

November 12, 2009

Consolidated Financial Results for the Second Quarter Ended September 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
 Contact : Hideyuki Kiuchi, Director and General Manager of Corporate Strategy Department
 Scheduled date of filing quarterly report (Japanese version only) : November 13, 2009
 Scheduled starting date of dividends payment : December 7, 2009

1. Consolidated Operating Results and Financial Position as of and for the six months ended September 30, 2009 (April 1, 2009 to September 30, 2009)

(1) Consolidated Operating Results

Second Quarter Ended September 30 (Millions of Yen)	Net Sales		Operating Income (Loss)		Ordinary Income (Loss)		Net Income (Loss)	
2009	¥47,402	(55.2)%	¥(9,412)	— %	¥(8,760)	— %	¥(6,705)	— %
2008	105,732	—	11,854	— %	13,581	— %	6,491	— %

Second Quarter Ended September 30 (Yen)	Net Income (Loss) Per Share-Basic	Net Income Per Share-Diluted
2009	¥(52.14)	¥ —
2008	50.47	—

(Note) Fluctuation percentage for the second quarter ended September 30, 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)
September 30, 2009	¥235,066	¥172,484	72.9 %	¥1,331.84
March 31, 2009	240,350	177,712	73.4	1,372.69
(Note) Net worth	As of September 30, 2009:		¥171,278 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)	—	7.50	n/a	n/a	n/a
2010 (Projected)	n/a	n/a	—	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)
Year ending March 31, 2010					
(amount)	¥110,000	¥(14,300)	¥(13,400)	¥(11,300)	¥(87.87)
(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 August 7, 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

-A part of inventories for which physical-count is omitted is stated by amount reasonably calculated based on the physical count performed at the previous year-end.

c. Depreciation expense

-For assets depreciated under the declining-balance method, 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:	September 30, 2009	133,856,903
	March 31, 2009	133,856,903
b. Treasury stock as of:	September 30, 2009	5,254,209
	March 31, 2009	5,252,712
c. Average number of common stock for the six months ended:	September 30, 2009	128,603,498
	September 30, 2008	128,606,738

Management's Discussion and Analysis

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

During the second quarter of this fiscal year, the world real economy has remained stagnant which was triggered by the failure of U.S. major financial institutions. There were visible signs of economic recovery in consumer spending and exports in the latter half of the second quarter, however, capital investments remained weak except in some regions such as China.

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 demands of existing customers all over the world, net sales for this second quarter stood at ¥47,402 million (¥105,732 million in the previous second 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 hold-down of capital investments. The cost to sales ratio, however, rose 16.8% from a year earlier to 85.5% due to the sharp decrease in sales.

Selling, general and administrative expenses decreased by ¥4,894 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 14.4% from a year earlier to 34.4% due to the decrease in sales.

As a result, an operating loss of ¥9,412 million was recorded for this second quarter (¥11,854 million of operating income in the previous second quarter). However, the ratio to net sales has been improved as compared to that of the first quarter due to more sales earned in the latter half of the period and effects of controlling costs.

Net non-operating income/expense was income of ¥651 million due mainly to foreign exchange gain and amortization of negative goodwill. As a result, an ordinary loss of ¥8,760 million was recorded (¥13,581 million of ordinary income in the previous second quarter).

Net extraordinary gain/loss was loss of ¥48 million due mainly to lay-off costs. As a result, net loss for the second quarter was ¥6,705 million (¥6,491 million of net income in the previous second quarter) after recognizing deferred tax assets.

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

Total assets stood at ¥235,066 million, ¥5,284 million less than the previous fiscal year-end, due mainly to decrease in accounts and notes receivable by ¥9,194 million.

Although ¥10,000 million bonds were issued in this second quarter, total liabilities stood at ¥62,581 million, ¥55 million less than the previous fiscal year-end. This was due mainly to decrease in accounts and notes payable by ¥5,931 million.

Net assets stood at ¥172,484 million, ¥5,228 million less than the previous fiscal year-end, due mainly to decrease in retained earnings by ¥7,734 million.

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

For details of the financial forecasts for the year ending March 31, 2010, please refer to “Notice Regarding the Amendments in Financial Forecasts” announced on November 12, 2009.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Yen)

	Second Quarter End -Current Year As of September 30, 2009	Year End -Previous Year As of March 31, 2009
Assets		
Current Assets:		
Cash and bank deposits	¥70,773	¥64,130
Accounts and notes receivable	27,614	36,808
Merchandise and finished goods	10,892	12,510
Work in process	5,149	4,421
Raw materials and supplies	9,770	10,204
Other current assets	6,373	7,525
Less: Allowance for bad debts	(250)	(233)
Total current assets	130,324	135,368
Fixed Assets:		
Property, plant and equipment -net:		
Buildings and structures	27,363	27,377
Machinery and equipment	38,460	37,578
Other	17,779	20,045
Total property, plant and equipment -net	83,603	85,001
Intangibles		
Goodwill	6,907	8,269
Other	1,142	1,140
Total intangibles	8,049	9,410
Investments and Other		
Long-term investments in securities	4,895	4,280
Other	8,625	6,717
Less: Allowance for bad debts	(432)	(427)
Total investments and other	13,088	10,570
Total fixed assets	104,742	104,982
Total assets	235,066	240,350

(Millions of Yen)

	Second Quarter End -Current Year As of September 30, 2009	Year End -Previous Year As of March 31, 2009
Liabilities		
Current Liabilities:		
Accounts and notes payable	¥14,491	¥20,423
Income taxes payable	278	363
Accrued bonuses	1,853	1,716
Other	7,468	11,337
Total current liabilities	<u>24,092</u>	<u>33,841</u>
Long-term Liabilities:		
Bonds payable	10,000	—
Long-term bank loans	20,000	20,000
Reserve for employees' retirement benefits	4,568	4,322
Reserve for retirement benefits for directors and statutory auditors	118	125
Reserve for product warranty	90	118
Negative goodwill	—	324
Other	3,712	3,906
Total long-term liabilities	<u>38,489</u>	<u>28,796</u>
Total liabilities	<u>62,581</u>	<u>62,637</u>
Net Assets		
Shareholders' Equity:		
Common stock	34,606	34,606
Additional paid-in capital	44,342	44,342
Retained earnings	107,263	114,998
Treasury stock	(11,354)	(11,351)
Total shareholders' equity	<u>174,858</u>	<u>182,595</u>
Valuation and Adjustments:		
Net unrealized gain on other securities	307	144
Foreign currency translation adjustments	(3,888)	(6,205)
Total valuation and adjustments	<u>(3,580)</u>	<u>(6,061)</u>
Minority Interest	1,206	1,179
Total net assets	<u>172,484</u>	<u>177,712</u>
Total liabilities and net assets	<u>235,066</u>	<u>240,350</u>

Consolidated Statements of Income

(Millions of Yen)

	Second Quarter Ended September 30, 2008 (From April 1, 2008 to September 30, 2008)	Second Quarter Ended September 30, 2009 (From April 1, 2009 to September 30, 2009)
Net sales	¥105,732	¥47,402
Cost of sales	72,684	40,514
Gross profit	33,048	6,887
Selling, general and administrative expenses	21,194	16,299
Operating income (loss)	11,854	(9,412)
Non-operating income :		
Interest income	328	89
Foreign exchange gain, net	25	108
Amortization of negative goodwill	739	324
Equity earnings of affiliates	89	85
Other	738	496
Total non-operating income	1,920	1,104
Non-operating expense :		
Interest expenses	41	221
Other	152	231
Total non-operating expenses	194	452
Ordinary income (loss)	13,581	(8,760)
Extraordinary gains :		
Gain on sales of property, plant and equipment	50	2
Gain on sales of long-term investments in securities	—	1
Reversal of reserve for product warranty	13	9
Subsidies for employment adjustment	—	337
Other	2	18
Total extraordinary gains	66	369
Extraordinary losses :		
Loss on sales and disposal of property, plant and equipment	132	70
Loss on write-down of long-term investments in securities	487	—
Lay-off costs	—	341
Other	—	6
Total extraordinary losses	619	417
Income (loss) before income taxes and minority interests	13,027	(8,808)
Income taxes-current	5,928	21
Income taxes-deferred	495	(2,083)
Total income taxes	6,424	(2,062)
Minority interests in net income (loss)	112	(40)
Net income (loss)	6,491	(6,705)

Additional notes:

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