

(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
2012	¥16,504	¥(10,863)	¥6,937	¥110,788
2011	21,608	(6,299)	17,913	100,104

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
2011 (Actual)	—	8.00	—	8.00	16.00
2012 (Actual)	—	9.00	—	11.00	20.00
2013 (Projected)	—	12.00	—	12.00	24.00

	Total Amount of Dividends for the year (Millions of Yen)	Payment Ratio (Consolidated)	Cash Dividends / Net Assets (Consolidated)
2011 (Actual)	2,057	14.7%	1.3%
2012 (Actual)	2,572	20.3%	1.5%
2013 (Projected)	n/a	19.9%	n/a

3. Forecasts for the year ending March 31, 2013 (April 1, 2012 to March 31, 2013)

	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, 2012					
(amount)	¥92,000	¥7,800	¥8,300	¥5,300	¥41.21
(percentage)	(10.9)%	(37.4)%	(12.2)%	(13.3)%	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, 2013					
(amount)	¥200,000	¥22,500	¥23,500	¥15,500	¥120.53
(percentage)	1.6%	13.9%	23.2%	22.6%	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.

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, 2012	133,856,903
	March 31, 2011	133,856,903
b. Treasury stock as of:	March 31, 2012	5,258,742
	March 31, 2011	5,257,342
c. Average number of common stock for the year ended:	March 31, 2012	128,598,922
	March 31, 2011	128,600,650

5. Accounting Changes

(1) **Valuation method of work in process**—Prior to April 1, 2011, cost of work-in-process inventories was determined by the gross-average method. Effective April 1, 2011, THK changed the valuation method applied to made-to-order work in process to the specific identification method. This was because THK has established the new cost accounting system and changed the cost calculation method from the group-based general cost accounting method to the by-lot specific cost accounting method, in order to reflect the operating results for accounting periods more accurately by improving the cost management. Since the accounting data of specific cost have been recorded from April 1, 2011, the beginning balances of inventories were recorded at the amounts of the ending balances as of March 31, 2011, without any retroactive adjustments. The effect of changing the valuation method was to decrease work in process by ¥246 million, and to increase cost of sales by the same amount. As a result, operating income, ordinary income, and income before income taxes and minority interests decreased by ¥246 million, respectively.

(2) **Depreciation methods of property, plant and equipment**—Effective April 1, 2011, THK and certain domestic subsidiaries changed their depreciation methods of property, plant and equipment (PPE) acquired on or after April 1, 2007 to the methods required under the revised Japanese tax laws (revised in 2007), by operating the new accounting system for management of PPE corresponding to the revised tax laws. The effect of changing the depreciation methods was to decrease operating income, ordinary income, and income before income taxes and minority interests by ¥1,124 million, respectively.

(3) **Accounting Standard for Accounting Changes and Error Corrections**—Effective April 1, 2011, THK applied "Accounting Standard for Accounting Changes and Error Corrections" (Statement No. 24, issued by Accounting Standards Board of Japan (ASBJ) on December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (Guidance No. 24, issued by ASBJ on December 4, 2009). This standard is applicable to accounting changes and error corrections made on or after April 1, 2011.

(4) **Retirement benefit plan**—On October 1, 2011, THK discontinued its non-contributory funded pension plan and made a transition mainly to a defined benefit pension plan, and partially to a defined contribution pension plan. In accordance with the "Guidance on Accounting Standard for Transitions in Retirement Benefit Plans" (ASBJ Guidance No. 1), THK recorded ¥323 million of loss on reorganization of retirement benefit plans for the year ended March 31, 2012.

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, 2012 (April 1, 2011 to March 31, 2012)

(1) Operating Results

Year Ended March 31 (Millions of Yen)	Net Sales		Operating Income		Ordinary Income		Net Income	
2012	¥130,107	(2.7) %	¥14,493	(15.3) %	¥13,407	(20.4) %	¥7,957	(25.5) %
2011	133,691	87.6	17,118	—	16,846	—	10,683	—

Year Ended March 31 (Yen)	Net Income Per Share-Basic	Net Income Per Share-Diluted
2012	¥61.88	¥ —
2011	83.07	—

(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, 2012	¥264,495	¥168,099	63.6 %	1,307.14
As of March 31, 2011	264,134	168,945	64.0	1,313.70

(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, 2012: ¥168,099 million
As of March 31, 2011: 168,945 million

2. Non-Consolidated forecasts for the year ending March 31, 2013 (April 1, 2012 to March 31, 2013)

	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, 2012 (amount)	¥59,300	¥5,600	¥5,700	¥3,600	¥27.99
(percentage)	(18.3)%	(41.8)%	(7.1)%	2.2%	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, 2013 (amount)	¥128,200	¥15,000	¥15,400	¥9,600	¥74.65
(percentage)	(1.5)%	3.5%	14.9%	20.6%	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.

Management's Discussion and Analysis

Operating results (From April 1, 2011 to March 31, 2012)

(1) Summary of Overall Performance

During the first half of the year ended March 31, 2012, the global economy continued along its path of recovery buoyed by the economic growth in developing countries. In the latter half of the fiscal year, however, the world economic growth showed a slowdown trend caused by the financial problem in Europe and restraint measures of developing countries. In Japan, although the economy has started to turn into the recovery with the restoration from the disaster, there were weaknesses, especially in export, in the latter half of the fiscal year, which was due to the ongoing appreciation of the yen and the slowdown in the economic growth of development countries. In the overseas economy, while the United States of America showed its stable recovery, Europe showed the slowdown in its economic growth. The economic expansion of developing countries continued, but the momentum became slower.

The THK Group has identified "Full-Scale Globalization" and the "Development of New Business Areas" as cornerstones of its growth strategy and efforts to expand its business domain. Amid growing clarity in the expansion of developing countries, the THK Group took steps to upgrade and expand its sales network particularly in such developing countries as China, which are anticipated to experience market growth, and to enhance productivity. As a result, though there was a sign of slowdown in the latter half of the fiscal year, the THK Group successfully linked the steady upswing in global demand to higher sales. Taking the aforementioned factors into consideration, net sales increased by ¥6,204 million, or 3.3%, to ¥196,866 million for the fiscal year.

On the cost front, the THK Group implemented various activities to improve its productivity. Those activities include an across-the-division project to reinforce the operating foundations, namely, P25 Project. Due to the ongoing appreciation of the yen and effect of changes in the valuation methods of inventories as well as depreciation method of property, plant and equipment, however, the cost of sales to sales ratio worsened by 1.2% from a year earlier to 72.6%.

Selling, general and administrative expenses (SG&A) increased due mainly to outsourcing expenses for establishing system to strengthen our Business Continuity Plans, despite our efforts to contain various expenses and to improve operating efficiency. As a result, SG&A expenses increased by ¥1,631 million, or 5.0%, to ¥34,229 million. The ratio to net sales worsened by 0.3% from a year earlier to 17.4%.

As a result, operating income decreased from a year earlier by ¥2,098 million, or 9.6%, to ¥19,745 million. The operating income/net sales ratio dropped by 1.5% to 10.0%

Net non-operating income/expense was expense of ¥673 million due mainly to a combined effect of ¥702 million of equity earnings of affiliates and ¥1,778 million of foreign exchange loss. As a result, ordinary income decreased from a year earlier by ¥2,559 million, or 11.8%, to ¥19,072 million. Net income for the fiscal year also decreased from a year earlier by ¥1,317 million, or 9.4%, to ¥12,641 million.

(2) Segment Information

(Japan)

In Japan, although the economy has started to turn into the recovery with the restoration from the disaster, there were weaknesses, especially in export, in the latter half of the period which was due to the ongoing appreciation of the yen and the slowdown in the economic growth of development countries. In the first half of the fiscal year, THK successfully increased sales by capturing the robust demand of its mainstay customers in the industrial machine tool industry that were expanding their export activities by dint of the growth of developing countries. In the latter half of the fiscal year, however, since there was a slowdown in demand of the electronics industry, net sales for the year amounted to ¥125,956 million, down ¥1,988 million, or 1.6%, from the figure one year earlier. There were positive effects from various operating activities such as our across-the-division project, namely, P25 Project, which has reinforced THK's business foundations; however, operating income in Japan amounted to ¥16,615 million, down ¥1,706 million, or 9.3%, due to the ongoing appreciation of the yen and the effects of changes in the valuation methods of inventories as well as depreciation method of property, plant and equipment.

(The Americas)

In the Americas, trends in automobile production were firm. Amid a positive upswing in capital investment, the THK Group took steps to expand transactions with existing customers and to cultivate new business fields. Based on these endeavors, sales were robust, to the machine tool industry and the electronics industry in particular, amounting to ¥21,835 million, up ¥1,226 million, or 6.0%, from the figure one year earlier. Operating income amounted to ¥1,182 million, down ¥625 million, or 34.6%, from the figure one year earlier. This was mainly attributable to the appreciation of the yen against U.S. dollar.

(Europe)

In the latter half of the fiscal year, a slowdown was found in the economy. While machine manufacturers expanded exports to Asia by dint of the weak euro, THK worked diligently to expand transactions with existing customers and to cultivate new business fields. As a result, the THK Group successfully linked the

steady upswing in demand to higher sales amounted to ¥19,868 million, up ¥3,769 million, or 23.4%, from the figure one year earlier. However, ¥283 million of operating loss was recorded, though it improved by ¥651 million as compared to the figure one year earlier, due mainly to the rapid appreciation of the yen against euro.

(China)

While capital investments increased by dint of the strong economic growth, the THK Group implemented aggressive business activities by taking advantage of sales channels that we have developed. In addition, the THK Group proactively enhanced its productivity to link the steady upswing in demand to higher sales. Although weakened momentum in demand affected by the restraint measures were found in the latter half of the period, the THK Group successfully linked the steady upswing in demand especially in its mainstay customers in the industrial machine tool industry in the first half of the period. As a result, sales amounted to ¥17,117 million, up ¥3,147 million, or 22.5%, from the figure one year earlier. Operating income amounted to ¥2,596 million, up ¥129 million, or 5.3%, from the figure one year earlier.

(Other)

In other countries and regions including Taiwan, India and ASEAN, THK continues to expand transactions with existing customers while cultivating new customers. In the latter half of the period, though there was a slowdown in demand of the electronics industry as well as weakened demand of machine manufacturers in Taiwan affected by the restraint measures in China, the THK Group successfully linked the steady upswing in demand in the first half of the period. As a result, sales amounted to ¥12,089 million, up ¥49 million, or 0.4%, from the figure one year earlier. Operating income amounted to ¥503 million, down ¥42 million, or 7.8%, from the figure one year earlier, due to the appreciation of the yen.

(3) Forecasts for the fiscal year ending March 31, 2013

Considering the latest recovering demand situation, we expect ¥200,000 million of net sales for the year ending March 31, 2013. We also expect ¥22,500 million of operating income, ¥23,500 million of ordinary income, and ¥15,500 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	¥200,000	¥22,500	¥23,500	¥15,500
Component ratio (%)	100.0%	11.3%	11.8%	7.8%
Fluctuation (%)	1.6%	13.9%	23.2%	22.6%

-Non consolidated

	Net Sales	Operating Income	Ordinary Income	Net Income
Millions of Yen	¥128,200	¥15,000	¥15,400	¥9,600
Component ratio (%)	100.0%	11.7%	12.0%	7.5%
Fluctuation (%)	(1.5)%	3.5%	14.9%	20.6%

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

U.S.dollar 1=¥80.00 Euro 1=¥104.00

Financial position (As of March 31, 2012)

Total assets stood at ¥288,333 million, ¥8,564 million more than the previous fiscal year-end, due mainly to a combined effect of increase in cash and bank deposits by ¥10,684 million and decrease in accounts and notes receivable by ¥3,407 million.

Total liabilities stood at ¥112,816 million, ¥984 million more than the previous fiscal year-end, due mainly to a combined effect of decrease in (a) accounts and notes payable by ¥4,081 million, (b) income taxes payable by ¥3,656 million, and (c) reserve for employees' retirement benefits by ¥1,981 million, and ¥10,000 million bonds newly issued in this fiscal year.

Net assets stood at ¥175,516 million, ¥7,579 million more than the previous fiscal year-end, due mainly to a combined effect of increase in (a) retained earnings by ¥10,529 million and (b) minority interests by ¥446 million, and decrease in foreign currency translation adjustments by ¥3,822 million.

For reference: Cash Flow Indices

Year ended March 31	2008	2009	2010	2011	2012
Net Worth / Total Assets (%)	72.3	73.4	68.2	59.6	60.3
Market Capitalization / Total Assets (%)	87.0	73.6	115.5	100.1	78.1
Interest-bearing Debt / Operating Cash Flow (years)	0.3	0.8	6.8	2.3	3.6
Operating Cash Flow / Interest Paid (times)	105.0	211.8	9.0	37.1	25.3

(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 ¥11.00 per share for the year-end dividends. As a result, cash dividends applicable for the year ended March 31, 2012 will be ¥20.00 per share, with the interim dividends of ¥9.00 per share. The Company also plans ¥24.00 per share in total (¥12.00 per share at the semiannual-end) for the year ending March 31, 2013.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Yen)

	Year End -Previous Year As of March 31, 2011	Year End -Current Year As of March 31, 2012
Assets		
Current assets:		
Cash and bank deposits	¥100,104	¥110,788
Accounts and notes receivable	56,442	53,034
Merchandise and finished goods	9,780	10,411
Work in process	6,396	4,858
Raw materials and supplies	10,728	10,965
Deferred tax assets	3,029	3,427
Short-term loans receivable	2,003	2,002
Other current assets	3,365	3,308
Less: Allowance for bad debts	(184)	(145)
Total current assets	191,665	198,652
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	50,592	51,712
Accumulated depreciation	(26,604)	(28,317)
Buildings and structures-net	23,988	23,395
Machinery, equipment and vehicles	120,307	126,932
Accumulated depreciation	(88,084)	(92,880)
Machinery, equipment and vehicles-net	32,223	34,052
Land	12,892	12,936
Construction in progress	3,746	6,605
Other	14,302	15,205
Accumulated depreciation	(11,743)	(12,582)
Other-net	2,558	2,622
Total property, plant and equipment –net	75,409	79,612
Intangibles		
Goodwill	117	1,413
Other	976	1,193
Total intangibles	1,093	2,606
Investments and other		
Long-term investments in securities	5,253	4,841
Deferred tax assets	1,031	579
Other	5,619	2,119
Less: Allowance for bad debts	(304)	(77)
Total investments and other	11,599	7,462
Total fixed assets	88,103	89,680
Total assets	279,768	288,333

(Millions of Yen)

	Year End -Previous Year As of March 31, 2011	Year End -Current Year As of March 31, 2012
Liabilities		
Current liabilities:		
Accounts and notes payable	¥31,743	¥27,661
Lease obligation	50	187
Income taxes payable	5,808	2,151
Accrued bonuses to employees	2,758	3,122
Accrued bonuses to directors and corporate auditors	50	—
Other	11,550	11,418
Total current liabilities	51,961	44,542
Long-term liabilities:		
Bonds	30,000	40,000
Long-term bank loans	20,000	20,000
Lease obligation	59	500
Deferred tax liabilities	3,710	3,473
Reserve for employees' retirement benefits	4,963	2,982
Reserve for retirement benefits for directors and corporate auditors	89	114
Reserve for product warranty	110	109
Other	935	1,094
Total long-term liabilities	59,870	68,274
Total liabilities	111,831	112,816
Net assets		
Shareholders' equity:		
Common stock	34,606	34,606
Additional paid-in capital	44,342	44,584
Retained earnings	110,632	121,161
Treasury stock	(11,359)	(11,362)
Total shareholders' equity	178,221	188,990
Accumulated other comprehensive income:		
Net unrealized gain on other securities	590	777
Foreign currency translation adjustments	(12,080)	(15,903)
Total accumulated other comprehensive income	(11,490)	(15,126)
Minority Interests	1,206	1,652
Total net assets	167,937	175,516
Total liabilities and net assets	279,768	288,333

Consolidated Statements of Income

(Millions of Yen)

	Year Ended March 31, 2011 (From April 1, 2010 to March 31, 2011)	Year Ended March 31, 2012 (From April 1, 2011 to March 31, 2012)
Net sales	¥190,661	¥196,866
Cost of sales	136,219	142,891
Gross profit	54,442	53,975
Selling, general and administrative expenses:		
Freight expenses	3,312	3,727
Advertisement expenses	756	750
Salaries and benefits	11,077	10,601
Accrual for bonuses	972	1,198
Accrual for bonuses to directors and corporate auditors	50	—
Net periodic retirement costs	372	443
Rent expenses	1,745	1,683
Depreciation and amortization	845	1,052
Research and development	3,639	3,899
Amortization of goodwill	22	181
Other	9,803	10,691
Total selling, general and administrative expenses	32,598	34,229
Operating income	21,844	19,745
Non-operating income:		
Interest income	211	396
Dividend income	39	54
Equity earnings of affiliates	438	702
Rent income	273	282
Other	726	738
Total non-operating income	1,689	2,174
Non-operating expenses:		
Interest expenses	582	651
Foreign exchange loss, net	877	1,778
Other	442	418
Total non-operating expenses	1,902	2,848
Ordinary income	21,631	19,072

	Year Ended March 31, 2011 (From April 1, 2010 to March 31, 2011)	Year Ended March 31, 2012 (From April 1, 2011 to March 31, 2012)
Extraordinary gain:		
Gain on sales of property, plant and equipment	¥29	¥13
Subsidies for employment adjustment	2	—
Gain on sale of investments in securities	—	7
Subsidy income	125	21
Other	20	—
Total extraordinary gain	176	43
Extraordinary losses:		
Loss on sales of property, plant and equipment	25	23
Loss on disposal of property, plant and equipment	62	96
Loss on write-down of investments in securities	43	13
Loss on termination of insurance contracts	—	70
Loss on reorganization of retirement benefit plans	—	323
Loss related to the Great East Japan Earthquake	41	—
Other	22	68
Total extraordinary losses	195	594
Income before income tax and minority interests	21,612	18,520
Income taxes-current	6,371	5,553
Income taxes-deferred	1,082	20
Total income taxes	7,454	5,574
Income before minority interests	14,158	12,946
Minority interests	199	304
Net income	13,959	12,641

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Year Ended March 31, 2011 (From April 1, 2010 to March 31, 2011)	Year Ended March 31, 2012 (From April 1, 2011 to March 31, 2012)
Income before minority interests	¥14,158	¥12,946
Other comprehensive income:		
Adjustments for unrealized gain on other securities	50	190
Foreign currency translation adjustments	(6,282)	(3,656)
Share in other comprehensive income of affiliates accounted under the equity method	(213)	(142)
Total other comprehensive income	(6,445)	(3,609)
Comprehensive income	7,713	9,336
Attributable to:		
Shareholders of THK Co., Ltd.	7,665	8,890
Minority interests	47	446

Consolidated Statements of Changes in Net Assets

(Millions of Yen)

	Year Ended March 31, 2011 (From April 1, 2010 to March 31, 2011)	Year Ended March 31, 2012 (From April 1, 2011 to March 31, 2012)
Shareholders' equity		
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	—
Increase due to change in income tax rate	—	242
Total change in the year	0	242
Ending balance	44,342	44,584
Retained earnings		
Beginning balance	98,703	110,632
Change in the year:		
Change in the scope of consolidation	—	73
Dividends paid	(2,030)	(2,186)
Net income	13,959	12,641
Disposal of treasury stocks	(0)	—
Total change in the year	11,928	10,529
Ending balance	110,632	121,161
Treasury stock		
Beginning balance	(11,356)	(11,359)
Change in the year:		
Purchase of treasury stocks	(3)	(2)
Disposal of treasury stocks	0	—
Total change in the year	(3)	(2)
Ending balance	(11,359)	(11,362)
Total shareholders' equity		
Beginning balance	166,296	178,221
Change in the year:		
Change in the scope of consolidation	—	73
Dividends paid	(2,030)	(2,186)
Net income	13,959	12,641
Purchase of treasury stocks	(3)	(2)
Disposal of treasury stocks	0	—
Increase due to change in income tax rate	—	242
Total change in the year	11,925	10,768
Ending balance	178,221	188,990

	Year Ended March 31, 2011 (From April 1, 2010 to March 31, 2011)	Year Ended March 31, 2012 (From April 1, 2011 to March 31, 2012)
Other comprehensive income		
Unrealized gain on other securities		
Beginning balance	¥542	¥590
Net change in the year		
Net changes in the items other than shareholders' equity	47	186
Total change in the year	47	186
Ending balance	590	777
Foreign currency translation adjustments		
Beginning balance	(5,738)	(12,080)
Net change in the year		
Net changes in the items other than shareholders' equity	(6,342)	(3,822)
Total change in the year	(6,342)	(3,822)
Ending balance	(12,080)	(15,903)
Total other comprehensive income		
Beginning balance	(5,196)	(11,490)
Net change in the year		
Net changes in the items other than shareholders' equity	(6,294)	(3,635)
Total change in the year	(6,294)	(3,635)
Ending balance	(11,490)	(15,126)
Minority interests		
Beginning balance	1,158	1,206
Net change in the year		
Net changes in the items other than shareholders' equity	47	446
Total change in the year	47	446
Ending balance	1,206	1,652
Total net assets		
Beginning balance	162,258	167,937
Change in the year:		
Change in the scope of consolidation	—	73
Dividends paid	(2,030)	(2,186)
Net income	13,959	12,641
Purchase of treasury stocks	(3)	(2)
Disposal of treasury stocks	0	—
Increase due to change in income tax rate	—	242
Net changes in the items other than shareholders' equity	(6,246)	(3,189)
Total change in the year	5,678	7,579
Ending balance	167,937	175,516

Consolidated Statements of Cash Flows

(Millions of Yen)

	Year Ended March 31, 2011 (From April 1, 2010 to March 31, 2011)	Year Ended March 31, 2012 (From April 1, 2011 to March 31, 2012)
Cash flows from operating activities:		
Income before income taxes and minority interests	¥21,612	¥18,520
Depreciation and amortization	8,901	10,370
Loss on sale/disposal of property, plant and equipment	58	106
Increase (decrease) in provisions	1,019	(1,691)
Interest and dividend income	(251)	(450)
Interest expenses	582	651
Foreign exchange loss (gain)	512	(72)
Equity in earnings of affiliates	(438)	(702)
Gain on sale of investments in securities	—	(7)
Loss on write-down of investments in securities	43	13
Amortization of goodwill	22	181
Loss related to the Great East Japan Earthquake	41	—
Decrease (increase) in trade receivables	(17,079)	3,332
Decrease (increase) in inventories	(3,417)	725
Increase (decrease) in trade payables	8,781	(3,863)
Other	807	(1,348)
Subtotal	21,198	25,765
Interest and dividend received	386	603
Interest paid	(530)	(609)
Income taxes refund (paid)	573	(9,255)
Loss related to the Great East Japan Earthquake-paid	(19)	—
Net cash provided by operating activities	21,608	16,504
Cash flows from investing activities:		
Purchase of property, plant and equipment	(6,056)	(13,124)
Proceeds from sale of property, plant and equipment	107	21
Purchase of investments in securities	(15)	(16)
Proceeds from sale of investments in securities	—	12
Increase in loans receivable	(557)	(8)
Collection on loans	222	36
Acquisition of a newly consolidated subsidiary	—	(121)
Payment for a business transfer	—	(1,008)
Proceeds from termination of insurance contracts	—	3,339
Other	(0)	5
Cash flows used in investing activities	(6,299)	(10,863)

	Year Ended March 31, 2011 (From April 1, 2010 to March 31, 2011)	Year Ended March 31, 2012 (From April 1, 2011 to March 31, 2012)
Cash flows from financing activities:		
Proceeds from issuance of bonds	¥20,000	¥10,000
Dividends paid	(2,000)	(2,192)
Dividends paid to minority shareholders	(41)	(701)
Purchase of treasury stocks	(3)	(2)
Proceeds from sale of treasury stocks	0	—
Repayments of lease obligations	(40)	(166)
Net cash provided by financing activities	17,913	6,937
Foreign currency translation adjustments on cash and cash equivalents	(2,385)	(2,164)
Net increase in cash and cash equivalents	30,837	10,414
Cash and cash equivalents, beginning of the year	69,266	100,104
Increase in cash and cash equivalents from a newly consolidated subsidiary	—	270
Cash and cash equivalents, end of the year	100,104	110,788

Segment Information

THK's reportable segments are components of THK group for which respective financial information is separately available. Operating results of each segment is 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 their business activities in a similar way that THK and domestic subsidiaries do in Japan.

Therefore, the reportable segment information consists of the five geographical segments, namely; (1) Japan, (2) The Americas (the United States and other), (3) Europe (Germany, the United Kingdom, Netherlands, and other), (4) China, and (5) Other (Taiwan, Singapore, and other) based on the Group's production/sales structure.

Segment income is computed based on operating income. The reportable segment information is prepared under the same accounting policies as those used in consolidation. Inter-segment sales and transfer are stated at amounts based on their fair market values. All adjustments in the following tables are intersegment elimination on consolidation.

For the year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

	(Millions of Yen)						
	Japan	The Americas	Europe	China	Other	Adjust-ments	Consoli-dated
Sales to customers	¥125,956	¥21,835	¥19,868	¥17,117	¥12,089	¥-	¥196,866
Inter-segment	40,665	113	17	3,056	183	(44,036)	-
Total	166,622	21,948	19,885	20,173	12,273	(44,036)	196,866
Operating income (loss)	16,615	1,182	(283)	2,596	503	(867)	19,745
Assets	286,196	26,119	18,476	38,697	14,279	(95,436)	288,333
Other items							
Depreciation and amortization	6,931	717	541	1,678	241	259	10,370
Amortization of goodwill	45	-	-	-	136	-	181
Investments to affiliates accounted under the equity method	2,176	-	-	-	-	-	2,176
Capital expenditures	5,384	996	111	7,953	1,808	(534)	15,720

(Note 1) All adjustments are intercompany elimination.

(Note 2) As discussed in 5. Accounting Changes (1), effective April 1, 2011, THK changed the valuation method applied to made-to-order work in process to the specific identification method. The effect of changing the valuation method was to decrease operating income in Japan segment by ¥246 million.

(Note 3) As discussed in 5. Accounting Changes (2), effective April 1, 2011, THK and certain domestic subsidiaries changed the depreciation methods of property, plant and equipment (PPE) acquired on or after April 1, 2007 to the methods required under the revised Japanese tax laws (revised in 2007), by operating the new accounting system for management of PPE corresponding to the revised tax laws. The effect of changing the depreciation methods was to decrease operating income in Japan segment by ¥1,124 million.

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)	—
Total	167,294	20,729	16,114	17,298	12,081	(42,857)	190,661
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

(Note) All adjustments are intercompany elimination.

Appointment/resignation of directors

(Scheduled effective date: June 16, 2012)

1、 Directors to be newly nominated

<u>Name</u>	<u>Current position</u>	<u>Scheduled position in the THK Group</u>
Sakae Ito	Manager of the Risk Control Division	Director of THK CO., LTD.
Masaaki Kainosho	President and Representative Director of KAINOSHO Corp.	External Director of THK CO., LTD.

2、 Directors to retire

<u>Name</u>	<u>Current position</u>	<u>Scheduled position in the THK Group after retirement</u>
Masamichi Ishii	Senior Managing Director of THK CO., LTD.	Advisor of THK CO., LTD.
Takeki Shirai	Managing Director of THK CO., LTD.	Advisor of THK CO., LTD.

3、 Directors to be promoted

<u>Name</u>	<u>Current position</u>	<u>Scheduled position in the THK Group</u>
Toshihiro Teramachi	Managing Director of THK CO., LTD.	Executive Vice President of THK CO., LTD.
Hiroshi Imano	Managing Director of THK CO., LTD.	Executive Vice President of THK CO., LTD.

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.