

May 12, 2011

## Consolidated Financial Results for the Year Ended March 31, 2011 under Japanese GAAP

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 18, 2011  
 Scheduled starting date of dividend payment : June 20, 2011  
 Scheduled date of filing the Securities Report (Japanese version only) : June 20, 2011

### 1. Consolidated Operating Results and Financial Position as of and for the year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

#### (1) Consolidated Operating Results

Year ended March 31 (Millions of Yen)	Net Sales		Operating Income (Loss)		Ordinary Income (Loss)		Net Income (Loss)	
2011	¥190,661	65.3%	¥21,844	— %	¥21,631	— %	¥13,959	— %
2010	115,330	(35.7)	(9,508)	—	(8,797)	—	(14,300)	—
(Note) Comprehensive income (loss)	For the year ended March 31, 2011:		¥7,713 million		— %			
	For the year ended March 31, 2010:		(13,456) million		—			

Year ended March 31 (Yen)	Net Income (Loss) Per Share-Basic	Net Income Per Share-Diluted
2011	¥108.55	¥ —
2010	¥(111.20)	—

Year ended March 31	Return on Equity (Net income / Shareholders' equity)	Return on Assets (Ordinary income / Total assets)	Operating Income / Net Sales
2011	8.5%	8.4 %	11.5 %
2010	(8.5)	(3.7)	(8.2)

(Note) Equity earnings of affiliates : For the year ended March 31, 2011: ¥438 million  
 For the year ended March 31, 2010: 221 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, 2011	¥279,768	¥167,937	59.6 %	¥1,296.52
As of March 31, 2010	236,374	162,258	68.2 %	1,252.71

(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, 2011: ¥166,731 million  
 As of March 31, 2010: 161,100 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
2011	¥21,608	¥(6,299)	¥17,913	¥100,104
2010	4,401	(7,322)	7,932	69,266

### 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	—	8.00	16.00
2012 (Projected)	—	11.00	—	11.00	22.00

  

	Total Amount of Dividends for the year (Millions of Yen)	Payment Ratio (Consolidated)	Cash Dividends / Net Assets (Consolidated)
2010 (Actual)	1,929	—%	1.1%
2011 (Actual)	2,057	14.7%	1.3%
2012 (Projected)	n/a	14.5%	n/a

### 3. Forecasts for the year ending March 31, 2012 (April 1, 2011 to March 31, 2012)

	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, 2011 (amount)	¥103,000	¥12,500	¥12,600	¥8,400	¥65.32
(percentage)	11.8%	30.7%	43.9%	47.2%	n/a

  

	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, 2012 (amount)	¥215,000	¥29,000	¥29,400	¥19,500	¥151.63
(percentage)	12.8%	32.8%	35.9%	39.7%	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.

### 4. 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 Please refer to "5. Accounting Changes"
- b. Other changes Please refer to "5. Accounting Changes"

(3) Number of shares

		(shares)
a. Common stock issued, including treasury stock, as of:	March 31, 2011	133,856,903
	March 31, 2010	133,856,903
b. Treasury stock as of:	March 31, 2011	5,257,342
	March 31, 2010	5,255,442
c. Average number of common stock for the year ended:	March 31, 2011	128,600,650
	March 31, 2010	128,602,891

## 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.

(3) Effective from the fiscal year ended March 31, 2011, THK applied ASBJ Statement No. 25 "Accounting Standard for Presentation of Comprehensive Income" issued on June 30, 2010. In the consolidated balance sheets and statements of changes in net assets, beginning balances of "accumulated other comprehensive income" and "total accumulated other comprehensive income" are stated at amounts of the ending balances of "valuation and adjustments" and "total valuation and adjustments" at the previous year-end.

(4) Effective from the fiscal year ended March 31, 2011, THK applied Cabinet Office Ordinance No. 5, which revises ASBJ Statement No. 22 “Accounting Standard for Consolidated Financial Statements” issued on December 26, 2008. In accordance with the new standard, “Income before minority interests” has been presented in the consolidated statements of income effective from this fiscal year.

**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, 2011 (April 1, 2010 to March 31, 2011)**

(1) Operating Results

Year Ended March 31 (Millions of Yen)	Net Sales		Operating Income (Loss)		Ordinary Income (Loss)		Net Income (Loss)	
2011	¥133,691	87.6 %	¥17,118	— %	¥16,846	— %	¥10,683	— %
2010	71,269	(36.7)	(2,663)	—	(2,387)	—	(14,848)	—

  

Year Ended March 31 (Yen)	Net Income (Loss) Per Share-Basic	Net Income Per Share-Diluted
2011	¥83.07	¥ —
2010	(115.46)	—

(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, 2011	¥264,134	¥168,945	64.0 %	1,313.70
As of March 31, 2010	220,646	160,211	72.6	1,245.77

(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, 2011:	¥168,945 million
	As of March 31, 2010:	160,211 million

**2. Non-Consolidated forecasts for the year ending March 31, 2012 (April 1, 2011 to March 31, 2012)**

	Net Sales (Millions of Yen)	Ordinary Income (Millions of Yen)	Net Income (Millions of Yen)	Net Income per Share (Yen)
Second Quarter ending September 30, 2011 (amount)	¥72,000	¥8,900	¥5,400	¥41.99
(percentage)	10.9%	28.3%	24.2%	n/a

  

	Net Sales (Millions of Yen)	Ordinary Income (Millions of Yen)	Net Income (Millions of Yen)	Net Income per Share (Yen)
Year ending March 31, 2012 (amount)	¥144,000	¥18,800	¥11,400	¥88.64
(percentage)	7.7%	11.6%	6.7%	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

### Operating results (From April 1, 2010 to March 31, 2011)

#### (1) Summary of Overall Performance

In the first half of the fiscal year ended March 31, 2011, the global economy showed a recovery trend, aided by the economic stimulus measures in various countries implemented from the previous year that have contributed to the recovery of consumer spending, corporate profitability, and capital investments. In the latter stage of the fiscal year, the Japanese economy faced a slowdown because of the recent appreciation of the yen, the depression in the effect of the economic stimulus measures, and the impact of the Great East Japan Earthquake. The global economy, however, remained on a modest recovery path mainly due to steady performance of emerging countries.

The basic underlying strategies of 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. By implementing these activities, while demands are rapidly reviving aided by the obvious growth in the emerging countries, THK group steadily achieved to increase net sales. In addition, THK group took prompt actions to restore operations and stability of supply for recovery from the damage of the Great East Japan Earthquake. Several manufacturing facilities of THK group needed to be relocated; however, the impact of the disaster was not significant. As a result, net sales amounted to ¥190,661 million for the fiscal year (¥115,330 million in the previous fiscal year).

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 8.5% from a year earlier to 71.4%.

Selling, general and administrative (SG&A) expenses decreased by ¥99 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 11.3% to 17.1% due to the decrease in SG&A expense and the increase in net sales.

As a result, an operating income of ¥21,844 million was recorded for this fiscal year (¥9,508 million of

operating loss in the previous fiscal year).

Net non-operating income/expense was expense of ¥212 million due mainly to a combined effect of ¥438 million of equity earnings of affiliates and ¥877 million of foreign exchange loss. As a result, an ordinary income of ¥21,631 million was recorded for this fiscal year (¥8,797 million of ordinary loss in the previous fiscal year).

Based on the aforementioned and other factors, THK recorded ¥13,959 million of net income for this fiscal year (¥14,300 million of net loss in the previous fiscal year).

## **(2) Segment Information**

The summary of segment information is given below.

(Japan)

In the first half of the fiscal year, Japanese economy showed a recovery especially in exports that spread to capital investments. In the latter stage of the fiscal year, however, the Japanese economy faced a slowdown because of the recent appreciation of the yen, the depression in the effect of the economic stimulus measures, and the impact of the Great East Japan Earthquake. In such situation, THK developed aggressive business activities to achieve higher sales by meeting the demands of machine tool industry expanding its exports aided by the growth of emerging countries. As a result, sales to the machine tool industry, the general machinery industry, and the electronics industry forged ahead and amounted to ¥127,944 million. While sales were increasing in such core businesses, enhancement in productivity and expense containment contributed operating profit amounted to ¥18,322 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 ¥20,608 million, whereas operating profit amounted to ¥1,807 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 ¥16,099 million. However, ¥934 million of operating loss was recorded due to the rapid appreciation of the

yen against euro in the latter half of the fiscal year.

(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 ¥13,969 million, whereas operating profit amounted to ¥2,466 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 ¥12,039 million, whereas operating profit amounted to ¥545 million.

### (3) Forecasts for the fiscal year ending March 31, 2012

Considering the latest favorable demand situation and the outlook of external operating environment, we expect ¥215,000 million of net income for the year ending March 31, 2012. We also expect ¥29,000 million of operating income, ¥29,400 million of ordinary income, and ¥19,500 million of net income that would be derived by the increase in sales and implementing more effective cost control.

-Consolidated

	Net Sales	Operating Income	Ordinary Income	Net Income
Millions of Yen	¥215,000	¥29,000	¥29,400	¥19,500
Component ratio (%)	100.0%	13.5%	13.7%	9.1%
Fluctuation (%)	12.8%	32.8%	35.9%	39.7%

-Non consolidated

	Net Sales	Operating Income	Ordinary Income	Net Income
Millions of Yen	¥144,000	¥18,800	¥18,800	¥11,400
Component ratio (%)	100.0%	13.1%	13.1%	7.9%
Fluctuation (%)	7.7%	9.8%	11.6%	6.7%

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

U.S.dollar 1=¥82.00      Euro 1=¥115.00



## Financial position (As of March 31, 2011)

Total assets stood at ¥279,768 million, ¥43,394 million more than the previous fiscal year-end, due mainly to increase in cash and bank deposits by ¥30,837 million and increase in accounts and notes receivable by ¥15,976 million.

Total liabilities stood at ¥111,831 million, ¥37,715 million more than the previous fiscal year-end, due mainly to (a) increase in accounts and notes payable by ¥7,516 million, (b) increase in income taxes payable by ¥5,517 million, and (c) ¥20,000 million bonds newly issued in this fiscal year.

Net assets stood at ¥167,937 million, ¥5,678 million more than the previous fiscal year-end, due mainly to a combined effect of increase in retained earnings by ¥11,928 million and decrease in foreign currency translation adjustments by ¥6,342 million.

## For reference: Cash Flow Indices

Year ended March 31	2007	2008	2009	2010	2011
Net Worth / Total Assets (%)	71.1	72.3	73.4	68.2	59.6
Market Capitalization / Total Assets (%)	140.2	87.0	73.6	115.5	100.1
Interest-bearing Debt / Operating Cash Flow (years)	0.2	0.3	0.8	6.8	2.3
Operating Cash Flow / Interest Paid (times)	233.9	105.0	211.8	9.0	37.1

(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 places priority on providing shareholders with proactive distribution of profit befitting operating results, simultaneously strengthening its financial soundness by securing internal reserve. THK plans to make effective use of internal reserve by investing research and development activities, production facilities, and IT systems, to respond globalization.

In accordance with these policies, the Company plans ¥8.00 per share for the year-end dividends. As a result, cash dividends applicable for the year ended March 31, 2011 will be ¥16.00 per share, with the interim dividends of ¥8.00 per share. The Company also plans ¥22.00 per share in total (¥11.00 per share at the semiannual-end) for the year ending March 31, 2012.

## Consolidated Financial Statements

### Consolidated Balance Sheets

(Millions of Yen)

	Year End -Previous Year As of March 31, 2010	Year End -Current Year As of March 31, 2011
<b>Assets</b>		
Current assets:		
Cash and bank deposits	¥69,266	¥100,104
Accounts and notes receivable	40,466	56,442
Merchandise and finished goods	9,673	9,780
Work in process	5,475	6,396
Raw materials and supplies	9,612	10,728
Deferred tax assets	3,507	3,029
Short-term loans receivable	2,000	2,003
Other current assets	3,700	3,365
Less: Allowance for bad debts	(242)	(184)
Total current assets	143,460	191,665
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	51,903	50,592
Accumulated depreciation	(25,398)	(26,604)
Buildings and structures-net	26,505	23,988
Machinery, equipment and vehicles	121,286	120,307
Accumulated depreciation	(85,437)	(88,084)
Machinery, equipment and vehicles-net	35,848	32,223
Land	12,978	12,892
Construction in progress	1,860	3,746
Other	13,841	14,302
Accumulated depreciation	(11,191)	(11,743)
Other-net	2,649	2,558
Total property, plant and equipment –net	79,841	75,409
Intangibles		
Goodwill	140	117
Other	1,123	976
Total intangibles	1,263	1,093
Investments and other		
Long-term investments in securities	5,225	5,253
Deferred tax assets	1,720	1,031
Other	5,263	5,619
Less: Allowance for bad debts	(400)	(304)
Total investments and other	11,809	11,599
Total fixed assets	92,914	88,103
Total assets	236,374	279,768

(Millions of Yen)

	Year End -Previous Year As of March 31, 2010	Year End -Current Year As of March 31, 2011
<b>Liabilities</b>		
Current liabilities:		
Accounts and notes payable	¥24,226	¥31,743
Lease obligation	48	50
Income taxes payable	290	5,808
Accrued bonuses to employees	1,835	2,758
Accrued bonuses to directors and corporate auditors	—	50
Other	7,972	11,550
Total current liabilities	34,374	51,961
Long-term liabilities:		
Bonds	10,000	30,000
Long-term bank loans	20,000	20,000
Lease obligation	80	59
Deferred tax liabilities	3,690	3,710
Reserve for employees' retirement benefits	4,796	4,963
Reserve for retirement benefits for directors and corporate auditors	141	89
Reserve for product warranty	95	110
Other	937	935
Total long-term liabilities	39,741	59,870
Total liabilities	74,116	111,831
<b>Net assets</b>		
Shareholders' equity:		
Common stock	34,606	34,606
Additional paid-in capital	44,342	44,342
Retained earnings	98,703	110,632
Treasury stock	(11,356)	(11,359)
Total shareholders' equity	166,296	178,221
Accumulated other comprehensive income:		
Net unrealized gain on other securities	542	590
Foreign currency translation adjustments	(5,738)	(12,080)
Total accumulated other comprehensive income	(5,196)	(11,490)
Minority Interests	1,158	1,206
Total net assets	162,258	167,937
Total liabilities and net assets	236,374	279,768

## Consolidated Statements of Income

(Millions of Yen)

	Year Ended March 31, 2010 (From April 1, 2009 to March 31, 2010)	Year Ended March 31, 2011 (From April 1, 2010 to March 31, 2011)
Net sales	¥115,330	¥190,661
Cost of sales	92,141	136,219
Gross profit	23,189	54,442
Selling, general and administrative expenses:		
Freight expenses	2,357	3,312
Advertisement expenses	798	756
Provision for bad debts	34	—
Salaries and benefits	10,559	11,077
Accrual for bonuses	632	972
Accrual for bonuses to directors and corporate auditors	—	50
Net periodic retirement costs	428	372
Rent expenses	2,127	1,745
Depreciation and amortization	927	845
Research and development	3,331	3,639
Amortization of goodwill	2,724	22
Other	8,774	9,803
Total selling, general and administrative expenses	32,697	32,598
Operating income (loss)	(9,508)	21,844
Non-operating income:		
Interest income	184	211
Dividend income	35	39
Foreign exchange gain, net	2	—
Amortization of negative goodwill	324	—
Equity earnings of affiliates	221	438
Rent income	274	273
Refund of consumption taxes	—	181
Other	543	544
Total non-operating income	1,586	1,689
Non-operating expenses:		
Interest expenses	489	582
Foreign exchange loss, net	—	877
Other	386	442
Total non-operating expenses	875	1,902
Ordinary income (loss)	(8,797)	21,631

	Year Ended March 31, 2010 (From April 1, 2009 to March 31, 2010)	Year Ended March 31, 2011 (From April 1, 2010 to March 31, 2011)
Extraordinary gain:		
Gain on sales of property, plant and equipment	¥21	¥29
Subsidies for employment adjustment	421	2
Gain on sale of investments in securities	1	—
Subsidy income	—	125
Other	8	20
Total extraordinary gain	452	176
Extraordinary losses:		
Loss on sales of property, plant and equipment	1	25
Loss on disposal of property, plant and equipment	172	62
Loss on write-down of investments in securities	203	43
Lump-sum amortization of goodwill ( <i>Note</i> )	5,404	—
Lay-off costs	371	—
Loss related to the Great East Japan Earthquake	—	41
Other	12	22
Total extraordinary losses	6,165	195
Income (loss) before income tax and minority interests	(14,510)	21,612
Income taxes-current	360	6,371
Income taxes-refund	(380)	—
Income taxes-deferred	(152)	1,082
Total income taxes	(172)	7,454
Income before minority interests	14,158	14,158
Minority interests	(37)	199
Net income (loss)	(14,300)	13,959

(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 Comprehensive Income

	(Millions of Yen)
	Year Ended March 31, 2011 (From April 1, 2010 to March 31, 2011)
Income before minority interests	¥14,158
Other comprehensive income:	
Adjustments for unrealized gain (loss) on other securities	50
Foreign currency translation adjustments	(6,282)
Share in other comprehensive income of affiliates accounted under the equity method	(213)
Total other comprehensive income	(6,445)
Comprehensive income	7,713
Attributable to:	
Shareholders of THK Co., Ltd.	7,665
Minority interests	47

(Note)

*For the year ended March 31, 2010 (From April 1, 2009 to March 31, 2010)*

	(Millions of Yen)
Comprehensive income attributable to:	
Shareholders of THK Co., Ltd.	(13,435)
Minority interests	(20)
Total	(13,456)

	(Millions of Yen)
Other comprehensive income:	
Adjustments for unrealized gain (loss) on other securities	383
Foreign currency translation adjustments	325
Share in other comprehensive income of affiliates accounted under the equity method	172
Total other comprehensive income	881

## Consolidated Statements of Changes in Net Assets

(Millions of Yen)

	Year Ended March 31, 2010 (From April 1, 2009 to March 31, 2010)	Year Ended March 31, 2011 (From April 1, 2010 to March 31, 2011)
<b>Shareholders' equity</b>		
Common stock		
Beginning balance	¥34,606	¥34,606
Ending balance	34,606	34,606
Additional paid-in capital		
Beginning balance	44,342	44,342
Change in the year:		
Disposal of treasury stocks	—	0
Total change in the year	—	0
Ending balance	44,342	44,342
Retained earnings		
Beginning balance	114,998	98,703
Change in the year:		
Dividends paid	(1,993)	(2,030)
Net income (loss)	(14,300)	13,959
Disposal of treasury stocks	—	(0)
Total change in the year	(16,294)	11,928
Ending balance	98,703	110,632
Treasury stock		
Beginning balance	(11,351)	(11,356)
Change in the year:		
Purchase of treasury stocks	(4)	(3)
Disposal of treasury stocks	—	0
Total change in the year	(4)	(3)
Ending balance	(11,356)	(11,359)
Total shareholders' equity		
Beginning balance	182,595	166,296
Change in the year:		
Dividends paid	(1,993)	(2,030)
Net income (loss)	(14,300)	13,959
Purchase of treasury stocks	(4)	(3)
Disposal of treasury stocks	—	0
Total change in the year	(16,298)	11,925
Ending balance	166,296	178,221

	Year Ended March 31, 2010 (From April 1, 2009 to March 31, 2010)	Year Ended March 31, 2011 (From April 1, 2010 to March 31, 2011)
<b>Other comprehensive income</b>		
Unrealized gain (loss) on other securities		
Beginning balance	¥144	¥542
Net change in the year		
Net changes in the items other than shareholders' equity	398	47
Total change in the year	398	47
Ending balance	542	590
Foreign currency translation adjustments		
Beginning balance	(6,205)	(5,738)
Net change in the year		
Net changes in the items other than shareholders' equity	467	(6,342)
Total change in the year	467	(6,342)
Ending balance	(5,738)	(12,080)
Total other comprehensive income		
Beginning balance	(6,061)	(5,196)
Net change in the year		
Net changes in the items other than shareholders' equity	865	(6,294)
Total change in the year	865	(6,294)
Ending balance	(5,196)	(11,490)
Minority interests		
Beginning balance	1,179	1,158
Net change in the year		
Net changes in the items other than shareholders' equity	(20)	47
Total change in the year	(20)	47
Ending balance	1,158	1,206
Total net assets		
Beginning balance	177,712	162,258
Change in the year:		
Dividends paid	(1,993)	(2,030)
Net income (loss)	(14,300)	13,959
Purchase of treasury stocks	(4)	(3)
Disposal of treasury stocks	—	0
Net changes in the items other than shareholders' equity	844	(6,246)
Total change in the year	(15,454)	5,678
Ending balance	162,258	167,937



## Consolidated Statements of Cash Flows

(Millions of Yen)

	Year Ended March 31, 2010 (From April 1, 2009 to March 31, 2010)	Year Ended March 31, 2011 (From April 1, 2010 to March 31, 2011)
<b>Cash flows from operating activities:</b>		
Income (loss) before income taxes and minority interests	¥(14,510)	¥21,612
Depreciation and amortization	9,736	8,901
Loss on sale/disposal of property, plant and equipment	152	58
Increase in provisions	558	1,019
Interest and dividend income	(219)	(251)
Interest expenses	489	582
Foreign exchange loss (gain)	9	512
Equity in earnings of affiliates	(221)	(438)
Gain on sale of investments in securities	(1)	—
Loss on write-down of investments in securities	203	43
Amortization of goodwill	8,129	22
Amortization of negative goodwill	(324)	—
Loss related to the Great East Japan Earthquake	—	41
Increase in trade receivables	(3,490)	(17,079)
Decrease (increase) in inventories	2,699	(3,417)
Increase in trade payables	3,542	8,781
Other	(1,292)	807
Subtotal	5,461	21,198
Interest and dividend received	258	386
Interest paid	(466)	(530)
Income taxes paid	(851)	573
Loss related to the Great East Japan Earthquake-paid	—	(19)
Net cash provided by operating activities	4,401	21,608
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(7,230)	(6,056)
Proceeds from sale of property, plant and equipment	9	107
Purchase of investments in securities	(156)	(15)
Proceeds from sale of investments in securities	1	—
Increase in loans receivable	(6)	(557)
Collection on loans	77	222
Other	(18)	(0)
Cash flows used in investing activities	(7,322)	(6,299)

	Year Ended March 31, 2010 (From April 1, 2009 to March 31, 2010)	Year Ended March 31, 2011 (From April 1, 2010 to March 31, 2011)
Cash flows from financing activities:		
Proceeds from issuance of bonds	¥10,000	¥20,000
Dividends paid	(1,989)	(2,000)
Dividends paid to minority shareholders	(28)	(41)
Purchase of treasury stocks	(4)	(3)
Proceeds from sale of treasury stocks	—	0
Repayments of lease obligations	(45)	(40)
Net cash provided by financing activities	<u>7,932</u>	<u>17,913</u>
Foreign currency translation adjustments on cash and cash equivalents	<u>125</u>	<u>(2,385)</u>
Net increase in cash and cash equivalents	<u>5,136</u>	<u>30,837</u>
Cash and cash equivalents, beginning of the year	<u>64,130</u>	<u>69,266</u>
Cash and cash equivalents, end of the year	<u>69,266</u>	<u>100,104</u>

## Segment Information

For the year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

	(Millions of Yen)						
	Japan	The Americas	Europe	China	Other	Adjustments	Consolidated
Sales to customers	¥127,944	¥20,608	¥16,099	¥13,969	¥12,039	¥—	¥190,661
Inter-segment	39,349	121	15	3,328	41	(42,857)	—
<b>Total</b>	<b>167,294</b>	<b>20,729</b>	<b>16,114</b>	<b>17,298</b>	<b>12,081</b>	<b>(42,857)</b>	<b>190,661</b>
Operating income (loss)	18,322	1,807	(934)	2,466	545	(363)	21,844
Assets	278,095	28,486	26,092	32,978	12,401	(98,285)	279,768
Other items							
Depreciation and amortization	5,860	857	584	1,535	62	—	8,901
Amortization of goodwill	22	—	—	—	—	—	22
Investments to affiliates accounted under the equity method	1,869	—	—	—	—	—	1,869
Capital expenditures	3,751	948	166	2,958	255	(253)	7,827

Effective from this fiscal year, 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.

If the segment information for the year ended March 31, 2010 were prepared using the new segmentation, such information would be as follows:

	(Millions of Yen)						
	Japan	The Americas	Europe	China	Other	Adjustments	Consolidated
Sales to customers	¥77,666	¥14,410	¥12,429	¥6,575	¥4,248	¥—	¥115,330
Inter-segment	19,518	45	20	1,544	39	(21,168)	—
Total	97,184	14,456	12,450	8,120	4,287	(21,168)	115,330
Operating income (loss)	(7,155)	(366)	(1,576)	(545)	13	121	(9,508)
Assets	230,807	20,147	15,314	23,766	4,830	(58,492)	236,374
Other items							
Depreciation and amortization	6,435	982	669	1,599	49	—	9,736
Amortization of goodwill	2,724	—	—	—	—	—	2,724
Investments to affiliates accounted under the equity method	1,920	—	—	—	—	—	1,920
Capital expenditures	3,774	202	324	186	81	(122)	4,447

**For the year ended March 31, 2010 (April 1, 2009 to March 31, 2010)**

(1) Business segment  
(Millions of Yen)

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

(2) Geographical segment

	(Millions of Yen)					
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

(3) Overseas sales

Year ended March 31	2010	
	Millions of Yen	%
The Americas	¥14,552	12.6
Europe	12,635	11.0
Asia and other	17,846	15.5
Total	45,034	39.0
Consolidated	115,330	100.0

**Additional notes:**

Going concern issues: 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.