

Consolidated Financial Review for the First Quarter Ended June 30, 2004

Company Name:
Head Office:
URL:
Stock exchange listing:
Code number:
Representative:
Contact:

THK CO., LTD.

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1. Matters relating to prepare quarterly consolidated financial statements

a) Adoption of simplified accounting method: Yes

The company applied the simplified methods to the following points for this reporting:

- calculating the income and business taxes
- calculating and recognizing standard for allowance items

b) Changes in the accounting method from the most recent fiscal year: None

c) Changes in scope of consolidation and application of the equity method: None

d) No comparison with the 1st quarter of FY03(ended March 31, 2003) are available

2. Consolidated Financial Highlights (Unaudited)

Note: All figures are rounded down to nearest million yen.

(1) Consolidated results of operation

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|-----------------------------------|-----------------|------|------------------|-------|-----------------|-------|-----------------|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| First quarter ended June 30, 2004 | 37,672 | 37.8 | 8,385 | 190.4 | 8,867 | 176.5 | 5,531 | 248.5 |
| First quarter ended June 30, 2003 | 27,335 | - | 2,888 | - | 3,206 | - | 1,586 | - |
| Year ended March 31, 2004 | 119,253 | | 16,231 | | 15,892 | | 8,583 | |

| | Net income per share | Fully diluted net income per share |
|-----------------------------------|----------------------|------------------------------------|
| | Yen | Yen |
| First quarter ended June 30, 2004 | 46.79 | 41.86 |
| First quarter ended June 30, 2003 | 13.43 | 11.84 |
| Year ended March 31, 2004 | 72.27 | 63.69 |

Note: Percentages for net sales, operating income, ordinary income and net income indicated changes from the first quarter of the previous term.

(2) Consolidated Financial positions

| | Total assets | Shareholders' equity | Equity ratio | Shareholders' equity per share |
|----------------------|-----------------|----------------------|--------------|--------------------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of June 30, 2004 | 195,805 | 113,109 | 57.8 | 956.84 |
| As of June 30, 2003 | 188,513 | 102,427 | 54.3 | 867.92 |
| As of March 31, 2004 | 191,105 | 109,181 | 57.1 | 923.35 |

[Consolidated statements of cash flow]

| | Net cash provided by operating activities | Net cash used in investing activities | Net cash used in financing activities | Cash and cash equivalents at end of period |
|----------------------|---|---------------------------------------|---------------------------------------|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| As of June 30, 2004 | (135) | (1,747) | (891) | 54,146 |
| As of June 30, 2003 | 3,085 | (2,619) | (9,540) | 63,291 |
| As of March 31, 2004 | 15,735 | (3,681) | (27,132) | 57,037 |

(Reference)

Forecasted results for the fiscal year ending March 31, 2005 (April 1, 2004 to March 31, 2005)

| | Net sales | Operating income | Ordinary income | Net income |
|--------------------------------------|-----------------|------------------|-----------------|-----------------|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Six months ending September 30, 2004 | 74,000 | 13,500 | 13,500 | 7,600 |
| Year ending March 31, 2005 | 142,000 | 24,000 | 24,000 | 13,600 |

For reference: Forecasted net income per share for the year ending March 31, 2005: 114.65 yen

(Calculated based on estimated average number of common stock outstanding during the period.)

Note: The company has not changed the forecasted figures which were announced on May 20, 2004.

However, this release contains forward-looking statements that are based on available data at the time of release.

Some factors could cause actual results to differ from expectations.

(Reference)

1. Non-Consolidated Financial Highlights (Unaudited)

Note: All figures are rounded down to nearest million yen.

(1) Results of operations

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|-----------------------------------|-----------------|------|------------------|-------|-----------------|-------|-----------------|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| First quarter ended June 30, 2004 | 31,348 | 40.0 | 7,439 | 114.7 | 7,940 | 103.1 | 4,909 | 123.8 |
| First quarter ended June 30, 2003 | 22,390 | - | 3,464 | - | 3,909 | - | 2,193 | - |
| Year ended March 31, 2004 | 97,740 | | 16,186 | | 16,099 | | 8,831 | |

| | Net income per share | Fully diluted net income per share |
|-----------------------------------|----------------------|------------------------------------|
| | Yen | Yen |
| First quarter ended June 30, 2004 | 41.48 | 37.12 |
| First quarter ended June 30, 2003 | 18.51 | 16.30 |
| Year ended March 31, 2004 | 65.39 | 74.18 |

Note: Percentages for net sales, operating income, ordinary income and net income indicated changes from the first quarter of the previous term.

(2) Financial positions

| | Total assets | Shareholders' equity | Equity ratio | Shareholders' equity per share |
|----------------------|-----------------|----------------------|--------------|--------------------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of June 30, 2004 | 186,873 | 109,718 | 58.7 | 927.11 |
| As of June 30, 2003 | 178,531 | 99,124 | 55.5 | 837.55 |
| As of March 31, 2004 | 181,983 | 105,760 | 58.1 | 893.23 |

2. Forecasted results for the fiscal year ending March 31, 2005 (April 1, 2004 to March 31, 2005)

| | Net sales | Operating income | Ordinary income | Net income |
|--------------------------------------|-----------------|------------------|-----------------|-----------------|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Six months ending September 30, 2004 | 61,000 | 12,500 | 12,500 | 7,200 |
| Year ending March 31, 2005 | 115,000 | 22,000 | 22,000 | 12,700 |

For reference: Forecasted net income per share for the year ending March 31, 2005: 106.89Yen

(Calculated based on estimated average number of common stock outstanding during the period.)

Note: The company has not changed the forecasted figures which were announced on May 20, 2004.

However, this release contains forward-looking statements that are based on available data at the time of release.

Some factors could cause actual results to differ from expectations.

Consolidated Balance Sheets (Unaudited)

(Millions of yen)

| | As of June 30, 2004 | | As of June 30, 2003 | | Increase (Decrease) | | As of March 30, 2004 | |
|--|------------------------|------------------|------------------------|------------------|------------------------|-------------------|-------------------------|------------------|
| | Amount | Compo- sition | Amount | Compo- sition | Amount | Rate of change | Amount | Compo- sition |
| Assets | | % | | % | | % | | % |
| Current assets | | | | | | | | |
| Cash on hand and in bank | 53,695 | | 57,272 | | (3,576) | (6.2) | 56,550 | |
| Notes and accounts receivable-trade | 52,384 | | 38,365 | | 14,019 | 36.5 | 46,285 | |
| Short-term investment in securities | 450 | | 6,919 | | (6,469) | (93.5) | 516 | |
| Inventories | 23,657 | | 23,219 | | 438 | 1.9 | 23,108 | |
| Other | 5,154 | | 3,834 | | 1,319 | 34.4 | 4,246 | |
| Total current assets | 135,341 | 69.1 | 129,611 | 68.8 | 5,730 | 4.4 | 130,706 | 68.4 |
| Fixed assets | | | | | | | | |
| Tangible fixed assets | 42,779 | 21.8 | 42,481 | 22.5 | 297 | 0.7 | 42,982 | 22.5 |
| Intangible fixed assets | 1,358 | 0.7 | 1,829 | 1.0 | (471) | (25.8) | 1,482 | 0.8 |
| Investments and other | 16,325 | 8.4 | 14,591 | 7.7 | 1,734 | 11.9 | 15,933 | 8.3 |
| Total Fixed assets | 60,463 | 30.9 | 58,902 | 31.2 | 1,561 | 2.7 | 60,398 | 31.6 |
| Total assets | 195,805 | 100.0 | 188,513 | 100.0 | 7,291 | 3.9 | 191,105 | 100.0 |
| Liabilities | | | | | | | | |
| Current liabilities | | | | | | | | |
| Notes and accounts payables-trade | 27,500 | | 18,869 | | 8,630 | 45.7 | 24,219 | |
| Short-term debt | - | | 1,795 | | (1,795) | (100.0) | - | |
| Current portion of long-term debt | - | | 14,905 | | (14,905) | (100.0) | - | |
| Other current liabilities | 13,511 | | 9,081 | | 4,430 | 48.8 | 16,098 | |
| Total current liabilities | 41,012 | 20.9 | 44,651 | 23.7 | (3,639) | (8.2) | 40,318 | 21.1 |
| Long-term liabilities | | | | | | | | |
| Bonds | 38,000 | | 38,000 | | - | - | 38,000 | |
| Other long-term liabilities | 3,304 | | 3,119 | | 185 | 5.9 | 3,247 | |
| Total long-term liabilities | 41,304 | 21.1 | 41,119 | 21.8 | 185 | 0.5 | 41,247 | 21.6 |
| Total liabilities | 82,316 | 42.0 | 85,770 | 45.5 | (3,454) | (4.0) | 81,565 | 42.7 |
| Minority interest | | | | | | | | |
| Minority interests | 378 | 0.2 | 315 | 0.2 | 63 | 20.2 | 357 | 0.2 |
| Shareholders' equity | | | | | | | | |
| Common stock | 23,106 | 11.8 | 23,106 | 12.3 | - | - | 23,106 | 12.0 |
| Capital surplus | 30,962 | 15.8 | 30,962 | 16.4 | - | - | 30,962 | 16.2 |
| Earned surplus | 60,430 | 30.9 | 49,348 | 26.2 | 11,081 | 22.5 | 55,836 | 29.2 |
| Net unrealized gain (loss) on other securities | 713 | 0.4 | (142) | (0.1) | 855 | (600.9) | 721 | 0.4 |
| Foreign currency translation adjustments | (775) | (0.4) | 819 | 0.4 | (1,595) | (194.6) | (120) | (0.0) |
| Treasury stock | (1,326) | (0.7) | (1,667) | (0.9) | 340 | (20.4) | (1,324) | (0.7) |
| Total shareholders' equity | 113,109 | 57.8 | 102,427 | 54.3 | 10,682 | 10.4 | 109,181 | 57.1 |
| Total liabilities, minority interest and shareholders' equity | 195,805 | 100.0 | 188,513 | 100.0 | 7,291 | 3.9 | 191,105 | 100.0 |

Note: All figures are rounded down to nearest million yen.

Consolidated Statements of Income (Unaudited)

(Millions of yen)

| | Three months ended June 30, 2004 | | Three months ended June 30, 2003 | | Increase (Decrease) | | Year ended March 31, 2004 | |
|--|-------------------------------------|-----------------------|-------------------------------------|-----------------------|------------------------|-------------------|------------------------------|-----------------------|
| | Amount | Ratio to net sales | Amount | Ratio to net sales | Amount | Rate of change | Amount | Ratio to net sales |
| | | % | | % | | % | | % |
| Net sales | 37,672 | 100.0 | 27,335 | 100.0 | 10,336 | 37.8 | 119,253 | 100.0 |
| Cost of sales | 22,825 | 60.6 | 18,526 | 67.8 | 4,298 | 23.2 | 77,932 | 65.4 |
| Gross profit | 14,846 | 39.4 | 8,808 | 32.2 | 6,038 | 68.5 | 41,321 | 34.6 |
| Selling, general and administrative expenses | 6,460 | 17.2 | 5,920 | 21.7 | 540 | 9.1 | 25,090 | 21.0 |
| Operating income | 8,385 | 22.2 | 2,888 | 10.5 | 5,497 | 190.4 | 16,231 | 13.6 |
| Non-operating income | 585 | 1.6 | 569 | 2.1 | 16 | 2.8 | 1,070 | 0.9 |
| Interest and dividends income | 40 | | 61 | | (20) | (33.5) | 147 | |
| Other | 545 | | 508 | | 36 | 7.2 | 922 | |
| Non-operating expenses | 104 | 0.3 | 250 | 0.9 | (146) | (58.5) | 1,409 | 1.2 |
| Interest expenses | 39 | | 143 | | (103) | (72.4) | 493 | |
| Other | 64 | | 107 | | (43) | (40.1) | 916 | |
| Ordinary income | 8,867 | 23.5 | 3,206 | 11.7 | 5,660 | 176.5 | 15,892 | 13.3 |
| Extraordinary gain | 21 | 0.1 | 19 | 0.0 | 1 | 6.2 | 68 | 0.1 |
| Extraordinary loss | 10 | 0.0 | 105 | 0.3 | (95) | (90.4) | 439 | 0.4 |
| Income before income taxes and minority interest | 8,878 | 23.6 | 3,121 | 11.4 | 5,757 | 184.4 | 15,520 | 13.0 |
| Income taxes and other | 3,334 | 8.9 | 1,529 | 5.6 | 1,805 | 118.1 | 6,926 | 5.8 |
| Minority interests in loss (gain) of consolidated subsidiaries | 13 | 0.0 | 5 | 0.0 | 7 | 145.3 | 10 | 0.0 |
| Net income | 5,531 | 14.7 | 1,586 | 5.8 | 3,944 | 248.5 | 8,583 | 7.2 |

Note: All figures are rounded down to nearest million yen.

Consolidated Statements of Retained Earnings

(Millions of yen)

| | Three months ended June 30, 2004 | Three months ended June 30, 2003 | Year ended March 31, 2004 |
|--|--|--|------------------------------|
| | Amount | Amount | Amount |
| Capital surplus | | | |
| Consolidated Capital surplus at beginning of period | 30,962 | 30,962 | 30,962 |
| Consolidated Capital surplus at end of period | 30,962 | 30,962 | 30,962 |
| Earned surplus | | | |
| Consolidated Earned surplus at beginning of period | 55,836 | 48,686 | 48,686 |
| Increase in earned surplus | | | |
| Net income | 5,531 | 1,586 | 8,583 |
| Increase from investment in an affiliate newly accounted for by the equity method | - | - | 378 |
| Decrease in earned surplus | | | |
| Dividends | 887 | 895 | 1,782 |
| Bonuses to directors | 50 | 30 | 30 |
| Consolidated Earned surplus at end of period | 60,430 | 49,348 | 55,836 |

Note: All figures are rounded down to nearest million yen.

Consolidated Statements of Cash Flows (Unaudited)

(Millions of yen)

| | Three months ended June 30, 2004 | Three months ended June 30, 2003 | Year ended March 31, 2004 |
|--|--|--|------------------------------|
| | Amount | Amount | Amount |
| Operating activities : | | | |
| Income before income taxes and minority interest | 8,878 | 3,121 | 15,520 |
| Depreciation and amortization | 1,284 | 1,300 | 5,566 |
| Increase (decrease) in accounts and notes receivable | (6,232) | (3,194) | (11,293) |
| Increase (decrease) in inventories | (749) | 692 | 395 |
| Increase (decrease) in accounts and notes payable | 3,425 | 1,769 | 7,337 |
| Other | (318) | 1,039 | 655 |
| Subtotal | 6,287 | 4,730 | 18,182 |
| Income taxes paid | (6,423) | (1,645) | (2,446) |
| Net cash provided by operating activities | (135) | 3,085 | 15,735 |
| Investing activities : | | | |
| Payments for purchases of tangible fixed assets, marketable securities and investment securities | (1,774) | (1,624) | (5,415) |
| Proceeds from sales of tangible fixed assets, marketable securities and investment securities | 12 | 48 | 2,782 |
| Other | 15 | (1,043) | (1,048) |
| Net cash used in investing activities | (1,747) | (2,619) | (3,681) |
| Financing activities : | | | |
| Increase (decrease) in short-term bank loans | - | (1,757) | (3,303) |
| Increase (decrease) in long-term debt | - | (5,781) | (20,932) |
| Other | (891) | (2,000) | (2,895) |
| Net cash used in financing activities | (891) | (9,540) | (27,132) |
| Effect of exchange rate changes on cash and cash equivalents | (116) | (167) | (418) |
| Net increase(decrease) in cash and cash equivalents | (2,891) | (9,241) | (15,496) |
| Cash and cash equivalents, beginning of period | 57,037 | 72,533 | 72,533 |
| Cash and cash equivalents, end of period | 54,146 | 63,291 | 57,037 |

Note: All figures are rounded down to nearest million yen.