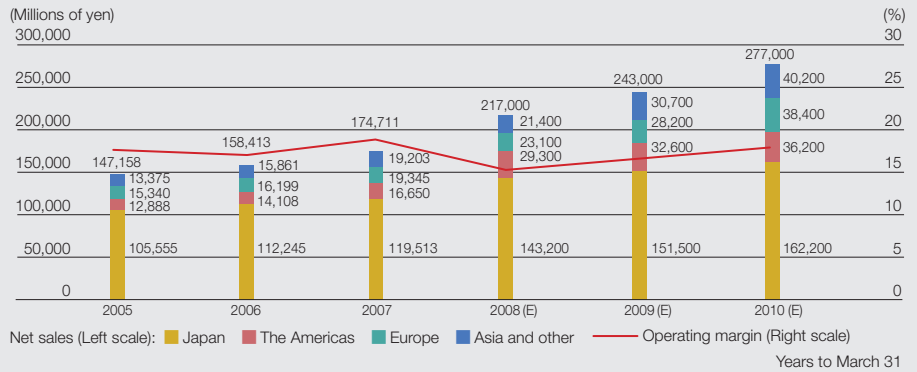


GEOGRAPHIC SEGMENT REVIEW

In fiscal 2010, the final year of the Fiscal 2010 Vision, THK is targeting consolidated net sales of ¥300 billion. THK also aims to generate sales outside Japan of ¥150 billion in the same year, for a target overseas sales ratio of 50%. Based on the idea that production in the same region as demand represents the optimal solution, THK is seeking to expand the scale of its operations by developing integrated production and sales systems centered on the four regions of Japan, the Americas, Europe and Asia.

Net Sales and Operating Margin



Japan

Buoyed by strong corporate profits, capital investment levels remained high. Strong demand from China and other emerging economies also fueled growth in machinery orders. In the electronics sector, higher demand for information and communications equipment and digital appliances supported a continued upward trend in capital spending by manufacturers. Reflecting the positive business environment, which resulted in higher demand in the machine tool, general machinery and electronics sectors, THK posted generally favorable results. Sales in fiscal 2006 increased 6.5% compared with the previous year to ¥119,513 million.

The Americas

Regional capital investment posted favorable growth, supported by continued expansion in consumer spending. THK focused on expanding business with existing clients while also seeking to develop new sectors. Sales in fiscal 2006 rose 18.0% over the previous year to ¥16,650 million.

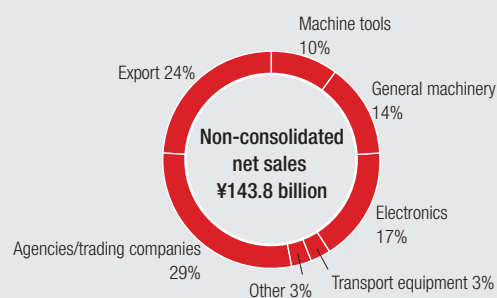
Europe

Amid a positive external environment characterized by increased machinery demand in Eastern Europe, THK intensified efforts to develop business based on an integrated production and sales system. Sales in fiscal 2006 increased 19.4% over the previous year to ¥19,345 million.

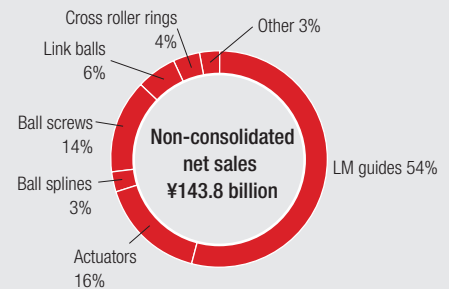
Asia and other

In China, the economy continued to grow at an impressive pace ahead of major events such as the 2008 Olympics, slated to be held in Beijing. Levels of capital investment expanded further, leading to favorable growth in sales to the machine tool and general machinery sectors. Sales growth in Taiwan was also driven by the same sectors, reflecting increased exports of machinery to the Chinese market. Regional sales in fiscal 2006 increased 21.1% compared with the previous year to ¥19,203 million.


Sales Breakdown, by Industry (FY2006)



Sales Breakdown, by Product (FY2006)



Japan



■ Head office
○ Plants

The map shows the geographical distribution of THK's operations in Japan. A red square indicates the head office, and red circles indicate the locations of various plants across the country.

Record sales for third consecutive year

Sales in Japan increased 6.5% in year-on-year terms in fiscal 2006 to ¥119.5 billion, setting a new record for the third consecutive year. Levels of capital investment remained high, buoyed by healthy corporate profits. Strong demand from China and other emerging economies also fueled growth in machinery orders. In the electronics sector, higher demand for information and communications equipment and digital appliances supported a continued upward trend in capital spending by manufacturers. Against this favorable backdrop, THK strove to upgrade all aspects of operations, including higher production capacity as well as stronger sales and development capabilities. These efforts successfully translated into increased orders and sales.

On the production side, the third plants on each of the sites at Yamagata and THK NIIGATA commenced operations in February 2007 and December 2006, respectively, in line with original plans. Besides active investment in increased capacity, fiscal 2006 saw benefits materialize in terms of a stronger earnings structure from the moves undertaken a year earlier to reorganize product lines between THK's domestic production bases. Elsewhere, the Chubu Distribution Center located on the Gifu Plant site began full-scale operations in January

2007 as part of efforts to rationalize domestic distribution activities. Now that the Chubu Distribution Center has assumed the main nationwide logistics function, the roles played by the distribution centers in Tokyo and Osaka are being reduced accordingly.

On the sales side, the "TAP 1" in-house skills development initiative for sales personnel was extended and strengthened. This initiative has helped THK's sales force to steadily develop more effective skills in problem-solving and proposal-oriented sales activities, contributing to the realization of new projects with existing customers as well as development of business with new customers.

In terms of business development in new sectors, the FAI Division was able to expand the number of automakers using THK products, and also succeeded in getting THK products accepted as standard components for luxury models. These results demonstrated THK's all-round capabilities in terms of product performance, quality control and technical support services. Elsewhere, the ACE Division posted strong growth in the number of buildings installed with seismic isolation devices, and the CAP Project also expanded applications for THK products. These various efforts contributed to higher sales in Japan.

On the development side, THK invested greater efforts in responding to the ongoing qualitative changes in demand for electric-powered components and hybrid units. Notable fiscal 2006 achievements included the development of a new model of linear motor actuator and the development of specialized small-scale servo amplifiers for linear motors.

Continually striving for improvement on every level

In fiscal 2007, THK expects domestic order levels to remain strong within the machine tool sector, supported by buoyant external demand from Asia and other export markets. Capital spending levels are projected to recover in the general machinery and electronics sectors, reflecting a rebound in demand for production equipment in the chip-mounting and flat panel display fields after an adjustment in the second half of fiscal 2006. THK is targeting sales in Japan of ¥143.2 billion in fiscal 2007, an increase of 19.8% compared with the previous year. This figure takes into account the projected boost to consolidated sales due to the acquisition of all the shares in Rhythm on May 31, 2007.

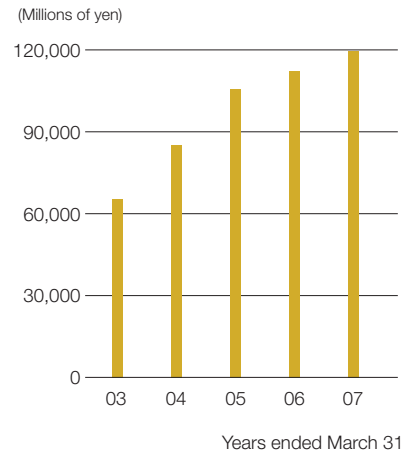
Sales offices:	49
Plants:	9
Distribution centers:	4

- THK CO., LTD.
- DAITO SEIKI CO., LTD.
- TALK SYSTEM CORPORATION
- Beldex Corporation
- THK NIIGATA CO., LTD.

As of March 31, 2007

Note: Please refer to p. 76 for details of the principal business activities of THK Group companies.

Sales in Japan



In terms of plans to achieve this target, on the sales side THK plans to extend the “TAP 1” skills training initiative to promote expansion through increased business with existing customers alongside new client development. In particular, THK aims to place a greater emphasis in sales activities on solving customer problems through the use of THK products, in addition to stressing the performance benefits of THK hardware. THK also plans to develop new customers by efficiently targeting potential opportunities. Hence, while striving to secure steady gains in orders from capital goods sectors, the mainstay of the current business, THK plans to accelerate business growth within new sectors through the targeted development of emerging opportunities.

On the production side, following the original implementation of the “TAP 2” initiative in 2001, THK has been able to establish flexible, efficient production systems that can respond to fluctuating order levels. In fiscal 2007, THK plans to reinforce such capabilities further. Specifically, THK intends to continue “TAP 2” activities with the aim of achieving further gains in terms of productivity and quality, thus ensuring that growth in sales translates into higher profits. Moreover, in anticipation of future growth in sales, THK intends to undertake further planning of future upgrading and expansion of production capacity. In addition, following the addition of wholly owned subsidiary Rhythm to the THK Group in May 2007, THK plans to undertake capital investment in Rhythm’s operations to increase profit margins by boosting productivity.

On the development side, fiscal 2007 is positioned to be a year of seeking to consolidate the gains previously made in fiscal 2005 from concentration of R&D functions into a newly established Techno Center, and in fiscal 2006 from an organizational rearrangement to strengthen R&D systems. Besides working to speed up development further, THK plans to increase the output of R&D functions in terms of numbers of new commercial products.

THK plans to continue working actively toward attainment of the Fiscal 2010 Vision by making further progress on the sales, production and development fronts.

The Americas



- Sales offices
- Plants

Organization and business overview

In this region, sales subsidiary THK America, Inc. and production subsidiary THK Manufacturing of America, Inc. (TMA) undertake integrated sales and production activities under the regional holding company THK Holdings of America, L.L.C. During fiscal 2006, THK Holdings of America, L.L.C. posted higher sales on a yen-denominated basis for the third consecutive year.

In the Americas, THK has been particularly successful on the sales side, with products successfully introduced into a wide range of sectors. Besides the machine tool, general machinery and electronics industries, which are THK's main customers, we also sell LM guides, link balls, ball screws and

other products to various companies in the automotive and aerospace sectors.

As a production base for LM guides and link balls, TMA supplied products equivalent to 55% of local sales in fiscal 2006. TMA's capabilities in providing stable supplies of high-quality products with short delivery lead-times have helped THK to become more competitive in the region. In January 2006, TMA gained ISO9001-2000 certification for LM guides. In December 2006, TMA gained certification for production of link balls to the ISO/TS16949 standard, which is widely used in the automobile industry.

Sales: Continued efforts to increase business with existing customers while developing new markets and product applications

THK America, Inc. continued to focus on creating stable growth by securing higher market share with existing customers, while also seeking to accelerate sales expansion by boosting efforts to develop new product applications alongside new markets such as Canada and Mexico. During fiscal 2006 we began to see the benefits of ongoing training initiatives such as the THK Advantage Program (TAP 1), a unique in-house skills development program for sales personnel. In yen terms, sales increased for the third consecutive year. Specifically, sales in Mexico grew rapidly following our full-scale entry into the market in 2005. Elsewhere, we were able to generate fresh growth by developing applications for THK products such as mountain bikes, fitness machines and other types of health-oriented equipment.

We expect underlying U.S. economic growth to remain strong in fiscal 2007. Demand for modularized components continues to increase as companies seek to simplify design processes and achieve more compact product designs, most notably in the electronics industry. While placing emphasis on assessing customer needs, we plan to focus on upgrading sales consulting capabilities to propose relevant solutions based on products such as hybrid units.



Junichi Kuwabara

Director, THK CO., LTD.

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

President and Representative Director, THK America, Inc.

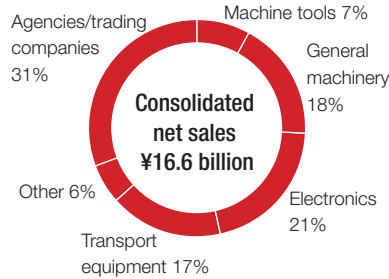
United States	Sales offices:	9
	Plants:	1
Canada	Sales offices:	1
Brazil	Sales offices:	1

- THK Holdings of America, L.L.C.
- THK America, Inc.
- THK Manufacturing of America, Inc.

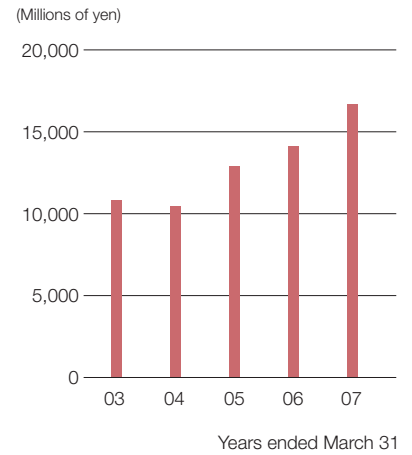
As of March 31, 2007

Note: Please refer to p. 76 for details of the principal business activities of THK Group companies.

Sales Breakdown, by Industry (FY2006)



Sales in the Americas



At the same time, our policy is to stress in our sales presentations the greater benefits that we can now provide customers through our U.S. production facility in terms of unrivaled product quality and quick delivery, backed up by our first-class quality assurance and upgraded technical support services. While working to entrench our position in existing sectors, we are also continuing to focus on the development of new product applications. Our goal in fiscal 2007 is to post a fourth straight year of increased sales in yen-based terms as we look to achieve the goals set out in THK's Fiscal 2010 Vision.



Nobuyuki Maki
President and Representative Director, THK Manufacturing of America, Inc.

Production: Underpinning competitiveness while raising profitability


At TMA we have been focusing on providing stable supplies of products in line with regional demand while working to shorten delivery lead-times through measures to improve production flow. We have also been expanding the number of product lines that we can supply. During fiscal 2006, with the aim of reducing lead-times, we undertook initiatives to boost levels of familiarization among operating personnel and to eliminate waste by making each operation more visible. We also began supervising individual production processes using target-based management methods. We successfully expanded the product lineup in fiscal 2006,

initiating production of new LM guide models. Future plans call for further expansion as we begin the full-scale production of hybrid units and start die-cast production for link balls.

Alongside these various measures, we are also working to raise profitability. In fiscal 2006 we did our utmost to restrict growth in fixed costs, primarily by trying to expand production capacity through increased operational efficiency. During fiscal 2007, we plan to pursue further profitability gains by upgrading multitasking process training and by trying to build deeper awareness on the

factory floor of cost and efficiency issues through the introduction of a system for proposing improvements. We will also work to upgrade operations further from a number of different angles, including measures to make production flow more efficient and to boost yields.

Europe

- 
- Sales offices
○ Plants

Organization and business overview

While achieving organizational gains in efficiency, THK also made further progress during fiscal 2006 in expanding the scale of regional business in European markets, led by THK Europe B.V. In yen-based terms, sales growth over the previous fiscal year was in double digits.

THK Europe B.V. owns and manages two sales subsidiaries, THK GmbH and THK France S.A.S. THK has established sales offices in eight European countries and, through agencies, has a sales network spanning the region that sells THK products to customers in every European country.

The two production subsidiaries in the regional group are THK Manufacturing of Europe S.A.S. (TME) and PGM Ballscrews Ireland Ltd. TME manufactures and supplies

LM guides, ball screws, link balls and other products, and PGM is a production base for ball screws. Their operations enable THK to respond flexibly to the needs of European customers in terms of quality and delivery lead-times. During fiscal 2006, THK's production within the region was able to supply approximately 40% of orders by customers in Europe.

Sales: Flexibly playing to our unique strengths

In fiscal 2006 we focused on expanding sales across THK's sales subsidiaries in Europe based on clearly defined priority industries and regions. Combined with the effects of the "TAP 1" training initiative, we made distinct progress in building up our sales capabilities.

We successfully expanded THK's business in a number of sectors that we had established as priority sales targets, specifically the aerospace industry as well as consumer goods industries such as furniture and consumer appliances. In each case we have secured business with major players. Going forward, we plan to build each of these businesses while also seeking to develop sales ties with other firms in each sector. In priority growth markets such as Turkey, Russia and Eastern Europe, we scored successes after revising our agency policies and focusing on selling a narrower range of products. Going forward, we aim to generate further sales growth in these markets by upgrading our support for agency sales channels and providing increased sales training.

Amid an ongoing economic expansion in Europe, we expect a high level of orders in fiscal 2007, supported by rising machinery demand in Eastern European markets. Another trend is the increasingly advanced and diverse level of customer requirements. Our challenge is to translate increased demand into a solid stream of orders by reinforcing our sales efforts. Specifically, we plan to augment our capacity to deliver products quickly to meet diverse customer requirements by expanding the lineup of products that can be made at our production facilities in the region and by reviewing our distribution systems.



Tetsuya Hayashida

Director, THK CO., LTD.

President and Representative Director, THK Europe B.V.

President and Representative Director, THK GmbH

President and Representative Director, THK France S.A.S.

President and Representative Director, PGM Ballscrews Ireland Ltd.

Germany	Sales offices:	3
United Kingdom	Sales offices:	1
Ireland	Plants:	1
Netherlands	Distribution centers:	1
Italy	Sales offices:	2
Sweden	Sales offices:	1
Austria	Sales offices:	1
Spain	Sales offices:	1
France	Sales offices: 1 Plants: 1	
Turkey	Sales offices:	1

- THK Europe B.V.
- THK GmbH
- THK France S.A.S.
- THK Manufacturing of Europe S.A.S.
- PGM Ballscrews Ireland Ltd.

As of March 31, 2007

Note: Please refer to p. 76 for details of the principal business activities of THK Group companies.

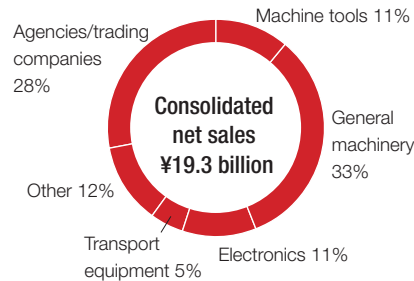
Elsewhere, one major trend that we believe is accelerating is the move by global companies headquartered in Europe to shift production bases to Asia. In this situation, our goal is to emphasize THK's ability to supply high-quality products and support services on a global basis, which we believe will translate into a higher worldwide market share for the THK Group. At the same time, Europe presents us with an opportunity because it is such a dynamic center for the machinery industry and is thus the source of many cutting-edge technologies. As we focus on achieving the goals established in the Fiscal 2010 Vision, we see our role as one of absorbing such technical advances and communicating them to the rest of the THK Group worldwide.

Production: Targeting local production ratio of 50%

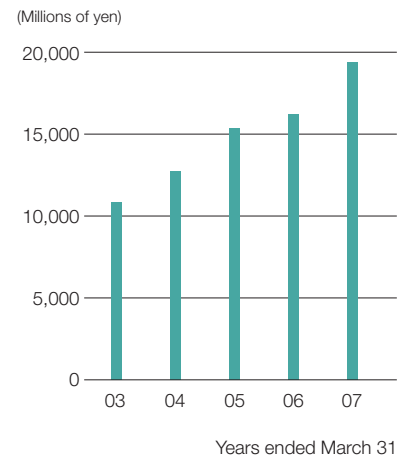
In fiscal 2006, TME completed the development of full-scale mass-production systems for products where local order volumes are high, such as ball screws and actuators, and we began shipping these products across Europe. We also made steady progress in constructing a mass-production system for link balls, which we are now supplying to several leading automakers.

As well as expanding the product lineup, during fiscal 2006 we also made further progress in upgrading our production set-up to facilitate more flexible supply of orders with shorter delivery lead-times. In fiscal 2006 we used recruitment and business skills-training programs to improve our com-

Sales Breakdown, by Industry (FY2006)



Sales in Europe



Hiroshi Saito
President and Representative Director, THK Manufacturing of Europe S.A.S.

petitiveness, while in early fiscal 2007 we completed production capacity upgrades. We also improved our management capabilities in terms of controlling capacity utilization. Overall, we made steady improvement in strengthening our production systems.

During fiscal 2007 we plan to continue upgrading and expanding our systems so that we can support larger orders from THK's sales companies in Europe. Specific objectives are to initiate production for those items where demand in Europe is particularly high and to add more value to LM guide production by starting at an earlier stage. Through such measures we aim to lower material costs and also reduce inventories, which will help us raise profitability while at the same time shortening delivery lead-times.

Going forward, TME's aim remains to provide stable supplies of THK products that offer high quality with short lead-times, while at the same time continuing to expand the range of products that can be manufactured in Europe. As orders in Europe continue to expand, our goal is to achieve a local production ratio of 50%.



Organization and business overview

THK's first move into the Asian region was the establishment of THK TAIWAN CO., LTD. in 1989. THK also entered the Chinese market during the same year, followed by South Korea in 1991.

THK (CHINA) CO., LTD. now manages all THK operations in China, a market with exceptionally high growth potential. THK (CHINA) CO., LTD. and THK (SHANGHAI) CO., LTD. together handle sales of THK products in China. On the production side, THK has three local subsidiaries: DALIAN THK CO., LTD., THK MANUFACTURING OF CHINA (WUXI) CO., LTD. and THK MANUFACTURING OF CHINA (LIAONING) CO., LTD. THK continues to strengthen its organization in China in anticipation of growth in demand.

In December 2006, THK established THK LM SYSTEM Pte. Ltd. as a sales subsidiary based in Singapore. This company is focused on reinforcing THK's regional sales network covering ASEAN countries, together with markets in India and Oceania, and is working to develop customers in these various markets.

Sales: Responding to buoyant local demand

■ THK (CHINA) CO., LTD.

Since its establishment in September 2005 as THK's leading subsidiary in China, THK (CHINA) CO., LTD. has worked to secure direct sales rights in China while converting THK Group companies in China into subsidiaries. As part of the development of the set-up in the country, various domestic sales functions have also been transferred from THK (SHANGHAI) CO., LTD. Full-scale business development within the Chinese market under the new structure began during fiscal 2006.

The machine tool sector accounts for a major part of demand in China. Local demand for THK products rose in fiscal 2006 due to an increase in production volumes in this sector along with a rising proportion of numeric control (NC) models. We have established four sales offices in China to cater to buoyant market demand. Our sales activities focus on making the most of our varied lineup of high-quality products and exploiting the advantages inherent in our integration of sales and production systems. We were able to increase our business with existing customers in fiscal 2006 based on this approach. We also succeeded in securing orders from new customers that included leading Chinese machine tool manufacturers. These achievements were significant in that they promise to help us in promoting further horizontal business development within the same industry going forward.

In fiscal 2007, we will continue aggressive sales development targeting new customers, with another nine sales offices due to open. We also plan to continue preparations to expand sales of hybrid units,

an area where we expect demand to grow going forward. Besides reinforcing our sales set-up, we also plan to take maximum advantage of the benefits offered by THK's production bases in China to achieve further gains in sales.

■ THK TAIWAN CO., LTD.

We posted higher sales in fiscal 2006 despite moves by makers based in Taiwan to accelerate the relocation of production facilities to China. This reflected the upfront emphasis on the THK Group's global capabilities in our sales activities, which stress the fact that we can provide technical support in China and around the world.

Our plans for fiscal 2007 focus on expanding sales of hybrid units; on gaining market share by supplying products tailored closely to customer requirements; on strengthening our agency sales capabilities; and on reinforcing our sales network in southern parts of the country. We also aim to enhance customer satisfaction by leveraging our broad product range and the strengths of our sales system in delivering both quality and volume so that we can achieve a sixth



Takashi Okubo
Director, THK CO., LTD.
President, THK (CHINA) CO., LTD.
President, THK MANUFACTURING OF CHINA (LIAONING) CO., LTD.

Naoki Kinoshita
President, THK (SHANGHAI) CO., LTD.

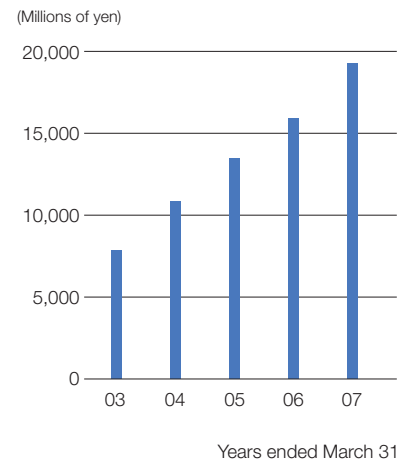
China	Sales offices:	6
	Plants:	3
Taiwan	Sales offices:	3
Singapore	Sales offices:	1
India	Sales offices:	1
South Korea	Sales offices:	13
	Plants:	1

- THK TAIWAN CO., LTD.
- THK (CHINA) CO., LTD.
- THK (SHANGHAI) CO., LTD.
- DALIAN THK CO., LTD.
- THK MANUFACTURING OF CHINA (WUXI) CO., LTD.
- THK MANUFACTURING OF CHINA (LIAONING) CO., LTD.
- Beldex KOREA Corporation
- THK LM SYSTEM Pte. Ltd.
- SAMICK THK CO., LTD.

As of March 31, 2007

Note: Please refer to p. 76 for details of the principal business activities of THK Group companies.

Sales in Asia



consecutive year of higher sales in yen-based terms.

Production: Balanced expansion in scale of operations

■ DALIAN THK CO., LTD.

The supply of precision components such as ball screws and actuators from this production facility is a core element of THK's integrated production and sales set-up within China. A rotating four-squad triple-shift system has been fully established, allowing the factory to operate around the clock for 350 days a year. This has helped the company to become profitable.

In fiscal 2006 we improved our production processes, retooled equipment to shorten manufacturing lead-times and reduced depreciation costs through greater local procurement of equipment and machinery. These moves enabled us to boost profitability. Production volumes also increased by approximately 40% over the previous year. Around 65% of our output is currently exported to Japan and the rest sold locally in China.

Local demand is extremely high, to the extent that we expect future orders to exceed production capacity. Our main focus is therefore on raising production volumes while maintaining high quality. During fiscal 2007 we plan to install inspection equipment to upgrade our final QC inspection processes. We expect this move to earn greater trust from our established customer base.

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

THK commenced production in January 2005 at this facility, which at that time was the first LM guide plant in China. During fiscal 2006 we completed work on expanding the plant to accommodate increased production and a broader range of products. We also invested in production systems to boost efficiency and undertook various activities aimed at all employees to deepen awareness of the importance of product quality and to help develop teamwork. Around 50% of our output in fiscal 2006 was sold locally in China and the other 50% was exported to Japan and Europe.

In fiscal 2007, plans call for expanding the product lineup further while trying to heighten cost-consciousness among all employees. We will also focus on strengthening systems to enable the plant to become a global supply base for competitively priced, high-quality THK products.

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

Established in 2005 amid expanding demand in China for machine tools, this facility supplies high-end LM guides to Chinese machine tool manufacturers based in the northeast of the country as well as Japanese-owned machine tool makers that have set up factories in this region. Shipments commenced on schedule in September 2006. With demand expected to continue rising, the main objective in fiscal 2007 is to marshal the power of the local workforce with a view to achieving full capacity through the development of a rotating four-squad triple-shift production system and securing ISO9001 certification.



Susumu Ogami
President, THK TAIWAN CO., LTD.



Kazushige Ohno
President, DALIAN THK CO., LTD.



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