

February 5, 2010

Consolidated Financial Results for the Third Quarter Ended December 31, 2009

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 URL : <http://www.thk.com/>
 Stock exchange listing : Tokyo Stock Exchange-First Section
 Code number : 6481
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1. Consolidated Operating Results and Financial Position as of and for the nine months ended December 31, 2009 (April 1, 2009 to December 31, 2009)

(1) Consolidated Operating Results

Third Quarter Ended December 31 (Millions of Yen)	Net Sales		Operating Income (Loss)		Ordinary Income (Loss)		Net Income (Loss)	
2009	¥78,434	(48.1)%	¥(11,048)	— %	¥(10,322)	— %	¥(8,066)	— %
2008	151,028	—	12,676	— %	11,966	— %	4,375	— %

Third Quarter Ended December 31 (Yen)	Net Income (Loss) Per Share-Basic	Net Income Per Share-Diluted
2009	¥(62.73)	¥ —
2008	34.02	—

(Note) Fluctuation percentage for the third quarter ended December 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)
December 31, 2009	¥235,973	¥167,248	70.4 %	¥1,291.79
March 31, 2009	240,350	177,712	73.4	1,372.69
<i>(Note) Net worth</i>	<i>As of December 31, 2009:</i>		<i>¥166,127 million</i>	
	<i>As of March 31, 2009:</i>		<i>176,533 million</i>	

(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
2010 (Projected)	n/a	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)	¥113,500	¥(12,000)	¥(11,200)	¥(9,500)	¥(73.87)
(percentage)	(36.7)%	—%	—%	—%	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 November 12, 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:	December 31, 2009	133,856,903
	March 31, 2009	133,856,903
b. Treasury stock as of:	December 31, 2009	5,254,742
	March 31, 2009	5,252,712
c. Average number of common stock for the six months ended:	December 31, 2009	128,603,222
	December 31, 2008	128,606,279

Management's Discussion and Analysis

1. Operating results (From April 1, 2009 to December 31, 2009)

At the beginning of this nine-month fiscal period, the world real economy has remained stagnant which was triggered by the failure of U.S. major financial institutions in 2008. However, there were visible signs of economic recovery in consumer spending and exports in the middle stage of the nine-month fiscal period. In the latest stage, the signs of recovery have been found also in capital investments, mainly for electronics industry in developed countries along with emerging countries 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 in the first half of the nine-month fiscal period, net sales for this third quarter stood at ¥78,434 million (¥151,028 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 12.1% from a year earlier to 83.0% due to the sharp decrease in sales.

Selling, general and administrative expenses decreased by ¥6,797 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 10.4% from a year earlier to 31.1% due to the decrease in sales.

As a result, an operating loss of ¥11,048 million was recorded for this second quarter (¥12,676 million of operating income in the previous third quarter). However, the ratio to net sales has been improved as compared to that of the second 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 ¥726 million. As a result, an ordinary loss of ¥10,322 million was recorded (¥11,966 million of ordinary income in the previous third quarter).

Net extraordinary gain/loss was loss of ¥36 million due mainly to loss on sales and disposal of property, plant and equipment. As a result, net loss for the third quarter was ¥8,066 million (¥4,375 million of net income in the previous third quarter) after recognizing deferred tax assets.

2. Financial position (As of December 31, 2009)

Total assets stood at ¥235,973 million, ¥4,376 million less than the previous fiscal year-end, due mainly to decrease in accounts and notes receivable by ¥3,465 million.

Total liabilities stood at ¥68,725 million, ¥6,088 million more than the previous fiscal year-end, due mainly to ¥10,000 million bonds newly issued in this nine-month fiscal period.

Net assets stood at ¥167,248 million, ¥10,464 million less than the previous fiscal year-end, due mainly to decrease in retained earnings by ¥10,060 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 February 5, 2010.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Yen)

	Third Quarter End -Current Year As of December 31, 2009	Year End -Previous Year As of March 31, 2009
Assets		
Current Assets:		
Cash and bank deposits	¥69,672	¥64,130
Accounts and notes receivable	33,342	36,808
Merchandise and finished goods	9,942	12,510
Work in process	5,131	4,421
Raw materials and supplies	9,322	10,204
Other current assets	7,346	7,525
Less: Allowance for bad debts	(239)	(233)
Total current assets	134,518	135,368
Fixed Assets:		
Property, plant and equipment -net:		
Buildings and structures	26,775	27,377
Machinery and equipment	36,594	37,578
Other	17,306	20,045
Total property, plant and equipment -net	80,677	85,001
Intangibles		
Goodwill	6,225	8,269
Other	1,028	1,140
Total intangibles	7,254	9,410
Investments and Other		
Long-term investments in securities	4,951	4,280
Other	8,978	6,717
Less: Allowance for bad debts	(405)	(427)
Total investments and other	13,523	10,570
Total fixed assets	101,455	104,982
Total assets	235,973	240,350

	(Millions of Yen)	
	Third Quarter End -Current Year As of December 31, 2009	Year End -Previous Year As of March 31, 2009
Liabilities		
Current Liabilities:		
Accounts and notes payable	¥20,700	¥20,423
Income taxes payable	50	363
Accrued bonuses	918	1,716
Other	8,553	11,337
Total current liabilities	30,222	33,841
Long-term Liabilities:		
Bonds payable	10,000	—
Long-term bank loans	20,000	20,000
Reserve for employees' retirement benefits	4,683	4,322
Reserve for retirement benefits for directors and statutory auditors	118	125
Reserve for product warranty	90	118
Negative goodwill	—	324
Other	3,610	3,906
Total long-term liabilities	38,503	28,796
Total liabilities	68,725	62,637
Net Assets		
Shareholders' Equity:		
Common stock	34,606	34,606
Additional paid-in capital	44,342	44,342
Retained earnings	104,938	114,998
Treasury stock	(11,354)	(11,351)
Total shareholders' equity	172,532	182,595
Valuation and Adjustments:		
Net unrealized gain on other securities	274	144
Foreign currency translation adjustments	(6,679)	(6,205)
Total valuation and adjustments	(6,405)	(6,061)
Minority Interest	1,121	1,179
Total net assets	167,248	177,712
Total liabilities and net assets	235,973	240,350

Consolidated Statements of Income

(Millions of Yen)

	Third Quarter Ended December 31, 2008 (From April 1, 2008 to December 31, 2008)	Third Quarter Ended December 31, 2009 (From April 1, 2009 to December 31, 2009)
Net sales	¥151,028	¥78,434
Cost of sales	107,137	65,065
Gross profit	43,891	13,368
Selling, general and administrative expenses	31,215	24,417
Operating income (loss)	12,676	(11,048)
Non-operating income:		
Interest income	454	134
Foreign exchange gain, net	—	87
Amortization of negative goodwill	901	324
Equity earnings of affiliates	57	151
Other	910	662
Total non-operating income	2,323	1,360
Non-operating expense:		
Interest expenses	63	358
Foreign exchange loss	2,724	—
Other	245	274
Total non-operating expenses	3,033	633
Ordinary income (loss)	11,966	(10,322)
Extraordinary gains:		
Gain on sales of property, plant and equipment	54	3
Gain on sales of long-term investments in securities	—	1
Reversal of reserve for product warranty	13	9
Subsidies for employment adjustment	—	406
Other	14	56
Total extraordinary gains	82	476
Extraordinary losses:		
Loss on sales and disposal of property, plant and equipment	167	137
Loss on sale of investments in securities	21	—
Loss on write-down of long-term investments in securities	691	—
Lay-off costs	—	364
Other	15	10
Total extraordinary losses	895	512
Income (loss) before income taxes and minority interests	11,152	(10,358)
Income taxes-current	5,357	(80)
Income taxes-deferred	1,278	(2,156)
Total income taxes	6,636	(2,237)
Minority interests in net income (loss)	140	(54)
Net income (loss)	4,375	(8,066)

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.