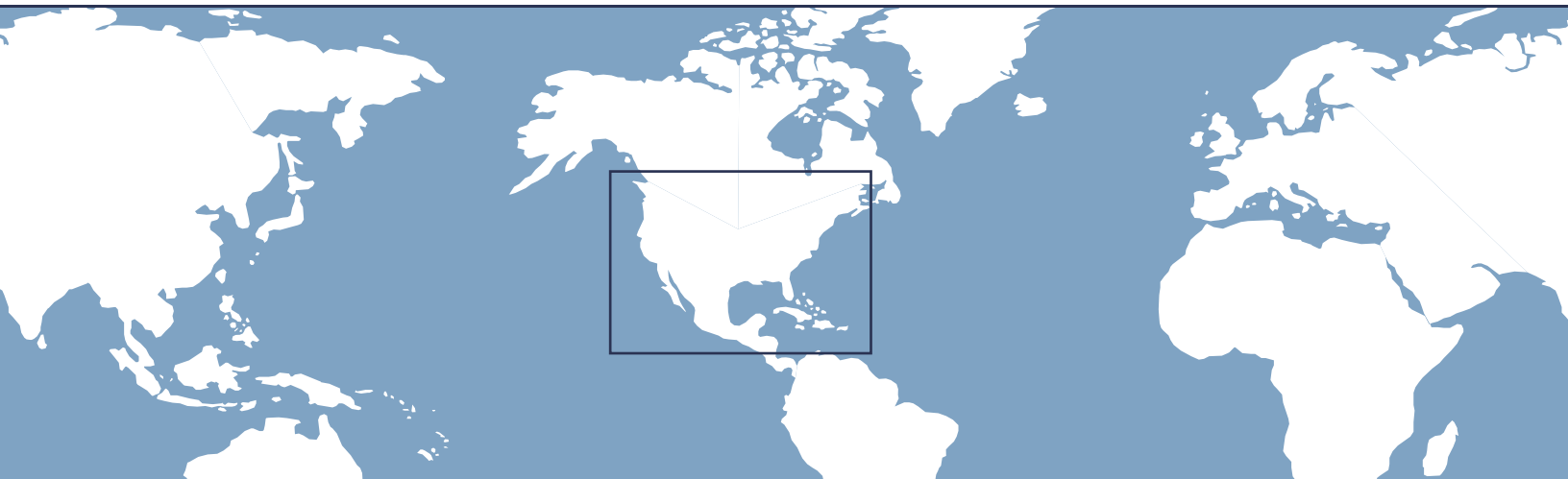


THK Overseas

Since production bases were established in the United States and Europe, and began operating in earnest in FY 2004, we have been able to unify our production and sales operations. We have also begun expansion of our production and sales bases in Asia, where the market is expected to grow in the future.



America



THK Holdings of America, L.L.C. is the holding company that manages our sales and production companies in the United States. THK Holdings recorded a 32.5% increase in sales during FY 2004 (in local currency terms), enabling it to report its first profit since FY 2000. While external factors such as the generally favorable U.S. economy helped, we believe most of the credit should go to our production and sales forces, who worked together on the launch of full-scale operations at our manufacturing subsidiary, THK Manufacturing of America, Inc. (TMA). With TMA starting full-scale production, THK America Inc. can now conduct business negotiations with its customers with confidence, knowing that the production capacity is in place. There is a great dynamic operating between production and sales, with an increase in orders received

both driving production up and bringing manufacturing costs down. TMA is now capable of satisfying approximately 50 percent of local demand. In FY 2004 we witnessed a clear manifestation of the synergy that results from the production and sales forces working as one. We consider that production in regions of high demand is the optimal method for growing the business. This method reached fruition in FY 2004.

THK America Inc. was established in 1981 as our sales location for THK products in the North American market. Sales in FY 2004 increased by 32.8 percent over the previous year (in local currency terms). Efforts were made to further cultivate our existing customer base, and as a result we were able to increase sales in areas of traditional strength, such as electronics and

Junichi Kuwabara

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



general machinery. We have, on the other hand, also made efforts to develop new customers and new applications. To accurately gauge what new applications are needed, we visited prospective FORTUNE 500 customers and accompanied our

distributors during their sales activities. As a result, we were able to develop new relationships with a major medical equipment manufacturer and a new project for the manufacturer of a specialized vehicle unit. We further cultivated the market in Mexico as well. Behind all these accomplishments we see the improved skills our salespeople have gained from the THK Advantage Program (TAP-A1), which allowed them to conduct proposal-type sales activities. Of course, the start of full-scale

operations at TMA made THK America an organization capable of providing the products our customers required in a timely fashion and in the quantities required. Since demand for electronics-related products is unclear for FY 2005, we need to keep a watchful eye on these trends. At the present time, however, we believe that we will be able to report an increase in revenue during FY 2005 as well, since demand for electronics-related products is still favorable.

such efforts was a 30 percent increase in assembly efficiency gained through the introduction of automated ball insertion machines. Another advance, this time in thermal processing, became possible upon the introduction of automated thermal process transport equipment, which allows operations to continue even during the holidays. Through such improvements in our production efficiency, production capacity grew rapidly, which in turn led to a dramatic reduction in unit production costs. Even though quality, costs and logistics are the responsibility of our production organization, requiring continued effort for further improvements, we believe that significant results were obtained during fiscal 2004. In the future, we intend to work to further improve productivity while making efforts to expand our product lineup to respond more effectively to local needs.

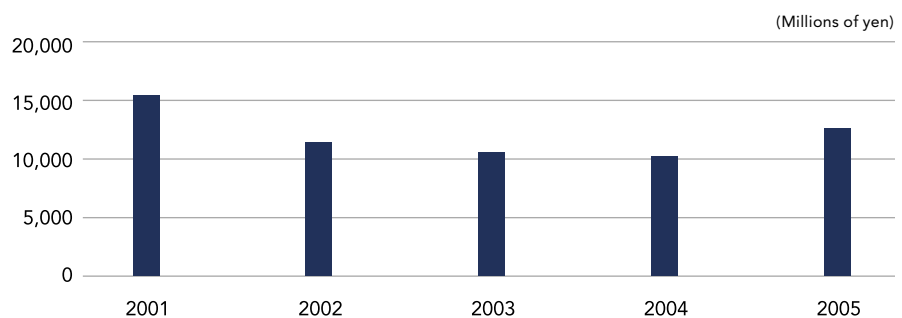


Nobuyuki Maki
President of THK Manufacturing
of America, Inc.

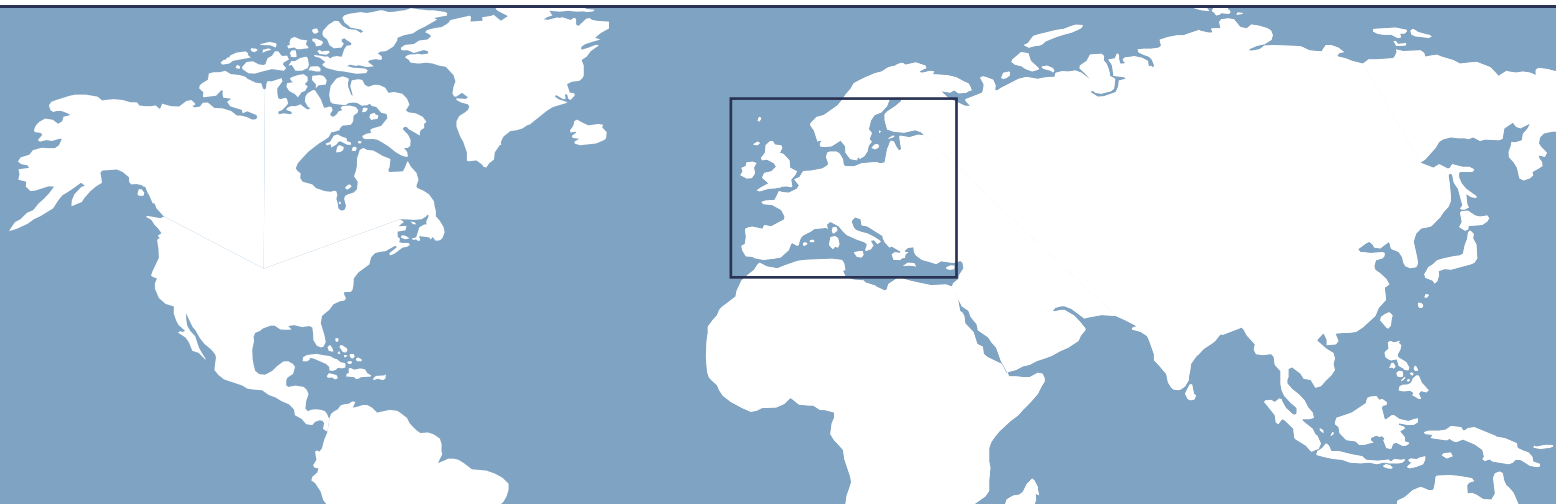
TMA was established as our manufacturing arm in North America in 1997 to produce LM Guides and Link Balls. The company reviewed its work standards for manufacturing processes and subsequently implemented improvements on the automated processes and the production control system as a part of THK's cost-reduction activities in FY 2004. An example of practical results arising from

Trend in Sales

Years ended March 31



Europe



The holding company that manages THK sales and production companies in Europe, THK Europe B.V., was able to achieve an operating profit for four straight quarters for the first time since FY 2000. Sales for FY 2004 increased by 17.5 percent over those of the previous year (in respective local currency terms). Although the external environment, such as the slow recovery of the European economy, provided some support, we believe that the synergistic effects arising from our production and sales forces coming together as one resulted in the favorable sales amounts and profits.

The sales network of THK Europe B.V., comprised of 12 locations throughout Europe and extending as far as South Africa, encompasses the entire European region. The network achieved a 19.6 per-

cent increase in sales over the previous fiscal term (in respective local currency terms) in FY 2004, enjoying a steady flow of orders for products in our core fields of general machinery and machine tools and proactively cultivating new customers. A customer map was produced for individual fields within the machine industry for the latter purpose. New business development teams were organized to focus on those businesses we have yet to develop a relationship with, and the teams visited these businesses to conduct proactive sales activities. Furthermore, we have been assessing potential new fields of business and participating, for example, in medical and rehabilitation-related exhibitions. A great number of German and French businesses have been relocating their manufacturing facilities from Western Europe to Eastern Europe, and we have responded



Toshiro Teramachi

Director
President and Representative
Director of THK Europe B.V.
President and Representative
Director of THK GmbH

without delay by enhancing sales support for distributors in the Czech Republic and Poland. We have also improved our distributor networks in Russia, Turkey and South Africa, and initiated a strategy for expanding new emerging markets by participating in an exhibition in Russia. Moreover, we made efforts to boost profitability by moving forward with integrated logistics and improved operating efficiency. The outlook for the European economy in FY 2005 is uncertain. THK Europe B.V. is coping with this by proactively exploring undeveloped fields, such as the medical equipment industry, optical equipment industry, and aviation industry, and expanding sales of unit products to take advantage of the strengths of our manufacturing plants in Europe. It is also expanding sales in the press machine and



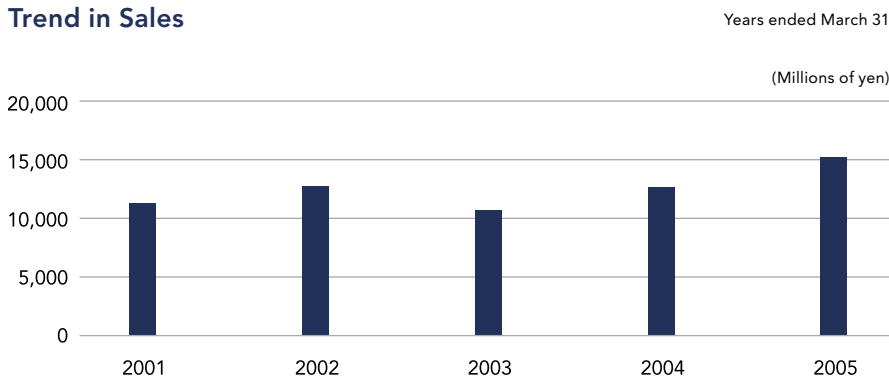
Tetsuya Hayashida
President of THK Manufacturing
of Europe S.A.S.

injection molding machine industries, and for items such as Link Ball products for the automotive industry.

THK Manufacturing of Europe S.A.S. (TME) carried out various activities to upgrade production in FY 2004, including multitasking processes, multiplying the number of products made, and optimizing inter-process logistics. Multitasking pro-

cesses dramatically decreased production downtime and led to a more motivated workforce. We were therefore able to increase production without hiring more personnel as predicted in the initial plan. This kept our fixed costs down. The company used this operational efficiency and higher production levels to achieve profitability a year ahead of schedule. Supported by the high quality of its workers, TME has attained a level of productivity that actually exceeds the average for companies in industrialized nations. Although TME currently has the capacity to meet approximately 30 percent of demand in the European region, the company plans to boost that to 50 percent, responding to the highly sophisticated needs of European customers.

Trend in Sales



Asia



In Asia, we are making efforts to increase sales and expand production organizations in China, where we have grown rapidly in recent years, as well as in Taiwan and Korea. Our establishment of THK TAIWAN CO., LTD. in 1989 to handle our sales there was just the first of our activities in Asia. In 1991, we followed up with a capital participation in and technical alliance with SAMIK LMS CO., LTD. of Korea. DALIAN THK CO., LTD. was established in Dalian in China in 1996, which started manufacturing and selling precision Ball Screws and Actuators. We started THK (SHANGHAI) CO., LTD. in 2003, and in the following year established THK MANUFACTURING OF CHINA (WUXI) CO., LTD., which was the very first LM Guide manufacturing plant in

China. We announced the establishment of THK MANUFACTURING (LIAONING) CO., LTD. in Dalian in March 2005. FY 2004 was a period of preparation for organizing the production and sales forces as one. We are now at the stage where we can implement business developments with the production and sales forces acting as one entity in Asia as well.

Sales for FY 2004 at THK TAIWAN CO., LTD. were up sharply, rising 41.7 percent over the previous year (in local currency terms). The external environment was favorable, with on firm demand for machine tools in China. We believe that enhanced collaboration with distributors and more focused interaction with prospective customers contributed to the jump in sales.

Takashi Okubo

Director
President of DALIAN THK CO., LTD.





Susumu Oogami
President of THK TAIWAN CO., LTD.

In the area of new applications, a major motorcycle manufacturer is now using our Link Balls, and a bank adopted our earthquake dampening equipment. Profits increased approximately threefold compared with the previous year. The level of operating earnings, unfortunately, is certainly not at a level we consider high. We will strive for further improvement in our profitability by continuing to work on cost efficiency and on expanding the sales of low-cost products produced in China.

DALIAN THK CO., LTD. operates on a 24/7 basis, using three shifts of four crews. Since there was no room for improvement in terms of operating time, we expanded the facilities and personnel, and reviewed process flows in FY 2004. Subsequent improvements in these areas increased our monthly production capacity by 90 percent, raised per capita production by

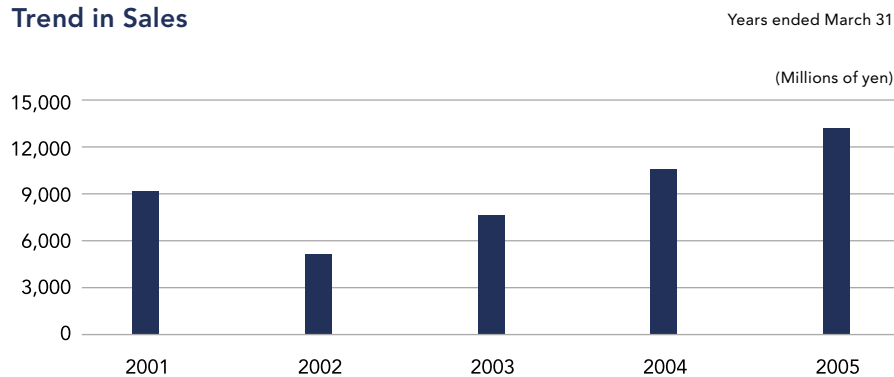
77 percent, and pushed sales for FY 2004 53.3 percent above the previous year. Facility enhancements are currently being implemented to further increase production capacity by 50 percent by August 2005. Machine tools are at the core of the Chinese market, and to develop new customers we are proactively participating in exhibitions, which has resulted in the successful acquisition of 13 new customers. In future, we intend to enhance both productivity as well as quality. We will be also be exploring new areas of business, such as semiconductor manufacturing equipment, precision and measurement equipment, and medical equipment.

Operations at THK MANUFACTURING OF CHINA (WUXI) CO., LTD., our first production location for LM Guides in China, started in January 2004, and we began shipping products in February. We



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

Trend in Sales



intend to quickly establish a production organization that works on a 24/7 basis, with three shifts made up of four crews. We also plan to more fully develop our material procurement sources within China. We believe it is important to train our employees to attain such targets. When the manufacturing plant was established, approximately fifty new recruits fresh out of school were sent to our Yamaguchi plant for training. Since these people are extremely young, they lack experience, but when it comes to youthfulness and energy

they are second to none among manufacturing plants in the THK group of companies. In the future, the company and all of its employees will be making a vigorous push to become a production facility that will become a core supplier for the THK group.

THK (SHANGHAI) CO., LTD. worked hard to bring in new business by approaching a variety of prospective customers. They succeeded in acquiring several new users from the machine tools industry and other fields. We believe that demand

for LM Guides will undergo a rapid increase in China in the future as production of machine tools increases and the NC conversion rate rises. We plan to establish twenty sales locations in China, and sales networks are being readied to respond to the increasing demand. LM Guides are manufactured at THK MANUFACTURING OF CHINA (WUXI) CO., LTD., while DALIAN THK CO., LTD. produces Ball Screws. Having these supply centers fully online will become a significant advantage for our sales activities in China. By capitalizing on the combined strength of our production and sales forces, we will do our best to acquire the top share in the Chinese market, where rapid growth is expected in the future.

Toshiyuki Sato

President of
THK (SHANGHAI) CO., LTD.



Global Network

Europe

THK Europe, B.V.

The holding company of THK group companies in Europe. Sells LM Guides, Ball Screws and Spherical Joints, etc.

THK GmbH

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

THK Manufacturing of Europe S.A.S.

Manufactures LM Guides and Spherical Joints

PGM Ballscrews Ireland Ltd.

Manufactures and sells Ball Screws

THK France S.A.S.

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



THK Europe B.V. Head Office



THK Manufacturing of Europe S.A.S.



PGM Ballscrews Ireland Ltd.



Asia

THK TAIWAN CO., LTD.

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

DALIAN THK CO., LTD.

Manufactures and sells Ball Screws

SAMICK LMS CO., LTD.

Manufactures and sells LM Guides

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

Manufactures LM Guides

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

Manufactures LM Guides



DALIAN THK CO., LTD.



SAMICK LMS CO., LTD.



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



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

Europe

Germany

Sales Office(s) 3

England

Sales Office(s) 1

Ireland

Sales Office(s) 1

Plant(s) 1

Netherlands

Distribution Center(s)..... 1

Italy

Sales Office(s) 2

Sweden

Sales Office(s) 1

Austria

Sales Office(s) 1

Spain

Sales Office(s) 1

France

Sales Office(s) 1

Plant(s) 1

South Africa

Sales Office(s) 1

Asia

China

Sales Office(s) 4

Plant(s) 3

Taiwan

Sales Office(s) 3

Malaysia

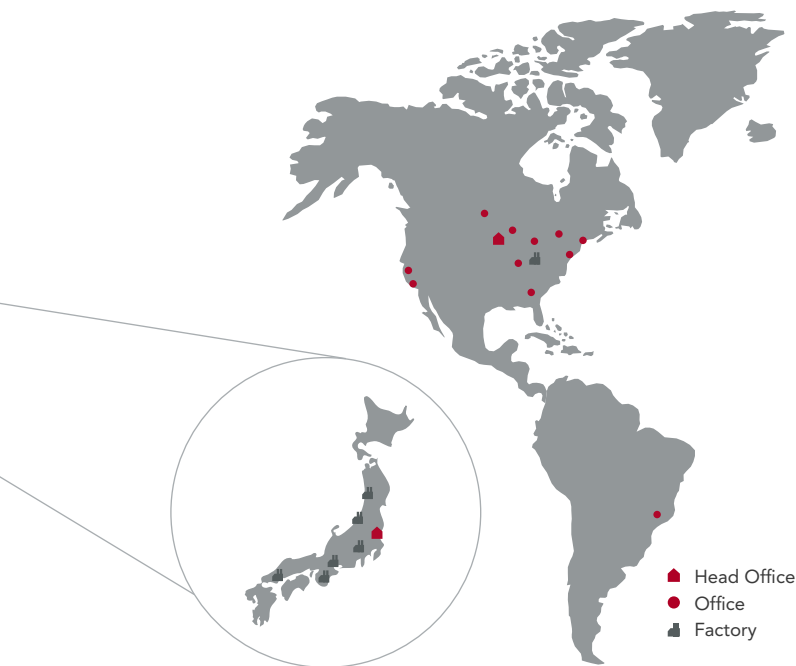
Sales Office(s) 1

India

Sales Office(s) 1



THK Head Office



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

Korea
 Sales Office(s)..... 12
 Plant(s) 1

America

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

Canada
 Sales Office(s)..... 1

Brazil
 Sales Office(s).....1

Japan

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

THK NIIGATA CO., LTD.
 Manufactures Ball Splines

TALK SYSTEM CORPORATION
 Sells machinery parts and various machines

Beldex Corporation
 Manufactures and sells parts for optical machines, medical instruments, and electronic devices

DAITO SEIKI CO., LTD.
 Manufactures and sells parts and equipment for machinery



Kofu Plant



Yamaguchi Plant



Yamagata Plant



Gifu Plant



Mie Plant



THK NIIGATA CO., LTD.

America

THK Holdings of America, L.L.C.
 The holding company of THK Group companies in America

THK America, Inc.
 Sells LM Guides, Ball Screws and Spherical Joints, etc.

THK Manufacturing of America, Inc.
 Manufactures LM Guides and Spherical Joints

THK Neturen America, L.L.C.
 Manufactures LM Guides



THK America, Inc.
 Head Office



THK Manufacturing of
 America, Inc.