

Consolidated Financial Results for the Third Quarter Ended December 31, 2010 under Japanese GAAP

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 URL : <http://www.thk.com/>
 Stock exchange listing : Tokyo Stock Exchange-First Section
 Code number : 6481
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1. Consolidated Operating Results and Financial Position as of and for the nine months ended December 31, 2010 (April 1, 2010 to December 31, 2010)

(1) Consolidated Operating Results

Third Quarter Ended December 31 (Millions of Yen)	Net Sales		Operating Income (Loss)		Ordinary Income (Loss)		Net Income (Loss)	
2010	¥141,499	80.4 %	¥15,999	— %	¥14,458	— %	¥9,407	— %
2009	78,434	(48.1) %	(11,048)	— %	(10,322)	— %	(8,066)	— %

Third Quarter Ended December 31 (Yen)	Net Income (Loss) Per Share-Basic	Net Income Per Share-Diluted
2010	¥73.15	¥ —
2009	(62.73)	—

(2) Consolidated Financial Position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Net Worth Ratio (%)	Net Assets Per Share (Yen)
December 31, 2010	¥278,068	¥164,816	58.8 %	¥1,272.27
March 31, 2010	236,374	162,258	68.2	1,252.71
(Note) Net worth		As of December 31, 2010: As of March 31, 2010:	¥163,614 million 161,100 million	

(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.

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
2010 (Actual)	—	7.50	—	7.50	15.00
2011 (Actual)	—	8.00	—	n/a	n/a
2011 (Projected)	n/a	n/a	n/a	8.00	16.00

(Note) Change in dividend projection: none

3. 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)
Year ending March 31, 2011					
(amount)	¥190,000	¥20,000	¥19,000	¥12,000	¥93.31
(percentage)	64.7%	—%	—%	—%	n/a

(Note 1) 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.

(Note 2) The forecasts announced on November 12, 2010 have been amended to as in the above table.

4. Other Financial Information

(1) Significant change in scope of consolidation: None

(2) Simplified or particular accounting treatment for quarterly financial statements:

a. Determination of allowance for bad debts

-As no significant change is noted, allowance for bad debts is determined based on the credit loss percentage as of the previous year-end.

b. Measurement of inventories

-Physical count of inventories for quarterly-end does not cover all of inventories, however, inventories are stated by amount reasonably calculated based on the physical count performed at the previous year-end.

c. Depreciation expense

-Depreciation expense is determined based on an allocation of the projected amount of annual depreciation expense to the applicable quarter period.

d. Income taxes payable and deferred tax assets/liabilities

-In determination of income taxes payable, taxable or deductible items to be incorporated in calculation are limited to that material.

-Basically, deferred taxes are determined based on the forecast and tax planning prepared as of the previous year-end. If significant changes are noted in temporary differences or business environment thereafter, the impact of such changes will be reflected in the forecasts, tax planning, and determination of deferred tax assets.

e. Tax expense

-Certain consolidated subsidiaries calculate their income taxes based on the estimated effective tax rates applicable to the current fiscal year.

(3) Changes in accounting policy/treatment/presentation manner for quarterly financial statements due to:

- | | |
|-----------------------------------|---|
| a. Changes in accounting standard | Please refer to "5. Accounting Changes" |
| b. Other changes | None |

(4) Number of shares

		(shares)
a. Common stock issued, including treasury stock, as of:	December 31, 2010	133,856,903
	March 31, 2010	133,856,903
b. Treasury stock as of:	December 31, 2010	5,256,842
	March 31, 2010	5,255,442
c. Average number of common stock for the nine months ended:	December 31, 2010	128,600,907
	December 31, 2009	128,603,222

5. Accounting Changes

(1) Effective April 1, 2010, THK applied Statement No.16, "Accounting Standard for Equity Method of Accounting for Investments" issued by the Accounting Standards Board of Japan ("ASBJ") and ASBJ Practical Issues Task Force No. 24, "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method". This accounting change did not have any effect on ordinary income nor income before income taxes and minority interests.

(2) Effective April 1, 2010, THK applied ASBJ Statement No.18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No.21 "Guidance on Accounting Standard for Asset Retirement Obligations". This accounting change did not have any effect on operating income, ordinary income nor income before income taxes and minority interests.

Under rent agreements of the head office and other spaces, THK group is obliged to pay restoring costs at relocation. The asset retirement obligation, however, is not reasonably determinable because the rent periods are uncertain. THK also has obligation for disposal costs of PCB (polychlorinated biphenyl) -contained wastes and contamination survey on land. The asset retirement obligation, however, is not reasonably determinable because the time of performance, amount, and other factors of such obligations are uncertain. Therefore, the aforementioned obligations are not recognized in the consolidated financial statements.

Management's Discussion and Analysis

1. Operating results (April 1, 2010 to December 31, 2010)

In the first half of the nine months period ended December 31, 2010, the global economy showed a moderate recovery trend, aided by the economic stimulus measures in various countries implemented from the previous year that have contributed to recovery of consumer spending, corporate profitability, and capital investments. In the latter stage of the period, the Japanese economy faced a slowdown in the recovery because of the recent appreciation of the yen and the depression in the effect of the economic stimulus measures, however, the global economy remained on a modest recovery path mainly due to steady performance of emerging countries.

The basic underlying strategies of the THK group to expand its business are "Full-scale globalization" and "Development into new business areas". Guided by these strategies, THK group has made continuous endeavors for cutting and containing costs while expanding its sales network for further growth in the emerging countries such as China and strengthening its business bases such as human resources, capital, and technologies that are the engine of growth, under the severe circumstance of declining demands triggered by the financial crisis in 2008. As a result, while demands are rapidly reviving aided by the obvious growth in the emerging countries, THK group steadily achieved to increase net sales amounted to ¥141,499 million for the third quarter (¥78,434 million in the previous third quarter).

On the cost front, the THK group made continuous endeavors to enhance its productivity such as raw materials' yield percentage improvement and production lead-time reduction. As a result, not only the cost containment but also the increase in sales improved the cost to sales ratio by 11.4% from a year earlier to 71.6%.

Selling, general and administrative (SG&A) expenses decreased by ¥245 million from a year earlier due to expense containment and lower amortization of goodwill because of a lump-sum amortization of goodwill recognized in the previous year. The ratio to net sales also improved by 14.0% to 17.1% due to the decrease in SG&A expense and the increase in net sales.

As a result, an operating income of ¥15,999 million was recorded for this third quarter (¥11,048 million of operating loss in the previous third quarter).

Net non-operating income/expense was expense of ¥1,541 million due mainly to a combined effect of ¥424 million of equity earnings of affiliates and ¥1,924 million of foreign exchange loss. As a result, an ordinary income of ¥14,458 million was recorded (¥10,322 million of ordinary loss in the previous third quarter).

Based on the aforementioned and other factors, THK recorded ¥9,407 million of net income for the third quarter (¥8,066 million of net loss in the previous third quarter).

Summary of segment information

(Japan)

In the first half of this nine months period, Japanese economy showed a recovery especially in exports that spread to capital investments. In the latter stage of the period, however, the Japanese economy faced a slowdown in the recovery because of the recent appreciation of the yen and the depression in the effect of the economic stimulus measures. In such situation, THK developed aggressive business activities in order to link the recovery of demands to higher sales. As a result, sales to the machine tool industry, the general machinery industry, and the electronics industry forged ahead and amounted to ¥95,518 million. While sales were increasing in such core businesses, enhancement in productivity and expense containment contributed operating profit amounted to ¥13,417 million.

(The Americas)

While capital investments came out of slump and the car industry showed a steady performance, the sales and production divisions made efforts in an integrated manner to cultivate new customers as well as to expand transactions with existing customers. As a result, sales to the machine tool industry, the electronics industry, and the transportation equipment industry forged ahead and amounted to ¥15,656 million, whereas operating profit amounted to ¥1,458 million.

(Europe)

In Europe, while there were a sign of recovery mainly in exports, the sales and production divisions made efforts in an integrated manner to cultivate new customers as well as to expand transactions with existing customers. As a result, THK accomplished to link the recovery of demands to higher sales amounted to ¥11,994 million. However, ¥596 million of operating loss was recorded due to the rapid appreciation of the yen against euro in the latter half of the period.

(China)

While capital investment steadily increase and the car industry was going strong, THK implemented aggressive business activities by taking advantage of sales channels that we have developed. As a result, sales to the machine tool industry and the transportation equipment industry forged ahead and amounted to ¥9,773 million, whereas operating profit amounted to ¥1,609 million.

(Other)

THK made continuous endeavors to cultivate new customers as well as to expand transactions with existing customers in Taiwan, India, and ASEAN countries. As a result, sales mainly to the machine tool industry forged ahead and amounted to ¥8,556 million, whereas operating profit amounted to ¥454 million.

2. Financial position (As of December 31, 2010)

Total assets stood at ¥278,068 million, ¥41,693 million more than the previous fiscal year-end, due mainly to increase in cash and bank deposit by ¥27,665 million and in accounts and notes receivable by ¥17,868 million.

Total liabilities stood at ¥113,252 million, ¥39,136 million more than the previous fiscal year-end, due to issuance of ¥20,000 million bonds and to increase in accounts and notes payable by ¥13,013 million.

Net assets stood at ¥164,816 million, ¥2,557 million more than the previous fiscal year-end, due mainly to a combined effect of increase in retained earnings by ¥7,413 million and decrease in foreign currency translation adjustments by ¥4,919 million.

3. Forecast for the fiscal year ending March 31, 2011

Since the endeavors for containing cost and the various activities for enhancing profitability contribute to the higher operating results than originally expected, the financial forecasts for the year ending March 31, 2011 reported on November 12, 2010 have been amended.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Yen)

	Third Quarter End -Current Year As of December 31, 2010	Year End -Previous Year As of March 31, 2010
Assets		
Current Assets:		
Cash and bank deposits	¥96,931	¥69,266
Accounts and notes receivable	58,334	40,466
Merchandise and finished goods	9,867	9,673
Work in process	6,507	5,475
Raw materials and supplies	10,342	9,612
Other current assets	7,282	9,208
Less: Allowance for bad debts	(230)	(242)
Total current assets	189,034	143,460
Fixed Assets:		
Property, plant and equipment -net:		
Buildings and structures	24,598	26,505
Machinery and equipment	32,671	35,848
Other	18,597	17,488
Total property, plant and equipment -net	75,867	79,841
Intangibles		
Goodwill	123	140
Other	960	1,123
Total intangibles	1,083	1,263
Investments and Other		
Long-term investments in securities	5,437	5,225
Other	6,948	6,984
Less: Allowance for bad debts	(302)	(400)
Total investments and other	12,082	11,809
Total fixed assets	89,033	92,914
Total assets	278,068	236,374

	(Millions of Yen)	
	Third Quarter End -Current Year As of December 31, 2010	Year End -Previous Year As of March 31, 2010
Liabilities		
Current Liabilities:		
Accounts and notes payable	¥37,240	¥24,226
Short-term bank loans	291	28
Income taxes payable	2,944	290
Accrued bonuses	1,382	1,835
Accrued bonuses to directors and statutory auditors	20	—
Other	11,419	7,992
Total current liabilities	53,297	34,374
Long-term Liabilities:		
Bonds	30,000	10,000
Long-term bank loans	20,000	20,000
Reserve for employees' retirement benefits	5,008	4,796
Reserve for retirement benefits for directors and statutory auditors	101	141
Reserve for product warranty	113	95
Other	4,731	4,708
Total long-term liabilities	59,954	39,741
Total liabilities	113,252	74,116
Net Assets		
Shareholders' Equity:		
Common stock	34,606	34,606
Additional paid-in capital	44,342	44,342
Retained earnings	106,117	98,703
Treasury stock	(11,358)	(11,356)
Total shareholders' equity	173,707	166,296
Valuation and Adjustments:		
Net unrealized gain on other securities	565	542
Foreign currency translation adjustments	(10,658)	(5,738)
Total valuation and adjustments	(10,093)	(5,196)
Minority Interests	1,201	1,158
Total net assets	164,816	162,258
Total liabilities and net assets	278,068	236,374

Consolidated Statements of Income

(Millions of Yen)

	Third Quarter Ended December 31, 2009 (From April 1, 2009 to December 31, 2009)	Third Quarter Ended December 31, 2010 (From April 1, 2010 to December 31, 2010)
Net sales	¥78,434	¥141,499
Cost of sales	65,065	101,327
Gross profit	13,368	40,171
Selling, general and administrative expenses	24,417	24,171
Operating income (loss)	(11,048)	15,999
Non-operating income:		
Interest income	134	151
Foreign exchange gain, net	87	—
Amortization of negative goodwill	324	—
Equity earnings of affiliates	151	424
Other	662	604
Total non-operating income	1,360	1,180
Non-operating expense:		
Interest expenses	358	429
Foreign exchange loss, net	—	1,924
Other	274	368
Total non-operating expenses	633	2,721
Ordinary income (loss)	(10,322)	14,458
Extraordinary gains:		
Gain on sales of property, plant and equipment	3	7
Gain on sales of long-term investments in securities	1	—
Reversal of reserve for product warranty	9	—
Subsidy income	—	125
Subsidies for employment adjustment	406	2
Other	56	10
Total extraordinary gains	476	145
Extraordinary losses:		
Loss on sales and disposal of property, plant and equipment	137	50
Loss on write-down of long-term investments in securities	—	12
Lay-off costs	364	—
Other	10	7
Total extraordinary losses	512	69
Income (loss) before income taxes and minority interests	(10,358)	14,533
Income taxes-current	106	3,284
Income taxes-refunded	(187)	—
Income taxes-deferred	(2,156)	1,709
Total income taxes	(2,237)	4,994
Income before minority interests	(8,121)	9,539
Minority interests in net income (loss)	(54)	132
Net income (loss)	(8,066)	9,407

Consolidated Statements of Cash Flows

(Millions of Yen)

	Third Quarter Ended December 31, 2009 (From April 1, 2009 to December 31, 2009)	Third Quarter Ended December 31, 2010 (From April 1, 2010 to December 31, 2010)
Cash flows from operating activities:		
Income (loss) before income taxes and minority interests	¥(10,358)	¥14,533
Depreciation and amortization	7,310	6,614
Loss on sale/disposal of property, plant and equipment	134	43
Decrease in provisions	(493)	(300)
Interest and dividend income	(170)	(188)
Interest expenses	358	429
Foreign exchange loss (gain), net	(37)	101
Equity in earnings of affiliates	(151)	(424)
Gain on sale of investments in securities	(1)	—
Loss on write-down of investments in securities	—	12
Amortization of goodwill	2,043	17
Amortization of negative goodwill	(324)	—
Decrease (increase) in trade receivables	3,522	(18,782)
Decrease (increase) in inventories	2,889	(2,903)
Increase in trade payables	70	13,866
Other	(253)	2,177
Subtotal	4,540	15,194
Interest and dividend received	160	190
Interest paid	(210)	(276)
Income taxes refunded (paid)	(826)	837
Net cash provided by operating activities	3,663	15,945
Cash flows from investing activities:		
Purchase of property, plant and equipment	(5,756)	(4,305)
Proceeds from sale of property, plant and equipment	2	76
Purchase of investments in securities	(152)	(11)
Proceeds from sale of investments in securities	1	—
Increase in loans receivable	(0)	(536)
Collection on loans	55	263
Other	(15)	(0)
Net cash used in investing activities	(5,865)	(4,514)

	Third Quarter Ended December 31, 2009 (From April 1, 2009 to December 31, 2009)	Third Quarter Ended December 31, 2010 (From April 1, 2010 to December 31, 2010)
Cash flows from financing activities:		
Issuance of bonds	10,000	20,000
Dividends paid	(1,998)	(1,998)
Dividends paid to minority shareholders	(29)	—
Purchase of treasury stocks	(3)	(2)
Repayments of lease obligations	(40)	(31)
Net cash provided by financing activities	7,928	17,967
Foreign currency translation adjustments on cash and cash equivalents	(183)	(1,732)
Net increase in cash and cash equivalents	5,542	27,665
Cash and cash equivalents, beginning of the period	64,130	69,266
Cash and cash equivalents, end of the period	69,672	96,931

Segment Information

For the nine months ended December 31, 2010 (April 1, 2010 to December 31, 2010)

	(Millions of Yen)						
	Japan	The Americas	Europe	China	Other	Adjustments	Consolidated
Sales to customers	¥95,518	¥15,656	¥11,994	¥9,773	¥8,556	¥—	¥141,499
Inter-segment	28,886	87	10	2,449	33	(31,467)	—
Total	124,405	15,744	12,004	12,223	8,589	(31,467)	141,499
Operating income (loss)	13,417	1,458	(596)	1,609	454	(342)	15,999

For the three months ended December 31, 2010 (October 1, 2010 to December 31, 2010)

	(Millions of Yen)						
	Japan	The Americas	Europe	China	Other	Adjustments	Consolidated
Sales to customers	¥32,234	¥5,146	¥4,451	¥4,042	¥3,503	¥—	¥49,378
Inter-segment	10,496	21	3	844	31	(11,396)	—
Total	42,730	5,167	4,454	4,887	3,535	(11,396)	49,378
Operating income (loss)	5,073	518	(166)	806	182	18	6,433

Beginning with the three-month period ended June 30, 2010, segment information is presented according to THK's management approach based on "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" and "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" issued by the ASBJ.

THK's reportable segments are component of THK group for which separate financial information is available, and whose operating results are reviewed periodically by the Board of Directors to determine allocation of operating resources and evaluate its performance.

THK group's main products are machinery parts such as LM (linear motion) guides and ball screws, and transportation equipment-related parts such as link balls and suspension ball joints. In each country, local subsidiaries establish its comprehensive business strategies and conduct its business activities in a similar way that THK and domestic subsidiaries do in Japan.

Therefore, THK's reportable segment information consists of the five geographical segments in the table above based on the THK group's production/sales structure.

(Note) additional segment information for goodwill and impairment loss on fixed assets: Not applicable

For the nine months ended December 31, 2009 (April 1, 2009 to December 31, 2009)

(1) Business segment

	(Millions of Yen)			
	Industrial Equipment-Related Business	Transportation Equipment-Related Business	Corporate/ Elimination	Consolidated
Sales to customers	¥56,690	¥21,743	¥—	¥78,434
Inter-segment	—	—	—	—
Total	56,690	21,743	—	78,434
Operating loss	(3,126)	(3,515)	(4,406)	(11,048)

(2) Geographical segment

	(Millions of Yen)					
	Japan	The Americas	Europe	Asia and other	Corporate/ Elimination	Consolidated
Sales to customers	¥51,998	¥10,055	¥9,281	¥7,098	¥—	¥78,434
Inter-segment	12,744	34	19	940	(13,739)	—
Total	64,742	10,090	9,300	8,039	(13,739)	78,434
Operating loss	(4,277)	(460)	(1,197)	(817)	(4,296)	(11,048)

(3) Overseas sales

	Millions of Yen	%
The Americas	¥10,109	12.9
Europe	9,436	12.0
Asia and other	11,612	14.8
Total	31,159	39.7
Consolidated	78,434	100.0

For the three months ended December 31, 2009 (October 1, 2009 to December 31, 2009)

(1) Business segment

(Millions of Yen)

	Industrial Equipment-Related Business	Transportation Equipment-Related Business	Corporate/ Elimination	Consolidated
Sales to customers	¥22,607	¥8,423	¥—	¥31,031
Inter-segment	—	—	—	—
Total	22,607	8,423	—	31,031
Operating income (loss)	649	(821)	(1,464)	(1,636)

(2) Geographical segment

(Millions of Yen)

	Japan	The Americas	Europe	Asia and other	Corporate/ Elimination	Consolidated
Sales to customers	¥21,328	¥3,682	¥3,026	¥2,994	¥—	¥31,031
Inter-segment	5,515	9	9	542	(6,077)	—
Total	26,844	3,691	3,036	3,536	(6,077)	31,031
Operating income (loss)	364	(161)	(495)	46	(1,390)	(1,636)

(3) Overseas sales

	Millions of Yen	%
The Americas	¥3,701	11.9
Europe	3,087	10.0
Asia and other	5,026	16.2
Total	11,815	38.1
Consolidated	31,031	100.0

Additional notes:

- (1) Going concern issues: Not applicable.
- (2) Significant change in shareholders' equity: Not applicable.

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.