	—	1,000	1,689
Capital surplus at the end of the period		30,962		32,651
Retained earnings				
Retained earnings at the beginning of the period		48,686		55,836
Increase in retained earnings				
Net income	8,583		17,348	
Increase in retained earnings due to an increase in the number of consolidated subsidiaries	378	8,962	—	17,348
Decrease in retained earnings				
Dividends	1,782		1,772	
Bonuses to directors	30		50	
(bonuses to auditors)	(4)		(7)	
Decrease in retained earnings due to an increase in the number of consolidated subsidiaries	—	1,812	232	2,054
Retained earnings at the end of the period		55,836		71,130

Basis for Preparing Interim Consolidated Financial Statements

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 18

TALK SYSTEM CORPORATION; Beldex Corporation; THK NIIGATA CO., LTD.; DAITO SEIKI CO., LTD.; THK Holdings of America L.L.C.; THK America Inc.; THK Manufacturing of America Inc.; THK Neturen America L.L.C.; THK Europe B.V.; THK GmbH; THK Manufacturing of Europe S.A.S.; THK France S.A.S.; PGM Ballscrews Ireland Ltd.; THK TAIWAN CO. LTD.; THK (SHANGHAI) CO.,LTD.; DALIAN THK CO.,LTD.;THK MANUFACTURING OF CHINA(WUXI)CO.,LTD.;
THK MANUFACTURING OF CHINA(LIAONING) CO., LTD.

(Newly consolidated subsidiaries): 5

DAITO SEIKI CO.,LTD. ; THK (SHANGHAI) CO., LTD.; DALIAN THK CO., LTD.; THK MANUFACTURITNG OF CHINA (WUXI) CO., LTD.; THK MANUFACTURING (LIAONING) Co., Ltd.

DAITO SEIKI CO.,LTD., which had been a subsidiary accounted for using equity method, became a wholly owned subsidiary through a stock swap, and therefore is included in consolidated subsidiaries from the current fiscal year.

THK (SHANGHAI) CO., LTD., DALIAN THK CO., LTD., and THK MANUFACTURING OF CHAINA(WUXI) Co., LTD. are included in consolidated subsidiaries from the current fiscal year as their significance increased.

THK MANUFACTURING OF CHINA (LIAOMING) CO.,was newly established during the current fiscal year, and therefore it is included in consolidated subsidiaries.

(Excluded from consolidated subsidiaries) : 1

Liquidation has started for PGM Ballscrews Ltd. during the current fiscal year and there is no more effective dominance and subservient relationship, and therefore it was excluded from consolidated subsidiaries.

(2) Main unconsolidated subsidiaries: Nippon Slide CO., LTD.

(3) Reasons for excluding unconsolidated subsidiaries from the consolidation:

The unconsolidated subsidiaries are small, and their total assets, sales, net incomes (corresponding to equity portion), and retained earnings (corresponding to equity portion), have no material effect on the company’s consolidated financial statements.

2. Use of the Equity Method

(1) Number of affiliated companies accounted for using the equity method: 1

SAMICK LMS CO., LTD.

(Excluded from subsidiaries accounted for using equity method): 1

DAITO SEIKI CO., LTD. became a wholly owned subsidiary in the current fiscal year through stock swap, and therefore it is excluded from subsidiaries accounted for using equity methods.

(2) Names of main unconsolidated subsidiaries and affiliated companies not accounted for using the equity method:

Unconsolidated Subsidiary: Nippon Slide CO., LTD.
Affiliated company: SANKO MFG. CO, LTD.

(3) Reason for excluding unconsolidated subsidiaries from those subject to the equity method:

Net income (corresponding to equity portion) and retained earnings (corresponding to equity portion) of these subsidiaries have no material effect on the company’s interim consolidated statements, and they are of no importance as a whole, even though they are not accounted for using the equity method.

3. Fiscal Years of consolidated subsidiaries

The following consolidated subsidiaries' fiscal year-ends are on December 31.

THK Holdings of America L.L.C.; THK America, Inc.; THK Manufacturing of America, Inc.; THK Neturen America L.L.C.; THK Europe B.V.; THK GmbH; THK Manufacturing of Europe S.A.S.; THK France S.A.S.; PGM Ballscrews Ireland Ltd.; THK TAIWAN CO. LTD; THK (SHANGHAI) CO., LTD.; DALIAN THK CO., LTD.; THK MANUFACTURING OF CHINA (WUXI) CO., LTD.; THK MANUFACTURING OF CHINA(LIAONING) CO., LTD..
Adjustments have been made for significant transactions between subsidiaries' fiscal year-ends and December 31.

4. Summary of Significant Accounting Policies

(1) *Evaluation of significant assets*

Securities:

i. Other securities

Marketable Securities: Stated at market value at the fiscal year-end (valuation gains and losses are included in shareholders' equity, net of taxes, and costs of sales are calculated using the moving-average method).

Non-marketable Securities: Stated at costs determined using the moving-average method.

ii. Inventories

Company name	Asset Evaluation Method	Evaluation Standard
THK CO., LTD.	Mainly weighted average method	Cost method
TALK SYSTEM CORPORATION	Mainly weighted average method	Cost method
THK NIIGATA CO., LTD.	Mainly weighted average method	Cost method
Beldex Corporation	Mainly actual cost method	Cost method
DAITO SEIKI CO., LTD.	Mainly actual cost method	Cost method
THK America Inc.	First-in-first-out method	Lower of cost or market
THK Manufacturing of America Inc.	First-in-first-out method	Lower of cost or market
THK Neturen America L.L.C.	First-in-first-out method	Lower of cost or market
THK Europe B.V.	Moving average method	Lower of cost or market
THK Manufacturing of Europe S.A.S.	Mainly weighted average method	Cost method
THK France S.A.S.	Moving average method	Lower of cost or market
THK GmbH	Moving average method	Lower of cost or market
PGM Ballscrews Ireland Ltd.	First-in-first-out method	Lower of cost or market
THK TAIWAN CO. LTD.	Moving average method	Lower of cost or market
THK (SHANGHAI) CO., LTD.	First-in-first-out method	Lower of cost or market
DALIAN THK CO., LTD.	Moving average method	Lower of cost or market
THK MANUFACTURING OF CHINA (WUXI) CO., LTD.	Moving average method	Lower of cost or market

(2) Method of depreciation and amortization

i. Tangible Fixed Assets

The tangible fixed assets of the company and its domestic subsidiaries are depreciated using the declining-balance method, and those of overseas consolidated subsidiaries are depreciated using either the straight-line method or the accelerated depreciation method, depending on their local accounting standards. The amount of depreciation for buildings (excluding fixtures to buildings) acquired on and after April 1, 1998, by the company and its domestic subsidiaries is estimated using the straight-line method.

The useful lives of main properties are as follows:

Buildings and structures	5–50 years
Machinery, equipment, and vehicles	4–10 years

ii. Intangible Fixed Assets

The straight-line method is used by the company and its consolidated subsidiaries. Software costs for their internal use are amortized using the straight-line method over their estimated useful lives (5 years).

The intangible fixed assets of overseas consolidated subsidiaries are amortized using the declining-balance method, based on their local accounting standards.

(3) Accounting standards for major allowances

i. Allowance for doubtful receivables

To prepare for possible losses caused by irrecoverable money claims at the fiscal year-end, the company and its subsidiaries provide allowances as follows:

For general credit claims, allowance is provided for the amount calculated based on the past credit loss experience, and for specifically doubtful credit claims, allowance is provided for the estimated uncollectible amount based on the collectibility assessment for individual credit claims.

Overseas consolidated subsidiaries provide allowances for the amounts they deem necessary, considering the collectibility of specific doubtful credit claims.

ii. Allowance for bonuses

Allowance for employee bonuses is provided in provisions for payment of bonuses to employees in the amount of estimated bonuses, which are attributable to the current consolidated fiscal year.

iii. Allowance for employees' retirement benefits

Allowance for employee retirement benefits is provided in provision for payment of retirement benefits to employees in the amount deemed accrued at the end of the current interim consolidated fiscal year, based on the projected retirement benefit obligation and fair value of plan assets at this fiscal year end.

Unrecognized net actuarial difference is amortized using the straight-line method over a number of years (usually 5-10 years) within the employees' average remaining employment period, commencing from the next fiscal year in which they arise (stated as either income or expense in the statement of income).

iv. Allowance for directors' and auditors' retirement benefits

Although an allowance had been provided for the amount the company would have to pay at the end of the fiscal year, which is estimated in accordance with internal regulations, the system to pay retirement benefits to directors and auditors was abolished effective as of June 26, 2004 when a regular shareholders' meeting was held. A difference in the amount of ¥ 47 million between the benefit amount actually paid and the outstanding balance of this allowance as of the abolishment date were included in a "reversal of allowance for directors' retirement benefit" of extraordinary income and a ¥ 981million, the unpaid defined benefits, was stated in "Other" of long-term liabilities account.

(4) Accounting for major lease transactions

Finance lease transactions, excluding those in which the ownership of the leased properties is transferred to the lessee, are accounted for in the same manner as operating leases.

(5) Hedge accounting

i. Method of hedge accounting

Interest swap transactions meet the requirement of special treatment, and are accounted for accordingly.

Currency swap transactions meet the requirement of allocation treatment, and are accounted for accordingly.

ii. Hedging instruments and hedged items

Hedging instrument	Hedged items
Interest swap transaction	Interest fluctuation of money borrowed
Currency swap transaction	Foreign currency denominated money claims

iii. Hedging policy	The company uses interest related hedge accounting for the purpose of hedging risks for interest rate fluctuation for borrowings. The company uses currency related hedge accounting for the purpose of fixing cash flows related to the collection of principal and interest on loans.
iv. Assessment method for the effectiveness of hedges	The company omits the assessment of the effectiveness for interest swap transactions, because they meet the requirement of special treatment. Further, the company also omits the assessment of the effectiveness of hedges for currency swap transactions, because the significant terms and conditions for such transactions and for hedged assets are identical, and are assumed beforehand to offset exchange rate risks and cash flow fluctuations continuously from the time hedging is initiated.

(6) Other significant items to prepare interim consolidated financial statements

Consumption taxes	Consumption taxes are excluded from the transaction amounts.

5. Assessment of Assets and Liabilities of Consolidated Subsidiaries

General market value method is adopted to assess assets and liabilities of consolidated subsidiaries.

6. Amortization of Consolidation Adjusting Account

Consolidation adjusting account is amortized in five year installment.

7. Appropriation of Retained Earnings

Consolidated statement of retained earnings is prepared base on the appropriation of retained earnings finalized during the period of this fiscal year.

8. Scope of Funds Stated in the Interim Consolidated Statements of Cash Flows

The funds (cash and cash equivalents) stated in the consolidated statements of cash flows are composed of cash on hand, bank deposits that can be withdrawn on demand, and short-term investments with original maturities of up to three months that are exposed to minor value fluctuation risk.

Additional Information

With the enactment of the "Revision of the Local Tax Law" (Law No.9, 2003) on March 31, 2003, certain basis of enterprise taxes imposed on the company were changed to "amount of added value" and "amount of capital" effective the consolidated fiscal year beginning April 1, 2004. As a result, effective this semi-annual consolidated fiscal period, the company included the enterprise taxes based on "amount of added value" and "amount of capital" in "Sales and general administrative expenses" on the semi-annual consolidated statement of income pursuant to "Practical Treatment for Presentation of External Standards Taxation portion of Enterprise Taxes in the Statement of Income" (Accounting Standards Board, Practical Report of Practical Issues No.12). As a result, sales and general administrative expenses increase **305** million yen operating income, ordinary income and profit before taxes decreased by the same amount.

Notes

(Consolidated Balance Sheets)

(Millions of Yen)

	March31, 2004	March31, 2005
Stocks of unconsolidated subsidiaries and affiliated companies	4,404	1,830
Assets pledged		
Tangible fixed assets	—	1,438
Liabilities for guarantees	263	—

(Consolidated Statements of Cash Flow)

1. Relationships of outstanding balance of cash and cash equivalents as of the end of the period and the amounts of account items stated in the consolidated balance sheets.

(Millions of Yen)

	March31, 2004	March31, 2005
Cash on hand and in banks	56,550	75,842
Securities	516	144
Total	57,067	75,987
Time deposits (term exceeding three months)	(30)	—
Cash and cash equivalent	57,037	75,987

(Lease Transactions)

Data on lease transactions is omitted, because they have been disclosed via EDINET

(Segment Information)

1. Business Segment Information

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

2. Geographic Segment Information

For fiscal year ended March 31, 2004

(Millions of Yen)

	Japan	America	Europe	Asia and other	Total	Eliminations of corporate	Consolidated
Net Sales							
To customers	93,771	10,341	12,742	2,399	119,253	—	119,253
Inter-segment	12,654	53	117	—	12,824	(12,824)	—
Total	106,425	10,394	12,859	2,399	132,078	(12,824)	119,253
Operating expenses	89,727	10,608	13,665	2,347	116,348	(13,326)	103,022
Operating income (loss)	16,698	(214)	(805)	51	15,729	501	16,231
Assets	180,711	13,316	17,768	1,734	213,531	(22,426)	191,105

For fiscal year ended March 31, 2005

(Millions of Yen)

	Japan	America	Europe	Asia and other	Total	Eliminations of corporate	Consolidated
Net Sales							
To customers	115,700	12,818	15,370	3,268	147,158	—	147,158
Inter-segment	15,680	34	133	—	15,847	(15,847)	—
Total	131,380	12,853	15,503	3,268	163,006	(15,847)	147,158
Operating expenses	107,871	11,724	14,977	3,118	137,692	(16,508)	121,184
Operating income	23,508	1,128	526	150	25,313	660	25,974
Assets	200,778	15,147	18,730	2,453	237,109	(17,102)	220,007

Note:

- Classification of countries and regions is based on geographical proximity.
- Main countries and areas belonging to each classification are as follows.
  - *Americas:* United States of America and other countries
  - *Europe:* Germany, UK, Netherlands, and other countries
  - *Asia and others:* South Korea, Taiwan and other countries
- Of assets, figures stated in the “Elimination” represent surplus funds invested (time deposits, short-term loans) and long-term investments (investment securities and other investments) of which amounts were ¥8,292 million and ¥12,905 million for fiscal 2004 and 2005 respectively.

3. Overseas Sales

For fiscal year ended March 31, 2004

(Millions of Yen)

	Americas	Europe	Asia and others	Total
Overseas sales	10,436	12,739	10,734	33,910
Consolidated net sales				119,253
Overseas sales as a percentage of consolidated net sales	8.7%	10.7%	9.0%	28.4%

For fiscal year ended March 31, 2005

(Millions of Yen)

	Americas	Europe	Asia and others	Total
Overseas sales	12,888	15,340	13,374	41,603
Consolidated net sales				147,158
Overseas sales as a percentage of consolidated net sales	8.8%	10.4%	9.1%	28.3%

Note:

- Classification of countries and regions is based on geographical proximity.
- Main countries and areas belonging to each classification are as follows.
  - *Americas:* United States of America and other countries
  - *Europe:* Germany, UK, Netherlands, and other countries
  - *Asia and others:* 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.

(Transactions with related parties)

For fiscal year ended March 31, 2004

1. Parent company, major corporate shareholders, and others
There is no relevant transaction.

2. Directors, major individual shareholders and others.
There is no relevant transaction.

3. Subsidiaries

Category	Name	Address	Capital or investment	Businesses or occupations	Voting equity owned or controlled	Relationship		Nature of dealings	Amount	Account item	Balances at end of period
						Directorship, and similar	Operations and similar				
			¥ million						¥ million		¥ million
Affiliated company	Daito Seiki Co., LTD.	Shinagawa -ku , Tokyo	4,255	Manufacture and sales of machinery component devices and sale of machinery component parts	Directly 33.44% Indirectly 0.34%	6 persons (5 persons are employees of THK)	Manufacture and processing of THK's products, purchase of machinery and equipment	Processing of THK's products (*1)	3,544	Notes and accounts payable	2,149

(*1) Although the amount of transactions with DAITO SEIKI CO., LTD. do not include consumption taxes, outstanding balance of notes and account payable as of the period end include consumption taxes.

Dealing conditions and policy for determining such conditions

(*1) For the purchase of products from DAITO SEIKI., LTD., conditions for the purchase of specific DAITO's products are determined through its domestic distribution agents and those for products or parts THK request DAITO to manufacture are determined after the review of DAITO's total cost of production as well as prices quoted by subcontractors of THK.

4. Fellow subsidiaries
There is no relevant transaction.

For fiscal year ended March 31, 2005

1. Parent company, major corporate shareholders, and others
There is no relevant transaction.

2. Directors, major individual shareholders and others.
There is no relevant transaction.

3. Subsidiaries
There is no relevant transaction.

4. Fellow subsidiaries
There is no relevant transaction.

(Tax-effect accounting)

1. Significant components of deferred tax assets and liabilities

(Millions of Yen)

	As of March 31, 2004	As of March 31, 2005
(Deferred tax assets)		
Inventory valuation	1,039	1,070
Allowance for employee bonuses	570	887
Allowance for retirement and severance benefits	575	784
Software	685	541
Enterprise tax payable	557	464
Unrealized profit on inventories	483	407
Allowance for directors' & auditors' retirement benefits	535	—
Director's retirement benefits payable	—	399
Operating loss carry forward	218	268
Allowance for doubtful debts	408	250
Valuation losses on investment securities	90	92
Others	850	959
Subtotal of deferred tax assets	6,016	6125
Valuation reserve	(884)	(851)
Total deferred tax assets	5,131	5,274
(Deferred tax liabilities)		
Unrealized loss on marketable securities	(492)	(712)
Unrealized gain/loss on land	—	(418)
Insurance reserve	(219)	(280)
Allowance for special depreciation	(187)	(213)
Other	(184)	(45)
Total deferred tax liabilities	(1,083)	(1,670)
Net deferred tax assets	4,048	3,604

2. Reason for the difference between legal effective tax rate and corporate tax rate after the adoption of tax-effect accounting

	As of March 31, 2004	As of March 31, 2005
Legal effective tax rate	42.1 %	40.7 %
(Adjustment)		
Items permanently disallowed for including in deductible expenses such as entertainment expense	0.3 %	0.2 %
Items permanently disallowed for including in taxable income such as dividend received.	0.0 %	(0.0) %
Net income/loss in consolidated subsidiaries	2.6 %	(0.6) %
Amortization of consolidation adjusting account	(0.0) %	(0.5) %
Income/loss on investments based on equity method	(0.8) %	(0.7) %
Inhabitant tax on per capita basis	0.4 %	0.3 %
Deviation of statutory effective tax rate for companies in Japan and for overseas companies	0.6 %	(0.2) %
Deduction allowed for total experimental and research expenses	0.0 %	(1.1) %
Corporate tax refund	(0.1) %	(1.5) %
Others	(0.5) %	(1.4) %
Corporate income tax rate after the adoption of tax-effect accounting	44.6 %	35.2 %

(Securities)

1. Other marketable securities

(Millions of Yen)

Classification	As of March 31, 2004			As of March 31, 2005		
	Acquisition cost	Carried amount	Difference	Acquisition cost	Carried amount	Difference
Aggregate carrying value exceeds aggregate acquisition cost						
(1) Equities	2,356	3,538	1,182	2,392	4,123	1,730
(2) Others	9	11	1	83	125	42
Subtotal	2,366	3,549	1,183	2,476	4,248	1,772
Aggregate carrying value does not exceed aggregate acquisition cost						
(1) Equities	4	4	(0)	0	0	(0)
(2) Others	—	—	—	2	2	(0)
Subtotal	4	4	(0)	3	3	(0)
Total	2,370	3,554	1,183	2,479	4,252	1,772

(Note)

It is the company's policy to write down the carrying amount of individual securities whose market value has fallen to 50% or less of their acquisition cost. For securities of which have fallen to between 30 % and 50% of their acquisition cost, the company makes judgment on whether to write down the carrying amount by reviewing issuer's financial conditions during the most current business periods as well as by comparing the acquisition costs with average of such securities' month-end closing price for the last 24 months.

2. Other securities sold during the fiscal year

For the fiscal year ended March 31, 2004

Disclosure is omitted because of the insignificance of gains/losses of securities sold.

For the fiscal year ended March 31, 2005

There is no corresponding item.

3. Securities without market values

(Millions of Yen)

Types	As of March 31, 2004	As of March 31, 2005
	Carrying amount	Carrying amount
Other securities		
Unlisted equities (excluding OTC)	175	585
Unlisted foreign investment trust	516	144

(Derivative transactions)

For fiscal year ended March 31, 2004

Explanatory note is omitted because hedge accounting is adopted for all items.

For fiscal year ended March 31, 2005

Explanatory note is omitted because hedge accounting is adopted for all items.

(Retirement benefits)

1. Summary of retirement benefit system

The company, its domestic subsidiaries, and certain overseas consolidated subsidiaries have established employees' pension fund which is a defined benefit retirement plans, and lump sum retirement grant plan and qualified pension plan. The company also occasionally pays premium severance pay to employees. Other overseas subsidiaries have mainly established their defined contribution pension programs.

2. Retirement benefit liabilities

(Millions of Yen)

	As of March 31, 2004	As of March 31, 2005
Retirement benefit liabilities(Note) (1)	4,525	5,695
Less: Pension assets (2)	(2,396)	(2,857)
Unreserved retirement benefit liabilities (1)+(2)	2,128	2,837
Unrecognized actuarial difference (3)	(496)	(730)
Allowance for retirement and severance benefits (1)+(2)+(3)	1,631	2,106

(Note) Whereas certain domestic consolidated subsidiaries adopt a simplified method for calculating retirement benefit liabilities, some overseas subsidiaries apply a method subject to accounting standards of countries where they are located.

3. Retirement benefit costs

	As of March 31, 2004	As of March 31, 2005
Service costs (Note1, 2)	337	410
Interest costs	97	119
Expected return on plan assets	(9)	(12)
Recognized actuarial differences	86	79
Retirement benefit costs	511	596

(Note)

1. Amounts contributed to the employees' pension fund by employees are excluded.
2. The retirement benefit costs for domestic consolidated subsidiaries and certain overseas consolidated subsidiaries are included in the above stated service costs.

4. Basis for the calculation of retirement benefit liabilities

	As of March 31, 2004	As of March 31, 2005
Method of distribution of estimated retirement and severance benefits	Straight-line amortization	Straight-line amortization
Discount rate for obligations	2.5 %	2.5 %
Expected rate of return on plan assets	0.5 %	0.5 %
Period of amortization of actuarial differences(Note)	10 Yr	5～10 Yr

(Note) Actuarial differences are amortized using the straight-line method over a certain number of years within the employees' average remaining service period commencing from the next fiscal year of incurrence.

May 19, 2005

Non-Consolidated Financial Review for the Year Ended March 31, 2005

Company Name:	THK CO., LTD.
Head Office:	Tokyo, Japan (Tel: +81-3-5434-0300)
URL:	http://www.thk.com.
Stock exchange listing:	Tokyo Stock Exchange 1st Section
Code number:	6481
President and CEO:	Akihiro Teramachi
Director/General Manager of Corporate Strategy Department:	Kotaro Yoshihara
Date of the board meeting:	May 19, 2005
Date of the ordinary general meeting of shareholders:	June 18, 2005
Interim cash dividends:	Yes
Adoption of Unit stock system:	Yes (1 unit 100 shares)
Date of interim dividend payment:	June 20, 2005

1. Non-Consolidated Financial Highlights (Unaudited)

Note: All figures are rounded down to the nearest million yen.

(1) Operating results

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended 3/31/05	120,541	23.3	22,973	41.9	24,069	49.5
Year ended 3/31/04	97,740	28.7	16,186	139.5	16,099	120.8

	Net income		Net income per share	Fully diluted net income per share	Return on equity	Ordinary income to total assets	Ordinary income to sales
	Millions of yen	%	Yen	Yen	%	%	%
Year ended 3/31/05	14,510	64.3	121.16	108.47	12.6	12.4	20.0
Year ended 3/31/04	8,831	106.5	74.18	65.39	8.6	8.8	16.5

Notes:

1. Change of accounting policy: None
2. Average number of shares of common stock issued (non-consolidated)
   - Year ended 3/31/05: 118,939,392shares
   - Year ended 3/31/04: 118,387,267shares
3. Regarding net sales, operating income, ordinary income and net income, percent indications show percentage changes from the same period of the previous year.

(2) Cash dividends

	Annual dividends per share			Total dividends paid (full year)	Payout ratio	Annual dividends to shareholders' equity
		Interim	F.Y. end			
	Yen	Yen	Yen	Millions of yen	%	%
Year ended 3/31/05	18.00	7.50	10.50	2,146	14.9	1.7
Year ended 3/31/04	15.00	7.50	7.50	1,775	20.2	1.7

(3) Financial position

	Total assets	Total shareholders' equity	Equity ratio	Shareholder's equity per share
	Millions of yen	Millions of yen		Yen
Year ended 3/31/05	205,668	124,877	60.7	1,040.73
Year ended 3/31/04	181,983	105,760	58.1	893.23

Notes:

1. Net number of shares issued and outstanding at the end of the fiscal year (non-consolidated)
   March 31, 2005: 119,894,551 shares
   March 31, 2004: 118,346,697 shares
2. The number of treasury stock as of :
   March 31, 2005: 22,975 shares
   March 31, 2004: 1,016,321 shares

2. Projections of Non-Consolidated Results for the Fiscal Year ending March 31, 2006

	Net sales	Ordinary income	Net income	Annual cash dividends per share		
				Interim	F.Y. end	
	Million of yen	Million of yen	Million of yen	Yen	Yen	Yen
Six months ending 9/30/05	59,000	9,700	5,400	9.00	—	—
Year ending 3/31/06	120,000	20,500	11,700	—	9.00	18.00

For reference: Estimate of net income per share for the year ending March 31, 2006: 96.75 Yen
(By forecast average number of shares of common stock year of period)

Non-Consolidated Balance Sheets

(Millions of yen)

Account Items	As of March 31, 2004			As of March 31, 2005		
	Amount		%	Amount		%
Assets						
Current assets						
Cash on hand and in banks		49,298			58,268	
Notes receivable – trade		17,100			18,181	
Accounts receivable - trade		26,865			28,598	
Merchandise		93			325	
Finished goods		6,710			6,415	
Raw materials		3,909			4,387	
Work in process		3,225			3,182	
Supplies		312			373	
Prepaid expenses		157			260	
Deferred tax assets		1,670			1,929	
Short-term loans		40			−	
Short-term loans to related companies		7,451			6,072	
Accounts receivable - other		1,144			2,651	
Other		118			295	
Less: Allowance for doubtful debts		(134)			(40)	
Total current assets		117,963	64.8		130,902	63.7
Fixed assets						
Tangible fixed assets						
Buildings	20,300			22,946		
Accumulated depreciation	11,918	8,382		12,519	10,426	
Structures	1,480			1,538		
Accumulated depreciation	1,014	466		1,059	478	
Machinery, equipment, and other	53,509			56,136		
Accumulated depreciation	42,270	11,238		43,663	12,473	
Vehicles	243			247		
Accumulated depreciation	208	34		214	32	
Implements, tools and furniture	7,342			7,861		
Accumulated depreciation	6,224	1,118		6,711	1,149	
Land		9,094			9,094	
Construction in progress		455			736	
Total tangible fixed assets		30,790	16.9		34,391	16.7

(Millions of yen)

Account Items	As of March 31, 2004		As of March 31, 2005	
	Amount	%	Amount	%
Intangible fixed assets				
Patent	1,278		611	
Software	18		46	
Other	60		51	
Total intangible fixed assets	1,357	0.8	710	0.3
Investments and other				
Long-term investments in securities	3,721		4,395	
Investments in shares of related companies	12,069		18,656	
Investments in equity	164		9	
Investments in related companies	7,777		10,339	
Long-term loans	259		252	
Long-term loans to related companies	4,319		3,134	
Claims in bankruptcy, reorganization, and others	400		73	
Long-term prepaid expenses	59		25	
Deferred tax assets	1,430		785	
Other	2,366		2,362	
Less: Allowance for doubtful debts	(696)		(371)	
Total investments and others	31,871	17.5	39,663	19.3
Total fixed assets	64,019	35.2	74,765	36.3
Total assets	181,983	100.0	205,668	100.0

(Millions of yen)

Account Items	As of March 31, 2004			As of March 31, 2005		
	Amount		%	Amount		%
Liabilities						
Current liabilities						
Notes payable - trade		5,176			5,159	
Accounts payable - trade		15,937			16,719	
Accounts payable - other		1,209			2,612	
Accrued expenses		3,833			4,710	
Corporate income taxes payable and other		6,307			5,964	
Consumption taxes payable and other		374			33	
Advances received		45			21	
Deposits received		162			154	
Allowance for bonuses		1,346			1,866	
Notes payable – equipment and other		942			2,397	
Other		139			593	
Total current liabilities		35,476	19.5		40,236	19.6
Long-term liabilities						
Bonds		15,000			15,000	
Bonds with subscription right		23,000			23,000	
Allowance for retirement and severance benefits		1,428			1,569	
Allowance for directors' and auditors' retirement benefits		1,315			—	
Other		3			984	
Total long-term liabilities		40,747	22.4		40,554	19.7
Total liabilities		76,223	41.9		80,791	39.3
(Shareholders' equity)						
Common stock		23,106	12.7		23,106	11.2
Capital surplus						
Capital reserve		30,962			35,971	
Other capital surplus						
Gains on disposal of treasury stocks	—			0		
Total capital surplus		30,962	17.0		35,971	17.5
Earned surplus						
Earned surplus		1,958			1,958	
Voluntary reserve						
Reserve fund for special depreciation	308			247		
Reserve for deferred taxes on land	14			14		
Reserve for dividends	1,200			1,400		
Other reserve	39,000	40,523		46,000	47,661	
Unappropriated profit of this term		9,623			15,170	
Total earned surplus		52,105	28.6		64,790	31.5
Valuation gains on marketable securities		718	0.4		1,037	0.5
Treasury stocks		(1,132)	(0.6)		(29)	(0.0)
Total shareholders' equity		105,760	58.1		124,877	60.7
Total liabilities and shareholders' equity		181,983	100.0		205,668	100.0

Non-Consolidated Statements of Income

(Millions of yen)

Account Items	Year ended March 31, 2004			Year ended March 31, 2005		
	Amount		%	Amount		%
Net sales						
Products	95,271			116,313		
Merchandise	2,469	97,740	100.0	4,227	120,541	100.0
Cost of sales						
Opening stock, products	6,831			6,710		
Opening stock, merchandise	109			93		
Cost of production	62,481			75,245		
Merchandise purchased	1,770			3,131		
Suspense accounts	1,385			1,651		
Total	72,579			86,830		
Suspense accounts allocated	5			68		
Closing stock, products	6,710			6,415		
Closing stock, merchandise	93	65,770	67.3	325	80,022	66.4
Gross profit		31,970	32.7		40,519	33.6
Sales, general, and administrative expenses						
Packaging and transportation	1,211			1,549		
Advertising and promotions	442			493		
Provision for doubtful debts	292			–		
Salaries and allowances	4,536			4,884		
Provision for employee bonuses	490			694		
Retirement expenses	143			147		
Provision for directors' bonuses	121			29		
Rental expenses	1,287			1,346		
Depreciation and amortization	342			508		
Research and development	2,513			2,685		
Fees expenses	335			480		
Software development	415			245		
Subcontracting	1,026			1,191		
Other	2,625	15,784	16.1	3,287	17,545	14.5
Operating income		16,186	16.6		22,973	19.1

(Millions of yen)

Account Items	Year ended March 31, 2004			Year ended March 31, 2005		
	Amount		%	Amount		%
Non-operating income						
Interest income	183			174		
Dividend income	67			116		
Foreign exchange gain	—			461		
Rental income	325			341		
Other	305	882	0.9	336	1,430	1.2
Non-operating expenses						
Interest expenses	9			0		
Bond interest	197			159		
Foreign exchange losses	518			—		
Other	243	969	1.0	175	334	0.3
Ordinary income		16,099	16.5		24,069	20.0
Extraordinary income						
Gain on sales of fixed assets	58			69		
Gain on sales of investment securities	35			—		
Reversal of allowance for doubtful debts	—			82		
Reversal of allowance for directors ' retirement benefits	—	94	0.1	47	200	0.1
Extraordinary loss						
Loss on sales/retirement of fixed assets	195			268		
Loss on liquidation of related company	99			—		
Loss on business support for related company	563			—		
Loss on corporate reorganization of related company	—			473		
Others	19	877	0.9	—	741	0.6
Net income before tax adjustment		15,316	15.7		23,528	19.5
Taxes - current	7,130			8,851		
Taxes - deferred	(645)	6,484	6.7	166	9,018	7.5
Net income		8,831	9.0		14,510	12.0
Retained earnings brought forward		1,679			1,547	
Interim dividend		887			887	
Unappropriated retained earnings at the end of period		9,623			15,170	

Proposed Appropriation of Retained Earnings

(Millions of Yen)

Account items	Fiscal year ended March 31, 2004 (on June 26, 2004) Amount		Fiscal year ended March 31, 2005 (on June 18, 2005) Amount	
Unappropriated retained earnings at beginning of period		9,623		15,170
Reversal of voluntary reserve				
Reversal of reserve fund for special depreciation	101	101	70	70
Total		9,724		15,240
Appropriation of retained earnings				
Dividend	887		1,258	
Bonuses to directors	50		100	
(Bonuses to auditors)	(7)		(12)	
Voluntary reserve				
Reserve fund for special depreciation	39		106	
Reserve for dividends	200		200	
General reserve	7,000	8,177	12,000	13,665
Retained earnings carried forward		1,547		1,575

Notes:

1. The dates described in the above table are the dates these proposals were approved or are scheduled to be approved at the General Shareholders' Meetings.
2. Payment of interim dividend of ¥887 million (¥7.50 per share) was made on December 8, 2003.
3. Payment of interim dividend of ¥887 million (¥7.50 per share) was made on December 6, 2004.
4. Dividends on income for treasury stocks are excluded.

Summary of Significant Accounting Policies

1. Evaluation of Assets

(1) Securities

i. Stocks of subsidiaries and affiliated companies — Stated at costs determined using the moving-average method.

ii. Other securities

Marketable securities: Stated at the market value at the interim fiscal year-end (valuation gains/losses are included in shareholders' equity; net of taxes and sales costs are calculated using the moving-average method).

Non-marketable securities: Stated at costs determined using the moving-average method.

(2)Inventories

i. Products/Finished goods	Stated at cost determined using the weighted-average method.
ii. Merchandise	Stated at cost determined using the first-in-first-out method.
iii. Raw materials	Stated at cost determined using weighted-average method.
iv. Goods in process	Stated at cost determined using weighted-average method.
v. Supplies	Stated at cost determined using the last-purchase-cost method.

2. Depreciation and Amortization

(1) Tangible Fixed Assets: Depreciated using the declining-balance method.

Note that the amount of depreciation for buildings (excluding fixtures to buildings) acquired by the company on and after April 1, 1998, is estimated using the straight-line method.

The useful lives of main properties are as follows:

Buildings and structures	5–50 years
Machinery and equipment	10 years
Vehicles and delivery equipment	4–6 years
Tools/furniture and furnishings	2–10 years

(2) Intangible Fixed Assets: Amortized using the straight-line method.

Note that software costs for internal use are amortized using the straight-line method over the internally estimated useful lives (5 years).

(3) Long-term Prepaid Expenses: Amortized using the straight-line method.

3. Accounting Standards for Providing Allowances

(1) Allowance for Doubtful Receivables: To prepare for possible losses caused by irrecoverable money claims at the fiscal year-end, the company provides allowances as follows:
For general credit claims, an allowance is provided for the amount calculated based on past credit-loss experience. For specifically doubtful credit claims, an allowance is provided for the estimated uncollectible amount based on the collectibility assessment for each such credit claim.

(2) Allowance for Bonuses: Allowance for employee bonuses is provided in the provision for payment of bonuses to employees, and in the amount of estimated bonuses, which are attributable to the current fiscal year.

(3) Allowance for Employees' Allowance for employee retirement benefits is provided in the provision for payment of retirement benefits to employees, and in the amount deemed to

(4) Retirement Benefits:

have been accrued at the end of the current interim consolidated fiscal year, based on the projected retirement benefits obligation and the fair value of plan assets at this fiscal year-end.

The unrecognized net actuarial difference is amortized using the straight-line method over a number of years (usually 10 years) within an employee's average remaining employment period, commencing from the next fiscal year in which they arise (stated as either income or expenses in the statement of income).

(4) Allowance for Directors' and Auditors' Retirement Benefits:

Although an allowance had been provided for the amount the company would have to pay at the end of the fiscal year, which is estimated in accordance with internal regulations, the system to pay retirement benefits to directors and auditors was abolished effective as of June 26, 2004 when a regular shareholders' meeting was held. A difference in the amount of ¥ 47 million between the benefit amount actually paid and the outstanding balance of this allowance as of the abolishment date were included in a "reversal of allowance for directors' retirement benefit" of extraordinary income and a ¥ 981 million, the unpaid defined benefits, was stated in "Other" of long-term liabilities account.

4. Accounting of Lease Transactions

Excluding those in which the ownership of the leased properties is transferred to the lessee, finance lease transactions are accounted for in the same manner as operating leases.

5. Hedge Accounting

(1) Hedge Accounting Method:	Currency swap transactions meet the requirement of allocation treatment and are accounted for accordingly.
(2) Hedging Instruments and Hedged Items:	***Hedging Instrument***: Currency swap transaction ***Hedged Items***: Foreign currency denominated money claims
(3) Hedging Policy:	The company uses currency-related hedge accounting for the purpose of fixing cash flows related to the collection of principal and interest on loans.
(4) Assessment Method for the Effectiveness of Hedges:	The company omits assessment of the effectiveness of hedges for currency swap transactions, since the significant terms and conditions for such transactions and for hedged assets are identical, and assumed beforehand to offset exchange rate risks and cash flow fluctuations from the time the hedging is initiated.

6. Consumption tax

Consumption taxes are excluded from the transaction amounts.

Additional Information

With the enactment of the "Revision of the Local Tax Law" (Law No.9, 2003) on March 31, 2003, certain basis of enterprise taxes imposed on the company were changed to "amount of added value" and "amount of capital" effective the consolidated fiscal year beginning April 1, 2004. As a result, effective this semi-annual consolidated fiscal period, the company included the enterprise taxes based on "amount of added value" and "amount of capital" in "Sales and general administrative expenses" on the semi-annual consolidated statement of income pursuant to "Practical Treatment for Presentation of External Standards Taxation portion of Enterprise Taxes in the Statement of Income" (Accounting Standards Board, Practical Report of Practical Issues No.12 on February 13, 2004).

As a result, sales and general administrative expenses increase ¥288million operating income, ordinary income and profit before taxes decreased by the same amount.

Notes

(Non-consolidated balance sheets)

(Millions of Yen, thousands of shares, shares in case of treasury stocks)

	As of March 31, 2004	As of March 31, 2005
1. Accumulated depreciation on tangible fixed assets	61,636	64,168
2. Advanced depreciation by national subsidy	150	150
3. Liabilities on guarantees and others		
Liabilities on guarantees	1,880	824
4. Stocks		
Authorized number of stocks		
Common stocks	465,877	465,877
Issued number of stocks		
Common stocks	119,363	119,917
5. Treasury stocks held		
Common stocks	1,016,321	22,975

(Lease transactions)

Report of lease transactions is omitted, since periodic report is disclosed via EDINET.

(Securities)

1. Previous fiscal year (March 31, 2004)
   Marketable stocks of subsidiaries and affiliated companies.

(Millions of Yen)

	Book value	Market value	Difference
Stocks of affiliated companies	1,374	2,776	1,402

2. Present fiscal year (March 31, 2005)
   Marketable stocks of subsidiaries and affiliated companies

(Millions of Yen)

	Book value	Market value	Difference
Stocks of affiliated companies	1,069	2,669	1,599

(Tax-effect accounting)

Details of deferred tax assets and liabilities by main causes for the occurrence

(Millions of Yen)

	As of March 31, 2004	As of March 31, 2005
(Deferred tax assets)		
Allowance for employee bonuses	547	759
Allowance for retirement and severance benefits	522	609
Valuation losses on inventories	441	532
Software	648	493
Accrued business tax	545	453
Allowance for directors' & auditors' retirement benefits	535	－
Directors' retirement benefits payable	－	399
Allowance for doubtful debts	294	133
Accrued expenses	75	128
Others	428	438
Deferred tax assets total	4,038	3,947
(Deferred tax liabilities)		
Unrealized gain on securities	(492)	(711)
Reserve for special depreciation	(169)	(194)
Others	(274)	(326)
Deferred tax liabilities total	(937)	(1,232)
Net deferred tax assets	3,101	2,715

2. Reconciliation for the statutory tax rate to effective tax rate

	As of March 31, 2004		As of March 31, 2005	
Statutory tax rate	—	%	40.69	%
(Adjustment)				
Items permanently disallowed for including in deductible expenses such as entertainment expense	—	%	0.2	%
Items permanently disallowed for including in taxable income such as dividend received.	—	%	0.0	%
Inhabitant tax on per capita basis	—	%	0.2	%
Revision to reduce fiscal year-end deferred tax assets due to change in tax rate	—	%	(0.6)	%
Deduction allowed for total experimental and research expenses	—	%	(1.2)	%
Corporate tax refund	—	%	(1.1)	%
Others	—	%	(0.1)	%
Corporate income tax rate after the adoption of tax-effect accounting	—	%	38.2	%

(*) Disclosure for the previous fiscal year was omitted because the difference between statutory effective tax rate and burden rate of corporate taxes after the adoption of tax-effect accounting is not higher than 5/100 of the statutory effective tax rate.

Management Changes (Scheduled on June 18, 2005)

1. Change of President

None

2. Changes of other officers

(1) A candidate of a new director to be elected

Director Tetsuya Hayashida (Representative director and president of both THK Manufacturing of Europe S.A.S. and PGM Ballscrews Ireland Ltd.)

(2) A candidate of a new corporate auditor to be elected

Corporate auditor (part-time) Shizuo Watanabe (Certified tax accountant at Yaesu General Office)

(3) Retiring corporate auditor

Corporate auditor (part-time) Shigeharu mabuti

(Note) Shizuo Watanabe, a candidate for new corporate auditor is a candidate for an outside auditor specified in Article 18, Section 1 of the Law for Special Exceptions to the Commercial Code Concerning Audit. Etc. of Kabushiki-Kaisha.