May17, 2007

Consolidated Financial Review
Fiscal Year Ended March 31, 2007

Company Name	: THK CO., LTD.
Head Office	: Tokyo, Japan (Tel: +81-3-5434-0300)
URL	: http://www.thk.com/
Stock exchange listing	: Tokyo Stock Exchange-First Section
Code number	: 6481
Representative	: Akihiro Teramachi, Chief Executive Officer and President
Contact	: Hideyuki Kiuchi, Director/General Manger
General Shareholders' meeting date	: June 16, 2007
Dividend payment start date	: June 18, 2007

1. Consolidated financial highlights for the fiscal year ended March 31, 2007
(April 1, 2006 to March 31, 2007) – Unaudited

(1) Consolidated Operation Results (for the years ended March 31,2006 and 2007) (Millions of Yen)

Fiscal Year	Net Sales		Operating Income		Ordinary Income		Net Income	
2007	¥174,710	10.3%	¥31,815	17.5 %	¥34,955	18.1%	¥21,038	13.2%
2006	158,412	7.6	27,079	4.3	29,606	7.1	18,584	7.1

(Yen)

Fiscal Year	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Ordinary income to sales
2007	¥158.36	¥157.22	11.9%	13.8 %	18.2 %
2006	148.42	137.97	12.6	12.8	17.1

(Note)

Fiscal Year	Equity earnings of affiliates(millions of yen)
2007	¥490
2006	415

(2) Consolidated Financial Condition (for as of March 31,2006 and 2007)

Fiscal Year	Total Assets (millions of yen)	Net Assets (millions of yen)	Equity ratio	Shareholders' Equity per Share (yen)
2007	¥263,280	¥189,039	71.1 %	¥1,407.84
2006	244,384	168,272	68.9	1,266.39

(Note)

Fiscal Year	Stockholders' equity (millions of yen)
2007	¥187,222

(3) Consolidated Cash Flows (Millions of Yen)

Fiscal Year	Cash Flow from Operating Activity	Cash Flow from Investing Activity	Cash Flow from Financing Activity	Cash and Cash Equivalents
2007	29,933	(10,884)	(13,839)	91,953
2006	20,206	(9,343)	(1,741)	86,307

2. Cash Dividends

Fiscal Year	Annual dividends per share			Total dividends paid (millions of yen)	Payout ratio (Consolidated)	Annual dividends to shareholders' equity Ratio
	1st half	2nd half	Total			
2006	¥10.00	¥15.00	¥25.00	¥3,250	16.8 %	2.1 %
2007	13.00	20.00	33.00	4,386	20.8	2.5
2008(Forecast)	18.00	18.00	36.00		21.4	

3. Forecast of Consolidated Financial Results (April 1, 2007 to March 31, 2008)

2008	Net sales (millions of yen)		Operating income (millions of yen)		Ordinary income (millions of yen)		Net income (millions of yen)		Net income per share(yen)
1st Half	¥87,000	(1.1)%	¥16.600	(2.7)%	¥17,700	(3.5)%	¥10.900	(0.7)%	81.96
2nd Half	185,000	5.9	34,000	6.9	36,300	3.8	22.400	6.5	168.44

(By forecasted average number of shares of common stock year of period)

4. Other

(1) Changes in reporting entities: No

(2) Changes in accounting policies/estimates/disclosure of consolidated financial reports（which will state in material item for basis of financial reports preparation）

① Changes in amendment of general accepted accounting standard Yes

② Other than① No

(3) Issued Shares（Common stock）for as of March 31,2006 and 2007

Fiscal Year	Issued	Treasury stock
2007	133,020,540	34,512
2006	132,799,331	29,741

【Reference】Non-Consolidated Operating Result

1. Non-Consolidated financial highlights for the fiscal year ended March 31, 2007

(April 1, 2006 to March 31, 2007) – Unaudited

(1) Non-Consolidated Operation Results (for the years ended March 31,2006 and 2007) (Millions of Yen)

Fiscal Year	Net Sales		Operating Income		Ordinary Income		Net Income	
2007	¥143,870	10.0%	¥28,681	20.3％	¥30,642	19.9％	¥17,993	10.6％
2006	130,767	8.5	23,843	3.8	25,563	6.2	16,264	12.1

(Yen)

Fiscal Year	Net income per share	Diluted net income per share
2007	¥135.45	¥134.47
2006	129.78	120.64

(2) Non-Consolidated Financial Condition

Fiscal Year	Total Assets (millions of yen)	Net Assets (millions of yen)	Equity ratio	Shareholders' Equity per Share (yen)
2007	¥237,209	¥174,245	73.4 %	¥1,310.26
2006	225,568	160,061	71.0	1,204.66

(3) Forecast of Non-Consolidated Results for the Fiscal Year ending March 31, 2008

2008	Net sales (millions of yen)		Operating income (millions of yen)		Ordinary income (millions of yen)		Net income (millions of yen)		Net income per share(Yen)
1st Half	¥71,000	(0.4)%	¥13.800	(0.4)%	¥14,300	(2.3)%	¥8.500	(2.6)%	63.92
2nd Half	150,000	4.3	30,000	4.6	31,100	1.5	18.500	2.8	139.11

(By forecasted 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.

1. Business Performance

(1) Analysis of Business Performance

1. Summary of Overall Performance

The domestic Japanese economy for the current consolidated fiscal year has remained firm due to increased capital investment and an improved employment environment, with healthy corporate performance as the backdrop.

As a result, excluding the "Izanagi boom," the current economic condition, which has continued since February 2002, represent the longest period of economic recovery since the end of WWII. Although there have been signs of economic slowdown in the U.S. economy in the second half of the year, overall growth was stable. The European economy has enjoyed its highest growth in six years, while the Asian economy, centered mainly on China and India, has remained strong.

In order for our corporate group to respond to increased demand in all regions arising from this economic environment, the THK group has promoted aggressive activities in terms of both production and sales. From a production standpoint, the THK group has applied capital investment to increase production capabilities in all four regions of Japan, North America, Europe, and Asia; and from a sales standpoint, the THK group has upgraded its sales network not only in China, but also in all regions. The THK group has also improved the skills of our sales force and put together a domestic distribution organization.

As a result, net sales for this consolidated fiscal year have been ¥174,710 million, representing a 10.3% increase of ¥16,298 million over that of the previous consolidated fiscal year. Rising above the level of the previous consolidated fiscal year, the peak up to that time, the THK group has achieved record sales in three straight fiscal terms.

From a cost standpoint, as a positive result of working to improve capacity utilization and productivity, together with this increase in sales, the cost to sales ratio has improved by 0.7%, from 63.4% in the previous consolidated fiscal year to 62.7%. On the other hand, sales and general administrative expenses increased by ¥2,484 million (8.1%) due to an increase in packing and transportation costs associated with an increase in sales, and anticipatory investment associated with establishing production bases in China, but the ratio of sales and general administrative expenses to sales improved by 0.4%, from 19.5% to 19.1%. As a result, operating income has increased by ¥4,735 million (17.5%), compared to the previous consolidated fiscal year, to ¥31,815 million.

As for non-operating profit and loss, income of ¥3,139 million was recorded due to a foreign exchange gain mainly caused by weaker yen, equity-applied method investment income, and other sources. This has lead to an increase in ordinary income of ¥5,348 million (18.1%) over the previous consolidated fiscal year, for a total of ¥34,955 million. Extraordinary income and loss resulted in a loss of ¥431 million.

As a result of the above, net profit has hit their historic peak for three straight fiscal terms, with a net profit for this fiscal term of ¥21,038 million, an increase of ¥2,454 million (13.2%) over the previous consolidated fiscal year.

2. Market Conditions by Region

The summary of market conditions by region is given below.

Japan	In Japan, sales to the machine tool industry and general machinery industry have remained strong due to a high level of capital investment amid strong business performance, and increased demand for machines in newly emerging nations such as China. Sales to electronics manufacturers have remained strong due to a continuing trend toward increased capital investment by electronics manufacturers in response to increased demand for information communication equipment and digital household appliances. As a result, total sales reached ¥130,351 million, an increase of ¥7,895 million (6.4%) over the previous consolidated fiscal year. Operating income reached ¥30,169 million, an increase of ¥4,892 million (19.4%) over the previous consolidated fiscal year.
North America	In North America, the THK group was able to increase sales to the machine tool industry, general machine machinery industry, and electronics industry as a result of developing new markets and increasing transactions with existing clients within an external environment that remains favorable. Total sales reached ¥16,525 million, an increase of ¥2,516 million (18.0%) over the previous consolidated fiscal year. On the other hand, operating income reached ¥372 million, a decrease of ¥932 million (71.5%) below that of the previous consolidated fiscal year. This was due to an adjustment agreement on transfer prices, concluded between the taxation authorities of Japan and the U.S.A.
Europe	In Europe, with continuing favorable external conditions, the THK group was able to comprehensively increase total sales, mainly to the general machinery industry, and to the machine tool industry, electronics industry, and transportation equipment industry as well, by reinforcing business expansion through the performances of production division and sales division as a unit. As a result, total sales reached ¥19,515 million, an increase of ¥3,205 million (19.7%) over the previous consolidated fiscal year. Although there was an operating loss in the previous consolidated fiscal year of ¥55 million, operating income of ¥814 million was recorded for this consolidated fiscal year.
Asia	In Asia, with a continued high level of growth in the Chinese economy and an increase in capital investment, sales to the machine tool industry and general machinery industry remain strong. In Taiwan, the THK group was able to increase sales primarily to the machine tool industry and general machinery industry. Total sales reached ¥8,318 million, an increase of ¥2,680 million (47.6%) over the previous consolidated fiscal year. Operating income reached ¥870 million, an increase of ¥390 million (81.2%) over the previous consolidated fiscal year.

3. Forecast for the Next Fiscal Term

There is some concern about the economic environment surrounding our corporate group in the future as the U.S. economy decelerates, Chinese economic growth slows down, and the cost of raw materials rise. Even in the Japanese economy, although capital investment arising from expanding business performance is expected to increase and conditions to remain firm, conditions that cannot be viewed as optimistic are likely to continue, due to many indeterminate factors such as trends in the foreign exchange markets and interest rates.

Furthermore, as for the current performance of THK's corporate group, there is a risk of being adversely affected by business conditions surrounding capital goods manufacturers, such as the machine tool industry and semiconductor manufacturers, due to the trend toward capital investment.

The THK group establishes a solid business foundation for mitigating these business risks, and the corporate group continues to expand its area of business through global expansion and expansion into new markets. Specifically, the THK group should further reinforce its production and sales formations in Japan, North America, Europe, and Asia. From a production standpoint, in addition to continuing to enhance its optimum regional manufacturing capability at a global level, the THK group is strengthening the support for overseas subsidiaries with a mind to further improve productivity. From a sales standpoint, both domestically and overseas, the THK group is aggressively promoting TAP (THK Advantage Program) 1 activities, which are intended to improve the skills of our sales force to increase transactions in existing markets, and aiming to obtain new users.

The business performance forecast for the fiscal year ended March 31, 2008 anticipates net sales of ¥185,000 million (an increase of 5.9% over the previous fiscal term), operating income of ¥34,000 million (an increase of 6.9% over the previous fiscal term), ordinary income of ¥36,300 million (an increase of 3.8% over the previous fiscal term), and net profit for the current term of ¥22,400 million (an increase of 6.5% over the previous fiscal term).

Summary of Consolidated Business Performance year ended March 31, 2008 (Millions of Yen)

	Consolidated			Non-Consolidated		
	Amount	%	Inc/Dec (%) from 2006	Amount	%	Inc/Dec (%) from 2006
Net sales	185,000	100.0	5.9	150,000	100.0	4.3
Operating income	34,000	18.4	6.9	30,000	20.0	4.6
Ordinary income	36,300	19.6	3.8	31,100	20.7	1.5
Net income	22,400	12.1	6.5	18,500	12.3	2.8

Annual average foreign exchange rates of ¥115 per US$1, and ¥156 per €1 are used to calculate earnings projections for the fiscal year ending March 31, 2008.

(2) Analysis of Financial Conditions

1. Analysis of Assets, Liabilities, and Net Assets

Total assets for the current consolidated fiscal year have reached ¥263,280 million, an increase of ¥18,896 million over the previous consolidated fiscal year. The primary factors responsible for this are an increase in cash and credits due to free cash flow resulting from increased earnings, an increase in accounts receivable due to increased sales, and an increase in tangible fixed assets resulting from capital investment.

Liabilities have fallen to ¥74,241 million, a decrease of ¥351 million below that of the previous consolidated fiscal year. Although there was an increase in trade payments payable due to an increase in purchases accompanying increased sales and an increase in payments due accompanying increased capital investment, the primary factor for this decrease in liabilities was the redemption of corporate bonds.

With net profits of ¥21,038 million for this fiscal term, net assets reached a total of ¥189,039 million.

2. Analysis of Cash Flows

The condition of various cash flows for this consolidated fiscal year and related factors are discussed below.

Cash flows from operating activities resulted in a total cash income of ¥29,933 million (versus a total cash income of ¥20,206 million for the previous consolidated fiscal year). This was due to a net profit of ¥34,524 million for the current fiscal term before adjusting for taxes, a cost depreciation of ¥7,130 million, and payments of ¥13,283 million in corporate taxes.

Cash flows from investing activities resulted in a total cash outflow of ¥10,884 million (versus a cash outflow of ¥9,343 million for the previous consolidated fiscal year). This was due to withdrawal of ¥2,558 million in fixed deposits bearing maturity of more than 3 months, in contrast to cash disbursement of ¥12,848 million due to acquisitions of fixed assets.

Cash flows from financing activities resulted in a cash outflow of ¥13,839 million (versus ¥1,741 million cash outflow in the previous consolidated fiscal year). This was due to a ¥10,000 million cash disbursement from the redemption of corporate bonds and a cash disbursement of ¥3,713 million in dividends.

As a result of the above, cash and cash equivalents at the end of the current consolidated fiscal year reached a level of ¥91,953 million, an increase of ¥5,646 million over the previous consolidated fiscal year.

3. Analysis of Cash Flow Indices

	FY 2004	FY2005	FY 2006	FY2007
Equity ratio (%)	57.1	58.0	68.9	71.1
Equity ratio on mark-to-market basis (%)	127.1	117.6	205.4	140.2
Debt redemption years (years)	2.4	1.9	0.8	0.2
Interest coverage ratio (multiples)	31.9	124.8	120.0	233.9

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

- These are all calculated using consolidated financial data.
- Market capitalization of stocks is calculated by multiplying the total number of stocks issued, by a closing stock price as of fiscal year-end.
- Corporate bonds with non-interest-bearing warrants are included in interest-bearing debts.

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

In addition to continuing with steady distribution of dividend, aggressive profit distribution corresponding to business performance is also very important for the THK group as it aims to strengthen its financial footing through retained earnings.

As for internal reserves, the THK group is in a position to meet the expectations of its stockholders through effective investment in production facilities and information systems intended to support future research and development activities and globalization.

As for dividend this fiscal term, in order to implement an aggressive return of profits to investors corresponding to business performance, plans call for ¥20 per share to be distributed at the end of the fiscal term. Combined with an interim dividend of ¥13 per share, this represents a yearly return of ¥33 per share and an increased disbursement of ¥8 per share over the previous fiscal term (where there was an interim dividend of ¥10 and end-of-term dividend of ¥15).

Finally, plans call for dividend of ¥36 per share next fiscal term (including a ¥18 interim dividend).

2. Condition of the Corporate Group

Disclosure of conditions of the corporate group is omitted due to the fact that there have been no important changes in the "Business System Diagram (Business Details)" or "Status of Affiliated Companies" given in the latest financial statement (submitted on June 19, 2006).

3. Management Policy

Disclosure of management policy is omitted due to the fact that there have been no changes since the recently published summary report (interim summary report published on November 16, 2006).

For the corresponding interim summary report, refer the following URLs.

(THK home page)

http://www.thk.com

(Tokyo Stock Exchange home page (page to search for information on listed companies))

http://www.tse.or.jp/listing/compsearch/index.html

Consolidated Balance Sheets

as of March 31, 2006 and 2007

(Millions of yen)

	2006			2007		
	Amount		%	Amount		%
Assets						
Current assets:						
Cash on hand and bank deposits		87,911			91,857	
Notes and accounts receivable		58,482			59,596	
Short-term investments securities		340			96	
Inventories		24,949			25,845	
Deferred tax assets		3,303			3,726	
Short-term-loan receivable		113			153	
Other		1,412			2,722	
Less: Allowance for doubtful accounts		(233)			(236)	
Total current assets		176,280	72.1		183,762	69.8
Fixed assets :						
Tangible fixed assets						
Buildings & Structures	35,347			41,495		
Accumulated depreciation-B & S	16,909	18,437		17,845	23,650	
Machinery and equipment	74,797			83,695		
Accumulated depreciation-M & E	53,086	21,710		56,160	27,534	
Land		9,887			9,879	
Construction in Progress		4,598			3,489	
Other	9,057			9,947		
Accumulated depreciation- Other	7,289	1,768		7,763	2,184	
Total tangible fixed assets		56,402	23.1		66,738	25.4
Intangible Fixed Assets		852	0.4		845	0.3
Investments and other						
Long-term investments in securities		5,589			5,828	
Deferred tax assets		1,223			1,717	
Other		4,433			4,756	
Less: Allowance for doubtful Accounts		(396)			(368)	
Total investments and others		10,849	4.4		11,934	4.5
Total fixed assets		68,104	27.9		79,518	30.2
Total assets		244,384	100.0		263,280	100.0

	2006		2007	
	Amount	%	Amount	%
Liabilities				
Current liabilities :				
Account and notes payable	30,323		34,769	
Current portion of long-term debt	72		72	
Bonds due within one year	10,000		—	
Bonds with stock warrant due within one year	—		1,380	
Income tax payable	7,201		8,005	
Accrued bonuses	2,096		2,308	
Accrued bonuses for Directors and corporate Auditors	—		131	
Other	11,964		16,826	
Total current liabilities	61,657	25.2	63,493	24.1
Long-term liabilities				
Bonds	5,000		5,000	
Bonds with stock warrant due within one year	1,745		—	
Long-term debt	104		32	
Allowance for retirement and severance Benefits	2,316		2,574	
Consolidation adjustments	2,268		—	
Negative good will	—		1,620	
Other	1,501		1,521	
Total long-term liabilities	12,935	5.3	10,748	4.1
Total liabilities	74,593	30.5	74,241	28.2

	2006		2007	
	Amount	%	Amount	%
Minority Interests				
Minority Interests in Consolidated Securities	1,518	0.6	—	—
Shareholders' Equity				
Common stock	33,733	13.8	—	—
Additional paid-in capital	43,470	17.8	—	—
Retained earnings	87,090	35.6	—	—
Valuation adjustment for marketable securities	1,357	0.6	—	—
Foreign currency translation adjustment	2,668	1.1	—	—
Treasury stock	(48)	(0.0)	—	—
Total shareholders' equity	168,272	68.9	—	—
Total liabilities, minority interests and Shareholders' equity	244,384	100.0	—	—
Net Assets				
Paid-In Capital and Retained Earnings				
Common stock	—	—	33,916	12.9
Additional paid-in capital	—	—	43,653	16.5
Retained earnings	—	—	104,275	39.6
Treasury stock	—	—	(63)	(0.0)
Total paid-in capital and retained earnings	—	—	181,781	69.0
Valuation and Translation Adjustments				
Valuation adjustment for marketable securities	—	—	1,037	0.4
Foreign currency translation adjustment	—	—	4,403	1.7
Total Valuation and Transaction Adjustment	—	—	5,441	2.1
Minority Interests	—	—	1,816	0.7
Total net assets	—	—	189,039	71.8
Total liabilities and net assets	—	—	263,280	100.0

Consolidated Statements of Income

for the years ended March31, 2006 and 2007

(Millions of yen)

Account Items	2006			2007		
	Amount		%	Amount		%
Net sales		158,412	100.0		174,710	100.0
Cost of sales		100,490	63.4		109,568	62.7
Gross profit		57,921	36.6		65,142	37.3
Sales, general, and administrative expenses		30,841	19.5		33,326	19.1
Operating income		27,079	17.1		31,815	18.2
Non-operating income						
Interest income	263			552		
Dividend income	44			26		
Foreign exchange gain	817			802		
Gain on consolidation adjustment	648			—		
Amortization of negative good will	—			648		
Equity in earnings of unconsolidated subsidiaries and affiliates	415			490		
Rental income	195			201		
Other	512	2,898	1.8	675	3,397	1.9
Non-operating expenses						
Interest expenses	168			127		
Commission expense	84			76		
Other	118	371	0.2	52	257	0.1
Ordinary income		29,606	18.7		34,955	20.0
Extraordinary income						
Gain on sales of fixed assets	469			50		
Gain on sales of investment securities	1,933			—		
Gain on adjustment of income of prior year	252			—		
Other	60	2,715	1.7	—	50	0.0
Extraordinary loss						
Loss on sales of fixed assets	56			36		
Loss on retirement of fixed assets	354			340		
Loss on write-down of long-term investment in securities	164			—		
Loss on impairment	1,152			70		
Other	28	1,755	1.1	34	482	0.3
Net income before provision for tax		30,565	19.3		34,524	19.7
Taxes – current	12,196			14,072		
Taxes – deferred	560	11,636	7.4	755	13,317	7.6
Minority interest in income of consolidated subsidiaries		345	0.2		168	0.1
Net income		18,584	11.7		21,038	12.0

Consolidated Statements of Additional Paid-In Capital and Retained Earnings

Year ended March31

(Millions of yen)

Account Items	２００６	
	Amount	
Additional Paid-In Capital		
At beginning of year		32,651
Changes during the period		
Gain on disposition of treasury stock	191	
Exercise of stock acquisition rights	10,627	10,818
At the end of year		43,470
Retained Earnings		
At beginning of year		71,130
Increase during the period		
Net income	18,584	18,584
Decrease during the period		
Cash dividends	2,513	
Directors' and statutory auditors' Bonuses	110	
(statutory auditors')	(14)	2,623
At end of year		87,090

Consolidated Statement of Net Assets

for the year ended March 31 2007

(Millions of yen)

	Paid-In Capital and Retained Earnings					Valuation and Translation Adjustment			Minority Interest in Consolidated Subsidiary	Total Net Assets
	Common stock	Additional Paid-in Capital	Retained Earnings	Treasury stock	Total paid-in Capital and Retained Earnings	Net unrealized gain(loss) on available for sale securities	Foreign currency translation adjustment	Total Valuation and Adjust		
Balance at March31,2006	33,733	43,470	87,090	(48)	164,246	1,357	2,668	4,026	1,518	169,791
Changes during the period:										
Cash dividends paid			(3,718)		(3,718)					(3,718)
Bonuses to directors			(135)		(135)					(135)
Exercise of stock acquisition rights	182	182			365					365
Net income			21,038		21,038					21,038
Acquisition of treasury stock				(16)	(16)					(16)
Retirement of treasury stock		0		0	1					1
Net changes in account other than paid-in capital and retained earnings						(320)	1,735	1,414	297	1,712
Net changes during the period	182	182	17,184	(15)	17,535	(320)	1,735	1,414	297	19,247
Balance at March31 2007	33,916	43,653	104,275	(63)	181,781	1,037	4,403	5,441	1,816	189,039

Consolidated Statements of Cash Flows

for the years ended March31, 2006 and 2007

(Millions of yen)

	２００６	２００７
	Amount	Amount
Cash flows from operating activities:		
Net income before provision for tax and minority interests	30,565	34,524
Depreciation and amortization	6,562	7,130
Loss on impairment	1,152	70
Loss(Gain) on sales or disposal of fixed assets	(58)	326
Increase(decrease) in provisions	155	551
Interest and dividend income	(308)	(579)
Interest expense	168	127
Foreign exchange gain(loss)	(134)	135
Equity earnings of affiliates	(415)	(490)
(Gain)loss on sale of long-term investment securities	(1,933)	—
Loss on write-down of long-term investments in securities	164	—
Amortization of consolidation adjusting account	(648)	—
Amortization of negative goodwill	—	(648)
(Increase) in accounts and notes receivable	(8,461)	(636)
(Increase)decrease in inventories	(219)	(339)
Increase in accounts and notes payable	4,565	3,835
Other	643	(1,335)
Subtotal	31,797	42,673
Interest and dividend income received	398	709
Interest expense paid	(170)	(166)
Income tax paid	(11,819)	(13,283)
Net cash provided by operating activities	20,206	29,933
Cash flows from investing activities :		
Increase in term deposits due over three months	(1,944)	(463)
Decrease in term deposits due over three months	—	2,558
Addition of property, plant, equipment	(12,520)	(12,848)
Disposition of property, plant equipment	1,338	98
Payments for purchase of long-term investments in securities	(12)	(515)
Proceeds from sales of long-term investments in securities	3,849	24
Payments for long-term loans receivables	(66)	(84)
Proceeds from collection of loans	12	58
Other	—	287
Net cash used in investing activities	(9,343)	(10,884)
Cash flows from financing activities :		
Repayments of long-term debt	(352)	(72)
Cash dividends	(2,512)	(3,713)
Increase in cash and cash equivalents due to inclusion of Consolidated subsidiary	(11)	(38)
Decrease in cash and cash equivalents due to exclusion of Consolidated subsidiary	255	—
Redemption of bonds	—	(10,000)
Payments for purchase of treasury stock	(19)	(16)
Proceeds for from sales of treasury stock	898	1
Other	—	0
Net cash used in financing activities	(1,741)	(13,839)
Effect of exchange rate change on cash and cash equivalents	1,198	436
Net increase in cash and cash equivalents	10,319	5,646
Cash and cash equivalents at the beginning of the period	75,987	86,307
Cash and cash equivalents at the end of the period	86,307	91,953

Important Items Used as the Basis to Prepare a Consolidated Financial Statement

Item	Previous Consolidated Fiscal Year (4/1/05 – 3/31/06)	Current Consolidated Fiscal Year (4/1/06 – 3/31/07)
1 Items related to the consolidation	(1) Number of consolidated subsidiaries: 20 companies Changes in consolidated subsidiaries for the current consolidated fiscal year are as follows. (New) Newly included consolidated subsidiaries: 2 companies THK (China) Co., Ltd. Beldex KOREA Corporation	(1) Number of consolidated subsidiaries: 20 companies Changes in consolidated subsidiaries for the current consolidated fiscal year are as follows. (New) Newly included consolidated subsidiaries: 1 company THK LM SYSTEM Pte. Ltd. (Singapore) (Removals) Companies removed from consolidated subsidiaries due to liquidation: 1 company THK Neturen America, L.L.C. was completed liquidation in September 2006. Thus, it is now outside the scope of consolidated subsidiaries, its income statement and cash flow statement up to the date of liquidation have been consolidated.

Disclosure of details other than the above has been omitted due to the fact that there have been no important changes from information given in the latest Annual Report.

Changes in Important Items Used as a Basis to Prepare a Consolidated Financial Statement

Previous Consolidated Fiscal Year (4/1/05 – 3/31/06)	Current Consolidated Fiscal Year (4/1/06 – 3/31/07)
―――――	(Accounting standards related to listing net assets on the balance sheet) "Accounting Standards for Presentation of Net Assets on Balance Sheet" (Business Accounting Standard Board: Business Accounting Standard No.5, issued on December 9, 2005) and "Guidance on Accounting Standards for Presentation of Net Assets on Balance Sheet" (Business Accounting Standard Board: Business Accounting Standard Guide No.8, issued on December 9, 2005) are utilized. There is no impact on income and loss, due to this change. Amount corresponding to conventional "Shareholders' Equity" is ¥187,222 million. The presentation of New Assets for this fiscal year is made in accordance with the revised Regulations Concerning Consolidated Financial Statements in line with revision of their rules.

Changes in the Method of Statement

Previous Consolidated Fiscal Year (4/1/05 – 3/31/06)	Current Consolidated Fiscal Year (4/1/06 – 3/31/07)
―――――	(Consolidated Balance Sheet) Information listed under "Consolidation Adjusting Account" in the previous consolidated fiscal year is now listed under "Negative Goodwill."
―――――	(Consolidated Income Statement) Information listed under "Amortization of Consolidation Adjusting Account" in the previous consolidated fiscal year is now listed under "Amortization of Negative Goodwill."
―――――	(Consolidated Cash Flow Statement) Information listed under "Amortization of Consolidation Adjusting Account" in the previous consolidated fiscal year is now listed under "Amortization of Negative Goodwill."

Notes on the Consolidated Financial Statement

(Disclosure omitted)

Notes related to lease transactions, transactions with related parties, tax effect accounting, securities, derivative transactions, accrued retirement benefits, etc., the disclosure is omitted as disclosure items in the financial summary, because it is thought to be of less importance.

(Segment Information)

Business Segment Information

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

Geographic Segment Information

For the year ended March 31, 2006 (Millions of Yen)

	Japan	America	Europe	Asia and others	Total	(Elimination)	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(loss):	25,276	1,304	(55)	480	27,006	73	27,079
Assets:	182,494	152,279	17,870	16,009	231,653	12,731	244,384

Note:

- Classification of countries and regions is based on geographical proximity.
- Main countries and areas belonging to each classification are as follows.
  - *America:* United States of America and other countries
  - *Europe:* Germany, UK, France, Netherlands, and other countries
  - *Asia and others:* China, South Korea, Taiwan and other countries
- Of assets, figures stated in the "Elimination" represent reserved fund (time deposits, short-term loans) and long-term investments (investment securities and other investments).

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

	Japan	America	Europe	Asia and others	Total	(Elimination)	Consolidated
Net Sales:							
To customers	130,351	16,525	19,515	8,318	174,710	—	174,710
Inter-segment	25,206	59	97	1,947	27,312	(27,312)	—
Total:	155,558	16,584	19,613	10,266	202,023	(27,312)	174,710
Operating expenses	125,389	16,212	18,799	9,395	169,797	(26,901)	142,895
Operating Income:	30,169	372	814	870	32,225	(410)	31,815
Assets:	195,602	17,681	21,252	23,012	257,548	5,732	263,280

Note:

- Classification of countries and regions is based on geographical proximity.
- Main countries and areas belonging to each classification are as follows.

  America: United States of America and other countries

  Europe: Germany, UK, France, Netherlands, and other countries

  Asia and others: China, South Korea, Taiwan and other countries
- Of assets, figures stated in the "Elimination" represent reserved fund (time deposits, short-term loans) and long-term investments (investment securities and other investments)..

(Overseas Sales)

For the year ended March 31, 2006 (Millions of Yen)

	America	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:

- Classification of countries and regions is based on geographical proximity.
- Main countries and areas belonging to each classification are as follows.

  America: United States of America and other countries

  Europe: Germany, UK, France, Netherlands, and other countries

  Asia and others: China, South Korea, Taiwan and other countries
- Overseas sales are sales booked in foreign countries or in regions other than Japan, by the company and its consolidated subsidiaries.

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

	America	Europe	Asia and others	Total
Overseas sales	16,649	19,344	19,203	55,197
Consolidated net sales				174,710
Overseas sales as a percentage of consolidated net sales	9.5%	11.1%	11.0%	31.6%

Note:

- Classification of countries and regions is based on geographical proximity.
- Main countries and areas belonging to each classification are as follows.

  America: United States of America and other countries

  Europe: Germany, UK, France, Netherlands, and other countries

  Asia and others: China, South Korea, Taiwan and other countries
- Overseas sales are sales booked in foreign countries or in regions other than Japan, by the company and its consolidated subsidiaries.

(Per share data)

(Yen)

Previous consolidated fiscal year (4/1/05 – 3/31/06)		Current consolidated fiscal year (4/1/06 – 3/31/07)	
Stockholders' equity per share	1,266.39	Stockholders' equity per share	1,407.84
Net income per share	148.42	Net income per share	158.36
Net income per share after adjustment of dilutive shares	137.97	Net income per share after adjustment of dilutive shares	157.22

(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.

1. Net assets per share

(Millions of yen, number of shares)

Item	As of March 31, 2006	As of March 31, 2007
Total net assets on balance sheet	—	189,039
Net assets related to common stock	—	187,222
Breakdown for difference Minority interest	—	1,816
Number of common stock shares outstanding	—	133,020,540
Number of treasury stock shares	—	34,512
Number of common stock shares used for the calculation of assets per share	—	132,986,028

2. Base data for the calculation of net income and per share net income after the adjustment of dilutive share are as follows:

(Millions of yen, number of shares)

Item	Previous consolidated fiscal year (4/1/05 – 3/31/06)	Current consolidated fiscal year (4/1/06 – 3/31/07)
Net income on consolidated statements of income	18,584	21,038
Net income reverting to common shares	18,449	21,038
Summary of amount not reverting to common shareholders Bonuses paid to directors by income appropriation	135	—
Amount not reverting to common shareholders	135	—
Average number of common shares	124,301,116	132,848,498
Summary of net income adjustment amount used for the calculation of net income per share after adjustment of dilutive shares Commission paid (after tax equivalent)	1	1
Net income adjustment amount	1	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	9,429,809	976,747
Increased number of common stocks	9,429,809	976,747
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)

THK resolved at its board of directors' meeting on April 23th 2007 that THK will acquire 100% of the shares, etc. of Rhythm Corporation from The Carlyle Group and make Rhythm a subsidiary of THK. Share transfer agreement was made as of April 23th 2007, by between THK and The Carlyle Group.

1. Purpose of Acquisition of all of the Shares, etc. of Rhythm Corporation
   The purpose of this agreement is to increase the corporate value of both companies by improving operational efficiency with cooperation between the THK and Rhythm which has a rich history of high achievement as an automotive parts manufacturer, and by expanding new business areas through expansion of new application and innovations.

2. Seller of the Shares
   The Carlyle Group

3. Overview of the Transferring Subsidiary (Rhythm Corporation)
   (1) Corporate Name: Rhythm Corporation
   (2) Location of the Headquarters: 283-3,Gokyu-cho, Hamamatsu, Shizuoka, 430-0831 Japan
   (3) Representative: President and CEO Katsuo Kitamura
   (4) Latest Fiscal Year Results(Consolidated):

	FY March,2006(millions of yen)
Sales	¥31,247
Operation Income	871
Net Income	338
Total Assets	29,049

   (5) Main Business: Development, Designing, Manufacturing and Sale of Steering Parts, Suspension Parts, Brake Parts and Engine/Transmission Related Parts, etc.

4. Schedule of Acquisition
   May 31, 2007 (Planned)

5. The Number of Shares, etc. to be Acquired, Purchase Price and Status of Ownership Percentage of Shares, etc. before and after the Acquisition.
   (1) The Number of Shares, etc. owned before the Acquisition:
   0 shares (Ownership Percentage: 0%)
   (2) The Number of Shares, etc. to be Acquired:
   128,549Shares (Purchase Price: Approximately 12.6 Billion Yen)
   (3) The Number of Shares, etc. owned after the Acquisition:
   128,549Shares (Ownership Percentage: 100%)

   Note:
   1) The Number of Shares, etc. includes potential shares (5,052 shares)arising in connection with share acquisition rights.
   2) The Company plans to concurrently acquire shares, etc.(8,749 shares including potential shares arising in connection with share acquisition rights) held by equity holders other than Carlyle.

Non-Consolidated Balance Sheets

as of March 31, 2006 and 2007

(Millions of yen)

	2006			2007		
	Amount		%	Amount		%
Assets						
Current assets：						
Cash and bank deposits		68,334			68,521	
Notes receivable-trade		19,277			17,806	
Accounts receivable- trade		36,566			41,597	
Inventories		14,848			14,401	
Prepaid Assets		286			379	
Deferred tax assets		2,017			2,118	
Short-term-loan in subsidiaries and affiliates		6,794			5,295	
Accrued Revenue		1,192			1,889	
Other		990			690	
Less: Allowance for doubtful accounts		(4)			(4)	
Total current assets		150,303	66.6		152,696	64.4
Fixed assets :						
Tangible fixed assets						
Buildings	22,045			25,258		
Accumulated depreciation-Buildings	12,463	9,582		12,902	12,356	
Structures	1,641			1,665		
Accumulated depreciation-Structures	1,088	552		1,084	580	
Machinery and equipment	57,488			60,165		
Accumulated depreciation-M & E	44,789	12,699		45,711	14,453	
Vehicles	250			250		
Accumulated depreciation-Vehicles	217	33		216	34	
Tools and Instruments	7,417			7,548		
Accumulated depreciation-Tools &Inst	6,312	1,105		6,512	1,035	
Land		7,774			7,746	
Construction in Progress		1,485			904	
Total tangible fixed assets		33,233	14.7		37,111	15.6
Intangible Fixed Assets		551	0.3		665	0.3
Investments and other						
Long-term investments in securities		3,050			3,002	
Investments in shares of un-consolidated subsidiaries and affiliates		18,656			18,712	
Investments in un-consolidated subsidiaries and affiliates		13,962			19,156	
Long-term loans receivables		246			239	
Long-term loans receivables to un-consolidated subsidiaries and affiliated		1,938			1,238	
Deferred tax assets		857			1,336	
Other		3,123			3,397	
Less: Allowance for doubtful Accounts		(355)			(347)	
Total investments and others		41,479	18.4		46,736	19.7
Total fixed assets		75,264	33.4		84,513	35.6
Total assets		225,568	100.0		237,209	100.0

	2006			2007		
	Amount		%	Amount		%
Liabilities						
Current liabilities :						
Notes payable – trade		4,176			2,859	
Accounts payable – trade		23,819			28,354	
Bonds due within one year		10,000			—	
Bonds with stock warrant due within one year		—			1,380	
Account payable – other		2,625			6,141	
Accrued expenses		5,742			6,248	
Accrued income taxes		6,588			7,323	
Accrued consumption taxes		184			—	
Receipt in advance		7			38	
Deposits payable		183			288	
Accrued bonuses		1,868			2,099	
Accrued bonuses for Directors and corporate auditors		—			120	
Notes payable - tangible fixed assets		396			96	
Other		411			22	
Total current liabilities		56,005	24.8		54,974	23.2
Long-term liabilities						
Bonds		5,000			5,000	
Bonds with stock acquisition rights		1,745			—	
Allowance for retirement and severance benefits		1,769			2,006	
Other		986			982	
Total long-term liabilities		9,500	4.2		7,989	3.4
Total liabilities		65,506	29.0		62,963	26.6
Net Assets						
Common stock		33,733	14.9		—	—
Additional paid-in capital						
Capital reserve		46,599			—	
Other additional paid-in capital						
Gains on disposal of treasury stocks		0			—	
Total additional paid-in capital		46,599	20.7		—	—
Retained earnings						
Un-appropriated earrings		1,958			—	
Voluntary reserve						
Reserve fund for special depreciation	283			—		
Reserve for deferred taxes on land	14			—		
Reserve for dividends	1,600			—		
Other reserve	58,000	59,898		—	—	
Un-appropriated profit of this term		16,580			—	
Total retained earnings		78,437	34.8		—	—
Valuation gains on marketable securities		1,339	0.6		—	—
Treasury stocks		(48)	(0.0)		—	—
Total net assets		160,061	71.0		—	—
Total liabilities and net assets		225,568	100.0		—	—

	2006			2007		
	Amount		%	Amount		%
Net Assets						
Common stock		—			33,916	
Additional paid-in capital						
Capital Reserve	—			46,781		
Other additional paid-in capital						
Gain on retirement of treasury stock	—			0		
Total additional paid-in capital		—			46,782	
Retained Earnings						
Retained Earnings	—			1,958		
Other retained earnings						
Reserve fund for special depreciation	—			307		
Reserve for deferred taxes on land	—			14		
Reserve for dividends	—			2,000		
Other reserve	—			70,000		
Un-appropriated retained earnings	—			18,312		
Total retained earnings		—			92,592	
Treasury stocks		—			(63)	
Total pain-in capital and retained earnings		—	—		173,227	73.0
Valuation and Translation Adjustments:						
Valuation adjustment for marketable securities		—			1,017	
Total Valuation and translation Adjustments		—	—		1,017	0.4
Total net assets		—	—		174,245	73.4
Total liabilities and net assets		—	—		237,209	100.0

Non-Consolidated Statements of Income

for the years ended March 31 2006 and 2007

(Millions of yen)

Account Items	２００６			２００７		
	Amount		%	Amount		%
Net sales		130,767	100.0		143,870	100.0
Cost of sales		87,568	67.0		94,906	66.0
Gross profit		43,199	33.0		48,964	34.0
Sales, general, and administrative expenses		19,355	14.8		20,282	14.1
Operating income		23,843	18.2		28,681	19.9
Non-operating income						
Interest income	192			339		
Dividend income	321			277		
Foreign exchange gain	770			644		
Rental income	365			406		
Other	368	2,018	1.5	535	2,203	1.5
Non-operating expenses						
Bond interest	159			123		
Commission charge	84			76		
Other	55	299	0.2	42	242	0.1
Ordinary income		25,563	19.5		30,642	21.3
Extraordinary income						
Gain on sales of fixed assets	464			35		
Gain on sales of investment securities	1,933			—		
Reversal of allowance for doubtful Accounts	49			9		
Other	60	2,507	1.9	—	44	0.0
Extraordinary loss						
Loss on sales of fixed assets	52			23		
Loss on retirement of fixed assets	342			332		
Loss on impairment	856	1,252	0.9	33	388	0.3
Net income before provision for tax		26,818	20.5		30,298	21.0
Taxes – current	10,920			12,663		
Taxes – deferred	366	10,544	8.1	359	12,304	8.5
Net income		16,264	12.4		17,993	12.5
Un-appropriated retained earrings at beginning of the period		1,575			—	
Dividend paid		1,259			—	
Un-appropriated retained earnings at the end of the period		16,580			—	

Statement of Net Assets

for the year ended March 31 2007

(Millions of yen)

	Paid-in Capital and Retained Earnings										
		Additional Paid-in Capital			Retained Earnings						
						Other Retained Earnings					
	Common stock	Capital Reserve	Other Additional Paid-in Capital	Total Additional Paid-in Capital	Earned reserve	Reserve for special depreciation	Reserve for deferred taxed on land	Reserve for dividends	Other Reserve	Un-appropriated retained earnings	Total Retained Earnings
Balance at March31,2006	33,733	46,599	0	46,599	1,958	283	14	1,600	58,000	16,580	78,437
Changes during the period:											
Cash dividends paid										(3,718)	(3,718)
Bonuses to directors										(120)	(120)
Exercise of stock acquisition rights	182	182		182							
Transfer to reserve (special depreciation)						179				(179)	
Transfer from reserve (special depreciation)						(155)				155	
Transfer to reserve (dividends)								400		(400)	
Transfer to reserve (other)									12,000	(12,000)	
Net income										17,993	17,993
Acquisition of treasury stock											
Retirement of treasury stock			0	0							
Net changes in account other than paid-in capital and retained earnings											
Net changes during the period	182	182	0	182	—	23	—	400	12,000	1,732	14,155
Balance at March31 2007	33,916	46,781	0	46,782	1,958	307	14	2,000	70,000	18,312	92,592

	Net Assets		Valuation and Translation adjustment		
	Treasury stock	Total Paid-In Capital And Retained Earnings	Net unrealized gain(loss) on available for sale securities	Total Valuation and Adjust	Total Net Assets
Balance at March31,2006	(48)	158,722	1,339	1,339	160,061
Changes during the period:					
Cash dividends paid		(3,718)			(3,718)
Bonuses to directors		(120)			(120)
Exercise of stock acquisition rights		365			365
Transfer to reserve (special depreciation)					
Transfer from reserve (special depreciation)					
Transfer to reserve (dividends)					
Transfer to reserve (other)					
Net income		17,993			17,993
Acquisition of treasury stock	(16)	(16)			(16)
Retirement of treasury stock	0	1			1
Net changes in account other than paid-in capital and retained earnings			(321)	(321)	(321)
Net changes during the period	(15)	14,505	(321)	(321)	14,183
Balance at March31 2007	(63)	173,227	1,017	1,017	174,245

(Changes of Representative Director and Executive Personnel)   Scheduled June 16th 2007

1. Change of corporate representative
   There is no change of corporate representative.

2. Changes of executive personnel
   (1) Name of corporate auditor to be appointed

Full-time corporate auditor	Masatake Yone

   (2) Name of corporate auditor to be resigned

Part-time corporate auditor	Syouji Namiki