

August 7, 2009

Consolidated Financial Results for the First Quarter Ended June 30, 2009

Company Name : THK CO., LTD.
 Head Office : Tokyo, Japan (Tel: +81-3-5434-0300)
 URL : <http://www.thk.com/>
 Stock exchange listing : Tokyo Stock Exchange-First Section
 Code number : 6481
 Representative : Akihiro Teramachi, President and CEO
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1. Consolidated Operating Results and Financial Position as of and for the three months ended June 30, 2009 (April 1, 2009 to June 30, 2009)

(1) Consolidated Operating Results

First Quarter Ended June 30 (Millions of Yen)	Net Sales		Operating Income (Loss)		Ordinary Income (Loss)		Net Income (Loss)	
2009	¥21,622	(59.3)%	¥(5,863)	— %	¥(5,104)	— %	¥(4,079)	— %
2008	53,064	—	6,671	— %	8,477	— %	4,842	— %

First Quarter Ended June 30 (Yen)	Net Income (Loss) Per Share-Basic	Net Income Per Share-Diluted
2009	¥(31.72)	¥ —
2008	37.65	—

(Note) Fluctuation percentage for the first quarter ended March 31, 2008 is not presented because quarterly accounting standards, as defined and published by the Accounting Standards Board of Japan, are applied from the previous fiscal year.

(2) Consolidated Financial Position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Net Worth Ratio (%)	Net Assets Per Share (Yen)
June 30, 2009	¥229,566	¥175,534	75.9 %	¥1,355.23
March 31, 2009	240,350	177,712	73.4	1,372.69
(Note) Net worth	As of June 30, 2009:		¥174,287 million	
	As of March 31, 2009:		176,533 million	

(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.

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
2009 (Actual)	—	12.00	—	8.00	20.00
2010 (Actual)	—	n/a	n/a	n/a	n/a
2010 (Projected)	n/a	7.50	—	7.50	15.00

(Note) Change in dividend projection: none

3. Forecasts for the year ending March 31, 2010 (April 1, 2009 to March 31, 2010)

	Net Sales (Millions of Yen)	Operating Income (Loss) (Millions of Yen)	Ordinary Income (Loss) (Millions of Yen)	Net Income (Loss) (Millions of Yen)	Net Income (Loss) per Share (Yen)
Six months ending September 30, 2009					
(amount)	¥48,000	¥(10,000)	¥(9,300)	¥(7,900)	¥(61.43)
(percentage)	(54.6)%	—%	—%	—%	n/a
Year ending March 31, 2010					
(amount)	¥110,000	¥(15,000)	¥(14,300)	¥(11,500)	¥(89.42)
(percentage)	(38.6)%	—%	—%	—%	n/a

(Note 1) 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.

(Note 2) The forecasts announced on May 18, 2009 have been amended to as in the above table.

4. Other Financial Information

(1) Significant change in scope of consolidation: None

(2) Simplified or particular accounting treatment for quarterly financial statements:

a. Determination of allowance for bad debts

-As no significant change is noted, allowance for bad debts is determined based on the credit loss percentage as of the previous year-end.

b. Measurement of inventories

-Physical count of inventories for quarterly-end does not cover all of inventories, however, inventories are stated by amount reasonably calculated based on the physical count performed at the previous year-end.

c. Depreciation expense

-Depreciation expense is determined based on an allocation of projected amount of depreciation to each quarter, considering estimated acquisition, sale and disposal during the fiscal year.

d. Income taxes payable and deferred tax assets/liabilities

-In determination of income taxes payable, taxable or deductible items to be incorporated in calculation are limited to that material.

-Basically, deferred taxes are determined based on the forecast and tax planning prepared as of the previous year-end. If significant changes are noted in temporary differences or business environment thereafter, the impact of such changes will be reflected in the forecasts, tax planning, and determination of deferred tax assets.

e. Tax expense

-Certain consolidated subsidiaries calculate their income taxes based on the estimated effective tax rates applicable to the current fiscal year.

(3) Changes in accounting policy/treatment/presentation manner for quarterly financial statements:

None

(4) Changes in accounting policy/treatment/presentation manner due to:

- | | |
|-----------------------------------|------|
| a. Changes in accounting standard | None |
| b. Other changes | None |

(5) Number of shares

		(shares)
a. Common stock issued, including treasury stock, as of:		
	June 30, 2009	133,856,903
	March 31, 2009	133,856,903
b. Treasury stock as of:		
	June 30, 2009	5,253,562
	March 31, 2009	5,252,712
c. Average number of common stock for the three months ended:		
	June 30, 2009	128,603,846
	June 30, 2008	128,607,186

For reference:

Non-consolidated forecasts for the year ending March 31, 2010 (April 1, 2009 to March 31, 2010)

	Net Sales (Millions of Yen)	Operating Income (Loss) (Millions of Yen)	Ordinary Income (Loss) (Millions of Yen)	Net Income (Loss) (Millions of Yen)	Net Income (Loss) per Share (Yen)
Six months ending September 30, 2009					
(amount)	¥25,000	¥(5,200)	¥(5,200)	¥(3,200)	¥(24.88)
(percentage)	(65.3)%	—%	—%	—%	n/a
Year ending March 31, 2010					
(amount)	¥60,000	¥(7,200)	¥(7,200)	¥(4,500)	¥(34.99)
(percentage)	(46.7)%	—%	—%	—%	n/a

(Note) The above forecasts are based upon the information currently available at the time of the announcement of this report. Actual performance may differ from the estimates due to various unforeseen factors.

Management's Discussion and Analysis

1. Operating results (From April 1, 2009 to June 30, 2009)

During the first quarter of this fiscal year, the world real economy has remained stagnant which was triggered by the failure of U.S. major financial institutions. In Japan, downturn in exports and capital investments led to a continuing economic recession. In the overseas economy, emerging countries such as China have also turned into decelerating economy along with developed countries.

The principal strategies of the THK group to enlarge business areas are "Full-scale globalization" and "Development into new business areas". Under these severe circumstances, the THK group has made continuous efforts to implement further "Development into new business areas" and to strengthen its structure to expand its business in emerging countries such as China. However, as a result of the sharp decline in market demands all over the world caused by changes in the external environment, net sales for this first quarter stood at ¥21,622 million (¥53,064 million in the previous first quarter).

On the cost front, the THK group made continuous efforts to enhance its productivity such as raw materials' yield percentage improvement and production lead-time reduction, as well as to reduce costs by reviewing operating hours and capital investments. The cost to sales ratio, however, rose 21.5% from a year earlier to 89.1% due to sharp decrease in sales.

Selling, general and administrative expenses decreased by ¥2,308 million from a year earlier due to reduced bonuses to directors and statutory auditors, decreases in salaries brought about by adjusting the working hours, and overall cutting expenses. The ratio to net sales, however, rose 18.2% from a year earlier to 38.1% due to the decrease in sales.

As a result, an operating loss of ¥5,863 million was recorded for this first quarter (¥6,671 million of operating income in the previous first quarter).

Net non-operating income/expense was income of ¥758 million due mainly to foreign exchange gain. As a result, an ordinary loss of ¥5,104 million was recorded (¥8,477 million of ordinary income in the previous first quarter).

Net extraordinary gain/loss was loss of ¥303 million due mainly to lay-off costs. As a result, net loss of ¥4,079 million was recorded (¥4,842 million of net income in the previous first quarter).

2. Financial position (As of June 30, 2009)

Total assets stood at ¥229,566 million, ¥10,783 million less than the previous fiscal year-end, due mainly to decrease in accounts and notes receivable.

Total liabilities stood at ¥54,031 million, ¥8,605 million more than the previous fiscal year-end, due mainly to decrease in accounts and notes payable.

Although foreign currency translation adjustments increased, net assets stood at ¥175,534 million, ¥2,178 million less than the previous fiscal year-end, due mainly to decrease in retained earnings.

3. Forecast for the fiscal year ending March 31, 2010

For details of the financial forecasts for the six months ending September 30, 2009 and the year ending March 31, 2010, please refer to “Notice Regarding the Amendments in Financial Forecasts” announced on August 7, 2009.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Yen)

	First Quarter End -Current Year As of June 30, 2009	Year End -Previous Year As of March 31, 2009
Assets		
Current Assets:		
Cash and bank deposits	¥62,597	¥64,130
Accounts and notes receivable	26,662	36,808
Merchandise and finished goods	11,995	12,510
Work in process	4,762	4,421
Raw materials and supplies	9,971	10,204
Other current assets	7,198	7,525
Less: Allowance for bad debts	(233)	(233)
Total current assets	122,955	135,368
Fixed Assets:		
Property, plant and equipment -net:		
Buildings and structures	27,658	27,377
Machinery and equipment	39,413	37,578
Other	18,333	20,045
Total property, plant and equipment -net	85,405	85,001
Intangibles		
Goodwill	7,588	8,269
Other	1,193	1,140
Total intangibles	8,782	9,410
Investments and Other		
Long-term investments in securities	4,661	4,280
Other	8,191	6,717
Less: Allowance for bad debts	(429)	(427)
Total investments and other	12,423	10,570
Total fixed assets	106,611	104,982
Total assets	229,566	240,350

	(Millions of Yen)	
	First Quarter End -Current Year As of June 30, 2009	Year End -Previous Year As of March 31, 2009
Liabilities		
Current Liabilities:		
Accounts and notes payable	¥14,076	¥20,423
Income taxes payable	234	363
Accrued bonuses	1,273	1,716
Other	9,729	11,337
Total current liabilities	25,313	33,841
Long-term Liabilities:		
Long-term bank loans	20,000	20,000
Reserve for employees' retirement benefits	4,466	4,322
Reserve for retirement benefits for directors and statutory auditors	125	125
Reserve for product warranty	118	118
Negative goodwill	162	324
Other	3,846	3,906
Total long-term liabilities	28,718	28,796
Total liabilities	54,031	62,637
Net Assets		
Shareholders' Equity:		
Common stock	34,606	34,606
Additional paid-in capital	44,342	44,342
Retained earnings	109,890	114,998
Treasury stock	(11,352)	(11,351)
Total shareholders' equity	177,486	182,595
Valuation and Adjustments:		
Net unrealized gain on other securities	366	144
Foreign currency translation adjustments	(3,564)	(6,205)
Total valuation and adjustments	(3,198)	(6,061)
Minority Interest	1,247	1,179
Total net assets	175,534	177,712
Total liabilities and net assets	229,566	240,350

Consolidated Statements of Income

(Millions of Yen)

	First Quarter Ended June 30, 2008 (From April 1, 2008 to June 30, 2008)	First Quarter Ended June 30, 2009 (From April 1, 2009 to June 30, 2009)
Net sales	¥53,064	¥21,622
Cost of sales	35,854	19,256
Gross profit	17,209	2,365
Selling, general and administrative expenses	10,538	8,229
Operating income (loss)	6,671	(5,863)
Non-operating income:		
Interest income	165	39
Foreign exchange gain, net	1,369	427
Amortization of negative goodwill	162	162
Equity earnings of affiliates	—	1
Other	266	317
Total non-operating income	1,963	948
Non-operating expense:		
Interest expenses	17	100
Equity losses of affiliates	29	—
Other	110	89
Total non-operating expenses	157	189
Ordinary income (loss)	8,477	(5,104)
Extraordinary gains:		
Gain on sales of property, plant and equipment	31	0
Gain on sales of long-term investments in securities	—	1
Reversal of allowance for bad debts	—	6
Total extraordinary gains	31	8
Extraordinary losses:		
Loss on sales and disposal of property, plant and equipment	60	42
Lay-off costs	—	269
Total extraordinary losses	60	311
Income (loss) before income taxes and minority interests	8,448	(5,408)
Income taxes-current	3,320	78
Income taxes-deferred	247	(1,380)
Total income taxes	3,568	(1,302)
Minority interests in net income	37	(26)
Net income (loss)	4,842	(4,079)

Additional notes:

- (1) Going concern issues: Not applicable.
 (2) Significant change in shareholders' equity: Not applicable.

Significant subsequent event:

On July 30, 2009, THK CO., LTD. issued 1.35% unsecured domestic term bonds due 2014 (the "THK 4th unsecured bonds"), which were approved at the Board of Directors meeting held on December 20, 2008, in order to finance operating funds and to raise investment funds into facilities and affiliates. Due date of the payment was July 30, 2009, and total amount of the bonds is ¥10,000 million at par value. The bonds are to be redeemed on July 30, 2014, with permission for early retirements by repurchase at any time on or after July 30, 2009.

For reference: Outline of non-consolidated financial statements

Non-Consolidated operating results and financial position as of and for the three months ended June 30, 2009 (April 1, 2009 to June 30, 2009) are as follows:

(1) Operating Results

First Quarter Ended June 30 (Millions of Yen)	Net Sales	Operating Income (Loss)	Ordinary Income (Loss)	Net Income (Loss)
2009	¥10,755 (70.3) %	¥(3,246) — %	¥(2,907) — %	¥(1,900) — %
2008	36,154 —	5,121 —	6,772 —	4,054 —

First Quarter Ended June 30 (Yen)	Net Income (Loss) Per Share-Basic	Net Income Per Share-Diluted
2009	¥(14.78)	¥ —
2008	31.52	—

(2) Financial Position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Net Worth Ratio (%)	Net Assets Per Share (Yen)
As of June 30, 2009	¥212,984	¥173,968	81.7 %	1,352.72
As of March 31, 2009	222,076	176,677	79.6	1,373.77

(Note) Net worth
 As of June 30, 2009: ¥173,968 million
 As of March 31, 2009: 176,677 million

(Note 1) Fluctuation percentage for the first quarter ended March 31, 2008 is not presented because quarterly accounting standards, as defined and published by the Accounting Standards Board of Japan, are applied from the previous fiscal year.

(Note 2) 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.

(Note 3) The figures in the table above are based on the quarterly financial reporting standards. All of those figures are not audited nor reviewed by an independent auditor.

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.