

Consolidated Financial Review for the First Quarter Ended June 30, 2004

Company Name:
Head Office:
URL:
Stock exchange listing:
Code number:
Representative:
Contact:

THK CO., LTD.

Tokyo, Japan
<http://www.thk.com>
Tokyo Stock Exchange 1st Section
6481
Akihiro Teramachi, CEO and President
Kotaro Yoshihara, Director/General Manger
Corporate Strategy Department
Telephone: +81-(0)3-5434-0300

1. Matters relating to prepare quarterly consolidated financial statement

a) Adoption of simplified accounting method: Yes

The company applied the simplified methods to the following points for this reporting

- calculating the income and business taxes
- calculating and recognizing standard for allowance items

b) Changes in the accounting method from the most recent fiscal year: None

c) Changes in scope of consolidation and application of the equity method: None

d) No comparison with the 1st quarter of FY03(ended March 31, 2003) are available

2. Consolidated Financial Highlights (Unaudited)

Note: All figures are rounded down to nearest million yen

(1) Consolidated Operating results of operator

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter ended June 30, 2004	37,672	37.8	8,385	190.4	8,867	176.5	5,531	248.5
First quarter ended June 30, 2003	27,335	-	2,888	-	3,206	-	1,586	-
Year ended March 31, 2004	119,253		16,231		15,892		8,583	

	Net income per share	Fully diluted net income per share
	Yen	Yen
First quarter ended June 30, 2004	46.79	41.86
First quarter ended June 30, 2003	13.43	11.84
Year ended March 31, 2004	72.27	63.69

Note: Percentages for net sales, operating income, ordinary income and net income indicated changes from the first quarter of the previous term.

(2) Consolidated Financial positions

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2004	195,805	113,109	57.8	956.84
As of June 30, 2003	188,513	102,427	54.3	867.92
As of March 31, 2004	191,105	109,181	57.1	923.35

[Consolidated statements of cash flow]

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of June 30, 2004	(135)	(1,747)	(891)	54,146
As of June 30, 2003	3,085	(2,619)	(9,540)	63,291
As of March 31, 2004	15,735	(3,681)	(27,132)	57,037

(Reference)

Forecasted results for the fiscal year ending March 31, 2005 (April 1, 2004 to March 31, 2005)

	Net sales	Operating income	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Six months ending September 30, 2004	74,000	13,500	13,500	7,600
Year ending March 31, 2005	142,000	24,000	24,000	13,600

For reference: Forecasted net income per share for the year ending March 31, 2005: 114.65 yen
(calculated based on average number of common stock outstanding during the period)

Note: The company has not changed the forecasted figures which were announced on May 20, 2004

However, this release contains forward-looking statements that are based on available data at the time of release

Some factors could cause actual results to differ from expectations

(Reference)

1. NonConsolidated Financial Highlights (Unaudited)

Note: All figures are rounded down to nearest million yen

(1) Operating results

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter ended June 30, 2004	31,348	40.0	7,439	114.7	7,940	103.1	4,909	123.8
First quarter ended June 30, 2003	22,390	-	3,464	-	3,909	-	2,193	-
Year ended March 31, 2004	97,740		16,186		16,099		8,831	

	Net income per share	Fully diluted net income per share
	Yen	Yen
First quarter ended June 30, 2004	41.48	37.12
First quarter ended June 30, 2003	18.51	16.30
Year ended March 31, 2004	65.39	74.18

Note: Percentages for net sales, operating income, ordinary income and net income indicated changes from the first quarter of the previous term.

(2) Financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2004	186,873	109,718	58.7	927.11
As of June 30, 2003	178,531	99,124	55.5	837.55
As of March 31, 2004	181,983	105,760	58.1	893.23

2. Forecasted result for the fiscal year ending March 31, 2005 (April 1, 2004 to March 31, 2005)

	Net sales	Operating income	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Six months ending September 30, 2004	61,000	12,500	12,500	7,200
Year ending March 31, 2005	115,000	22,000	22,000	12,700

For reference: Forecasted net income per share for the year ending March 31, 2005: 106.89 Yen
(calculated based on average number of common stock outstanding during the period)

Note: The company has not changed the forecasted figures which were announced on May 20, 2004

However, this release contains forward-looking statements that are based on available data at the time of release

Some factors could cause actual results to differ from expectations

Consolidated Balance Sheets (Unaudited)

(Millions of yen)

	As of June 30, 2004		As of June 30, 2003		Increase (Decrease)		As of March 30, 2004	
	Amount	Compo- sition	Amount	Compo- sition	Amount	Rate of change	Amount	Compo- sition
Assets		%		%		%		%
Current assets								
Cash on hand and in bank	53,695		57,272		(3,576)	(6.2)	56,550	
Notes and accounts receivable-trade	52,384		38,365		14,019	36.5	46,285	
Short-term investment in securities	450		6,919		(6,469)	(93.5)	516	
Inventories	23,657		23,219		438	1.9	23,108	
Other	5,154		3,834		1,319	34.4	4,246	
Total current assets	135,341	69.1	129,611	68.8	5,730	4.4	130,706	68.4
Fixed assets								
Tangible fixed assets	42,779	21.8	42,481	22.5	297	0.7	42,982	22.5
Intangible fixed assets	1,358	0.7	1,829	1.0	(471)	(25.8)	1,482	0.8
Investments and other	16,325	8.4	14,591	7.7	1,734	11.9	15,933	8.3
Total Fixed assets	60,463	30.9	58,902	31.2	1,561	2.7	60,398	31.6
Total assets	195,805	100.0	188,513	100.0	7,291	3.9	191,105	100.0
Liabilities								
Current liabilities								
Notes and accounts payables-trade	27,500		18,869		8,630	45.7	24,219	
Short-term debt	-		1,795		(1,795)	(100.0)	-	
Current portion of long-term debt	-		14,905		(14,905)	(100.0)	-	
Other current liabilities	13,511		9,081		4,430	48.8	16,098	
Total current liabilities	41,012	20.9	44,651	23.7	(3,639)	(8.2)	40,318	21.1
Long-term liabilities								
Bonds	38,000		38,000		-	-	38,000	
Other long-term liabilities	3,304		3,119		185	5.9	3,247	
Total long-term liabilities	41,304	21.1	41,119	21.8	185	0.5	41,247	21.6
Total liabilities	82,316	42.0	85,770	45.5	(3,454)	(4.0)	81,565	42.7
Minority interests								
Minority interests	378	0.2	315	0.2	63	20.2	357	0.2
Shareholders' equity								
Common stock	23,106	11.8	23,106	12.3	-	-	23,106	12.0
Capital surplus	30,962	15.8	30,962	16.4	-	-	30,962	16.2
Earned surplus	60,430	30.9	49,348	26.2	11,081	22.5	55,836	29.2
Net unrealized gain (loss) on other securities	713	0.4	(142)	(0.1)	855	(600.9)	721	0.4
Foreign currency translation adjustments	(775)	(0.4)	819	0.4	(1,595)	(194.6)	(120)	(0.0)
Treasury stock	(1,326)	(0.7)	(1,667)	(0.9)	340	(20.4)	(1,324)	(0.7)
Total shareholders' equity	113,109	57.8	102,427	54.3	10,682	10.4	109,181	57.1
Total liabilities, minority interests and shareholders' equity	195,805	100.0	188,513	100.0	7,291	3.9	191,105	100.0

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

Consolidated Statements of Income (Unaudited)

(Millions of yen)

	Three months ended June 30, 2004		Three months ended June 30, 2003		Increase (Decrease)		Year ended March 31, 2004	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	Rate of change	Amount	Ratio to net sales
		%		%		%		%
Net sales	37,672	100.0	27,335	100.0	10,336	37.8	119,253	100.0
Cost of sales	22,825	60.6	18,526	67.8	4,298	23.2	77,932	65.4
Gross profit	14,846	39.4	8,808	32.2	6,038	68.5	41,321	34.6
Selling, general and administrative expenses	6,460	17.2	5,920	21.7	540	9.1	25,090	21.0
Operating income	8,385	22.2	2,888	10.5	5,497	190.4	16,231	13.6
Non-operating income	585	1.6	569	2.1	16	2.8	1,070	0.9
Interest and dividends income	40		61		(20)	(33.5)	147	
Other	545		508		36	7.2	922	
Non-operating expenses	104	0.3	250	0.9	(146)	(58.5)	1,409	1.2
Interest expenses	39		143		(103)	(72.4)	493	
Other	64		107		(43)	(40.1)	916	
Ordinary income	8,867	23.5	3,206	11.7	5,660	176.5	15,892	13.3
Extraordinary gain	21	0.1	19	0.0	1	6.2	68	0.1
Extraordinary loss	10	0.0	105	0.3	(95)	(90.4)	439	0.4
Income before income taxes and minority interests	8,878	23.6	3,121	11.4	5,757	184.4	15,520	13.0
Income taxes and other	3,334	8.9	1,529	5.6	1,805	118.1	6,926	5.8
Minority interests in loss (gain) of consolidated subsidiaries	13	0.0	5	0.0	7	145.3	10	0.0
Net income	5,531	14.7	1,586	5.8	3,944	248.5	8,583	7.2

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

Consolidated Statements of Retained Earnings

(Millions of yen)

	Three months ended June 30, 2004	Three months ended June 30, 2003	Year ended March 31, 2004
	Amount	Amount	Amount
Capital surplus			
Consolidated Capital surplus at beginning of period	30,962	30,962	30,962
Consolidated Capital surplus at end of period	30,962	30,962	30,962
Earned surplus			
Consolidated Earned surplus at beginning of period	55,836	48,686	48,686
Increase in earned surplus			
Net income	5,531	1,586	8,583
Increase from investment in an affiliate newly accounted for by the equity method	-	-	378
Decrease in earned surplus			
Dividends	887	895	1,782
Bonuses to directors	50	30	30
Consolidated Earned surplus at end of period	60,430	49,348	55,836

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

Consolidated Statements of Cash Flows (Unaudited)

(Millions of yen)

	Three months ended June 30, 2004	Three months ended June 30, 2003	Year ended March 31, 2004
	Amount	Amount	Amount
Operating activities :			
Income before income taxes and minority interest	8,878	3,121	15,520
Depreciation and amortization	1,284	1,300	5,566
Increase (decrease) in accounts and notes receivable	(6,232)	(3,194)	(11,293)
Increase (decrease) in inventories	(749)	692	395
Increase (decrease) in accounts and notes payable	3,425	1,769	7,337
Other	(318)	1,039	655
Subtotal	6,287	4,730	18,182
Income taxes paid	(6,423)	(1,645)	(2,446)
Net cash provided by operating activities	(135)	3,085	15,735
Investing activities :			
Payments for purchases of tangible fixed assets, marketable securities and investment securities	(1,774)	(1,624)	(5,415)
Proceeds from sales of tangible fixed assets, marketable securities and investment securities	12	48	2,782
Other	15	(1,043)	(1,048)
Net cash used in investing activities	(1,747)	(2,619)	(3,681)
Financing activities :			
Increase (decrease) in short-term bank loans	-	(1,757)	(3,303)
Increase (decrease) in long-term debt	-	(5,781)	(20,932)
Other	(891)	(2,000)	(2,895)
Net cash used in financing activities	(891)	(9,540)	(27,132)
Effect of exchange rate changes on cash and cash equivalents	(116)	(167)	(418)
Net increase(decrease) in cash and cash equivalents	(2,891)	(9,241)	(15,496)
Cash and cash equivalents, beginning of period	57,037	72,533	72,533
Cash and cash equivalents, end of period	54,146	63,291	57,037

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