

Consolidated Financial Results for the Year Ended March 31, 2010

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, President and CEO
 Contact : Hideyuki Kiuchi, Director and General Manager of Corporate Strategy Department
 Scheduled date of the general shareholders' meeting : June 19, 2010
 Scheduled starting date of dividend payment : June 21, 2010
 Scheduled date of filing the Securities Report (Japanese version only) : June 21, 2010

1. Consolidated Operating Results and Financial Position as of and for the year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

(1) Consolidated Operating Results

Year ended March 31 (Millions of Yen)	Net Sales	Operating Income (Loss)	Ordinary Income (Loss)	Net Income (Loss)
2010	¥115,330 (35.7)%	¥(9,508) — %	¥(8,797) — %	¥(14,300) — %
2009	179,269 (14.1)	8,523 (68.4)	8,329 (69.2)	1,204 (93.4)

Year ended March 31 (Yen)	Net Income (Loss) Per Share-Basic	Net Income Per Share-Diluted
2010	¥(111.20)	¥ —
2009	9.36	—

Year ended March 31	Return on Equity (Net income / Shareholders' equity)	Return on Assets (Ordinary income / Total assets)	Operating Income / Net Sales
2010	(8.5)%	(3.7) %	(8.2) %
2009	0.7	3.3	4.8

(Note) Equity earnings (losses) of affiliates For the year ended March 31, 2010: ¥221 million
 For the year ended March 31, 2009: (45) million

(2) Consolidated Financial Position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Net Worth Ratio (%)	Net Assets Per Share (Yen)
As of March 31, 2010	¥236,374	¥162,258	68.2 %	1,252.71
As of March 31, 2009	240,350	177,712	73.4	1,372.69

(Note) Net worth ratio is defined as net worth divided by total assets. Net worth consists of shareholders' equity and adjustment/valuation items in net assets.

Net worth As of March 31, 2010: ¥161,100 million
 As of March 31, 2009: 176,533 million

(3) Consolidated Cash Flows

Year ended March 31 (Millions of Yen)	Net Cash Provided by Operating Activities	Net Cash Used in Investing Activities	Net Cash Provided by Financing Activities	Cash and Cash Equivalents, End of Year
2010	¥4,401	¥(7,322)	¥7,932	¥69,266
2009	25,192	(19,078)	11,030	64,130

2. Dividends

	Dividend Per Share (Yen)				
	First Quarter end as of June 30	Second Quarter end as of September 30	Third Quarter end as of December 31	Year end	Total
2009 (Actual)	—	12.00	—	8.00	20.00
2010 (Actual)	—	7.50	—	7.50	15.00
2011 (Projected)	—	8.00	—	8.00	16.00

	Total Amount of Dividends for the year (Millions of Yen)	Payment Ratio (Consolidated)	Cash Dividends / Net Assets
2009 (Actual)	2,572	213.7%	1.4%
2010 (Actual)	1,929	—%	1.1%
2011 (Projected)	n/a	20.2%	n/a

3. Consolidated Segment Information

(1) Business segment

Year ended March 31, 2010	Industrial Equipment-Related Business	Transportation Equipment-Related Business	Corporate/ Elimination	Consolidated
Sales to customers	¥84,726	¥30,604	¥—	¥115,330
Inter-segment	—	—	—	—
Total	84,726	30,604	—	115,330
Operating expense	84,244	34,913	5,680	124,839
Operating income (loss)	481	(4,309)	(5,680)	(9,508)
Assets	139,703	26,477	70,193	236,374
Depreciation and amortization	7,345	2,328	63	9,736
Capital expenditure	3,437	948	60	4,447

Year ended March 31, 2009	Industrial Equipment-Related Business	Transportation Equipment-Related Business	Corporate/ Elimination	Consolidated
Sales to customers	¥144,336	¥34,932	¥—	¥179,269
Inter-segment	—	—	—	—
Total	144,336	34,932	—	179,269
Operating expense	124,401	39,458	6,885	170,745
Operating income (loss)	19,934	(4,526)	(6,885)	8,523
Assets	145,418	31,599	63,333	240,350
Depreciation and amortization	8,151	2,415	69	10,636
Impairment losses	933	—	—	933
Capital expenditure	12,320	3,561	98	15,980

(2) Geographical segment

Year ended March 31, 2010	Japan	The Americas	Europe	Asia and other	Corporate/ Elimination	Consolidated
Sales to customers	¥77,666	¥14,410	¥12,429	¥10,823	¥—	¥115,330
Inter-segment	19,518	45	20	1,584	(21,168)	—
Total	97,184	14,456	12,450	12,407	(21,168)	115,330
Operating expense	98,660	14,821	14,026	12,939	(15,609)	124,839
Operating income (loss)	(1,476)	(364)	(1,576)	(531)	(5,559)	(9,508)

Assets	170,606	10,437	12,131	27,262	15,936	236,374
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Year ended March 31, 2009	Japan	The Americas	Europe	Asia and other	Corporate/ Elimination	Consolidated
Sales to customers	¥115,281	¥23,922	¥24,887	¥15,177	¥—	¥179,269
Inter-segment	45,945	55	74	5,177	(51,253)	—
Total	161,227	23,977	24,962	20,355	(51,253)	179,269
Operating expense	147,574	22,624	23,913	20,033	(43,401)	170,745
Operating income (loss)	13,652	1,352	1,048	321	(7,851)	8,523

Assets	117,888	11,568	11,462	25,409	74,022	240,350
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(3) Overseas sales

Year ended March 31	2010		2009	
	Millions of Yen	%	Millions of Yen	%
The Americas	¥14,552	12.6	¥23,266	13.0
Europe	12,635	11.0	24,915	13.9
Asia and other	17,846	15.5	21,520	12.0
Total	45,034	39.0	69,702	38.9
Consolidated	115,330	100.0	179,269	100.0

4. Forecasts for the year ending March 31, 2011 (April 1, 2010 to March 31, 2011)

	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)
Second Quarter ending September 30, 2010 (amount)	¥86,000	¥7,900	¥8,200	¥5,000	¥38.88
(percentage)	81.4%	—%	—%	—%	n/a
Year ending March 31, 2011 (amount)	¥176,000	¥16,000	¥16,500	¥10,200	¥79.31
(percentage)	52.6%	—%	—%	—%	n/a

(Note) The above forecasts are based upon the information currently available at the time of the announcement of this report. Actual performance may differ from the estimates due to various unforeseen factors.

5. Other Financial Information

(1) Significant change in scope of consolidation: None

(2) Changes in accounting policy/treatment/presentation manner due to:

- a. Changes in accounting standards None
- b. Other changes None

(3) Number of shares

		(shares)
a. Common stock issued, including treasury stock, as of:	March 31, 2010	133,856,903
	March 31, 2009	133,856,903
b. Treasury stock as of:	March 31, 2010	5,255,442
	March 31, 2009	5,252,712

For reference: Outline of non-consolidated financial statements

1. Non-Consolidated operating results and financial position as of and for the year ended March 31, 2010 (April 1, 2009 to March 31, 2010) are as follows:

2. Operating Results

Year Ended March 31 (Millions of Yen)	Net Sales		Operating Income (Loss)		Ordinary Income (Loss)		Net Income (Loss)	
2010	¥71,269	(36.7) %	¥(2,663)	— %	¥(2,387)	— %	¥(14,848)	— %
2009	112,519	(20.4)	8,142	(62.9)	7,447	(70.2)	3,261	(82.7)
Year Ended March 31 (Yen)	Net Income (Loss) Per Share-Basic		Net Income Per Share-Diluted					
2010	¥(115.46)		¥ —					
2009	25.36		—					

(2) Financial Position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Net Worth Ratio (%)	Net Assets Per Share (Yen)
As of March 31, 2010	¥220,646	¥160,211	72.6 %	1,245.77
As of March 31, 2009	222,076	176,677	79.6	1,373.77

(Note) Net worth ratio is defined as net worth divided by total assets. Net worth consists of shareholders' equity and adjustment/valuation items in net assets.

Net worth
As of March 31, 2010: ¥160,211 million
As of March 31, 2009: 176,677 million

3. Non-Consolidated forecasts for the year ending March 31, 2011 (April 1, 2010 to March 31, 2011)

	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)
Second Quarter ending September 30, 2010 (amount)	¥63,000	¥7,200	¥7,300	¥4,400	¥34.21
(percentage)	140.9%	—%	—%	—%	n/a
Year ending March 31, 2011	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)
(amount)	¥125,000	¥14,000	¥14,200	¥8,500	¥66.09
(percentage)	75.4%	—%	—%	—%	n/a

(Note) The above forecasts are based upon the information currently available at the time of the announcement of this report. Actual performance may differ from the estimates due to various unforeseen factors.

Management's Discussion and Analysis

4. Operating results (From April 1, 2009 to March 31, 2010)

(1) Summary of Overall Performance

At the beginning of this fiscal year, the world real economy has remained stagnant which was triggered by the failure of U.S. major financial institutions in 2008. However, there were visible signs of economic recovery in consumer spending and exports in the middle stage of the fiscal year. In the latest stage, the signs of recovery have been found also in capital investments, mainly for electronics industry in developed countries along with emerging countries such as China.

The principal strategies of the THK group to enlarge business areas are "Full-scale globalization" and "Development into new business areas". Under these severe circumstances, the THK group has made continuous efforts to implement further "Development into new business areas" and to strengthen its structure to expand its business in emerging countries such as China. However, as a result of the sharp decline in demands of existing customers in the first half of the fiscal year, net sales for this fiscal year stood at ¥115,330 million (¥179,269 million in the previous year).

On the cost front, the THK group made continuous efforts to enhance its productivity such as raw materials' yield percentage improvement and production lead-time reduction, as well as to reduce costs by reviewing operating hours and hold-down of capital investments. The cost to sales ratio, however, rose 6.9% from a year earlier to 79.9% due to the sharp decrease in sales.

Selling, general and administrative expenses decreased by ¥7,119 million from a year earlier due to reduced bonuses to directors and statutory auditors, decreases in salaries brought about by adjusting the working hours, and overall cutting expenses. The ratio to net sales, however, rose 6.2% from a year earlier to 28.4% due to the decrease in sales.

As a result, an operating loss of ¥9,508 million was recorded for this fiscal year (¥8,523 million of operating income in the previous year). However, operating income was recorded for the fourth quarter (three months from January 1 to March 31, 2010) after five-quarter operating losses due to more sales earned in the latter half of the period and effects of controlling costs.

Net non-operating income/expense was income of ¥710 million. As a result, an ordinary loss of ¥8,797 million was recorded (¥8,329 million of ordinary income in the previous year).

Net extraordinary gain/loss was loss of ¥5,712 million due mainly to ¥5,404 million of lump-sum amortization of goodwill. As a result, net loss for the fiscal year was ¥14,300 million (¥1,204 million of net income in the previous year).

(2) Business Segment Information

The summary of business segment information is given below.

Industrial Equipment-Related Business

In the first half of the fiscal year, while the world real economy remained stagnant, the weakness in capital investments led to sharp declines in demands inside and outside Japan. After the low tone, the signs of recovery have been found in capital investments, mainly for electronics industry in developed countries along with emerging countries such as China in the latter half of the fiscal year. Net sales for this consolidated fiscal year, however, decreased ¥59,610 million from a year earlier to ¥84,726 million due to the sharp decline in sales in the first half. Operating income for the fiscal year decreased ¥19,452 million from a year earlier to ¥481 million; however, we have successfully resulted in operating income despite the sharp decline in sales by controlling and cutting expenses.

Transportation Equipment-Related Business

In the first half of the fiscal year, while the car production remained at low level, we made continuous efforts to cultivate new customers as well as to expand transaction with existing customers. Although the rally in the car production, which was led by preferential programs for buying-cars in various countries, was found in the latter half of the fiscal year, net sales for this consolidated fiscal year decreased ¥4,328 million from a year earlier to ¥30,604 million due to the sharp decline in sales in the first half. Under these circumstances, despite our continuous effort to cut costs, we have recorded operating loss of ¥4,309 million due mainly to the sharp decline in sales as well as lump-sum amortization of goodwill.

(3) Geographical Segment Information

The summary of geographical segment information is given below.

Japan

In the first half of the fiscal year, while the capital investments remained at low level, we put priority in cultivating new customers. Although the rally in electronics demands was found in the latter half of the fiscal year, net sales for this fiscal year decreased ¥37,615 million from a year earlier to ¥77,666 million due to the sharp decline in sales in the first half. Under these circumstances, despite our continuous effort to enhance our productivity and cutting costs by reviewing operating hours, we have recorded operating loss of ¥1,476 million (¥13,652 million of operating income in the previous year) due to the sharp decline in sales. However, more operating income was recorded for the fourth quarter (three months from January 1 to March 31, 2010) than that for the three months of the third quarter (from October 1 to December 31, 2009).

The Americas

In the first half of the fiscal year, we made efforts to cultivate new customers in the slumping demand situation. Sales for car industry have reached a tipping point for recovery in the middle of the fiscal year, and sales for electronics industry also have reached in the latter half of the fiscal year. Net sales for this fiscal year, however, decreased ¥9,511 million from a year earlier to ¥14,410 million due to the sharp decline in sales in the first half as well as the rising yen against dollar. Under these circumstances, we have recorded operating loss of ¥364 million (¥1,352 million of operating income in the previous year). However, operating income was recorded for the fourth quarter (three months from January 1 to March 31, 2010) after four-quarter operating losses due to increase in sales in the latter half of the fiscal year.

Europe

The operating environment in Europe was similar to that of the Americas. In the first half of the fiscal year, we made efforts to cultivate new customers in the slumping demand situation. Sales for car industry have reached a tipping point for recovery in the middle of the fiscal year, and sales for electronics industry also have reached in the latter half of the fiscal year. Net sales for this fiscal year, however, decreased ¥12,457 million from a year earlier to ¥12,429 million due to the sharp decline in demands in the first half as well as the rising yen. Under these circumstances, we have recorded operating loss of ¥1,576 million (¥1,048 million of operating income in the previous year).

Asia and others

In the first half of the fiscal year, demands in the Asia and other area remained at low level similarly to the other developed countries. Although sales to machine tool industry in China and Taiwan, and sales to flat panel display industry in South Korea showed a dramatic recovery in the latter half of the fiscal year, net sales for this fiscal year decreased ¥4,353 million from a year earlier to ¥10,823 million due to the sharp decline in sales in the first half. Under these circumstances, we have recorded operating loss of ¥531 million (¥321 million of operating income in the previous year) due to the sharp decline in sales and the rising yen. However, more operating income was recorded for the fourth quarter (three months from January 1 to March 31, 2010) than that for the three months of the third quarter (from October 1 to December 31, 2009).

(4) Forecasts for the fiscal year ending March 31, 2011

Considering the latest demand situation and the outlook of external operating environment, we expect ¥176,000 million of net income for the year ending March 31, 2011. We also expect ¥16,000 million of operating income, ¥16,500 million of ordinary income, and ¥10,200 million of net income that would be derived by the dramatic increase in sales and implementing more effective cost control.

-Consolidated

	Net Sales	Operating Income	Ordinary Income	Net Income
Millions of Yen	¥176,000	¥16,000	¥16,500	¥10,200
Component ratio (%)	100.0%	9.1%	9.4%	5.8%
Fluctuation (%)	52.6%	—%	—%	—%

-Non consolidated

	Net Sales	Operating Income	Ordinary Income	Net Income
Millions of Yen	¥125,000	¥14,000	¥14,200	¥8,500
Component ratio (%)	100.0%	11.2%	11.4%	6.8%
Fluctuation (%)	75.4%	—%	—%	—%

(Note) Average exchange rates assumed and used for above forecasts are as follows:

U.S.dollar 1=¥90.00

Euro 1=¥120.00

5. Financial position (As of March 31, 2010)

Total assets stood at ¥236,374 million, ¥3,975 million less than the previous fiscal year-end, due mainly to a combined effect of (a) increase in cash and bank deposits by ¥5,136 million, (b) increase in accounts and notes receivable by ¥3,657 million, (c) decrease in property, plant and equipment by ¥5,159 million, and (d) decrease in goodwill because of a lump-sum amortization by ¥8,129 million.

Total liabilities stood at ¥74,116 million, ¥11,478 million more than the previous fiscal year-end, due mainly to (a) increase in accounts and notes payable by ¥3,803 million and (b) ¥10,000 million bonds newly issued in this fiscal year.

Net assets stood at ¥162,258 million, ¥15,454 million less than the previous fiscal year-end, due mainly to decrease in retained earnings by ¥16,294 million.

For reference: Cash Flow Indices

Year ended March 31	2006	2007	2008	2009	2010
Net Worth / Total Assets (%)	68.9	71.1	72.3	73.4	68.2
Market Capitalization / Total Assets (%)	205.4	140.2	87.0	73.6	115.5
Interest-bearing Debt / Operating Cash Flow (years)	0.8	0.2	0.3	0.8	6.8
Operating Cash Flow / Interest Paid (times)	120.0	233.9	105.0	211.8	9.0

(Note 1) All indices are computed based on consolidated data.

(Note 2) Market capitalization equals the stock price at the end of year multiplied by the number of issued shares at the end of year.

(Note 3) Zero Coupon Convertible bonds are included in the interest-bearing debt.

Basic Policies Regarding Distribution of Profits and Dividends

Not only its basic policy which is to provide shareholders with stable and continuous dividends, THK CO., LTD. places priority on providing shareholders with proactive distribution of profit befitting operating results, simultaneously strengthening its financial soundness by securing internal reserve.

In accordance with these policies, the Company plans ¥7.50 per share for this year end dividends. As a result, cash dividends applicable for the year ended March 31, 2010 will be ¥15.00 per share, with the interim dividends of ¥7.50 per share. The Company also plans ¥16.00 per share in total (¥8.00 per share at the semiannual-end) for the year ending March 31, 2011.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Yen)

	Year End -Previous Year As of March 31, 2009	Year End -Current Year As of March 31, 2010
Assets		
Current assets:		
Cash and bank deposits	¥64,130	¥69,266
Accounts and notes receivable	36,808	40,466
Merchandise and finished goods	12,510	9,673
Work in process	4,421	5,475
Raw materials and supplies	10,204	9,612
Deferred tax assets	2,738	3,507
Short-term loans receivable	2,049	2,000
Other current assets	2,737	3,700
Less: Allowance for bad debts	(233)	(242)
Total current assets	135,368	143,460
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	51,031	51,903
Accumulated depreciation	(23,654)	(25,398)
Buildings and structures-net	27,377	26,505
Machinery, equipment and vehicles	117,265	121,286
Accumulated depreciation	(79,687)	(85,437)
Machinery, equipment and vehicles-net	37,578	35,848
Land	12,962	12,978
Construction in progress	3,974	1,860
Other	13,692	13,841
Accumulated depreciation	(10,582)	(11,191)
Other-net	3,109	2,649
Total property, plant and equipment –net	85,001	79,841
Intangibles		
Goodwill	8,269	140
Other	1,140	1,123
Total intangibles	9,410	1,263
Investments and other		
Long-term investments in securities	4,280	5,225
Deferred tax assets	1,635	1,720
Other	5,081	5,263
Less: Allowance for bad debts	(427)	(400)
Total investments and other	10,570	11,809
Total fixed assets	104,982	92,914
Total assets	240,350	236,374

(Millions of Yen)

	Year End -Previous Year As of March 31, 2009	Year End -Current Year As of March 31, 2010
Liabilities		
Current liabilities:		
Accounts and notes payable	¥20,423	¥24,226
Lease obligation	53	48
Income taxes payable	363	290
Accrued bonuses to employees	1,716	1,835
Other	11,284	7,972
Total current liabilities	33,841	34,374
Long-term liabilities:		
Bonds	—	10,000
Long-term bank loans	20,000	20,000
Lease obligation	115	80
Deferred tax liabilities	2,809	3,690
Reserve for employees' retirement benefits	4,322	4,796
Reserve for retirement benefits for directors and corporate auditors	125	141
Reserve for product warranty	118	95
Negative goodwill	324	—
Other	980	937
Total long-term liabilities	28,796	39,741
Total liabilities	62,637	74,116
Net assets		
Shareholders' equity:		
Common stock	34,606	34,606
Additional paid-in capital	44,342	44,342
Retained earnings	114,998	98,703
Treasury stock	(11,351)	(11,356)
Total shareholders' equity	182,595	166,296
Valuation and adjustments:		
Net unrealized gain on other securities	144	542
Foreign currency translation adjustments	(6,205)	(5,738)
Total valuation and adjustments	(6,061)	(5,196)
Minority Interests	1,179	1,158
Total net assets	177,712	162,258
Total liabilities and net assets	240,350	236,374

Consolidated Statements of Income

(Millions of Yen)

	Year Ended March 31, 2009 (From April 1, 2008 to March 31, 2009)	Year Ended March 31, 2010 (From April 1, 2009 to March 31, 2010)
Net sales	¥179,269	¥115,330
Cost of sales	130,928	92,141
Gross profit	48,340	23,189
Selling, general and administrative expenses:		
Freight expenses	4,393	2,357
Advertisement expenses	1,495	798
Provision for bad debts	177	34
Salaries and benefits	12,017	10,559
Provision for bonuses	627	632
Net periodic retirement costs	353	428
Rent expenses	2,254	2,127
Depreciation and amortization	1,008	927
Research and development	3,046	3,331
Amortization of goodwill	2,727	2,724
Other	11,716	8,774
Total selling, general and administrative expenses	39,817	32,697
Operating income (loss)	8,523	(9,508)
Non-operating income:		
Interest income	494	184
Dividend income	64	35
Foreign exchange gain, net	—	2
Amortization of negative goodwill	1,063	324
Equity earnings of affiliates	—	221
Rent income	254	274
Other	878	543
Total non-operating income	2,754	1,586
Non-operating expense:		
Interest expenses	118	489
Commissions and fees	41	—
Foreign exchange loss, net	2,431	—
Equity losses of affiliates	45	—
Other	310	386
Total non-operating expenses	2,948	875
Ordinary income (loss)	8,329	(8,797)

	Year Ended March 31, 2009 (From April 1, 2008 to March 31, 2009)	Year Ended March 31, 2010 (From April 1, 2009 to March 31, 2010)
Extraordinary gain:		
Gain on sales of property, plant and equipment	¥68	¥21
Subsidies for employment adjustment	—	421
Gain on sale of investments in securities	—	1
Other	4	8
Total extraordinary gain	72	452
Extraordinary losses:		
Loss on sales of property, plant and equipment	34	1
Loss on disposal of property, plant and equipment	198	172
Loss on sale of investments in securities	21	—
Loss on write-down of investments in securities	757	203
Loss on impairment	933	—
Lump-sum amortization of goodwill (<i>Note</i>)	—	5,404
Other	171	383
Total extraordinary losses	2,118	6,165
Income (loss) before income tax and minority interests	6,284	(14,510)
Income taxes-current	3,805	360
Income taxes-refund	—	(380)
Income taxes-deferred	1,123	(152)
Total income taxes	4,928	(172)
Minority interests	151	(37)
Net income (loss)	1,204	(14,300)

(Note)

Due to recognizing loss on write-down of investments in a subsidiary on Non-consolidated basis, the Company recorded a lump-sum amortization of the unamortized portion of goodwill related to the subsidiary on consolidated basis in accordance with the Japanese GAAP.

Consolidated Statements of Changes in Net Assets

(Millions of Yen)

	Year Ended March 31, 2009 (From April 1, 2008 to March 31, 2009)	Year Ended March 31, 2010 (From April 1, 2009 to March 31, 2010)
Shareholders' equity		
Common stock		
Beginning balance	¥34,606	¥34,606
Ending balance	34,606	34,606
Additional paid-in capital		
Beginning balance	44,343	44,342
Change in the year:		
Disposal of treasury shares	(0)	—
Total change in the year	(0)	—
Ending balance	44,342	44,342
Retained earnings		
Beginning balance	117,578	114,998
Adjustment due to accounting change in consolidation of foreign subsidiaries	73	—
Change in the year:		
Dividends paid	(3,858)	(1,993)
Net income (loss)	1,204	(14,300)
Total change in the year	(2,653)	(16,294)
Ending balance	114,998	98,703
Treasury stock		
Beginning balance	(11,347)	(11,351)
Change in the year:		
Purchase of treasury stocks	(6)	(4)
Disposal of treasury stocks	2	—
Total change in the year	(4)	(4)
Ending balance	(11,351)	(11,356)
Total shareholders' equity		
Beginning balance	185,181	182,595
Adjustment due to accounting change in consolidation of foreign subsidiaries	73	—
Change in the year:		
Dividends paid	(3,858)	(1,993)
Net income (loss)	1,204	(14,300)
Purchase of treasury stocks	(6)	(4)
Disposal of treasury stocks	1	—
Total change in the year	(2,659)	(16,298)
Ending balance	182,595	166,296

	Year Ended March 31, 2009 (From April 1, 2008 to March 31, 2009)	Year Ended March 31, 2010 (From April 1, 2009 to March 31, 2010)
Valuation and adjustments		
Unrealized gain (loss) on other securities		
Beginning balance	¥469	¥144
Net change in the year	(325)	398
Ending balance	144	542
Foreign currency translation adjustments		
Beginning balance	5,302	(6,205)
Net change in the year	(11,508)	467
Ending balance	(6,205)	(5,738)
Total Valuation and adjustments		
Beginning balance	5,772	(6,061)
Net change in the year	(11,833)	865
Ending balance	(6,061)	(5,196)
Minority interests		
Beginning balance	1,999	1,179
Net change in the year	(820)	(20)
Ending balance	1,179	1,158
Total net assets		
Beginning balance	192,953	177,712
Adjustment due to accounting change in consolidation of foreign subsidiaries	73	—
Change in the year:		
Dividends paid	(3,858)	(1,993)
Net income (loss)	1,204	(14,300)
Purchase of treasury stocks	(6)	(4)
Disposal of treasury stocks	1	—
Net changes in the items other than shareholders' equity	(12,654)	844
Total change in the year	(15,313)	(15,454)
Ending balance	177,712	162,258

Consolidated Statements of Cash Flows

(Millions of Yen)

	Year Ended March 31, 2009 (From April 1, 2008 to March 31, 2009)	Year Ended March 31, 2010 (From April 1, 2009 to March 31, 2010)
Cash flows from operating activities:		
Income (loss) before income taxes and minority interests	¥6,284	¥(14,510)
Depreciation and amortization	10,636	9,736
Loss on impairment	933	—
Loss on sale/disposal of property, plant and equipment	164	152
Increase (decrease) in provisions	(610)	558
Interest and dividend income	(558)	(219)
Interest expenses	118	489
Foreign exchange loss (gain)	(390)	9
Equity in losses (earnings) of affiliates	45	(221)
Loss (gain) on sale of investments in securities	21	(1)
Loss on write-down of investments in securities	757	203
Amortization of goodwill	2,727	8,129
Amortization of negative goodwill	(1,063)	(324)
Decrease (increase) in trade receivables	26,169	(3,490)
Decrease (increase) in inventories	(836)	2,699
Increase (decrease) in trade payables	(13,388)	3,542
Other	(2,152)	(1,292)
Subtotal	28,860	5,461
Interest and dividend received	594	258
Interest paid	(135)	(466)
Income taxes paid	(4,126)	(851)
Net cash provided by operating activities	25,192	4,401
Cash flows from investing activities:		
Purchase of property, plant and equipment	(16,504)	(7,230)
Proceeds from sale of property, plant and equipment	90	9
Purchase of investments in securities	(1,077)	(156)
Proceeds from sale of investments in securities	27	1
Increase in loans receivable	(2,007)	(6)
Collection on loans	682	77
Other	(289)	(18)
Cash flows used in investing activities	(19,078)	(7,322)

	Year Ended March 31, 2009 (From April 1, 2008 to March 31, 2009)	Year Ended March 31, 2010 (From April 1, 2009 to March 31, 2010)
Cash flows from financing activities:		
Proceeds from long-term bank loans	¥20,000	¥—
Redemption of bonds	(5,000)	—
Proceeds from issuance of bonds	—	10,000
Dividends paid	(3,857)	(1,989)
Dividends paid to minority shareholders	(30)	(28)
Purchase of treasury stocks	(6)	(4)
Proceeds from sale of treasury stocks	1	—
Repayments of lease obligations	(76)	(45)
Net cash provided by financing activities	11,030	7,932
Foreign currency translation adjustments on cash and cash equivalents	(2,825)	125
Net increase in cash and cash equivalents	14,319	5,136
Cash and cash equivalents, beginning of the year	49,810	64,130
Cash and cash equivalents, end of the year	64,130	69,266

Additional notes:

Going concern issues: Not applicable.

**Appointment / resignation of directors and/or corporate auditors
(Scheduled effective date: June 19, 2010)**

1、 Directors to be newly nominated

<u>Name</u>	<u>Current position</u>	<u>Scheduled position in the THK Group</u>
Nobuyuki Maki	Manager of Yamaguchi Factory	Director and General Manager of Production Division
Akihiko Kambe	President and Representative Director of THK Manufacturing of America, Inc.	President and Representative Director of THK Holdings of America, L.L.C. and THK Manufacturing of America, Inc.

2、 Directors to retire

<u>Name</u>	<u>Current position</u>	<u>Scheduled position in the THK Group after retirement</u>
Masato Sawada	Director and General Manager of FAI Division	President and Representative Director of RHYTHM CORPORATION
Isamu Hatanaka	Director and General Manager of Production Division	Advisor

3、 Directors to be promoted

<u>Name</u>	<u>Current position</u>	<u>Scheduled position in the THK Group</u>
Hiroshi Imano	Director and Deputy General Manager of Production Division and President and Representative Director of THK Manufacturing of Europe S.A.S.	Managing Director of THK CO., LTD.

4、 Changes in commissions of directors

<u>Name</u>	<u>Scheduled new commissions</u>	<u>Current commissions</u>
Junichi Kuwabara	General Manager of FAI Division	President and Representative Director of THK Holdings of America, L.L.C. and THK America, Inc.
Tetsuya Hayashida	President and Representative Director of THK Europe B.V., THK GmbH, THK France S.A.S., THK Manufacturing of Europe S.A.S., and PGM Ballscrews Ireland Ltd.	President and Representative Director of THK Europe B.V., THK GmbH, THK France S.A.S., and PGM Ballscrews Ireland Ltd.

Other Information

All the figures in this report except per share information are rounded down to the nearest million.

This information is summarized and translated from the original Japanese version submitted to the Tokyo Securities Exchange in accordance with its disclosure rules and presentation manners, which are different from those applied in the annual reports of the Company due to reclassification and rearrangement made therein. This English translation is intended solely for the convenience of readers, and not intended in any way to substitute or replace the original Japanese version. If there is any discrepancy between the original Japanese version and this translation, the original Japanese version shall supersede all information in this translation. All the figures in this report are unaudited.