May 18, 2006

Consolidated Financial Review for the Year Ended March 31, 2006

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 18, 2006
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 Mar.31, 2006	158,412	7.6	27,079	4.3	29,606	7.1
Year ended Mar.31, 2005	147,158	23.4	25,974	60.0	27,646	74.0

	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 Mar.31, 2006	18,584	7.1	148.42	137.97	12.6	12.8	18.7
Year ended Mar.31, 2005	17,348	102.1	145.31	130.05	14.7	13.5	18.8

Note:
ⅰ.Profit/loss on equity method:
Year ended March 31, 2006: 415million yen
Year ended March 31, 2005: 433million yen
ⅱ.Average number of shares of common stock (consolidated) issued:
Year ended March 31, 2006: 124,301,116 shares
Year ended March 31, 2005: 118,701,382 shares
ⅲ.Change of accounting policy: Yes
ⅳ.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
Year ended Mar.31, 2006	244,384	168,272	68.9	1,266.39
Year ended Mar.31, 2005	220,007	127,649	58.0	1,067.42

Note: Number of shares of common stock (consolidated) issued as of
March 31, 2006: 132,769,590 shares
March 31, 2005: 119,493,725 shares

(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 Mar.31, 2006	20,206	(9,343)	(1,741)	86,307
Year ended Mar.31, 2005	22,378	(7,171)	(1,821)	75,987

(4)Scope of consolidation and application of equity method

Consolidated subsidiaries:	20 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: 2 companies	Deletions: 0 company
Companies using the equity method:	Additions: 0 company	Deletions: 0 company

2. Corporate estimates for the year ending March 31, 2007(April 1, 06～March 31, 07)

	Net sales	Operating income	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Six months ended Sep.30, 2006	87,500	17,000	17,500	10,600
Year ended Mar.31, 2007	175,000	34,000	35,000	21,300

For reference: Estimate of net income per share for the year ending March 31, 2006: 160.43Yen
(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.

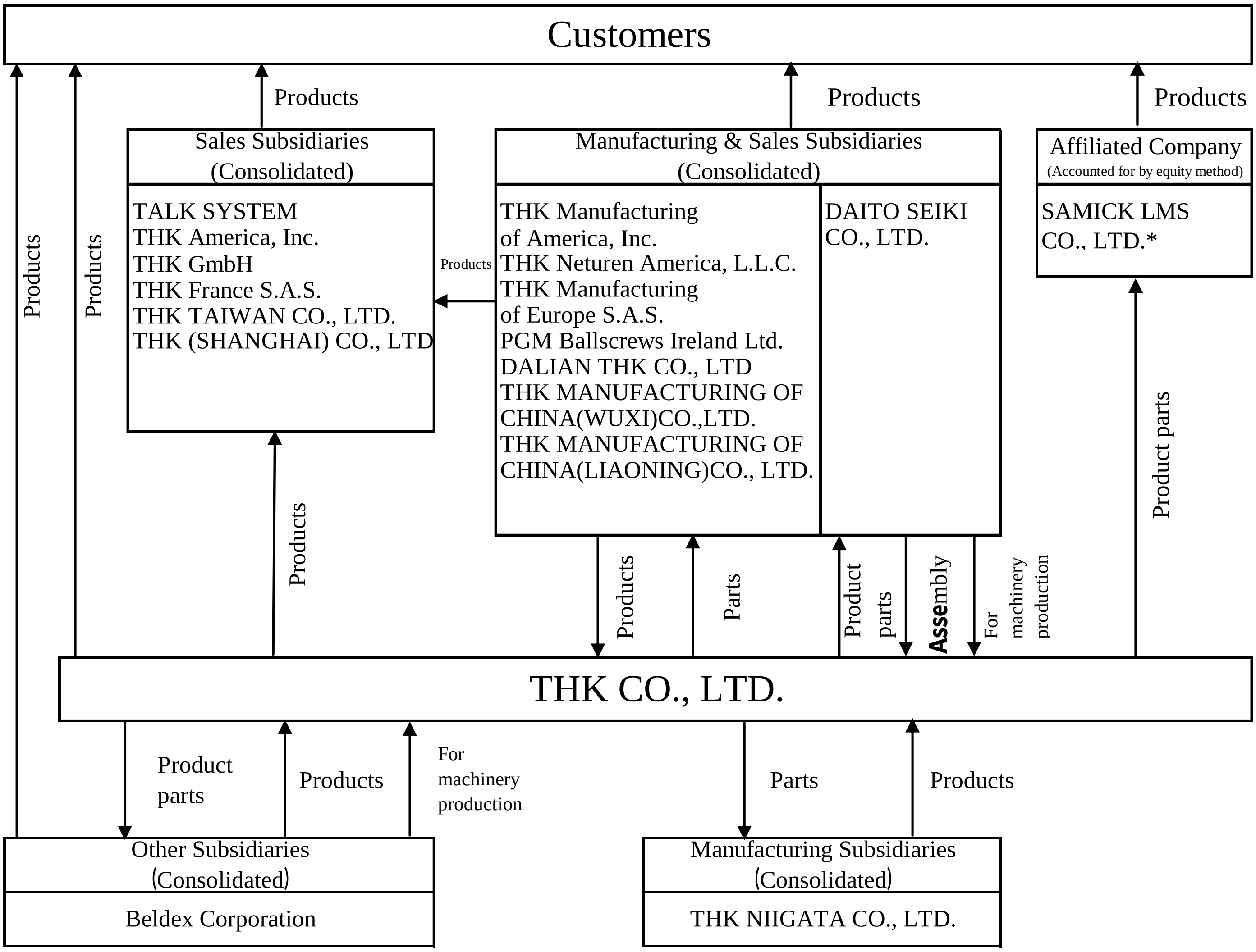
Status of the Corporate Group

The company's business group consists of twenty-five 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 DAITO SEIKI CO., LTD., and THK NIIGATA 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. in Japan, and using its own sales channels, THK America, Inc., 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:



*SAMICK LMS CO., LTD, an affiliated company has changed its name to SAMICK THK CO., LTD., effective on April 20, 2006.

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 1,021 domestic and 1,156 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 29.1 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) Matters concerning parent companies, etc.

There are no corresponding matters.

Business Performance and Financial Standings

1. Business Performance

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

Japan's economy continued to recover, with increased capital investment resulting from strong corporate earnings in Japan, and with strong private consumption helped by improved employment conditions, although the impact of sharply rising raw-materials prices including oil on corporate performance was a source of concern. The overseas economy remained generally strong. The US economy continues to show stable growth, due mainly to strong private sector demand, while China again marked high growth. As for sales and orders by sectors, sales and orders from makers of machine tool and industrial machinery remained strong, helped by brisk capital investment including those by the auto industry. Capital investment by makers of electronics is gaining momentum, which underscores their clear recovery in rapid demand from information and telecommunications equipment and digital home appliances.

Under these circumstances, the THK Group has made capital investment to expand its manufacturing capacity domestically and abroad, to meet strong demand, and has reorganized its product lineups to try to improve productivity in Japan. The THK Group also worked to enhance its sales capabilities, by aggressively promoting TAP-1 (THK Advantage Program 1) activities domestically and abroad in an effort to increase the skills of its salespeople. The THK Group has also established a Technology Center as a base to enhance its new-product research and development, and has pursued activities to respond to a wide range of users' needs.

Consolidated net sales for the fiscal year that ended March 31, 2006, were ¥158,412 million, up ¥11,254 million (7.6 percent) from the previous fiscal year, topping the record-high sales of a year earlier.

The cost-to-sales ratio improved to 63.4 percent from the 63.6 percent (improved by 0.2 points) of the previous consolidated fiscal year, because of expanded production made capacity utilization more effective, and due to efforts to enhance productivity, although sales costs rose because of a sharp rise in the price of steel products, and due to expanded production capacity investment to expand production capacity. As a result, gross profit increased ¥4,314 million over that of the previous fiscal year, to ¥57,921 million. Sales, general, and administrative expenses rose ¥328 million (11.6 percent) from a year earlier, due to increased packaging and transportation expenses, caused by sales growth, system investment expenses, and previous investment costs for the establishment of a production base in China.

The increase in sales, general, and administrative expenses were absorbed by a gain in net sales, and gross profit arising from the reduced sales-to-cost ratio, and so operating income rose ¥115 million (4.3 percent) from the previous fiscal year, to ¥27,079 million, achieving the same record highs as net sales for the second straight year.

Non-operating income was ¥2,898 million, due to foreign exchange gains arising from the weakness of the yen against the US dollar, amortization of consolidation adjustment amounts, and income on equity-method investment, while non-operating expenses were ¥371 million including interest expenses and fees paid. Ordinary income therefore increased ¥1,959 million (7.1 percent) from the previous fiscal year, to ¥29,606 million. Extraordinary income was ¥2,715 million, mainly due to gains on sales of investment securities, and the extraordinary loss was ¥1,755 million, caused mainly by the posting of an impairment loss on fixed assets after adopting the impairment loss accounting method that was used in the current fiscal year.

As a result, net income increased ¥1,235 million (7.1 percent) from the previous fiscal year, to ¥18,584 million, marking all-time highs for the second straight year.

(2)Segment Information for the Current Consolidated Fiscal Year

Japan:

Sales to makers of machine tool and industrial machinery have remained firm, based on brisk capital investment such as by the auto industry. Sales to the electronics sector also recovered more strongly, helped by expanded capital investment that was driven by strong demand for information and telecommunications equipment and digital home appliances. Net sales increased ¥6,756 million (5.8 percent) from the previous fiscal year, to ¥122,456 million, and operating income rose ¥1,768 million (7.5 percent) from a year earlier, to ¥25,276 million.

North America:

Sales to makers of machine-tool and transportation equipment increased, with efforts made to develop new customers and expand business with existing clients given the continued economic expansion in North America centering on the private sector demand and sales to makers of general machinery continued strongly as well. As a result, net sales increased ¥1,190 million (9.3 percent) from the previous fiscal year, to ¥14,008 million, and operating income rose ¥176 million (15.6 percent) from a year earlier, to ¥1,304 million.

Europe:

The THK Group has strengthened its unified efforts of sales and production to expand business amid the moderately recovering economy in Europe and succeeded in increasing sales mainly to makers of industrial machinery and also to manufacturers of machine tool and the electronics-related sector. Net sales increased ¥939 million (6.1 percent) from the previous fiscal year, to ¥16,309 million, but an operating loss of ¥55 million was stated for the current fiscal year due to revision of tariff rates imposed to our products and back taxes.

Asia and Other Regions:

Asian economy continued to expand. China continues high economic growth and is expanding capital investment, and the IT and digital sectors in South Korea remained strong. The THK Group is working hard to improve its production base, and on establishing a sales structure to respond to rising demand. Net sales rose ¥2,368 million (72.5 percent) from the previous fiscal year, to ¥5,637 million, and operating income rose ¥329 million (219.1 percent) from a year earlier, to ¥480 million, as subsidiaries in China have been consolidated subsidiaries since this fiscal year.

(3)Profit-sharing for the Year Ended March 31, 2006

In a bid to be positive about returning the THK Group's profits to shareholders, the company decided to pay a fiscal year-end dividend of ¥15 per share, which makes a total of ¥25 paid per share (including ¥10 per share for the interim period) for the whole consolidated fiscal year, an increase of ¥7 per share from the previous year (¥7.5 for the interim dividend and ¥10.5 for the year-end dividend).

2.Financial Standings

(1)Analysis of Balance Sheets

Total assets as of the current consolidated fiscal year-end increased ¥24,376 million over the previous consolidated fiscal year-end, to ¥244,384 million, mainly because cash on hand and in banks rose due to an increase in free cash flows helped by an income increase and accounts receivable gained due to a sales increase.

Liabilities declined ¥16,808 million from the previous fiscal year, to ¥74,593 million, mainly because bonds with warrants were converted to stocks through the exercise of warrants although accounts payable rose due to increases in a purchase caused by a sales increase.

Shareholders' equity increased ¥40,622 million from a year earlier, to ¥168,272 million, since the earned surplus rose because of increased net income and capital and capital surplus gained from the issuance of new stocks by the exercise of warrants.

(2)Analysis of Statements of Cash Flows

Cash Flows from Operating Activities:

Net cash provided by operating activities decreased ¥2,172 million, to ¥20,206 million (net cash gained by operating activities for the previous fiscal year was ¥22,378 million), mainly because the amount of corporate tax payments increased to ¥2,320 million as income before taxes rose from ¥3,720 million to ¥30,565 million, and accounts receivable increased due to a sales increase.

Cash Flows from Investing Activities:

Net cash used in investment activities was ¥9,343 million, up ¥2,171 million over the previous fiscal year (net cash used in investment activities for the previous fiscal year was ¥7,171 million), because expenditures to acquire fixed assets (spent for the construction of a new Gifu Plant building and the establishment of THK Manufacturing of China (Liaoning) Co., Ltd.) rose ¥5,556 million from the previous fiscal year, to ¥12,520 million, although gains on sales of investment securities amounted to ¥3,849 million.

Cash Flows from Financing Activities:

Net cash used in financing activities was ¥1,741 million, down ¥80 million from the previous fiscal year (net cash used in investment activities for the previous fiscal year was ¥1,821 million), because gains on sales of treasury stocks held by subsidiaries were recognized even though the amount of dividends paid increased.

As a result, the outstanding balance of cash and cash equivalents increased over that of the previous fiscal year by ¥10,319 million during the current fiscal year, to ¥86,307 million.

(3)Analysis of Cash Flow Indices

	FY2003	FY2004	FY2005	FY2006
Equity ratio	53.0%	57.1%	58.0%	68.9%
Equity ratio on mark-to-market basis	70.2%	127.1%	117.6%	205.4%
Debt redemption years	3.9 years	2.4 years	1.9 years	0.8 years
Interest coverage ratio	x18.0	x31.9	x124.8	x120.0

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.

•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, 2007

Concerns linger in the economic environment surrounding the THK Group, that raw-materials prices may continue to rise sharply, which will badly affect corporate business performance, and there is a bit of concern that the growth of the economy in the US and the economy in China may slow down. The Japanese economy is expected to remain firm, helped by expanded capital investment that is behind the boosting of corporate earnings, but conditions not allowing for optimism will likely continue because of many uncertain factors, such as the interest-rate trend or foreign exchange rate fluctuations.

Under these circumstances, the THK 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.

More concretely than before, the THK Group will promote the construction of a system to manufacture in the most appropriate sites on a global base, and reinforce a system to support operations of overseas subsidiaries to achieve further expanded improvement in productivity. The THK Group will aim to increase businesses in the existing markets as well as to cultivate a new use application and new users by aggressively promoting TAP-1 (THK Advantage Program 1) activities to increase the skill of its salespeople at home and abroad.
The THK Group projects to post ¥175,000 million in net sales (up 10.5 percent year-on-year), ¥34,000 million in operating income (up 25.6 percent year-on-year), ¥35,000 million in ordinary income (up 18.2 percent year-on-year) and ¥21,300 million in net income (up 14.6 percent year-on-year) for the fiscal year ending March 31, 2007.

Consolidated earnings projections for fiscal year ending Mar. 31, 2007 *¥ million*

	Consolidated			Non-consolidated		
	Amount	%	Change from 2004	Amount	%	Change from 2005
Net sales	175,000	100.0	10.5%	144,000	100.0	10.1%
Operating income	34,000	19.4	25.6%	28,600	19.9	19.9%
Ordinary income	35,000	20.0	18.2%	28,300	19.7	10.7%
Net income	21,300	12.2	14.6%	16,800	11.7	3.3%

Note: The annual average foreign exchange rate of ¥110 per US$1 and ¥140 per €1 is used to calculate earnings projections for the fiscal year ending March 31, 2007.

(2)Dividends Projection for the Full Fiscal Year Ending March 31, 2007

The company plans to pay ¥26 per share, the same amount as for the current fiscal year, as dividends for the full fiscal year ending March 31, 2007 (interim dividends of ¥13).

(3)Business Risks

The following are risks and uncertainties that may affect the business performance and financial conditions of this corporate group.

ⅰ.Dependency on the LM System
Our main business is the manufacture and sale of the LM System, centered on the LM Guide (liner motion guide). We rely on sales of the LM System for a majority of our total sales, which is expected to continue for the foreseeable future. If our products lose their position as primary machinery parts, however, due to unexpected technological innovations, the business performance and financial conditions of this corporate group may be adversely affected.

ⅱ.Impact from changes in the manufacturing trends of certain industries.
This corporate group manufactures and sells such vital machinery components as the LM Guide and ball screws, used primarily by such industrial machine makers as general machinery and semiconductor manufacturing equipment. We are making efforts to increase such users by expanding overseas and into new fields, nonetheless we are affected by trends in the general machinery and semiconductor manufacturing equipment industries that support our performance base.
The future performance and financial conditions of this corporate group may be adversely affected by a decrease in the manufacturing level of particular industries, but we believe that such trends will not in same direction on a global basis, and will be dependent on the economic conditions of individual counties.

ⅲ.Expansion of our overseas business
Our group maintains sales and manufacturing facilities in the North America, Europe, Asia, and elsewhere, and so the performance and financial conditions of this corporate group may be adversely affected by economic downturns in the countries where we operate, and by subsequent decreases in demand for our products, or by unexpected regulatory changes in those countries.

ⅳ.Fluctuations of Foreign Exchange Rates
This corporate group conducts some business in foreign currencies, and is trying to hedge exchange risks through forward exchange contracts and other means, but performance and financial conditions may be adversely affected by large, unexpected fluctuations of exchange rates.

ⅴ.Reliance on specific suppliers
The THK Group procures some raw materials and components from outside suppliers, the types of which can be confined depending upon their properties. Therefore, shortfalls in their production capacity, or accidents, could cause shortages of raw materials and components, which might adversely affect the THK Group’s production activities.

Consolidated Balance Sheets

(Millions of yen)

Account Items	Notes No.	As of March 31, 2005 Amount		%	As of March 31, 2006 Amount		%
Assets							
Current assets :							
Cash on hand and in banks			75,842			87,911	
Notes and accounts receivable-trade			49,604			58,482	
Short-term investments in securities			144			340	
Inventories			24,208			24,949	
Deferred tax assets			3,040			3,303	
Short-term loans			102			113	
Other			1,495			1,412	
Less: Allowance for doubtful debts			(253)			(233)	
Total current assets			154,185	70.1		176,280	72.1
Fixed assets :							
Tangible fixed assets							
Buildings and structures	*3	35,547			35,347		
Accumulated depreciation		16,748	18,799		16,909	18,437	
Machinery, equipment and vehicles	*3	68,581			74,797		
Accumulated depreciation		50,360	18,220		53,086	21,710	
Land	*3		11,446			9,887	
Construction in progress			3,299			4,598	
Other		9,307			9,057		
Accumulated depreciation		7,578	1,728		7,289	1,768	
Total tangible fixed assets			53,494	24.3		56,402	23.1
Intangible fixed assets			1,239	0.6		852	0.4
Investments and other							
Long-term investments in securities	*1		6,668			5,589	
Deferred tax assets			1,095			1,223	
Other			3,748			4,433	
Less: Allowance for doubtful debts			(424)			(396)	
Total investments and others			11,088	5.0		10,849	4.4
Total fixed assets			65,822	29.9		68,104	27.9
Total assets			220,007	100.0		244,384	100.0

(Millions of yen)

Account Items	Notes No.	As of March 31, 2005 Amount	%	As of March 31, 2006 Amount	%
Liabilities					
Current liabilities :					
Notes and accounts payable – trade		25,391		30,323	
Current portion of long-term debt	*3	186		72	
Bonds due within one year		—		10,000	
Corporate income taxes payable and other		6,685		7,201	
Accrued for bonuses		2,094		2,096	
Other		11,999		11,964	
Total current liabilities		46,356	21.1	61,657	25.2
Long-term liabilities :					
Bonds		15,000		5,000	
Bonds with stock acquisition rights		23,000		1,745	
Long-term debt	*3	350		104	
Allowance for retirement and severance benefits		2,106		2,316	
Consolidation adjusting account		2,916		2,268	
Other		1,671		1,501	
Total long-term liabilities		45,045	20.5	12,935	5.3
Total liabilities		91,402	41.6	74,593	30.5
Minority interests					
Minority interests		955	0.4	1,518	0.6
Shareholders' equity					
Common stock	*6	23,106	10.5	33,733	13.8
Capital surplus		32,651	14.8	43,470	17.8
Earned surplus		71,130	32.3	87,090	35.6
Valuation adjustment for marketable securities	*4	1,041	0.5	1,357	0.6
Foreign currency translation adjustments		327	0.2	2,668	1.1
Treasury stock	*7	(607)	(0.3)	(48)	(0.0)
Total shareholders' equity		127,649	58.0	168,272	68.9
Total liabilities, minority interests, and shareholders' equity		220,007	100.0	244,384	100.0

Consolidated Statements of Income

(Millions of yen)

Account Items	Notes No.	Year ended March 31, 2005 Amount		%	Year ended March 31, 2006 Amount		%
Net sales			147,158	100.0		158,412	100.0
Cost of sales			93,551	63.6		100,490	63.4
Gross profit			53,606	36.4		57,921	36.6
Sales, general and administrative expenses	*1						
Packaging and transportation		2,447			2,853		
Advertising and promotions		785			814		
Provision for doubtful accounts		—			13		
Salaries and allowances		9,278			9,683		
Provision for employee bonuses		731			816		
Retirement expenses		172			235		
Provision for directors' bonuses		29			—		
Rental expenses		1,803			2,121		
Depreciation and amortization		740			914		
Research and development		2,685			2,683		
Others		8,959	27,632	18.7	10,705	30,841	19.5
Operating income			25,974	17.7		27,079	17.1
Non-operating income							
Interest income		228			263		
Dividend income		52			44		
Foreign exchange gain		362			817		
Amortization of consolidation adjusting account		324			648		
Equity in earnings of unconsolidated subsidiaries and affiliates		433			415		
Rental income		168			195		
Others		484	2,054	1.4	512	2,898	1.8
Non-operating expenses							
Interest expenses		162			168		
Payment charge		88			84		
Others		131	381	0.3	118	371	0.2
Ordinary income			27,646	18.8		29,606	18.7

(Millions of yen)

Account Items	Notes No.	Year ended March 31, 2005 Amount		%	Year ended March 31, 2006 Amount		%
Extraordinary income							
Gain on sales of fixed assets	*2	177			469		
Gain on sales of investment securities		—			1,933		
Reversal of allowance for doubtful debts		1			—		
Reversal of allowance for directors' retirement benefits		47			—		
Others		—	226	0.1	312	2,715	1.7
Extraordinary loss							
Loss on sales of fixed assets	*3	91			56		
Loss on retirement of fixed assets	*3	287			354		
Loss on evaluation of investment securities		—			164		
Loss on impairment	*4	—			1,152		
Loss on arrangement of related company		649			—		
Others		—	1,028	0.7	28	1,755	1.1
Net income before tax adjustment			26,845	18.2		30,565	19.3
Income taxes – current		9,510			12,196		
Income taxes – deferred		(67)	9,442	6.4	(560)	11,636	7.4
Minority interest in income of consolidated subsidiaries			54	0.0		345	0.2
Net income			17,348	11.8		18,584	11.7

Consolidated Statements of Retained Earnings

(Millions of Yen)

Account Items	Notes No.	Year ended March 31, 2005 Amount		Year ended March 31, 2006 Amount	
Capital Surplus					
Capital surplus at the beginning of the period			30,962		32,651
Increase in capital surplus					
Gain on disposition of treasury stocks		688		191	
Increase in capital surplus due to an increase in the number of consolidated subsidiaries		1,000		—	
Issuance of new stocks by the exercise of stock acquisition rights		—	1,689	10,627	10,818
Capital surplus at the end of the period			32,651		43,470
Retained earnings					
Retained earnings at the beginning of the period			55,836		71,130
Increase in retained earnings					
Net income		17,348	17,348	18,584	18,584
Decrease in retained earnings					
Dividends		1,772		2,513	
Bonuses to directors		50		110	
(bonuses to auditors)		(7)		(14)	
Decrease in retained earnings due to an increase in the number of consolidated subsidiaries		232	2,054	—	2,623
Retained earnings at the end of the period			71,130		87,090

Consolidated Statements of Cash Flows

(Millions of yen)

Account Items	Notes No.	Year ended March 31, 2005 Amount	Year ended March 31, 2006 Amount
Cash flows from operating activities:			
Income before income tax and minority interests		26,845	30,565
Depreciation and amortization		5,657	6,562
Loss on impairment		—	1,152
Loss(Gain) on sales or disposal of fixed assets		200	(58)
Loss on arrangement of related company		649	—
Increase (decrease) in provisions		(716)	155
Interest and dividend income		(281)	(308)
Interest expenses		162	168
Foreign exchange gain		(167)	(134)
Equity in earnings of unconsolidated subsidiaries and affiliates		(433)	(415)
Gain on sales of investment securities		—	(1,933)
Loss on evaluation of investment		—	164
Amortization of consolidation adjusting account		(324)	(648)
Increase in notes and accounts receivable		(3,202)	(8,461)
Decrease (increase) in inventories		14	(219)
Increase in notes and accounts payable		3,098	4,565
Others		227	643
Subtotal		31,729	31,797
Interest and dividend income received		339	398
Interest expenses paid		(191)	(170)
Income taxes paid or reclaimed.		(9,499)	(11,819)
Net cash provided by operating activities		22,378	20,206
Cash flows from investing activities :			
Decrease in depositing the fixed deposits due over three months		—	(1,944)
Increase in refunding the fixed deposits due over three months		30	—
Payments for purchases of fixed assets		(6,963)	(12,520)
Proceeds from sales of fixed assets		215	1,338
Payments for purchases of long-term investment securities		(475)	(12)
Proceeds from sales of long-term investment securities		3	3,849
Increase in loans		(400)	(66)
Collection of loans		418	12
Net cash provided by investing activities		(7,171)	(9,343)
Cash flows from financing activities :			
Repayment of long-term debt		(36)	(352)
Cash dividends		(1,771)	(2,523)
Purchase of treasury stock		(14)	(19)
Sales of treasury stock		—	898
Others		0	255
Net cash provided by financing activities		(1,821)	(1,741)
Effect of exchange rate change on cash and cash equivalents		(41)	1,198
Net increase in cash and cash equivalents		13,343	10,319
Cash and cash equivalents at the beginning of the period		57,037	75,987
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	＊1	75,987	86,307

Basis for Preparing Consolidated Financial Statements

Item	Previous Consolidated Fiscal Year (4/1/04~3/31/05)	Current Consolidated Fiscal Year (4/1/05~3/31/06)
1 Scope of Consolidation	(1) Number of consolidated subsidiaries: 18 Names of main consolidated subsidiaries DAITO SEIKI CO., LTD. TALK SYSTEM CO., LTD. THK America, Inc. THK Manufacturing of America, Inc. THK Europe B.V. THK GmbH THK Manufacturing of Europe S.A.S. DAITO SEIKI CO., LTD., which had been a subsidiary accounted for using equity method, became a wholly owned subsidiary through a stock swap on November 1, 2004, and therefore is included in consolidated subsidiaries effective from this consolidated fiscal year. THK (SHANGHAI) Co., LTD, DALIAN THK CO., LTD., and THK MANUFACTURING OF CHINA (LIAONING) CO., LTD., which had been unconsolidated subsidiaries, are included in consolidated subsidiaries effective from this fiscal year as their significance increased. THK MANUFACTURING OF (WUXI) CO., LTD. was established in March 2005, and therefore it is also included in consolidated subsidiaries. PGM Ballscrews Ltd., which had been a consolidated subsidiary, started its liquidation procedures and there was no more a parent-subsidiary relationship with THK, and therefore it is excluded from consolidated subsidiaries in this consolidated fiscal year, but its statement of income immediately before the start of liquidation process alone is included in the consolidated statement of income.	(1) Number of consolidated subsidiaries: 20 Names of main consolidated subsidiaries DAITO SEIKI CO., LTD. TALK SYSTEM CO., LTD. THK America, Inc. THK Manufacturing of America, Inc. THK Europe B.V. THK GmbH THK Manufacturing of Europe S.A.S. Newly established THK (CHINA) CO., LTD. and Beldex KOREA Corporation are included in consolidated subsidiaries effective from the current fiscal year.
	(2) Name of main unconsolidated subsidiaries A main unconsolidated subsidiary is Nippon Slide CO., LTD. (Reason for excluding from the consolidation) The unconsolidated subsidiaries are small, and their total assets, sales, net income/loss (corresponding to equity portion) have no material effect on consolidated financial statements.	(2) Name of main unconsolidated subsidiaries Same as left
2 Use of the Equity Method	(1) Number of affiliated companies accounted for using the equity method: 1Name of the company: SAMICK LMS CO., LTD. DAITO SEIKI CO., LTD. became a wholly owned subsidiary of THK, and therefore it is excluded from a company accounted for using the equity method.	(1) Number of affiliated companies accounted for using the equity method: 1 Name of the company: SAMICK LMS CO., LTD.

Item	Previous Consolidated Fiscal Year (4/1/04~3/31/05)	Current Consolidated Fiscal Year (4/1/05~3/31/06)
	(2) Names of main unconsolidated subsidiaries and affiliated companies not accounted for using the equity method Nippon Slide CO., LTD. (Reasons not being accounted for using the equity method) Net income/loss (corresponding to equity portion) and retained earnings (corresponding to equity portion) of unconsolidated subsidiaries and affiliated companies not accounted for using the equity method have no material impact on the consolidated financial statements and they are of no significance as a whole.	(2) Names of main Same as left
3 Fiscal Years of consolidated subsidiaries	Of consolidated subsidiaries, the following subsidiaries' fiscal year ends 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 France S.A.S.; THK Manufacturing of Europe S.A.S.; PGM Ballscrews Ireland Ltd.; THK TAIWAN CO., LTD.; THK THK (SHANGHAI) CO., LTD.; DALIAN THK CO., LTD.; THK MANUFACTURING OF (WUXI) CO., LTD.; THK MANUFACTURING OF (LIAONING) CO., LTD. In preparing consolidated financial statements, subsidiaries' financial statements as of December 31 are adopted, but adjustment has been made for significant transactions between subsidiaries' fiscal year-ends and consolidated fiscal year-end (March 31). Of consolidated subsidiaries, the following subsidiaries' fiscal year ends on March 31: THK NIIGATA CO., LTD., DAITO SEIKI CO., TALK SYSTEM CO., LTD., Beldex Corporation	Of consolidated subsidiaries, the following subsidiaries' fiscal year ends 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 France S.A.S.; THK Manufacturing of Europe S.A.S.; PGM Ballscrews Ireland Ltd.; THK TAIWAN CO., LTD.; Beldex KOREA Corporation; THK (SHANGHAI) CO., LTD.; DALIAN THK CO., LTD.; THK MANUFACTURING OF (WUXI) CO., LTD.; THK MANUFACTURING OF (LIAONING) CO., LTD.; THK (CHINA) CO., LTD. In preparing consolidated financial statements, subsidiaries' financial statements as of December 31 are adopted, but adjustment has been made for significant transactions between subsidiaries' fiscal year-ends and consolidated fiscal year-end (March 31). Of consolidated subsidiaries, the following subsidiaries' fiscal year ends on March 31: THK NIIGATA CO., LTD., DAITO SEIKI CO., TALK SYSTEM CO., LTD., Beldex Corporation

Item	Previous Consolidated Fiscal Year (4/1/04~3/31/05)	Current Consolidated Fiscal Year (4/1/05~3/31/06)
4 Summary of Significant Accounting Policies	(1) Evaluation standards and methods for significant assets i. Securities 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 For amounts invested to investment business limited partnerships and partnerships similar to them (those deemed to be securities by Article 2, paragraph 2 of Securities and Exchange Law), net equity equivalent amount calculated based on the latest financial statements available as of settlement report date prescribed in a contract of partnership is stated. (Amendment of statement method) The "Law Amending a Part of Securities and Exchange Law" (Law No. 97, 2004) was promulgated on June 9, 2004 and it became effective on December 1, 2004, and "Practical Guideline for Financial Products Accounting" (Accounting System Council Report No.14) was also revised on February 15, 2005. Due to these changes, the company amended effective from this consolidated fiscal year its method of stating amounts investing to investment business limited partnerships or partnerships similar to them (those deemed to be securities by Article 2, paragraph 2 of Securities and Exchange Law) to include in investment securities. Such mounts included in investment securities as of the end of this consolidated fiscal year are ¥128 million. ii. Inventories THK, TALK SYSTEM CO., LTD., THK NIIGATA CO., and THK Manufacturing of Europe S.A.S. stated their inventories mainly using the gross average cost method, THK America, Inc., THK Manufacturing of America, Inc., THK Neturen America, L.L.C., and PGM Ballscrews Ireland Ltd., and THK (SHANGHAI) CO., LTD., stated their inventories at lower of cost or market using the first-in-first-out method, THK Europe B.V., THK GmbH, THK France S.A.S., THK TAIWAN CO., LTD., DALIAN THK CO., LTD., and THK MANUFACTURING (WUXI) CO., LTD., at lower of cost or market using the moving average method, and Daito Seiki Co., Ltd. and Beldex Corporation stated mainly at cost using the actual cost method.	(1) Evaluation standards and methods for significant assets i. Securities Same as left ————— ii. Inventories THK, TALK SYSTEM CO., LTD., THK NIIGATA CO., and THK Manufacturing of Europe S.A.S. stated their inventories mainly using the gross average cost method, THK America, Inc., THK Manufacturing of America, Inc., THK Neturen America, L.L.C., and PGM Ballscrews Ireland Ltd., THK (SHANGHAI) CO., LTD. and THK TAIWAN CO., LTD., stated their inventories at lower of cost or market using the first-in-first-out method, THK Europe B.V., THK GmbH, THK France S.A.S., THK TAIWAN CO., LTD., DALIAN THK CO., LTD., and THK MANUFACTURING (WUXI) CO., LTD., at lower of cost or market using the moving average method, and Daito Seiki Co., Ltd. and Beldex Corporation stated mainly at cost using the actual cost method.

Item	Previous Consolidated Fiscal Year (4/1/04~3/31/05)	Current Consolidated Fiscal Year (4/1/05~3/31/06)
	(2) Method of depreciation and amortization	(2) Method of depreciation and amortization
	i. Tangible fixed assets	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 structure 5-50 years Machinery, equipment, and vehicle 4-10 years	Same as left
	ii. Intangible fixed assets	ii. Intangible fixed assets
	The straight-line method is used by the company and its domestic 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 straight-line method, based on their local accounting standards.	Same as left
	(3) Accounting standards for major allowance	(3) Accounting standards for major allowance
	i. Allowance for doubtful accounts	i. Allowance for doubtful accounts
	To prepare for possible losses caused by irrecoverable money claims at the fiscal year-end, the company and its domestic 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.	Same as left
	ii. Allowance for bonuses	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 this consolidated fiscal year.	Same as left

Item	Previous Consolidated Fiscal Year (4/1/04~3/31/05)	Current Consolidated Fiscal Year (4/1/05~3/31/06)
	iii. Allowance for retirement and severance 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 this consolidated fiscal year, based on the projected retirement benefit obligation and fair value of pension assets at the consolidated fiscal year end. The unrecognized net actuarial difference is amortized using the straight-line method over a number of years (usually 10 years) within the employees' average remaining employment period, commencing from the next consolidated fiscal year in which they arise (stated as either income or expense in the statement of income).	iii. Allowance for retirement and severance benefits Same as left
	iv. Allowance for directors' and auditors' retirement benefit Although an allowance had been provided for the amount that 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. In this consolidated fiscal year, 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 was 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.	iv. —————
	(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.	(4) Accounting for major lease transactions Same as left
	(5) Hedge accounting i. Method of hedge accounting Exchange contract transactions and currency swap transactions meet the requirement of allocation treatment, and are accounted for accordingly. Interest swap transactions meet the requirement of special treatment, and are accounted for accordingly.	(5) Hedge accounting i. Method of hedge accounting Same as left

Item	Previous Consolidated Fiscal Year (4/1/04~3/31/05)	Current Consolidated Fiscal Year (4/1/05~3/31/06)
	ii. Hedging instruments and hedged items Exchange contract transactions …Foreign currency denominated money claims Currency swap transactions …Foreign currency denominated money claims Interest swap transactions …Interest fluctuation of money borrowed iii. Hedging policy The company uses exchange contract transactions and currency swap transactions for the purpose of hedging exchange rate fluctuation risks and fixing cash flows related to the payment of foreign currency denominated money liabilities or the collection of principal and interest on loans. The company uses interest related hedge accounting for the purpose of hedging risks for interest rate fluctuation for borrowings. iv. Assessment method for the effectiveness of hedges The company omits the assessment of the effectiveness of hedges for exchange contract transactions and currency swap transactions, because the significant terms and conditions for such transactions and for hedged assets/liabilities are identical, and are assumed beforehand to offset exchange rate fluctuations or cash flow fluctuations continuously from the time hedging is initiated. The company also omits the assessment of the effectiveness for interest swap transactions, because they meet the requirement of special treatment.	ii. Hedging instruments and hedged items Same as left iii. Hedging policy Same as left iv. Assessment method for the effectiveness of hedges Same as left
	(6) Other significant items to prepare consolidated financial statements Consumption taxes Consumption taxes and local consumption taxes are excluded from the transaction amounts.	(6) Other significant items to prepare consolidated financial statements Consumption taxes Same as left
5 Assessment of Assets and Liabilities of Consolidated Subsidiaries	General market value method is adopted to assess assets and liabilities of consolidated subsidiaries.	Same as left
6 Amortization of Consolidation Adjusting Account	Consolidation adjusting account is amortized in five year installment.	Same as left
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.	Same as left
8 Scope of funds stated in the 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.	Same as left

Change in Accounting Treatment

Previous Consolidated Fiscal Year (4/1/04~3/31/05)	Current Consolidated Fiscal Year (4/1/05~3/31/06)
―――――	(Change in Accounting Treatment) Although THK TAIWAN CO., LTD had stated its inventories accounted at lower cost or market using the moving average method so far, it has applied first-in-first–out lower or market method effective from the current fiscal year. This change was made for the purpose of properly grasping cost of sales by sales units and improving the periodic accounting of profit and loss, taking the occasion of having introduced a sale/distribution system and accounting system as a part of implementing a program to achieve more speedy and efficient clerical works. The impact of this change on the current financial statements was minor. Statement of the amount in the segment information affected by this change is omitted since its impact is minor.
―――――	(Fixed asset impairment accounting standard) Effective this fiscal year, the company has adopted “Accounting Standard Concerning Fixed Asset Impairment”(Statement of Position Concerning Establishment of Fixed Asset Impairment Accounting Standard) (Business Accounting Council; August 9, 2002) and “Application Guideline for Fixed Asset Impairment Accounting Standard”(Business Accounting Standard Board, Business Accounting Standard Application Guideline No. 6, October 31, 2003). As a result, income before tax adjustment decreased ¥1,152 million. The amount of accumulated impairment loss was directly deducted from each asset in accordance with the amended financial statements regulation.

Change in the Method of Statement

Previous Consolidated Fiscal Year (4/1/04~3/31/05)	Current Consolidated Fiscal Year (4/1/05~3/31/06)
(Consolidated Statement of Income) “Payment charge” which were included in “Sundry loss” in non-operating expenses accounted for the previous consolidated statement of income (¥65 million for the previous consolidated fiscal year) exceeded 10/100 of total non-operating expenses, therefore it is stated separately effective from the current consolidated fiscal year.	―――――

Additional Information

Previous Consolidated Fiscal Year (4/1/04~3/31/05)	Current Consolidated Fiscal Year (4/1/05~3/31/06)
With the enactment of the “Revision of the Local Tax Law” (Law No.9, 2003) on March 31, 2003, external standard taxation system has been introduced effective the fiscal year beginning April 1, 2004. Due to this change, effective this consolidated fiscal year, the company included the enterprise taxes computed based on “amount of value-added” and “amount of capital” in “Selling and General Administrative Expenses” on the consolidated statement of income pursuant to “Practical Treatment for Presentation of External Standards Taxation portion of Enterprise Taxes in the Statement of Income” (Business Accounting Standards Board, Practical Report of Practical Issues No.12 dated February 13, 2004). As a result, selling and general administrative expenses increased ¥305 million and operating income, ordinary income and pretax income decreased ¥305 million.	―――――

Notes

(Consolidated Balance Sheet)

<table>
<tr><th>As of March 31,2005</th><th>As of March 31,2006</th></tr>
<tr><td>*1 Stocks of unconsolidated subsidiaries and affiliated companies are as follows:
Investment securities (stocks) ¥1,830million</td><td>*1 Stocks of unconsolidated subsidiaries and affiliated companies are as follows:
Investment securities (stocks) ¥2,251 million</td></tr>
<tr><td>2 ―――――</td><td>2 Debt guarantees for companies other than consolidated subsidiaries are as follows:
(Millions of Yen)
Debtor / Amount / Guarantee
Debt guarantee Nippon Slide CO.,LTD. / 27 / Guarantee for liabilities
Total / 27 / ―</td></tr>
<tr><td>*3 Assets pledged and liabilities related to such pledged assets are as follows:
(Millions of Yen)
Mishima and Sendai Plant foundation collateral
Buildings and fixture 1,016
Machinery and vehicles 182
Land 240
Total 1,438
Liabilities covered by the pledge is long-term borrowing for ¥248 million (current portion thereof is ¥72 million)
*4 Amount stated in relation to companies accounted for using equity method was ¥3 million.</td><td>*3 Assets pledged and liabilities related to such pledged assets are as follows:
(Millions of Yen)
Mishima and Sendai Plant foundation collateral
Buildings and fixture 987
Machinery and vehicles 168
Land 240
Total 1,395
Liabilities covered by the pledge is long-term borrowing for ¥176 million (current portion thereof is ¥72 million)
*4 Amount stated in relation to companies accounted for using equity method was ¥14 million.</td></tr>
<tr><td>5 THK group (the company and its consolidated subsidiaries) signed a special credit facility agreement with main banks to effectively raise working funds.
(Millions of Yen)
Special Credit limit under the contract 14,000
Balance of borrowings ―
Available line of credit 14,000
*6 Total number of common shares issued by the Company was 119,917,526 shares.
*7 Total number of treasury stocks owned by consolidated companies was 423,801common shares.</td><td>5 THK group (the company and its consolidated subsidiaries) signed a special credit facility agreement with main banks to effectively raise working funds.
(Millions of Yen)
Special Credit limit under the contract 14,000
Balance of borrowings ―
Available line of credit 14,000
*6 Total number of common shares issued by the Company was 132,799,331 shares.
*7 Total number of treasury stocks owned by consolidated companies was 29,741common shares.</td></tr>
</table>

(Consolidated Statement of Income)

Year ended March 31,2005

*1 R&D expenses included in sales, general and administrative expenses was ¥2,685million.

*2Main gains on sale of fixed assets are as follows:

	(Millions of Yen)
Buildings and fixture	57
Machinery, equipment and vehicles	118
Others	1
Total	177

*3(1) Main losses on sale of fixed assets are as follows:

	(Millions of Yen)
Buildings and fixture	40
Machinery, equipment and vehicles	45
Others	5
Total	91

(2) Main losses on retirement of fixed assets are as follows:

	(Millions of Yen)
Buildings and fixture	35
Machinery, equipment and vehicles	54
Other (tangible fixed assets)	15
Intangible fixed assets	181
Total	287

*4 —————

Year ended March 31,2006

*1 R&D expenses included in sales, general and administrative expenses was ¥2,683million.

*2Main gains on sale of fixed assets are as follows:

	(Millions of Yen)
Buildings and fixture	48
Machinery, equipment and vehicles	104
Land	314
Others	1
Total	469

*3(1) Main losses on sale of fixed assets are as follows:

	(Millions of Yen)
Buildings and fixture	43
Machinery, equipment and vehicles	12
Others	0
Total	56

(2) Main losses on retirement of fixed assets are as follows:

	(Millions of Yen)
Buildings and fixture	250
Machinery, equipment and vehicles	36
Other (tangible fixed assets)	63
Intangible fixed assets	4
Total	354

*4 During the current consolidated fiscal year, impairment losses were recognized for the following asset groups

(Millions of Yen)

Use	Kind	Location	Amount
Unused	Land	Ikoma-shi, Nara Pref.	590
Unused	Land & ease right	Shinagawa-ku, Tokyo	245
Unused	Land	Sanyo Onoda-shi, Yamaguchi Pref.	96
Unused	Land, Bldgs & Others	Other nine properties	210
Total			1,152

(Summary of impairment losses by types of assets)

Types	Amount (Millions of yen)
Buildings and structure	5
Machineries and transport equipment	9
Land	1,060
Others (tangible fixed assets)	9
Intangible fixed assets	67
Total	1,152

THK group conducts grouping for business properties by plants and treats headquarters and operating assets as a property for common use. The group also groups unused assets and leased assets into one unit by each property.
Of unused properties, for those of which market prices are falling, their book values were reduced to the amount collectible and the company recognizes such reduced amount as impairment loss of “extraordinary loss”. The amount collectible is determined as a net sale price which was calculated by appraisal value provided mainly by a real-estate appraiser.

(Consolidated Statement of Cash Flows)

Year ended March 31,2005	Year ended March 31,2006
*1 The relationship of the cash and due from banks outstanding at the end of this fiscal year and cash and cash equivalents stated in the consolidated balance sheet is as follows: (Millions of Yen) Cash and deposits 75,842 Securities 144 Cash and cash equivalents 75,987	*1 The relationship of the cash and due from banks outstanding at the end of this fiscal year and cash and cash equivalents stated in the consolidated balance sheet is as follows: (Millions of Yen) Cash and deposits 87,911 Securities 340 The fixed deposit will expire within three months (1,944) Cash and cash equivalents 86,307
2 Main assets and liabilities of a company which has newly become a wholly-owned subsidiary by equity swap are as follows. Summary of assets and liabilities, and their relation with acquisition value of stocks of DAITO SEIKI CO., LTD., at the time when that company was newly consolidated by equity swap are as follows. Millions of yen Current assets 10,415 Fixed assets 2,387 Current liabilities (2,998) Fixed liabilities (631) Adjustment by new consolidation (note) (3,126) Consolidation adjustment (3,240) Acquisition value of stocks of Daito Seiki Co., Ltd. by stock swap 2,805 Total value of new stocks issued by stock swap (1,000) Total market value of substitute treasury stocks by stock swap (1,805) Difference — (Note) Adjustment related to new consolidation includes the adjustment related to investments valuation amount computed applying the equity method before the consolidation and to marked-to-market of assets calculated using entire market method.	2 ―――――
3 Summary of significant non-funding transactions Stock swap was executed in the current fiscal year to make DAITO SEIKI CO., LTD.LTD a wholly-owned subsidiary, and new stocks were issued and substitute treasury stocks were delivered, as a result of which increases of the following amount were recognized. Increase in capital surplus by issuance of new stocks ¥1,000 million Increase in capital surplus by delivery of substitute treasury stocks (Profit on disposal of treasury stocks) ¥688 million Decrease in treasury stocks by delivery of substitute treasury stocks ¥1,116 million	3 Summary of significant nonfunding transactions Exercise of share warrant Increase in capital by exercise of share warrant ¥10,627millioin Increase in capital reserve by exercise of share warrant ¥10,627million Decrease in bonds with share warrant by exercise of share warrant ¥21,255million

(Lease transactions)
Report of lease transactions is omitted, because it is disclosed via EDINET.

(Securities)
1. Other marketable securities

(Millions of Yen)

Classification	As of March 31, 2005			As of March 31, 2006		
	Acquisition cost	Carried amount	Difference	Acquisition cost	Carried amount	Difference
Aggregate carrying value exceeds aggregate acquisition cost						
(1) Equities	2,392	4,123	1,730	578	2,832	2,254
(2) Others	7	8	1	3	4	1
Subtotal	2,399	4,141	1,731	582	2,837	2,255
Aggregate carrying value does not exceed aggregate acquisition cost						
Equities	0	0	(0)	2	2	(0)
Subtotal	0	0	(0)	2	2	(0)
Total	2,400	4,132	1,731	584	2,839	2,255

Note: In addition to the above, difference between acquisition costs and market values in equity portion in investment business partnerships are included in “Valuation adjustment for other securities” on the balance sheets. Such differences, net of tax effect amount, are ¥24illion for the previous fiscal year, and ¥9million for the current fiscal year.
Regarding impairment of securities stated in the table above, when an issue’s market value falls by 50 percent or more lower than its acquisition cost, the company makes it a rule to write them down. For each security whose value is 30 percent or more, but less than 50 percent lower than acquisition cost, the company judges whether to write it down by assessing its issuer’s financial conditions as of its latest fiscal year-end, and its earnings results for the last two fiscal years, and by comparing each issue’s acquisition cost with its average month-end closing price for the last 24 months.

2. Other securities sold during the current consolidated fiscal year

Classification	Previous consolidated fiscal year (4/1/04 – 3/31/05)	Current consolidated fiscal year (4/1/05 – 3/31/06)
Amount sold (millions of yen)	—	3,849
Total profit on sale (millions of yen)	—	1,933
Total loss on sale (millions of yen)	—	—

3. Securities without market values

(Millions of Yen)

Types	As of March 31, 2005	As of March 31, 2006
	Carrying amount	Carrying amount
Other securities		
Unlisted equities (excluding OTC)	585	407
Unlisted foreign investment trust	144	340

(Derivatives Transactions)

1 Matters related to the status of derivative transactions

Previous consolidated fiscal year (4/1/04 – 3/31/05)	Current consolidated fiscal year (4/1/05 – 3/31/06)
i. Transaction summary and its purpose The THK Group uses forward foreign exchange contracts and currency swaps to reduce risks of fluctuations in foreign exchange on payment of foreign currency denominated monetary liabilities arising from import transactions during normal course of businesses and on the collection of principal and interest of loans to overseas subsidiaries, and to fix cash flow. It also uses interest swap transactions to be prepared for interest rate rising risk for borrowing with variable interest rate.	i. Transaction summary and its purpose Same as at left
ii. Policy for derivative transactions Derivative transactions are used for reducing foreign exchange and interest rate fluctuation risks and never for speculative purposes. In performing derivative transactions, the Group makes it a rule to limit the amount of forward foreign exchange contracts within the scope of foreign currency denominated liabilities, and limit also the nominal principal amount of currency swap and interest rate swap transactions within the actually outstanding balances of loans and borrowings. The THK Group will never be involved with stock-related derivative transactions.	ii. Policy for derivative transactions Same as at left
iii. Summary of transaction related risks Currency-related derivative transactions expose to risks of foreign exchange rate fluctuations, and interest rate related derivative transactions expose to risk of market rate fluctuations. As counterparties of the Group's derivative transaction contracts are mostly good credit rating banks, it is deemed that there is almost no credit risk due to default by such counterparties.	iii. Summary of transaction related risks Same as at left
iv. Risk management system for transactions Corporate Strategy Department is made responsible for the management of currency and interest rate related derivative transactions. General manager of Corporate Strategy Department makes reports on fund management including derivative transactions to regular board of directors meeting to be held every month.	iv. Risk management system for transactions Same as at left

2 Matters related to market values of derivative transactions

For the previous consolidated fiscal year (as of March 31, 2005)

There was no corresponding item.

Explanatory note is omitted because hedge accounting is used for all future foreign exchange contracts, currency swap transactions, and interest rate swap transactions.

For the current consolidated fiscal year (as of March 31, 2006)

There was no corresponding item.

Explanatory note is omitted because hedge accounting is adopted for all future foreign exchange contracts, currency swap transactions, and interest rate swap transactions.

(Retirement benefits)

For fiscal year ended March 31, 2005

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, 2005
Retirement benefit liabilities(Note) (1)	5,695
Less: Pension assets (2)	(2,857)
Unreserved retirement benefit liabilities (1)+(2)	2,837
Unrecognized actuarial difference (3)	(730)
Allowance for retirement and severance benefits (1)+(2)+(3)	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

(Millions of Yen)

	As of March 31, 2005
Service costs (Note1, 2)	376
Interest costs	112
Expected return on plan assets	(11)
Recognized actuarial differences	73
Retirement benefit costs	550

(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, 2005
Method of distribution of estimated retirement and severance benefits	Straight-line amortization
Discount rate for obligations	2.5 %
Expected rate of return on plan assets	0.5 %
Period of amortization of actuarial differences(Note)	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.

For fiscal year ended March 31, 2006

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, 2006
Retirement benefit liabilities(Note) (1)	6,676
Less: Pension assets (2)	(3,617)
Unreserved retirement benefit liabilities (1)+(2)	3,059
Unrecognized actuarial difference (3)	(743)
Allowance for retirement and severance benefits (1)+(2)+(3)	2,316

(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

(Millions of Yen)

	As of March 31, 2006
Service costs (Note1, 2)	499
Interest costs	136
Expected return on plan assets	(13)
Recognized actuarial differences	109
Retirement benefit costs	730

(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, 2006
Method of distribution of estimated retirement and severance benefits	Straight-line amortization
Discount rate for obligations	2.0 %
Expected rate of return on plan assets	0.5 %
Period of amortization of actuarial differences(Note)	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.

(Tax-effect accounting)

1. Significant components of deferred tax assets and liabilities

(Millions of Yen)

	As of March 31, 2005	As of March 31, 2006
(Deferred tax assets)		
Inventory valuation	1,070	1,097
Allowance for employee bonuses	887	903
Allowance for retirement and severance benefits	784	784
Software	541	399
Enterprise tax payable	464	582
Unrealized profit on inventories	407	430
Director's retirement benefits payable	399	398
Operating loss carry forward	268	262
Allowance for doubtful debts	250	194
Valuation losses on investment securities	92	—
Loss on impairment	—	346
Others	1,100	1,128
Subtotal of deferred tax assets	6,267	6,527
Valuation reserve	(851)	(466)
Total deferred tax assets	5,415	6,060
(Deferred tax liabilities)		
Unrealized loss on marketable securities	(712)	(922)
Unrealized gain/loss on land	(418)	(418)
Insurance reserve	(280)	(270)
Allowance for special depreciation	(213)	(226)
Other	(187)	(204)
Total deferred tax liabilities	(1,811)	(2,041)
Net deferred tax assets	3,603	4,019

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, 2005	As of March 31, 2006
Legal effective tax rate	40.7 %	40.7 %
(Adjustment)		
Items permanently disallowed for including in deductible expenses such as entertainment expense	0.2 %	0.2 %
Items permanently disallowed for including in taxable income such as dividend received.	(0.0) %	(0.0) %
Net income/loss in consolidated subsidiaries	(0.6) %	0.6 %
Amortization of consolidation adjusting account	(0.5) %	(0.9) %
Income/loss on investments based on equity method	(0.7) %	(0.6) %
Inhabitant tax on per capita basis	0.3 %	0.2 %
Deviation of statutory effective tax rate for companies in Japan and for overseas companies	(0.2) %	(1.0) %
Deduction allowed for total experimental and research expenses	(1.1) %	(0.9) %
Corporate tax refund	(1.5) %	(0.1) %
Others	(1.4) %	(0.1) %
Corporate income tax rate after the adoption of tax-effect accounting	35.2 %	38.1 %

(Segment Information)

Business Segment Information (For fiscal year ended March 31, 2005 and for fiscal year ended March 31, 2006)

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.

Geographic Segment Information

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 (loss)	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:

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

2 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: China, South Korea, Taiwan and other countries

3 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).

For fiscal year ended March 31, 2006

(Millions of Yen)

	Japan	America	Europe	Asia and other	Total	Eliminations of corporate	Consolidated
Net Sales							
To customers	122,456	14,008	16,309	5,637	158,412	—	158,412
Inter-segment	19,362	33	87	1,390	20,874	(20,874)	—
Total	141,819	14,042	16,397	7,028	179,286	(20,874)	158,412
Operating expenses	116,542	12,737	16,452	6,548	152,280	(20,947)	131,332
Operating income	25,276	1,304	(55)	480	27,006	73	27,079
Assets	182,494	15,279	17,870	16,009	231,653	12,731	244,384

Note:

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

2 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: China, South Korea, Taiwan and other countries

3 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).

Overseas Sales

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:

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

2 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: China, South Korea, Taiwan and other countries

3 Overseas sales are sales booked in foreign countries or in regions other than Japan, by the company and its consolidated subsidiaries.

For fiscal year ended March 31, 2006

(Millions of Yen)

	Americas	Europe	Asia and others	Total
Overseas sales	14,107	16,198	15,861	46,167
Consolidated net sales				158,412
Overseas sales as a percentage of consolidated net sales	8.9	10.2	10.0	29.1

Note:

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

2 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: China, South Korea, Taiwan and other countries

3 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, 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.

For fiscal year ended March 31, 2006

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.

(Per share data)

(Yen)

Previous consolidated fiscal year (4/1/04 – 3/31/05)		Current consolidated fiscal year (4/1/05 – 3/31/06)	
Stockholders' equity per share	1,067.42	Stockholders' equity per share	1,266.39
Net income per share	145.31	Net income per share	148.42
Net income per share after adjustment of dilutive shares	130.05	Net income per share after adjustment of dilutive shares	137.97

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

(Millions of yen, number of shares)

Item	Previous consolidated fiscal year (4/1/04 – 3/31/05)	Current consolidated fiscal year (4/1/05 – 3/31/06)
Net income on consolidated statements of income	17,348	18,584
Net income reverting to common shares	17,248	18,449
Summary of amount not reverting to common shareholders Bonuses paid to directors by income appropriation	100	135
Amount not reverting to common shareholders	100	135
Average number of common shares	118,701,382	124,301,116
Summary of net income adjustment amount used for the calculation of net income per share after adjustment of dilutive shares Interest paid (after tax equivalent) Commission paid (after tax equivalent)	— 2	— 1
Net income adjustment amount	2	1
Summary of increased number of common shares used for the calculation of net income per share after adjustment of dilutive shares Bonds with stock acquisition rights	13,939,394	9,429,809
Increased number of common stocks	13,939,394	9,429,809
Summary of dilutive shares not used for the calculation of net income per share after adjustment of dilutive shares because they have dilutive effect	—	—

(Significant subsequent event)

There is no corresponding item.

THK
The Mark of Linear Motion

May 18, 2006

Non-Consolidated Financial Review for the Year Ended March 31, 2006

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 18, 2006
Date of the ordinary general meeting of shareholders:	June 17, 2006
Interim cash dividends:	Yes
Adoption of Unit stock system:	Yes (1 unit 100 shares)
Date of interim dividend payment:	June 20, 2006

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 Mar.31, 2006	130,767	8.5	23,843	3.8	25,563	6.2
Year ended Mar.31, 2005	120,541	23.3	22,973	41.9	24,069	49.5

	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 Mar.31, 2006	16,264	12.1	129.78	120.64	11.4	11.9	19.5
Year ended Mar.31, 2005	14,510	64.3	121.16	108.47	12.6	12.4	20.0

Notes:
i .Change of accounting policy: None
ii .Average number of shares of common stock issued (non-consolidated)
Year ended March 31, 2006: 124,401,292shares
Year ended March 31, 2005: 118,939,392shares
iii.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	Interim	F.Y. end	Total dividends paid (full year)	Payout ratio	Annual dividends to shareholders' equity
	Yen	Yen	Yen	Millions of yen	%	%
Year ended Mar.31, 2006	25.00	10.00	15.00	3,250	19.3	2.0
Year ended Mar.31, 2005	18.00	7.50	10.50	2,146	14.9	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 Mar.31, 2006	225,568	160,061	71.0	1,204.66
Year ended Mar.31, 2005	205,668	124,877	60.7	1,040.73

Notes:
ⅰ.Net number of shares issued and outstanding at the end of the fiscal year (non-consolidated)
March 31, 2006: 132,769,590,shares
March 31, 2005: 119,894,551 shares
ⅱ.The number of treasury stock as of :
March 31, 2006: 29,741 shares
March 31, 2005: 22,975 shares

2. Projections of Non-Consolidated Results for the Fiscal Year ending March 31, 2007

	Net sales	Operating income	Ordinary income	Net income	Annual cash dividends per share		
					Interim	F.Y. end	
	Million of yen	Million of yen	Million of yen	Million of yen	Yen	Yen	Yen
Six months ended Sep.30, 2006	72,000	14,300	14,200	8,400	13.00	—	—
Year ended Mar.31, 2007	144,000	28,600	28,300	16,800	—	13.00	26.00

For reference: Estimate of net income per share for the year ending March 31, 2006: 126.53Yen
(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.

Non-Consolidated Balance Sheets

(Millions of yen)

Account Items	Notes No.	As of March 31, 2005 Amount		%	As of March 31, 2006 Amount		%
Assets							
Current assets:							
Cash on hand and in banks			58,268			68,334	
Notes receivable – trade	*2		18,181			19,277	
Accounts receivable – trade	*2		28,598			36,566	
Merchandise			325			159	
Finished goods			6,415			6,834	
Raw materials			4,387			4,375	
Work in process			3,182			3,110	
Supplies			373			369	
Prepaid expenses			260			286	
Deferred tax assets			1,929			2,017	
Short-term loans to related companies			6,072			6,794	
Accounts receivable - other	*2		2,651			1,192	
Other			295			990	
Less: Allowance for doubtful debts			(40)			(4)	
Total current assets			130,902	63.7		150,303	66.6
Fixed assets							
Tangible fixed assets	*1						
Buildings		22,946			22,045		
Accumulated depreciation		12,519	10,426		12,463	9,582	
Structures		1,538			1,641		
Accumulated depreciation		1,059	478		1,088	552	
Machinery, equipment, and other		56,136			57,488		
Accumulated depreciation		43,663	12,473		44,789	12,699	
Vehicles		247			250		
Accumulated depreciation		214	32		217	33	
Implements, tools and furniture		7,861			7,417		
Accumulated depreciation		6,711	1,149		6,312	1,105	
Land			9,094			7,774	
Construction in progress			736			1,485	
Total tangible fixed assets			34,391	16.7		33,233	14.7

(Millions of yen)

Account Items	Notes No.	As of March 31, 2005			As of March 31, 2006		
		Amount		%	Amount		%
Intangible fixed assets							
Patent			611			246	
Software			46			262	
Other			51			42	
Total intangible fixed assets			710	0.3		551	0.3
Investments and other							
Long-term investments in securities			4,395			3,050	
Investments in shares of related companies			18,656			18,656	
Investments in related companies			10,339			13,962	
Long-term loans			252			246	
Long-term loans to related companies			3,134			1,938	
Claims in bankruptcy, reorganization, and others			73			64	
Long-term prepaid expenses			25			9	
Deferred tax assets			785			857	
Other			2,371			3,049	
Less: Allowance for doubtful debts			(371)			(355)	
Total investments and others			39,663	19.3		41,479	18.4
Total fixed assets			74,765	36.3		75,264	33.4
Total assets			205,668	100.0		225,568	100.0

(Millions of yen)

Account Items	Notes No.	As of March 31, 2005 Amount		%	As of March 31, 2006 Amount		%
Liabilities							
Current liabilities							
Notes payable - trade			5,159			4,176	
Accounts payable - trade	*2		16,719			23,819	
Bonds due within one year			—			10,000	
Accounts payable - other			2,612			2,625	
Accrued expenses			4,710			5,742	
Corporate income taxes payable and other			5,964			6,588	
Consumption taxes payable and other			33			184	
Advances received			21			7	
Deposits received			154			183	
Allowance for bonuses			1,866			1,868	
Notes payable – equipment and other			2,397			396	
Other			593			411	
Total current liabilities			40,236	19.6		56,005	24.8
Long-term liabilities							
Bonds			15,000			5,000	
Bonds with stock acquisition rights			23,000			1,745	
Allowance for retirement and severance benefits			1,569			1,769	
Other			984			986	
Total long-term liabilities			40,554	19.7		9,500	4.2
Total liabilities			80,791	39.3		65,506	29.0
(Shareholders' equity)							
Common stock	*3		23,106	11.2		33,733	14.9
Capital surplus							
Capital reserve			35,971			46,599	
Other capital surplus							
Gains on disposal of treasury stocks			0			0	
Total capital surplus			35,971	17.5		46,599	20.7
Earned surplus							
Earned surplus			1,958			1,958	
Voluntary reserve							
Reserve fund for special depreciation		247			283		
Reserve for deferred taxes on land		14			14		
Reserve for dividends		1,400			1,600		
Other reserve		46,000	47,661		58,000	59,898	
Unappropriated profit of this term			15,170			16,580	
Total earned surplus			64,790	31.5		78,437	34.8
Valuation gains on marketable securities			1,037	0.5		1,339	0.6
Treasury stocks	*4		(29)	(0.0)		(48)	(0.0)
Total shareholders' equity			124,877	60.7		160,061	71.0
Total liabilities and shareholders' equity			205,668	100.0		225,568	100.0

Non-Consolidated Statements of Income

(Millions of yen)

Account Items	Notes No.	Year ended March 31, 2005 Amount		%	Year ended March 31, 2006 Amount		%
Net sales	*1						
Products		116,313			125,979		
Merchandise		4,227	120,541	100.0	4,788	130,767	100.0
Cost of sales							
Opening stock, products		6,710			6,415		
Opening stock, merchandise		93			325		
Cost of production		75,245			82,614		
Merchandise purchased		3,131			3,256		
Suspense accounts	*2	1,651			2,078		
Total		86,830			94,690		
Suspense accounts allocated		68			128		
Closing stock, products		6,415			6,834		
Closing stock, merchandise		325	80,022	66.4	159	87,568	67.0
Gross profit			40,519	33.6		43,199	33.0
Sales, general, and administrative expenses	*3						
Packaging and transportation		1,549			1,825		
Advertising and promotions		493			519		
Salaries and allowances		4,884			5,168		
Provision for employee bonuses		694			699		
Retirement expenses		147			174		
Provision for directors' bonuses		29			—		
Rental expenses		1,346			1,543		
Depreciation and amortization		508			475		
Research and development		2,685			2,673		
Fees expenses		480			658		
Software development		245			253		
Subcontracting		1,191			1,559		
Others		3,287	17,545	14.5	3,804	19,355	14.8
Operating income			22,973	19.1		23,843	18.2
Non-operating income							
Interest income	*1	174			192		
Dividend income		116			321		
Foreign exchange gain		461			770		
Rental income	*1	341			365		
Others		336	1,430	1.2	368	2,018	1.5
Non-operating expenses							
Interest expenses		0			—		
Bond interest		159			159		
Payment charge		88			84		
Others		86	334	0.3	55	299	0.2
Ordinary income			24,069	20.0		25,563	19.5

(Millions of yen)

Account Items	Notes No.	Year ended March 31, 2005 Amount		%	Year ended March 31, 2006 Amount		%
Extraordinary income							
Gain on sales of fixed assets	*4	69			464		
Gain on sales of investment securities		—			1,933		
Reversal of allowance for doubtful debts		82			49		
Reversal of allowance for directors' retirement benefits		47			—		
Others		—	200	0.1	60	2,507	1.9
Extraordinary loss							
Loss on sales of fixed assets	*5	1			52		
Loss on retirement of fixed assets	*5	266			342		
Loss on impairment	*6	—			856		
Loss on arrangement of related company		473	741	0.6	—	1,252	0.9
Net income before tax adjustment			23,528	19.5		26,818	20.5
Taxes - current		8,851			10,920		
Taxes - deferred		166	9,018	7.5	(366)	10,554	8.1
Net income			14,510	12.0		16,264	12.4
Retained earnings brought forward			1,547			1.575	
Interim dividend			887			1,259	
Unappropriated retained earnings at the end of period			15,170			16,580	

Proposed Appropriation of Retained Earnings

(Millions of Yen)

Account items	Fiscal year ended March 31, 2005 (on June 18, 2005)		Fiscal year ended March 31, 2006 (on June 17, 2006)	
	Amount		Amount	
Unappropriated retained earnings at beginning of period		15,170		16,580
Reversal of voluntary reserve				
Reversal of reserve fund for special depreciation	70	70	77	77
Total		15,240		16,657
Appropriation of retained earnings				
Dividend	1,258		1,991	
Bonuses to directors	100		120	
(Bonuses to auditors)	(12)		(15)	
Voluntary reserve				
Reserve for dividends	200		400	
Reserve fund for special depreciation	106		104	
General reserve	12,000	13,665	12,000	14,615
Retained earnings carried forward		1,575		2,041

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 6, 2004.
3. Payment of interim dividend of ¥ 1,259 million (¥10.00 per share) was made on December 5, 2005.
4. Dividends on income for treasury stocks are excluded.

Basis for Preparing Non-Consolidated Financial Statements

Item	Previous Fiscal Year (4/1/04~3/31/05)	Current Fiscal Year (4/1/05~3/31/06)
1Evaluation standards and methods of securities	(1) Stocks of subsidiaries and affiliated companies …Stated at costs determined using the moving-average method (2) Other securities Marketable securities …Stated at market value at this 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 For amounts invested to investment business limited partnerships and partnerships similar to them (those deemed to be securities by Article 2, paragraph 2 of Securities and Exchange Law), net equity equivalent amount calculated based on the latest financial statements available as of settlement report date prescribed in a contract of partnership had been stated. (Amendment of statement method) The "Law Amending a Part of Securities and Exchange Law" (Law No. 97, 2004) was promulgated on September 9, 2004 and it became effective on December 1, 2004, and "Practical Guideline for Financial Products Accounting" (Accounting System Council Report No.14) was also revised on February 15, 2005. Due to these changes, the company amended effective from the fiscal year its method of stating amounts invested into investment business limited partnerships or partnerships similar to them (deemed to be securities by Article 2, paragraph 2 of Securities and Exchange Law) to include in investment securities. Such amounts included in investment securities as of the end of the fiscal year totaled ¥128 million.	(1) Securities Same as left (2) Other securities Same as left —————
2Evaluation standards and methods of inventories	i. Products···gross average cost method ii. Merchandise···First-in-first-out cost method iii. Raw materials···gross average cost method iv. Goods in process···gross average cost method v. Supplies···the-last-purchase-cost method	Same as left

Item	Previous Fiscal Year (4/1/04~3/31/05)	Current Fiscal Year (4/1/05~3/31/06)
3Method of depreciation and amortization of fixed assets	(1) Tangible fixed assets Depreciated using the declining-balance method. Note that the amount of buildings (excluding fixtures to such buildings) acquired 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	(1) Tangible fixed assets Same as left
	(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 (5years)	(2) Intangible fixed assets Same as left
	(3) Long-term prepaid expenses Amortized using the straight-line method	(3) Long-term prepaid expenses Same as left
4 Accounting standards for providing allowances	(1) Allowance for doubtful accounts To prepare for possible losses caused by irrecoverable money claims allowances are provided 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.	(1) Allowance for doubtful accounts Same as left
	(2) 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 this fiscal year.	(2) Allowance for bonuses Same as left
	(3) Allowance for retirement benefits and severance benefits Allowance for retirement benefits and severance benefits is provided in provision for payment of retirement benefits to employees in the amount deemed accrued at the end of this fiscal year, based on the projected amounts of retirement benefit obligations and retirement 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 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).	(3) Allowance for retirement benefits and severance benefits Same as left

Item	Previous Fiscal Year (4/1/04~3/31/05)	Current Fiscal Year (4/1/05~3/31/06)
	(4) Allowance for directors' and auditors' retirement benefits Although an allowance had been provided for the amount that the company would have to pay at the end of the fiscal year, as estimated in accordance with internal regulations, the system to pay retirement benefits to directors and auditors was abolished 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 was included in a "reversal of allowance for directors' and auditors' retirement benefits" of extraordinary income and a ¥981million, the unpaid defined benefits, was stated in "Other" of long-term liabilities account.	(4) —————
5Accounting for lease transactions	Excluding those in which the ownership of the leased property is transferred to the lessee, finance lease transactions are accounted for in the same manner as operating leases	Same as left
6Hedge accounting	(1) Method of hedge accounting Currency swap transactions meet the requirement of allocation treatment, and are accounted for accordingly. (2) Hedging instruments and hedged items Currency swap transaction …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 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 or cash flow fluctuations continuously from the time hedging is initiated.	(1) Method of hedge accounting Same as left (2) Hedging instruments and hedged items Same as left (3) Hedging policy Same as left (4) Assessment method for the effectiveness of hedges Same as left
7Other significant items to prepare financial statements	Consumption taxes Consumption taxes are excluded from the transaction amounts.	Consumption taxes Same as left

Change in accounting treatment

Previous Fiscal Year (4/1/04~3/31/05)	Current Fiscal Year (4/1/05~3/31/06)
—————	(Fixed asset impairment accounting standard) Effective this fiscal year, the company adopted " Accounting Standard Concerning Fixed Asset Impairment " (Statement of Position Concerning Establishment of Fixed Asset Impairment Accounting Standard) (Business Accounting Council; August 9, 2002) and " Application Guideline for Fixed Asset Impairment Accounting Standard " (Business Accounting Standard Board, Accounting Standard Application Guideline No. 6, October 31, 2003). As a result, income before tax for the current fiscal year decreased ¥856 million. The amount of accumulated impairment loss was directly deducted from each asset in accordance with the amended financial statements regulation.

Additional information

Previous Fiscal Year (4/1/04~3/31/05)	Current Fiscal Year (4/1/05~3/31/06)
With the enactment of the "Revision of the Local Tax Law" (Law No.9, 2003) on March 31, 2003, external standard taxation system has been introduced effective the fiscal year beginning April 1, 2004. Due to this change, effective this fiscal period, the company included the enterprise taxes computed based on "amount of value-added" and "amount of capital" in "Selling and General Administrative Expenses" on this fiscal year non-consolidated statement of income pursuant to "Practical Treatment for Presentation of External Standards Taxation portion of Enterprise Taxes in the Statement of Income" (Business Accounting Standards Board, Practical Report of Practical Issues No.12 dated February 13, 2004). As a result, selling and general administrative expenses increased ¥288 million and operating income, ordinary income and pretax income for this fiscal year decreased ¥288 million.	—————

Notes

(Balance Sheet of the fiscal year)

<table>
<tr><th>As of March 31,2005</th><th>As of March 31,2006</th></tr>
<tr><td>

*1 Advanced depreciation by national subsidy ¥150 million

*2 Note related to affiliated companies

Besides amounts separately stated, amounts related to affiliated companies included in each account item are as follows:

Notes receivable ¥1,494 million
Accounts receivable ¥9,088 million
Accounts receivable-others ¥2,458 million
Accounts payable ¥3,308 million

*3The authorized shares are ** common shares. If shares are retired in accordance with the provisions of Articles of Incorporation, the number of shares so retired shall be reduced from shares issued by the Company.

Total number of shares issued 119,917,526 common shares

*4 Treasury stock

The number of treasury stocks owned by the company is 22,975common shares.

5 Debt guarantees and acts similar to guarantee are as follows:

<table>
<tr><th>Debtor</th><th>Amount</th><th>Guarantee</th></tr>
<tr><td>Debt guarantee</td><td></td><td></td></tr>
<tr><td>THK Manufacturing of America,Inc.</td><td>¥653 million ($6,084 thousand)</td><td>Guarantee for lease transaction</td></tr>
<tr><td>DALIAN THK CO., LTD</td><td>¥171 million</td><td>Guarantee for borrowing from financial institutions</td></tr>
<tr><td>Total</td><td>¥824 million</td><td>—</td></tr>
</table>

6 Limitation on dividends

Net assets increased by stating their mark-to-market value in accordance with Article 124, Paragraph 3, of the Enforcement Regulations of Commercial Code stood at ¥1,037 million.

7 The company signed a special credit facility agreement with main banks to effectively raise working funds.

Special credit limit under the contract ¥14,000 million
Balance of borrowings —
Available line of credit ¥14,000 million

</td><td>

*1 Advanced depreciation by national subsidy ¥150 million

*2 Note related to affiliated companies

Besides amounts separately stated, amounts related to affiliated companies included in each account item are as follows:

Notes receivable ¥913 million
Accounts receivable ¥11,246 million
Accounts receivable-others ¥884 million
Accounts payable ¥4,531 million

*3The authorized shares are 465,877,700common shares. If shares are retired in accordance with the provisions of Articles of Incorporation, the number of shares so retired shall be reduced from shares issued by the Company.

Total number of shares issued 132,799,331 common shares

*4 Treasury stock

The number of treasury stocks owned by the company is 29,741common shares.

5 Debt guarantees and acts similar to guarantee are as follows:

<table>
<tr><th>Debtor</th><th>Amount</th><th>Guarantee</th></tr>
<tr><td>Debt guarantee</td><td></td><td></td></tr>
<tr><td>DAITO SEIKI CO., LTD.</td><td>¥322 million</td><td>Guarantee for liabilities</td></tr>
<tr><td>TALK SYSTEM CO., LTD.</td><td>¥149 million</td><td>Guarantee for liabilities</td></tr>
<tr><td>THK NIIGATA CO., LTD.</td><td>¥119 million</td><td>Guarantee for liabilities</td></tr>
<tr><td>Beldex Corporation</td><td>¥38 million</td><td>Guarantee for liabilities</td></tr>
<tr><td>Nippon Slide CO.,LTD.</td><td>¥27 million</td><td>Guarantee for liabilities</td></tr>
<tr><td>THK Manufacturing of America,Inc.</td><td>¥228 million ($1,942 thousand)</td><td>Guarantee for lease transaction</td></tr>
<tr><td>Total</td><td>¥884 million</td><td>—</td></tr>
</table>

6 Limitation on dividends

Net assets increased by stating their mark-to-market value in accordance with Article 124, Paragraph 3, of the Enforcement Regulations of Commercial Code stood at ¥1,339 million.

7 The company signed a special credit facility agreement with main banks to effectively raise working funds.

Special credit limit under the contract ¥14,000 million
Balance of borrowings —
Available line of credit ¥14,000 million

</td></tr>
</table>

(Statements of Income for the fiscal year)

Year ended March 31,2005	Year ended March 31,2006
*1 Transactions with affiliated companies included are as follows: Net sales ¥26,662 million Interest income ¥152 million Rental income ¥186 million	*1 Transactions with affiliated companies included are as follows: Net sales ¥28,317 million Interest income ¥117 million Rental income ¥172 million
*2 Shift from raw materials	*2 Shift from raw materials
*3 R&D expenses included in sales, general and administrative expenses was ¥2,685 million.	*3R&D expenses included in sales, general and administrative expenses was ¥2,673 million.
*4 Gains on sale of fixed assets are as follows: (Millions of Yen) Machinery and equipment 69 Implements, tool and furniture 0 vehicles 0 Total 69	*4 Gains on sale of fixed assets are as follows: (Millions of Yen) Buildings 48 Machinery and equipment 100 Implements, tool and furniture 1 vehicles 0 Land 314 Total 464
*5(1) Losses on sale of fixed assets are as follows: (Millions of Yen) Machinery and equipment 1 Implements, tool and furniture 0 Total 1	*5(1) Losses on sale of fixed assets are as follows: (Millions of Yen) Buildings 43 Machinery and equipment 9 Total 52
(2) Losses on retirement of fixed assets are as follows: (Millions of Yen) Buildings 27 Fixture 4 Machinery and equipment 41 Vehicles 0 Implements, tool and furniture 10 Construction in progress 0 Patent 173 Others 7 Total 266	(2) Losses on retirement of fixed assets are as follows: (Millions of Yen) Buildings 238 Fixture 6 Machinery and equipment 34 Vehicles 0 Implements, tool and furniture 57 Construction in progress 0 Patent 4 Total 342

<table>
<tr><th>Year ended March 31,2005</th><th>Year ended March 31,2006</th></tr>
<tr><td>*6 —————</td><td>*6 During the current fiscal year, impairment losses were recognized for the following asset groups
(Millions of Yen)
<table>
<tr><th>Use</th><th>Kind</th><th>Location</th><th>Amount</th></tr>
<tr><td>Unused</td><td>Land</td><td>Ikoma-shi, Nara Pref.</td><td>590</td></tr>
<tr><td>Unused</td><td>Land</td><td>Sanyo Onoda-shi, Yamaguchi Pref.</td><td>96</td></tr>
<tr><td>Unused</td><td>Land, Buildings</td><td>Other six properties</td><td>170</td></tr>
<tr><td colspan="3">Total</td><td>856</td></tr>
</table>
(Summary of impairment losses by types of assets)
<table>
<tr><th>Types</th><th>Amount (Millions of yen)</th></tr>
<tr><td>Buildings</td><td>5</td></tr>
<tr><td>Land</td><td>850</td></tr>
<tr><td>Total</td><td>856</td></tr>
</table>
THK group conducts grouping for business properties by plants and treats headquarters and operating assets as a property for common use. The group also groups unused assets and leased assets into one unit by each property.
Of unused properties, for those of which market prices are falling, their book values were reduced to the amount collectible and the company recognizes such reduced amount as impairment loss of “ extraordinary loss ” . The amount collectible is determined as a net sale price which was calculated by appraisal value provided mainly by a real-estate appraiser.</td></tr>
</table>

(Lease transactions)
Report of lease transactions is omitted, because it is disclosed via EDINET.

(Securities)
As of 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

As of March 31, 2006
Marketable stocks of subsidiaries and affiliated companies

(Millions of Yen)

	Book value	Market value	Difference
Stocks of affiliated companies	1,069	3,560	2,490

(Tax-effect accounting)

1. Significant components of deferred tax assets and liabilities

(Millions of Yen)

	As of March 31, 2005	As of March 31, 2006
(Deferred tax assets)		
Allowance for employee bonuses	759	760
Allowance for retirement and severance benefits	609	719
Inventory valuation	532	507
Software	493	382
Enterprise tax payable	453	542
Director's retirement benefits payable	399	398
Allowance for doubtful debts	133	113
Accrued expenses	128	129
Loss on impairment	—	329
Others	438	432
Total deferred tax assets	3,947	4,315
(Deferred tax liabilities)		
Valuation adjustment for marketable securities	(711)	(919)
Insurance reserve	(280)	(270)
Allowance for special depreciation	(194)	(213)
Other	(45)	(38)
Total deferred tax liabilities	(1,232)	(1,441)
Net deferred tax assets	2,715	2,874

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, 2005	As of March 31, 2006
Legal effective tax rate	40.7 %	Explanatory note is omitted because differences between legal effective tax rate and burden rate of corporate tax, etc. after application of tax effect accounting is 5/100 or lower of legal effective tax rate.
(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 %	
Deduction allowed for total experimental and research expenses	(1.2) %	
Corporate tax refund	(1.2) %	
Others	(0.5) %	
Corporate income tax rate after the adoption of tax-effect accounting	38.2 %	

(Per share data)

(Yen)

Previous non-consolidated fiscal year (4/1/04 – 3/31/05)		Current non-consolidated fiscal year (4/1/05 – 3/31/06)	
Stockholders' equity per share	1,040.73	Stockholders' equity per share	1,204.66
Net income per share	121.16	Net income per share	129.78
Net income per share after adjustment of dilutive shares	108.47	Net income per share after adjustment of dilutive shares	120.64

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

(Millions of yen, number of shares)

Item	Previous non-consolidated fiscal year (4/1/04 – 3/31/05)	Current non-consolidated fiscal year (4/1/05 – 3/31/06)
Net income on consolidated statements of income	14,510	16,264
Net income reverting to common shares	14,510	16,144
Summary of amount not reverting to common shareholders		
Bonuses paid to directors by income appropriation	100	120
Amount not reverting to common shareholders	100	120
Average number of common shares	118,939,392	124,401,292
Summary of net income adjustment amount used for the calculation of net income per share after adjustment of dilutive shares		
Interest paid (after tax equivalent)	—	—
Commission paid (after tax equivalent)	2	1
Net income adjustment amount	2	1
Summary of increased number of common shares used for the calculation of net income per share after adjustment of dilutive shares		
Bonds with stock acquisition rights	13,939,394	9,429,809
Increased number of common stocks	13,939,394	9,429,809
Summary of dilutive shares not used for the calculation of net income per share after adjustment of dilutive shares because they have dilutive effect	—	—

(Increase in the number of stocks issued during the current fiscal year)

Type of stock	Issuance of new stocks for stock options exercised for warrant bonds
Number of stocks issued	12,881,805
Issuing price	¥1,650 per share
Amount credited to capital stock	¥825 per share
Total amount credited to capital stock	¥10,627 million

Management Changes (Scheduled on June 17, 2006)

1. Change of President

None

2. Changes of other officers

⑴ A candidate of a new director to be elected
Director Kiuchi Hideyuki (General Manager Legal Department and General Manager Trading Administration Department)

⑵ Retiring director
Director Igarashi Kazunori (General Manager of Sales Support Division)

⑶ A candidate of a new corporate auditor to be elected
Corporate Auditor Igarashi Kazunori (General Manager of Sales Support Division)

⑷ Retiring corporate auditor
Corporate auditor Sugi Akira (He will assume a position as an adviser)