

**FY2003 Interim Consolidated Results**  
**(Six months ended September 30,2003)**

November 19, 2003

This is summarized and translated information that the Company posted to the Tokyo Stock Exchange in accordance with their rules that governs the disclosure of financial information.

The Company maintains an internet website at [www.thk.co.jp](http://www.thk.co.jp). The Company makes available free of charge on the website its financial information in Japanese language. Those information translated in English language will be disclosed as soon as reasonably practicable after disclosing materials in Japanese language.

**Company Name: THK Co., Ltd. (TSE:6481)**

**URL: <http://www.thk.co.jp/>**

**Head Office: Tokyo, Japan (Tel:+81-03-5434-0300)**

**President and CEO: Akihiro Teramachi**

**Director/General Manager of Corporate Strategy Department: Kotaro Yoshihara**

**Date of the board meeting: November 19,2003**

**Adoption of U.S. GAAP : No**

**Consolidated Financial Highlights (Unaudited)**

	(Millions of yen, except earnings per share date)				
	Six months ended September 30				Fiscal 2002, ended
	2002		2003		March 31, 2003
	Yen	Changes	Yen	Changes	Yen
Net sales	45,308	(11.8)%	55,924	23.4%	94,599
Operating income	1,754	(55.2)%	6,447	267.5%	4,893
Ordinary income	1,508	(63.5)%	6,088	303.6%	4,827
Net income	253	(86.3)%	2,977	1,074.3%	1,891
Total assets	181,289		177,956		193,197
Total shareholders' equity	101,210		105,299		102,478
Total shareholders' equity/total assets	55.8%		59.2%		53.0%
Earnings per share (yen)					
Net income-basic	2.13		25.19		15.65
Net income-diluted			21.98		15.12
Shareholders' equity	850.60		892.26		860.80
Net cash provided by operating activities	9,679		5,995		16,012
Net cash provided by (used in) investing activities	(1,941)		(2,651)		(3,909)
Net cash provided by (used in) financing activities	(2,335)		(25,911)		5,423
Cash and cash equivalents at the end of the period	60,191		50,129		72,533

**Notes to the Financial Information:**

1. Change of accounting policy: None
2. Equity in earnings of affiliates:  
FY2003 first half: 40 million yen, FY2002 first half: (56) million yen, FY2002: (12) million yen
3. Net average number of shares issued and outstanding during the term (consolidated)  
FY2003 first half: 118,223,451 shares, FY2002 first half: 118,987,560 shares, FY2002: 118,990,147 shares
4. Regarding net sales, operating income, ordinary income and net income, percent indications show percentage changes from the same period of the previous year.
5. Net number of shares issued and outstanding at the end of the fiscal year (consolidated)  
FY2003 first half: 118,013,568 shares, FY2002 first half: 118,986,110 shares, FY2002: 119,015,253 shares.

- 6. Scope of consolidation and equity method
  - The number of consolidated subsidiaries: 14
  - The number of unconsolidated subsidiaries accounted for by equity method: 0
  - The number of affiliates accounted for by equity method: 2
- 7. Changes in scope of consolidation and equity method of accounting
  - The number of newly consolidated subsidiaries: 1
  - The number of consolidated subsidiaries excluded from consolidation: 0
  - The number of affiliates newly accounted for by equity method: 1
  - The number of affiliates excluded from the equity method of accounting: 0
- 8. The Financial statements are unaudited.

Projections of Consolidated Results for the Fiscal Year ending March 31, 2004

(Millions of yen, except earnings per share date)  
Year ending March 31, 2004

Net sales	116,000
Operating income	14,400
Ordinary income	13,700
Net income	7,100
Net income per share (yen)	59.85

\*Forward-Looking Statements:

This release contains forward-looking statements that are based on management's estimates, assumptions and projections at the time of release. Some factors, which include, but are not limited to, the risks and uncertainty associated with the worldwide economy, competitive activity and currency fluctuation, could cause actual results to differ materially from expectations.

## Interim Consolidated Balance Sheets

As of September 30, 2003 and 2002, and March 31, 2003

(Unit / Millions of yen, %)

	September 30, 2002		September 30, 2003		March 31, 2003	
<b>Assets</b>						
Current assets:						
Cash on hand and in banks	54,414		50,082		66,459	
Notes and accounts receivable-trade	31,261		40,389		35,063	
Short-term investment in securities	6,844		77		7,003	
Inventories	25,029		23,415		23,747	
Deferred tax assets	1,936		2,578		2,248	
Short-term loans	234		205		260	
Other	1,781		1,734		1,213	
Less: Allowance for doubtful accounts	(440)		(362)		(383)	
<b>Total current assets</b>	<b>121,063</b>	<b>66.8</b>	<b>118,119</b>	<b>66.4</b>	<b>135,613</b>	<b>70.2</b>
Fixed assets:						
Tangible fixed assets:						
Buildings and structures	43,185	23.8	43,113	24.2	42,390	21.9
Machinery, equipment and vehicles	14,546		15,388		14,152	
Land	16,265		14,660		15,292	
Construction in process	10,240		10,218		10,258	
Other	688		1,350		1,303	
Other	1,444		1,496		1,384	
Intangible fixed assets	2,217	1.2	1,715	1.0	1,925	1.0
Investments and others:	14,814	8.2	15,008	8.4	13,266	6.9
Investment in securities	9,682		8,379		8,511	
Deferred tax assets	2,379		1,666		2,134	
Other	3,420		5,402		3,097	
Less: Allowance for doubtful accounts	(667)		(440)		(476)	
<b>Total fixed assets</b>	<b>60,217</b>	<b>33.2</b>	<b>59,837</b>	<b>33.6</b>	<b>57,583</b>	<b>29.8</b>
Deferred assets:						
Bond discounts and premiums	8		-		0	
<b>Total deferred assets</b>	<b>8</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
<b>Total assets</b>	<b>181,289</b>	<b>100.0</b>	<b>177,956</b>	<b>100.0</b>	<b>193,197</b>	<b>100.0</b>

## Interim Consolidated Balance Sheets

As of September 30, 2003 and 2002, and March 31, 2003

(Unit / Millions of yen, %)

	September 30, 2002		September 30, 2003		March 31, 2003	
<b>Liabilities</b>						
Current liabilities:						
Notes and Accounts payable-trade	16,011		20,206		16,960	
Short-term debt	7,694		99		3,305	
Current portion of long-term debt	2,870		243		2,406	
Current portion of bonds	11,000		-		3,443	
Current portion of convertible bonds	13,905		-		13,905	
Corporate income taxes payable and other	839		3,074		1,668	
Accrued bonus	1,147		1,298		1,243	
Other	5,034		6,251		5,216	
<b>Total current liabilities</b>	<b>58,502</b>	<b>32.3</b>	<b>31,174</b>	<b>17.5</b>	<b>48,149</b>	<b>24.9</b>
Long-term liabilities:						
Bonds	15,441		15,000		15,000	
Bonds with stock acquisition rights	-		23,000		23,000	
Long-term debt	2,911		-		1,192	
Allowance for retirement and severance benefits	1,408		1,507		1,483	
Allowance for directors' and auditors' retirement benefits	1,163		1,254		1,193	
Other	317		395		389	
<b>Total long-term liabilities</b>	<b>21,242</b>	<b>11.7</b>	<b>41,158</b>	<b>23.1</b>	<b>42,259</b>	<b>21.9</b>
<b>Total liabilities</b>	<b>79,745</b>	<b>44.0</b>	<b>72,333</b>	<b>40.6</b>	<b>90,409</b>	<b>46.8</b>
<b>Minority interest</b>	<b>333</b>	<b>0.2</b>	<b>324</b>	<b>0.2</b>	<b>309</b>	<b>0.2</b>
<b>Shareholders' equity</b>						
Common stock	23,106	12.7	23,106	12.9	23,106	12.0
Capital surplus	30,962	17.0	30,962	17.4	30,962	16.0
Earned surplus	47,943	26.4	51,118	28.7	48,686	25.2
Unrealized gains/losses on other securities	(121)	(0.0)	333	0.2	(355)	(0.2)
Foreign currency translation adjustments	(111)	(0.0)	1,550	0.9	481	0.2
Treasury stock	(568)	(0.3)	(1,771)	(0.9)	(403)	(0.2)
<b>Total shareholders' equity</b>	<b>101,210</b>	<b>55.8</b>	<b>105,299</b>	<b>59.2</b>	<b>102,478</b>	<b>53.0</b>
<b>Total liabilities, minority interest &amp; shareholders' equity</b>	<b>181,289</b>	<b>100.0</b>	<b>177,956</b>	<b>100.0</b>	<b>193,197</b>	<b>100.0</b>

## Interim Consolidated Statements of Income

For Six Months to September 30, 2003 and 2002, and Years Ended March 31, 2003

(Unit / Millions of yen, %)

	September 30, 2002		September 30, 2003		March 31, 2003	
Net sales	45,308	100.0	55,924	100.0	94,599	100.0
Cost of sales	31,814	70.2	37,443	67.0	66,646	70.5
Gross profit	13,493	29.8	18,481	33.0	27,953	29.5
Selling, general and administrative expenses	11,739	25.9	12,033	21.5	23,060	24.3
Operating income	1,754	3.9	6,447	11.5	4,893	5.2
Non-operating income	520	1.1	424	0.7	1,226	1.3
Interest income	64		61		169	
Dividend income	34		14		49	
Foreign exchange gain	-		-		351	
Equity earnings of unconsolidated subsidiaries and affiliates	-		40		-	
Rental income	72		78		148	
Other	349		229		507	
Non-operating expenses	766	1.7	783	1.4	1,291	1.4
Interest expenses	474		283		888	
Bond expense	-		-		95	
Foreign exchange loss	45		294		-	
Equity fluctuation loss	56		-		12	
Other	190		206		295	
Ordinary income	1,508	3.3	6,088	10.8	4,827	5.1
Extraordinary profit	6	0.0	45	0.1	56	0.0
Gain on sales of property and equipment	6		4		56	
Gain on sales of investment in securities	-		35		-	
Reversal of allowance for doubtful accounts	-		5		-	
Extraordinary loss	97	0.2	254	0.4	1,287	1.3
Loss on sales/disposal of property and equipment	13		137		459	
Loss on write-down of investment in securities	83		99		510	
Equity in losses of affiliated companies	-		-		318	
Other	-		17		-	
Income before income taxes and minority interests	1,417	3.1	5,879	10.5	3,596	3.8
Income taxes-current	674		3,132		1,179	
Adjustment of corporate income taxes and other	520		(244)		593	
Minority interests in income(loss) of consolidated subsidiaries	(30)	(0.0)	14	0.0	(68)	(0.0)
Net income	253	0.5	2,977	5.3	1,891	2.0

### **Interim Consolidated Statements of Retained Earnings**

For Six Months to September 30, 2003 and 2002, and Year Ended March 31, 2003

(Unit / Millions of yen)

	<b>September 30, 2002</b>	<b>September 30, 2003</b>	<b>March 31, 2003</b>
Capital surplus :			
Balance at beginning of period	30,962	30,962	30,962
Balance at end of the interim period (end of period)	30,962	30,962	30,962
Retained earnings :			
Balance at beginning of period	48,585	48,686	48,585
Increase in retained earnings	253	3,356	1,891
Net income	253	2,977	1,891
Increase due to recognition of goodwill amortization arising on applying equity method to an investment in affiliate	-	378	-
Decrease in retained earnings	895	925	1,790
Cash dividends paid	895	895	1,790
Bonuses paid to directors and corporate auditors	-	30	-
Balance at end of interim period (end of period)	47,943	51,118	48,686

## Interim Consolidated Statements of Cash Flows

For Six Months to September 30, 2003 and 2002, and Year Ended March 31, 2003

(Unit / Millions of yen)

	September 30, 2002	September 30, 2003	March 31, 2003
<b>1. Cash Flows from operating activities:</b>			
Income before income taxes and minority interests	1,417	5,879	3,596
Depreciation and amortization expenses	2,997	2,646	6,163
Loss on sales or disposals of property, plant assets and equipment, net	7	132	402
(Increase)/Decrease in allowance for doubtful accounts	(331)	66	(390)
Interest and dividend income	(98)	(75)	(218)
Interest expenses	474	283	888
Foreign exchange gain (loss)	(55)	21	(140)
Equity earnings of unconsolidated subsidiaries and affiliates	56	(40)	12
(Increase)/Decrease in accounts and notes receivables	(6,596)	(5,058)	(10,253)
(Increase)/Decrease in inventories	886	710	2,502
Increase/(Decrease) in accounts and notes payable	5,530	2,920	5,220
Other	478	455	3,388
Subtotal	4,766	7,942	11,170
Interest income and dividend income received	113	118	220
Interest expenses paid	(459)	(337)	(902)
Income taxes paid	5,258	(1,727)	5,524
<b>Net cash provided by operating activities</b>	9,679	5,995	16,012
<b>2. Cash Flows from investing activities:</b>			
Increase in time deposits due over three months	328	-	468
Payments for purchases of short-term investments in securities	(1,199)	-	(1,199)
Proceeds from sales of short-term investments in securities	1,301	919	1,328
Payments for purchases of property, plants and equipment	(2,578)	(2,500)	(4,759)
Proceeds from sales of property, plants and equipment	160	61	148
Payments for purchases of investment in securities	(4)	(293)	(9)
Proceeds from sales of investment in securities	5	244	103
Increase in short-term loans	-	(1,180)	(335)
Collection of short-term loans receivable	45	98	345
<b>Net cash provided by (used in) investing activities</b>	(1,941)	(2,651)	(3,909)
<b>3. Cash Flows from financing activities:</b>			
Increase/(Decrease) in short-term debt	1,169	(3,210)	(2,887)
Repayment of long-term debt	(2,603)	(3,354)	(4,786)
Proceeds from issuance of bonds	-	-	22,904
Redemption of bonds	-	(17,344)	(8,000)
Cash dividends paid	(895)	(895)	(1,790)
Other	(6)	(1,106)	(17)
<b>Net cash provided by (used in) financing activities</b>	(2,335)	(25,911)	5,423
<b>4. Effect of exchange-rate change on cash and cash equivalents</b>	(218)	162	0
<b>5. Net increase in cash and cash equivalents</b>	5,184	(22,404)	17,526
<b>6. Cash and cash equivalents at the beginning of the period</b>	55,007	72,533	55,007
<b>7. Cash and cash equivalents at the end of the period</b>	60,191	50,129	72,533

## **Basis for Consolidated Financial Statements**

### **1. Scope of Consolidation**

**(1) The consolidated subsidiaries: 14**

Talk System Co., Ltd., Beldex Corporation, THK Yasuda Co., Ltd., THK Holdings of America, L.L.C., THK America, Inc., THK Manufacturing of America, Inc., THK Neturen America, L.L.C., THK Europe B.V., THK GmbH, THK Manufacturing of Europe S.A.S., THK FRANCE S.A.S., PGM Ballscrews Ltd., PGM Ballscrews Ireland Ltd., and THK TAIWAN CO., LTD. ( THK and these consolidated subsidiaries as the “Companies” )

Note: THK FRANCE S.A.S. has been consolidated with the Companies since this interim reporting period ended September 30, 2003.

**(2) The main non-consolidated subsidiary: Nihon Slide Kogyo Co., Ltd.**

**(3) The reason excluding from consolidation:**

The non-consolidated subsidiaries are small in size, meaning that these accounts have not been consolidated with the Company since the consolidated assets, net sales, net income / loss ( amount reflecting equity ) and retained earnings ( amount reflecting equity ) of these companies, in the aggregate, are not significant in relation to those of the Companies.

### **2. Scope of Equity Method**

**(1) The affiliates applied by the equity method: 2**

**Daito Seiki Co., Ltd.,  
SAMICK LMS CO., LTD.**

The investment in SAMICK LMS CO.,LTD. has been accounted for under the equity method effective this interim reporting period ended September 30, 2003.

**(2) The major investments in non-consolidated subsidiaries and affiliates excluded from applying the equity method**

The major non-consolidated subsidiary: Nihon Slide Kogyo Co., Ltd.

**(3) The reason excluding from the equity method**

The accounts of the company listed above and remaining affiliates and subsidiaries are not accounted for equity method in the consolidated financial statements since the accounts of these companies do not have material effects in the consolidated financial statements.



### 3. Information about the balance sheet date of consolidated subsidiaries

The balance sheet date for the following subsidiaries is as of June 30,2003.

THK Holdings of America, L.L.C., THK America, Inc.,  
 THK Manufacturing of America, Inc., THK Neturen America, L.L.C.,  
 THK Europe B.V., THK GmbH, THK Manufacturing of Europe S.A.S.,  
 THK FRANCE S.A.S., PGM Ballscrews Ltd., PGM Ballscrews Ireland Ltd.  
 and THK TAIWAN CO., LTD.

All significant inter-company transactions, account balances and others conducted between the balance sheet dates June30, 2003 and September 30, 2003, have been properly eliminated and adjusted in order to prepare consolidated financial statements.

### 4. Summary of Significant Accounting Policies

#### (1) Evaluation of significant assets

##### 1. Investment in securities

Other securities with market prices available:

Other securities, for which market prices are available, are stated at fair value. Net unrealized gains/losses on these securities are reported as a separate item in the shareholders' equity. Cost of securities is computed using the moving average.

Other securities with market prices unavailable:

Other securities, for which market prices are unavailable, are stated at cost by using the moving average.

##### 2. Inventories

Company Name	Evaluation of inventories	Stated at
THK Co.,Ltd.	Weighted average cost	Cost basis
Talk System Co., Ltd.	Weighted average cost	Cost basis
Beldex Corporation	Actual cost	Cost basis
THK Yasuda Co., Ltd.	Weighted average cost	Cost basis
THK America, Inc.	First-in first-out	Lower of cost or market
THK Manufacturing of America, Inc.	First-in first-out	Lower of cost or market
THK Neturen America L.L.C.	First-in first-out	Lower of cost or market
THK Europe B.V.	Moving average	Lower of cost or market
THK Manufacturing of Europe S.A.S.	Weighted average cost	Cost basis
THK FRANCE S.A.S.	Moving average	Lower of cost or market
THK GmbH	Moving average	Lower of cost or market
PGM Ballscrews Ltd.	First-in first-out	Lower of cost or market
PGM Ballscrews Ireland Ltd.	First-in first-out	Lower of cost or market
THK TAIWAN CO., LTD	Moving average	Lower of cost or market

**(2) Depreciation and amortization of significant assets**

**1. Tangible fixed assets**

For the Company and its domestic subsidiaries in the scope of consolidation, depreciation is computed using the declining-balance method at the rate based on the estimated useful lives of assets. For its overseas subsidiaries, depreciation is computed using the straight-line and accelerated methods in accordance with their local accounting standards and regulations.

The Company and its domestic subsidiaries utilize the straight-line method to compute depreciation for buildings, excluding fixtures to buildings, acquired on and after April 1, 1998.

The useful lives of major properties are as follows:

Buildings and structures	5-50 years
Machinery, equipment and vehicles	4-10 years

**2. Intangible fixed assets**

The amortization of intangible assets is computed using the straight-line method. Software costs for internal use are amortized over their estimated useful lives, less than 5 years, on a straight-line basis. For its overseas subsidiaries, depreciation is computed with respective accounting standards and regulations.

**(3) Deferred charges**

Bond discounts and premiums are amortized over the outstanding period using straight-line method.

**(4) Leases**

Leases that transfer substantially all the risks and rewards of ownership of the assets are accounted for as capital leases except that the leases that do not transfer ownership of assets at the end of term are accounted for operating leases.

**(5) Basis for recognizing significant allowances**

1. Allowance for doubtful accounts:

The Company and its domestic subsidiaries recognize allowance for doubtful accounts for general accounts and notes receivables, in amounts considered to be appropriate, based primarily upon the Companies' past credit losses in each receivable outstanding. For receivables which are deemed to be uncollectible with a high possibility, estimated amount will be recognized after considering the collectivity of receivables respectively.

2. Accrual for bonus:

The Company recognized an allowance (accrual) for bonus payment for employees. For the interim period, the company recognizes the portion that is allocated to reporting period upon the estimates provided by the Company.

3. Allowance for retirement and severance benefits:

The Company (and certain overseas subsidiaries) recognize an allowance for employees retirement benefits, the portion that is allocated to this interim reporting period based upon the projected future benefit obligations and fair value of pension assets as at the end of this interim reporting period. The unrecognized actuarial differences are amortized using straight-line method over the period of 10 years from the next year in which they arise.

4. Allowance for directors' and auditors' retirement benefits:

The Company record a allowance for directors' and statutory auditors' retirement benefits equivalent to the liability the Company would have to pay (if all eligible directors and statutory auditors resigned at the end of the interim reporting period) in accordance with internal rules that governs the operation of this retirement benefits plans.

## **(6) Hedge accounting**

### 1. Method of hedge accounting:

Fair value presentation for interest-rate-swap needed at the end of this interim period has been omitted since the swap agreements qualified the condition for hedge accounting in accordance with the related Japanese accounting standards.

Currency-swap transactions qualified the conditions for hedge accounting, and those are treated as assignment treatment.

### 2. Means of hedging and hedged items

Interest-rate-swap: hedging interest fluctuating on borrowing.

Currency swap: Money claims denominated in foreign currency.

### 3. Policy for hedge transactions:

The company utilizes these instruments in order to reduce interest rate and foreign exchange rate risks.

### 4. Method of evaluating hedge effectiveness:

In terms of interest, the evaluation of hedge effectiveness is omitted, since hedge accounting applies only to those interest-rate-swaps agreements that meet the conditions for exceptional treatment.

In terms of currency, the evaluation of hedge effectiveness is omitted, since hedge accounting applies only to those currency-swaps that are the same in significant conditions regarding the transaction and the assets covered by hedge, and assume in advance to offset market price fluctuations and cash-flow changes during hedge transactions.

## **(7) Other significant items**

The consumption tax withheld upon sales and paid upon purchase of goods or services are not included in either of net sales, expenses or costs.

## **5. *Scope of Funds on Statements of Interim Consolidated Cash Flows***

Cash and cash equivalents in the consolidated cash flow statements are composed of cash on hand, bank deposits that can be with drawn on demand and short-term investments with original maturity of three months or less and which represent a minor risk of fluctuations in value.

## Notes

### [Consolidated Balance Sheets]

	FY2002 interim	FY2003 interim	(Millions of yen) FY2002
1. Depreciation and amortization of Tangible fixed assets	63,678	66,136	64,012
2. Discounts on notes receivable	13	-	-
3. Liabilities for guarantee	375	300	302

### [Consolidated Statements of Cash Flows]

1. The connection between cash and cash equivalents at end of the period and accounts of consolidated balance sheets

	FY 2002 interim	FY2003 interim	(Millions of yen) FY2002
Cash on hand and in banks	54,414	50,082	66,459
Short-term investments in securities	6,844	77	7,003
<b>Total</b>	<b>61,259</b>	<b>50,159</b>	<b>73,463</b>
Time deposits (due over three months)	(168)	(30)	(30)
Short-term investments in securities, except MMF	(899)	-	(899)
<b>Cash and cash equivalents</b>	<b>60,191</b>	<b>50,129</b>	<b>72,533</b>

**[Lease Transactions]**

1. Finance lease transaction that do not transfer ownership of the leased property to the lessee on an “as if capitalized” basis is as follows:

(1) Acquisition costs, accumulated depreciation and net leased property at interim of period ( fiscal year )

	(Millions of yen)		
	FY 2002 interim	FY2003 interim	FY2002
	Machinery and equipment	Machinery and equipment	Machinery and equipment
Acquisition costs	62	54	54
Accumulated depreciation	45	46	42
Net leased property	16	7	11
	Other (Tangible assets)	Other (Tangible assets)	Other (Tangible assets)
Acquisition costs	3,016	2,936	2,901
Accumulated depreciation	1,614	1,159	932
Net leased property	1,402	1,776	1,969
	Intangible fix assets	Intangible Fix assets	Intangible fix assets
Acquisition costs	71	71	71
Accumulated amortization	26	40	33
Net leased property	45	30	38
	Total	Total	Total
Acquisition costs	3,150	3,062	3,027
Accumulated depreciation	1,686	1,246	1,009
Net leased property	1,463	1,815	2,018

Note: The amounts of acquisition cost are computed by interest payment method since the balance of future minimum lease payment is small portion of tangible fixed assets .

(2) Future minimum lease payments under finance leases

	(Millions of yen)		
	FY 2002 interim	FY2003 interim	FY2002
Due within one year	586	605	607
Due after one year	876	1,210	1,411
Total	1,463	1,815	2,018

Note: The amounts equivalent to future minimum lease payments under finance leases are computed by interest payment method since the balance of future minimum lease payment is small portion of tangible fixed assets.

(3) Lease payments and implied depreciation

	FY 2002 Interim	FY2003 interim	(Millions of yen) FY2002
Lease payments	341	310	666
Depreciation	341	310	666

(4) Depreciation

Depreciation is computed by using straight-line method.

2. Transactions of operating leases

Future minimum lease payments under operating leases

	FY 2002 interim	FY2003 interim	(Millions of yen) FY2002
Due within one year	580	759	710
Due after one year	1,915	1,756	1,839
Total	2,495	2,516	2,549

## [Segmented Information]

### (1) Segmented Information by Operating Segments

As the net sales and operating income of the machinery parts segment are over 90% of total sales and total operating income of the Companies, general information about its operating segments information is not required to be disclosed.

### (2) Segmented Information by Geographical Areas

Net sales, operating expenses, and operating income of the Companies for the six months ended September 30, 2002 and September 30, 2003 were summarized as follows:

Six months ended September 30, 2002

(Millions of yen)

	Japan	Americas	Europe	Asia and other	Total	Elimination	Consolidated
Net sales:							
Customers	33,805	5,176	5,490	835	45,308	-	45,308
Inter-segment	5,476	98	29	-	5,604	(5,604)	-
Total	39,281	5,275	5,520	835	50,912	(5,604)	45,308
Operating expenses	36,543	5,906	6,323	801	49,575	(6,021)	43,554
Operating income/(loss)	2,737	(630)	(803)	33	1,337	417	1,754

Six months ended September 30, 2003

(Millions of yen)

	Japan	Americas	Europe	Asia and other	Total	Elimination	Consolidated
Net sales:							
Customers	43,107	5,021	6,632	1,163	55,924	-	55,924
Inter-segment	5,976	31	63	-	6,071	(6,071)	-
Total	49,084	5,052	6,695	1,163	61,996	(6,071)	55,924
Operating expenses	42,124	5,129	7,081	1,128	55,463	(5,986)	49,476
Operating income/(loss)	6,959	(76)	(385)	34	6,532	(85)	6,447



Year ended March 31, 2003

(Millions of yen)

	Japan	Americas	Europe	Asia and other	Total	Elimination	Consolidated
Net sales :							
Customers	71,059	10,732	10,981	1,825	94,599	-	94,599
Inter-segment	12,193	147	97	-	12,439	(12,439)	-
Total	83,253	10,880	11,079	1,825	107,039	(12,439)	94,599
Operating expenses	76,434	11,502	12,848	1,758	102,543	(12,836)	89,706
Operating income	6,819	(622)	(1,768)	67	4,495	397	4,893

Note:

1. Classification of countries and areas determined in accordance with the degree of geographical proximity.
2. Major countries and areas in each category are summarized as follows:
  - (1) Americas-----United States
  - (2) Europe-----Germany, United Kingdom, the Netherlands
  - (3) Asia and other---Taiwan

(3) Export Sales and Sales by Overseas Subsidiaries

Overseas sales of the Companies, meaning that the amounts of exports made by the Company and the sales made by the overseas consolidated subsidiaries, for the 6 months ended September 30, 2002 and September 30, 2003 are summarized in the following tables:

	Millions of yen			
	The half-year ended September 30, 2002 (FY2002)			
	America	Europe	Asia and Other	Total
Overseas sales	5,191	5,485	3,725	14,401
Consolidated net sales				45,308
Overseas sales as a percentage of consolidated net sales	11.5 %	12.1 %	8.2 %	31.8 %

	Millions of yen			
	The half-year ended September 30, 2003 (FY2003)			
	America	Europe	Asia and Other	Total
Overseas sales	5,073	6,630	4,857	16,562
Consolidated net sales				55,924
Overseas sales as a percentage of consolidated net sales	9.1 %	11.8 %	8.7 %	29.6 %

	Millions of yen			
	The year ended March 31, 2003 (FY2002)			
	America	Europe	Asia and Other	Total
Overseas sales	10,775	10,780	7,764	29,319
Consolidated net sales				94,599
Overseas sales as a percentage of consolidated net sales	11.4 %	11.4 %	8.2 %	31.0 %

Note:

1. Classification of countries and areas are determined in accordance with the degree of geographical proximity.
2. Major countries and areas in each category are summarized as follows:
  - (1) Americas-----United States
  - (2) Europe-----Germany, United Kingdom, the Netherlands
  - (3) Asia and other-----South Korea, Taiwan

**[Investments in securities]**

1. As of September 30, 2002 and 2003, and March 31, 2003 market value available in other investment securities is as follows:

	Millions of yen		
	As of September 30, 2002		
	Acquisition cost	Carried amount	gain (loss)
Other securities			
Equities	3,026	2,757	(269)
Others	15	20	4
Total	3,041	2,777	(264)

	Millions of yen		
	As of September 30, 2003		
	Acquisition cost	Carried amount	gain (loss)
Other securities			
Equities	2,399	2,750	351
Others	15	18	2
Total	2,414	2,769	354

	Millions of yen		
	As of March 31, 2003		
	Acquisition cost	Carried amount	gain (loss)
Other securities			
Equities	2,604	2,148	(456)
Others	15	20	4
Total	2,620	2,169	(451)

Note:

Beside the above listed securities, the Company recognizes unrealized gains/(losses) on investments in fund portfolio (*toshi-jigyo kumiai*) as follows: 1H/2002 (34) million yen, FY2002 (24) million yen and 26 million yen in this interim period. These figures are reported as a separate item in shareholders' equity and net of tax effect.

In case where the fair value of equity securities has declined 50% or greater of the acquisition cost and the impairment deemed to be not temporary, these securities are written down to the fair value and the resulting losses are included in income statements.

In the case where the fair value of equity securities has declined to 30-50% of the acquisition cost, the Company will conduct an "impairment test" that factors each investment comparing acquisition costs with the recent financial condition and performance over the last two years and the market average price at the end of the month over last 24 months.

The Company recorded charges of unrealized losses on other securities of 83 million yen in 1H/2002, and 510 million yen in FY2002.

2. Market value not available in investment securities is as follows:

(Millions of yen)

	As of September 30, 2002	As of September 30, 2003	As of March 31, 2003
	Carried amount	Carried amount	Carried amount
Other investment in securities			
Money management funds	2,507	-	2,507
Free financial funds	3,309	-	3,309
Discount financial bonds	899	-	899
Unlisted equities (ex. OTC equities)	175	175	175
Unlisted foreign bonds	1,500	1,500	1,500
Unlisted foreign equities	131	77	286

(Contingency Events)

None

**FY2003 Interim Non-Consolidated Results**  
**(Six months ended September 30,2003)**

November 19, 2003

This is summarized and translated financial information that the Company posted to the Tokyo Stock Exchange in accordance with their rules that governs the disclosure of financial information.

The Company maintains an internet website at [www.thk.co.jp](http://www.thk.co.jp). The Company makes available free of charge on the website its financial information in Japanese language. Those information translated in English language will be disclosed as soon as reasonably practicable after disclosing materials in Japanese language.

**Company Name: THK Co., Ltd. (TSE:6481)**

**URL: <http://www.thk.co.jp/>**

**Head Office: Tokyo, Japan (Tel:+81-03-5434-0300)**

**President and CEO: Akihiro Teramachi**

**Director/General Manager of Corporate Strategy Department: Kotaro Yoshihara**

**Date of the board meeting: November 19,2003**

**Date of interim dividend: conducted on December 8,2003**

**Number of trading lot: 100 shares**

**Non-Consolidated Financial Highlights (Unaudited)**

(Millions of yen, except earnings per share date)

	Six months ended September 30				Fiscal 2002, ended March 31, 2003
	2002		2003		
	Yen	Changes	Yen	Changes	Yen
Net sales	35,724	(7.7)%	44,895	25.7%	75,921
Operating income	2,716	(10.7)%	6,938	155.5%	6,757
Ordinary income	2,796	(7.3)%	6,833	144.4%	7,291
Net income	1,522	16.1%	3,801	149.7%	4,277
Total assets	169,636		167,630		183,196
Total shareholders' equity	97,151		101,127		98,894
Shareholders' equity/total assets	57.3%		60.3%		54.0%
Earnings per share (yen)					
Net income-basic	12.75		32.06		35.59
Cash dividends	7.50		7.50		15.00
Shareholder's equity	813.95		854.48		828.36

**Notes to the Financial Information:**

1. Change of accounting policy: None
2. Net average number of shares issued and outstanding during the term (non-consolidated)  
FY2003 first half: 118,558,752 shares, FY2002 first half: 119,359,860 shares, FY2002: 119,356,771 shares
3. Regarding net sales, operating income, ordinary income and net income, percent indications show percentage changes from the same period of the previous year.
4. Net number of shares issued and outstanding at the end of fiscal year (non-consolidated)  
FY2003 first half: 118,348,869 shares, FY2002 first half: 119,358,410 shares, FY2002: 119,350,553 shares
5. The number of treasury stock at the end of the fiscal year  
FY2003 first half: 1,014,149 shares, FY2002 first half: 4,608 shares, FY2002: 12,465 shares
6. The Financial statements are unaudited.

Projections of Non-Consolidated Results for Fiscal Year ending March 31, 2004

(Millions of yen, except earnings per share date)  
Year ending March 31, 2004

Net sales	95,000
Operating income	15,500
Ordinary income	15,000
Net income	8,300
Net income per share (yen)	69.81

**\*Forward-Looking Statements**

This release contains forward-looking statements that are based on management's estimates, assumptions and projections at the time of release. Some factors, which include, but are not limited to, the risks and uncertainty associated with the worldwide economy, competitive activity and currency fluctuation, could cause actual results to differ materially from expectations.

## *Interim Non- Consolidated Balance Sheets*

As of September 30, 2003 and 2002, and March 31, 2003

(Unit / Millions of yen, %)

	September 30, 2002		September 30, 2003		March 31, 2003	
<b>Assets</b>						
Current assets:						
Cash on hand and in banks	47,305		43,386		58,726	
Notes receivable-trade	12,263		15,297		13,698	
Accounts receivable-trade	16,639		21,613		20,043	
Short-term investment in securities	6,716		-		6,716	
Inventories	15,988		13,749		14,204	
Deferred tax assets	715		1,327		1,092	
Short-term loans	2,567		6,840		4,279	
Other	721		1,104		435	
Less: Allowance for doubtful accounts	(209)		(131)		(157)	
<b>Total current assets</b>	<b>102,708</b>	<b>60.6</b>	<b>103,188</b>	<b>61.6</b>	<b>119,040</b>	<b>65.0</b>
Fixed assets:						
Tangible fixed assets:	32,207	19.0	30,652	18.2	30,969	16.9
Buildings and structures	9,459		8,836		9,081	
Machinery and equipment	12,046		10,834		11,156	
Land	9,169		9,104		9,169	
Other	1,531		1,876		1,562	
Intangible fixed assets	2,118	1.2	1,603	1.0	1,826	1.0
Investments and others:	32,593	19.2	32,186	19.2	31,359	17.1
Investment in securities	4,402		4,389		3,807	
Investment in share of subsidiaries	12,401		12,058		13,061	
Investment in subsidiaries	5,506		6,720		5,506	
Deferred tax assets	2,258		1,626		2,028	
Other	8,610		7,789		7,351	
Less: Allowance for doubtful accounts	(586)		(397)		(397)	
<b>Total fixed assets</b>	<b>66,919</b>	<b>39.4</b>	<b>64,442</b>	<b>38.4</b>	<b>64,155</b>	<b>35.0</b>
Deferred assets:						
Bond discounts and premiums	8		-		0	
<b>Total deferred assets</b>	<b>8</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
<b>Total assets</b>	<b>169,636</b>	<b>100.0</b>	<b>167,630</b>	<b>100.0</b>	<b>183,196</b>	<b>100.0</b>



## Interim Non- Consolidated Balance Sheets

As of September 30, 2003 and 2002, and March 31, 2003

(Unit / Millions of yen, %)

	September 30, 2002		September 30, 2003		March 31, 2003	
<b>Liabilities</b>						
Current liabilities:						
Notes payable-trade	4,135		4,205		3,922	
Accounts payable-trade	9,934		12,490		11,202	
Short-term debt	5,000		-		1,605	
Current portion of long-term debt	2,826		-		2,163	
Current portion of bonds	11,000		-		3,000	
Current portion of convertible bonds	13,905		-		13,905	
Accounts payable-other	559		1,035		639	
Accrued expenses	2,709		3,149		2,808	
Corporate income taxes payable and other	786		3,006		1,591	
Accrued bonus	1,070		1,219		1,125	
Accounts payable-equipment and other	258		376		461	
Other	246		405		225	
<b>Total current liabilities</b>	<b>52,432</b>	<b>30.9</b>	<b>25,888</b>	<b>15.5</b>	<b>42,649</b>	<b>23.3</b>
Long-term liabilities:						
Bonds	15,000		15,000		15,000	
Bonds with stock acquisition rights	-		23,000		23,000	
Long-term debt	2,667		-		1,170	
Allowance for retirement and severance benefits	1,208		1,355		1,279	
Allowance for directors' and auditors' retirement benefits	1,163		1,254		1,193	
Other	12		4		8	
<b>Total long-term liabilities</b>	<b>20,052</b>	<b>11.8</b>	<b>40,615</b>	<b>24.2</b>	<b>41,651</b>	<b>22.7</b>
<b>Total liabilities</b>	<b>72,484</b>	<b>42.7</b>	<b>66,503</b>	<b>39.7</b>	<b>84,301</b>	<b>46.0</b>
<b>Shareholders' equity</b>						
Common stock	23,106	13.6	23,106	13.8	23,106	12.6
Capital surplus	30,962	18.3	30,962	18.5	30,962	16.9
Additional paid-in capital	30,962		30,962		30,962	
Earned surplus	43,226	25.5	47,963	28.6	45,086	24.6
Earned reserve	1,958		1,958		1,958	
Voluntary reserve	37,426		40,523		37,426	
Unappropriate retained earnings	3,841		5,480		5,701	
Valuation adjustment for marketable securities	(133)	(0.1)	223	0.1	(239)	(0.1)
Treasury stock	(10)	(0.0)	(1,127)	(0.7)	(20)	(0.0)
<b>Total shareholders' equity</b>	<b>97,151</b>	<b>57.3</b>	<b>101,127</b>	<b>60.3</b>	<b>98,894</b>	<b>54.0</b>
<b>Total liabilities and shareholders' equity</b>	<b>169,636</b>	<b>100.0</b>	<b>167,630</b>	<b>100.0</b>	<b>183,196</b>	<b>100.0</b>

### **Interim Non-Consolidated Statements of Income**

For Six Months to September 30, 2003 and 2002, and Years Ended March 31, 2003

(Unit / Millions of yen, %)

	September 30, 2002		September 30, 2003		March 31, 2003	
Net sales	35,724	100.0	44,895	100.0	75,921	100.0
Cost of sales	25,888	72.5	30,606	68.2	55,304	72.8
Gross profit	9,836	27.5	14,288	31.8	20,617	27.2
Selling, general and administrative expenses	7,120	19.9	7,349	16.4	13,859	18.3
Operating income	2,716	7.6	6,938	15.4	6,757	8.9
Non-operating income	497	1.4	433	1.0	1,415	1.9
Interest income	63		81		138	
Dividend income	47		56		62	
Foreign exchange gain	14		-		448	
Other	372		294		765	
Non-operating expenses	417	1.2	538	1.2	881	1.2
Interest expenses	86		9		138	
Bond interest	215		118		421	
Foreign exchange loss	-		246		-	
Other	115		163		322	
Ordinary income	2,796	7.8	6,833	15.2	7,291	9.6
Extraordinary profit	3	0.0	61	0.2	76	0.1
Gain on sales of property and equipment	3		0		32	
Reversal of allowance for doubtful accounts	-		25		43	
Other	-		35		-	
Extraordinary loss	96	0.2	229	0.6	1,173	1.5
Loss on sales/disposal of property and equipment	12		112		453	
Loss on write-down of investment in securities	83		-		510	
Loss on write-down of investment in share of subsidiaries	-		99		165	
Other	-		17		44	
Income before income taxes	2,703	7.6	6,665	14.8	6,194	8.2
Income taxes-current	870		3,023		1,677	
Adjustment of corporate income taxes and other	309		(159)		239	
Net income	1,522	4.3	3,801	8.5	4,277	5.6
Unappropriated retained earnings carried over from previous year	2,318		1,679		2,318	
Interim cash dividends	-		-		895	
Unappropriated retained earnings at the period	3,841		5,480		5,701	

## **Basis for Non-Consolidated Financial Statements**

### **1. Evaluation of significant assets**

#### **(1) Investments in securities**

Subsidiaries and Affiliates:

Subsidiaries and Affiliates are stated at cost by using the moving average.

Other securities with market prices available:

Other securities, for which market prices are available, are stated at fair value. Net unrealized gains/losses on these securities are reported as a separate item in the shareholders' equity. Cost of securities is computed using the moving average.

Other securities with market prices unavailable:

Other securities, for which market prices are unavailable, are stated at cost by using the moving average.

#### **(2) Inventories**

Company Name	Evaluation of inventories	Stated at
Finished goods	Weighted average	Cost basis
Purchase	First-in first-out	Cost basis
Raw material	Weighted average	Cost basis
Work in process	Weighted average	Cost basis
Supplies	Last purchase	Cost basis

### **2. Depreciation and amortization of the fixed assets**

#### **(1) Tangible fixed assets**

For the Company depreciation is computed using the declining-balance method at the rate based on the estimated useful lives of assets.

The Company utilize the straight-line method to compute depreciation for buildings, excluding fixtures to buildings, acquired on and after April 1, 1998.

The useful lives of major properties are as follows:

Buildings and structures	5-50 years
Machinery and equipment	10 years
Vehicles	4-6 years
Implements and tools	2-10 years

(2) Intangible fixed assets

The amortization of intangible assets is computed using the straight-line method. Software costs for internal use are amortized over their estimated useful lives, less than 5 years, on a straight-line basis.

(3) Long-term prepaid expenses

Straight-line method

**3. *Deferred charges***

Bond discount and premiums are amortized over the outstanding period by straight-line method.

**4. *Basis for recording allowances***

(1) Allowance for doubtful accounts:

The Company recognizes allowance for doubtful accounts for general accounts and notes receivables, in amounts considered to be appropriate, based primarily upon the Company's past credit losses in each receivable outstanding. For receivables which are deemed to be uncollectible with a high possibility, estimated amount will be recognized after considering the collectivity of receivables respectively.

(2) Accrual for bonus:

The Company recognized an allowance (accrual) for bonus payment for employees. For the interim period, the company recognizes the portion that is allocated to reporting period upon the estimates provided by the Company.

(3) Allowance for retirement and severance benefits:

The Company recognizes an allowance for employees' retirement benefits, the portion that is allocated to this interim reporting period based upon the projected future benefit obligations and fair value of pension assets as at the end of this interim reporting period. The unrecognized actuarial differences are amortized using straight-line method over the period of 10 years from the next year in which they arise.

(4) Allowance for directors' and auditors' retirement benefits:

The Company record a allowance for directors' and statutory auditors' retirement benefits equivalent to the liability the Company would have to pay (if all eligible directors and statutory auditors resigned at the end of the interim reporting period) in accordance with internal rules that governs the operation of this retirement benefits plans.

## **5. Leases**

The operating-lease accounting method, except lease agreements that stipulate the transfer of ownership of leased property to the lessee, is accounted for finance leases.

## **6. Hedge accounting**

### **(1) Method of hedge accounting:**

Fair value presentation for interest-rate-swap needed at the end of this interim period has been omitted since the swap agreements qualified the condition for hedge accounting in accordance with the related Japanese accounting standards.

Currency-swap transactions qualified the conditions for hedge accounting, and those are treated as assignment treatment.

### **(2) Means of hedging and hedged items**

Interest-rate-swap: hedging interest fluctuating on borrowing.

Currency swap: Money claims denominated in foreign currency.

### **(3) Policy for hedge transactions:**

The company utilizes these instruments in order to reduce interest rate and foreign exchange rate risks.

### **(4) Method of evaluating hedge effectiveness:**

In terms of interest, the evaluation of hedge effectiveness is omitted, since hedge accounting applies only to those interest-rate-swaps agreements that meet the conditions for exceptional treatment.

In terms of currency, the evaluation of hedge effectiveness is omitted, since hedge accounting applies only to those currency-swaps that are the same in significant conditions regarding the transaction and the assets covered by hedge, and assume in advance to offset market price fluctuations and cash-flow changes during hedge transactions.

## **7. Other significant items**

### **(1) Treatment of national and local consumption taxes:**

Tax-exclusion accounting method is applied. Temporary payments of purchases and temporary receipts of sales are offset and included in other section of current liabilities.

### **(2) Treatment of reserve fund:**

Tax payments and adjustment amounts of corporate taxes in the interim period are computed by the amount related with the interim period on the assumption that accumulation and reversal for special depreciation reserve through appropriation of earnings.

## Notes

### [Non-Consolidated Balance Sheets]

	FY 2002	FY2003	(Millions of yen)
	interim	Interim	FY2002
1. Discounts on notes receivable	13	-	-
2. Accumulated depreciation of tangible fixed assets	59,005	60,067	58,565
3. Advanced depreciation by national subsidy	150	150	150
4. Security-presented assets			
Investments in securities	899	-	899
Tangible fixed assets	15,471	-	14,723
Long-term investments in securities	847	-	377
5. Liabilities for guarantee, etc.			
Liabilities for guarantee	2,951	1,911	1,891
Guarantee engagement, etc.	600	200	500

**[Lease Transactions]**

1. Finance lease transaction that do not transfer ownership of the leased property to the lessee on an “as if capitalized” basis is as follows:

(1) Acquisition costs, accumulated depreciation and net leased property at interim period ( fiscal year )

	(Millions of yen)		
	FY 2002 interim	FY2003 interim	FY2002
	Machinery and equipment	Machinery and equipment	Machinery and equipment
Acquisition costs	54	54	54
Accumulated depreciation	38	46	42
Net leased property	15	7	11
	Other (Tangible fixed assets)	Other (Tangible fixed assets)	Other (Tangible fixed assets)
Acquisition costs	2,859	2,814	2,784
Accumulated depreciation	1,515	1,075	860
Net leased property	1,344	1,738	1,923
	Intangible Fixed Assets	Intangible Fixed Assets	Intangible Fixed Assets
Acquisition costs	37	37	37
Accumulated depreciation	12	19	16
Net leased property	25	17	21
	Total	Total	Total
Acquisition costs	2,951	2,906	2,876
Accumulated depreciation	1,566	1,142	919
Net leased property	1,385	1,764	1,957

Note: The amounts of acquisition costs and future minimum lease payments under finance leases include the portion of imputed interest expense.

(2) Future minimum lease payments under finance leases

	FY 2002 interim	FY2003 interim	(Millions of yen) FY2002
Due within one year	555	574	576
Due after one year	830	1,189	1,380
Total	1,385	1,764	1,957

Note: The amounts equivalent to acquisition costs and future minimum lease payments under finance leases include the portion of imputed interest expense.

(3) Lease payments and implied depreciation

	FY 2002 interim	FY2003 interim	(Millions of yen) FY2002
Lease payments	320	295	629
Depreciation	320	295	629

(4) Depreciation

Depreciation is computed using the straight-line method.

2. Operating lease transactions

Future minimum lease payments under operating lease

	FY 2002 interim	FY2003 interim	(Millions of yen) FY2002
Due within one year	2	2	2
Due after one year	5	3	4
Total	8	5	6



**[Investments in securities]**

Market value of stocks in subsidiaries and affiliates are as follows:

## 1. At September 30, 2002

Classification	Millions of yen		
	As of September 30, 2002		
	Carried amount	Market value	Net unrealized gain (loss)
Stocks of affiliates	1,229	1,066	(162)

## 2. At September 30, 2003

Classification	Millions of yen		
	As of September 30, 2003		
	Carried amount	Market value	Net unrealized gain (loss)
Stocks of affiliates	1,374	2,284	909

## 3. At March 31, 2003

Classification	Millions of yen		
	As of March 31, 2003		
	Carried amount	Market value	Net unrealized gain (loss)
Stocks of affiliates	1,085	822	(263)