



August 8, 2005

Consolidated Financial Review for the First Quarter Ended June 30, 2005

Company Name:

THK CO., LTD.

Head Office:

Tokyo Japan (Tel: +81-3-5434-0300)

URL:

<http://www.thk.com>

Stock exchange listing:

Tokyo Stock Exchange 1ST Section

Code number:

6481

Representative:

Akihiro Teramachi, CEO and President

Contact:

Kotaro Yoshihara, Director/General Manger

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

2. Consolidated Financial Highlights (Unaudited)

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

(1) Consolidated Financial Results

	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, 05	36,988	(1.8)	6,509	(22.4)	6,954	(21.6)	3,578	(35.3)
First quarter ended June 30, 04	37,672	37.8	8,385	190.4	8,867	176.5	5,531	248.5
Year ended March 31, 05	147,158		25,974		27,646		17,348	

	Net income per share	Fully diluted net income per share
	Yen	Yen
First quarter ended June 30, 05	29.93	26.81
First quarter ended June 30, 04	46.79	41.86
Year ended March 31, 05	145.31	130.05

Note: Percentages for net sales and operating 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, 05	217,817	130,882	60.1	1,091.65
As of June 30, 04	195,805	113,109	57.8	956.84
As of March 31, 05	220,007	127,649	58.0	1,067.42

【Consolidated Cash flows】

	Cash flow from operating activities	Cash flow from Investing activities	Cash flow from 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, 05	433	(1,825)	(440)	74,032
As of June 30, 04	(135)	(1,747)	(891)	54,146
As of March 31, 05	22,378	(7,171)	(1,821)	75,987

【Reference】

Forecasted results for the fiscal year ending March 31, 2006 (April 1, 2005 to March 31, 2006)

	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, 05	73,000	12,000	12,500	7,500
Year ending March 31, 06	148,000	24,500	25,500	16,000

For reference: Estimate of net income per share for the year ending March 31, 2006: 133.06 Yen

Note: The Company has not changed the forecasted figures which were announced on May 19, 2005. 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.

Business Performance (Consolidated)

Total net sales for the first quarter ending June 30, 2005 decreased 1.8 % from the same quarter of the previous fiscal year to ¥36,988 million. This is because sales to the electronics sector marked an on-year decrease after hitting their peak in the first half of the 2004 fiscal year. But sales to machine tool and general machine makers remained firm and sales to the electronics sector are beginning to show signs of recovery.

Operating income and ordinary income stood at ¥6,509 million, a 22.4 % decline from the same quarter of the previous fiscal year respectively. Net profit for the period also decreased 35.3 % to ¥3,578 million due to the decrease in operating profit and the recognition of impaired loss of fixed assets amounting to ¥1,037 million as asset-impairment accounting was adopted from the 2005 fiscal year.

Balance Sheet (Consolidated)

(1) Analysis of Balance Sheet

Total assets for the first quarter ending June 30, 2005 were ¥217,817 million, a decrease of ¥2,190 million from the previous consolidated fiscal year-end. This is mainly because the outstanding balance of fixed assets declined by their sales and the recognition of losses due to the adoption of impairment accounting method.

Liabilities stood at ¥85,907 million, a decrease of ¥5,494 million from the previous consolidated fiscal year-end. This is due mainly to a decline in current liabilities caused by payments of corporate income taxes and prices for plants and equipment.

Shareholders' equity rose ¥3,232 million from the previous fiscal year-end to ¥130,882 million.

(2) Analysis of Statement of Cash Flow

Cash Flows from Operating Activities:

Income before income taxes and others was ¥6,130 million, depreciation expenses were ¥1,455 million, and payment for corporate income taxes was ¥6,121 million for the first quarter ending June 30, 2005. As a result of these, net cash provided by operating activities amounted to ¥433 million.

Cash Flows from Investing Activities:

Net cash used in investing activities amounted to ¥1,825 million due to purchases of tangible fixed assets to expand facilities for production.

Cash Flows from Financing Activities:

Net cash used in financing activities was ¥440 million caused by dividend payment and income from the sale of treasury stocks.

As a result, the outstanding balance of cash and cash equivalents as of this fiscal quarter-end decreased from that of the previous fiscal year-end by ¥1,954 million to ¥74,032 million.

【Reference】

1. Non Consolidated Financial Highlights (Unaudited)

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

(1) Financial Results

	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, 05	30,604	(2.4)	5,535	(25.6)	5,739	(27.7)	3,019	(38.5)
First quarter ended June 30, 04	31,348	40.0	7,439	114.7	7,940	103.1	4,909	123.8
Year ended March 31, 05	120,541		22,973		24,069		14,510	

	Net income per share	Fully diluted net income per share
	Yen	Yen
First quarter ended June 30, 05	25.18	22.57
First quarter ended June 30, 04	41.48	37.12
Year ended March 31, 05	121.16	108.47

Note: Percentages for net sales and operating 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, 05	203,546	126,438	62.1	1,054.59
As of June 30, 04	186,873	109,718	58.7	927.11
As of March 31, 05	205,668	124,877	60.7	1,040.73

2. Forecasted result for the fiscal year ending March 31, 2006 (April 1, 2005 to March 31, 2006)

	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, 05	59,000	9,400	9,700	5,400
Year ending March 31, 06	120,000	20,000	20,500	11,700

For reference: Estimate of net income per share for the year ending March 31, 2006: 96.75 Yen

Note: The Company has not changed the forecasted figures which were announced on May 19, 2005.

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, 2005		As of June 30, 2004		As of March 31, 2005	
	Amount	%	Amount	%	Amount	%
Assets		%		%		%
Current assets :						
Cash on hand and in banks	73,870		53,695		75,842	
Notes and accounts receivable-trade	51,415		52,384		49,604	
Short-term investments in securities	162		450		144	
Inventories	23,487		23,657		24,208	
Other	4,460		5,154		4,385	
Total current assets	153,396	70.4	135,341	69.1	154,185	70.1
Fixed assets :						
Tangible fixed assets	51,836	23.8	42,779	21.8	53,494	24.3
Intangible fixed assets	1,084	0.5	1,358	0.7	1,239	0.6
Investments and other	11,499	5.3	16,325	8.4	11,088	5.0
Total Fixed assets	64,420	29.6	60,463	30.9	65,822	29.9
Total assets	217,817	100.0	195,805	100.0	220,007	100.0
Liabilities						
Current liabilities :						
Notes and accounts payable – trade	24,764		27,500		25,391	
Short-term debt	186		-		186	
Other	16,169		13,511		20,778	
Total current liabilities	41,120	18.8	41,012	20.9	46,356	21.1
Long-term liabilities :						
Bonds	38,000		38,000		38,000	
Other long-term liabilities	6,787		3,304		7,045	
Total long-term liabilities	44,787	20.6	41,304	21.1	45,045	20.5
Total liabilities	85,907	39.4	82,316	42.0	91,402	41.6
Minority interests						
Minority interests	1,026	0.5	378	0.2	955	0.4
Shareholders' equity						
Common stock	23,106	10.6	23,106	11.8	23,106	10.5
Capital surplus	32,842	15.1	30,962	15.8	32,651	14.8
Earned surplus	73,346	33.7	60,430	30.9	71,130	32.3
Valuation adjustment for marketable securities	943	0.4	713	0.4	1,041	0.5
Foreign currency translation adjustments	674	0.3	(775)	(0.4)	327	0.2
Treasury stock	(30)	(0.0)	(1,326)	(0.7)	(607)	(0.3)
Total shareholders' equity	130,882	60.1	113,109	57.8	127,649	58.0
Total liabilities, minority interests, and shareholders' equity	217,817	100.0	195,805	100.0	220,007	100.0

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

Consolidated Statements of Income (Unaudited)

(Millions of yen)

	For the 1st quarter ended June 30, 2005		For the 1st quarter ended June 30, 2004		For the year ended March 31, 2005	
	Amount	%	Amount	%	Amount	%
Net sales	36,988	100.0	37,672	100.0	147,158	100.0
Cost of sales	23,254	62.9	22,825	60.6	93,551	63.6
Gross profit	13,734	37.1	14,846	39.4	53,606	36.4
Sales, general and administrative expenses	7,224	19.6	6,460	17.2	27,632	18.7
Operating income	6,509	17.5	8,385	22.2	25,974	17.7
Non-operating income	552	1.5	585	1.6	2,054	1.4
Interest and dividends income	91		40		281	
Others	460		545		1,773	
Non-operating expenses	106	0.2	104	0.3	381	0.3
Interest expenses	42		39		162	
Others	64		64		219	
Ordinary income	6,954	18.8	8,867	23.5	27,646	18.8
Extraordinary income	333	0.9	21	0.1	226	0.1
Extraordinary loss	1,157	3.2	10	0.0	1,028	0.7
Income before income taxes and minority interest	6,130	16.5	8,878	23.6	26,845	18.2
Income taxes and other	2,503	6.8	3,334	8.9	9,442	6.4
Minority interest in income of consolidated subsidiaries	47	0.1	13	0.0	54	0.0
Net income	3,578	9.6	5,531	14.7	17,348	11.8

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

Consolidated Statements of Retained Earnings (Unaudited)

(Millions of Yen)

	For the 1st quarter ended June 30, 2005	For the 1st quarter ended June 30, 2004	For the year ended March 31, 2005
	Amount	Amount	Amount
Capital surplus			
Capital surplus at beginning of period	32,651	30,962	30,962
Increase in capital surplus			
Gain on disposition of treasury stock	191	-	688
Increase resulting from consolidation of a subsidiary	-	-	1,000
Capital surplus at end of period	32,842	30,962	32,651
Retained earnings			
Consolidated Earned surplus at beginning of period	71,130	55,836	55,836
Increase in earned surplus			
Net income	3,578	5,531	17,348
Decrease in earned surplus			
Dividends	1,254	887	1,772
Bonuses to directors	107	50	50
Decrease resulting from inclusion of consolidated subsidiaries	-	-	232
Consolidated Earned surplus at end of period	73,346	60,430	71,130

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

Consolidated Statements of Cash Flows (Unaudited)

(Millions of yen)

	For the 1st quarter ended June 30, 2005	For the 1st quarter ended June 30, 2004	For the year ended March 31, 2005
Cash flows from operating activities:			
Income before income tax and minority interest	6,130	8,878	26,845
Depreciation and amortization	1,455	1,284	5,657
Increase in accounts and notes receivable	(1,746)	(6,232)	(3,202)
Increase (decrease) in inventories	769	(749)	14
Increase (decrease) in accounts and notes payable	(719)	3,425	3,098
Other	665	(318)	(534)
Subtotal	6,555	6,287	31,877
Income taxes paid	(6,121)	(6,423)	(9,499)
Net cash provided (used) in operating activities	433	(135)	22,378
Cash flows from investing activities :			
Payments for purchases of tangible fixed assets, marketable securities and investment securities	(2,712)	(1,774)	(7,438)
Proceeds from sales of tangible fixed assets, marketable securities and investment securities	883	12	218
Other	4	15	48
Net cash used in investing activities	(1,825)	(1,747)	(7,171)
Cash flows from financing activities:			
Increase (decrease) in long-term debt	(78)		(36)
Other	(362)	(891)	(1,785)
Net cash used in financing activities	(440)	(891)	(1,821)
Effect of exchange rate changes on cash and cash equivalents	(122)	(116)	(41)
Net increase (decrease) in cash and cash equivalents	(1,954)	(2,891)	13,343
Cash and cash equivalents at beginning of period	75,987	57,037	57,037
Increase in cash and cash equivalents inclusion of consolidated subsidiaries			5,622
Decrease in cash and cash equivalents resulting from exclusion of a consolidated subsidiary			(15)
Cash and cash equivalents at end of period	74,032	54,146	75,987

Note: All figures are rounded down to nearest million yen