August 10, 2011

Consolidated Financial Results for the First Quarter Ended June 30, 2011 under Japanese GAAP

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)		August 11, 2011
Scheduled starting date of dividend payment		n/a

1. Consolidated Operating Results and Financial Position as of and for the three months ended June 30, 2011 (April 1, 2011 to June 30, 2011)

(1) Consolidated Operating Results

First Quarter Ended June 30 (Millions of Yen)	Net Sales		Operating Income		Ordinary Income		Net Income	
2011	¥50,573	16.5%	¥5,842	48.1 %	¥5,782	83.3 %	¥3,721	97.4 %
2010	43,406	100.7%	3,944	－ %	3,155	－ %	1,885	－ %

(Note) Comprehensive income

First quarter ended June 30, 2011:	*¥6,139 million*	*231.8%*
First quarter ended June 30, 2010:	*1,850 million*	*－%*

First Quarter Ended June 30 (Yen)	Net Income Per Share-Basic	Net Income Per Share-Diluted
2011	¥28.94	¥ －
2010	14.66	－

(2) Consolidated Financial Position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Net Worth Ratio (%)
June 30, 2011	¥284,841	¥173,591	60.3 %
March 31, 2011	279,768	167,937	59.6 %

(Note) Net worth

As of June 30, 2011:	*¥171,729 million*
As of March 31, 2011:	*166,731 million*

(Note) Net worth ratio is defined as net worth divided by total assets. Net worth consists of shareholders' equity and accumulated other comprehensive income in net assets.

2. Dividends

For the year ended March 31	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
2011 (Actual)	¥ －	¥ 8.00	¥ －	¥ 8.00	¥ 16.00
2012 (Actual)	－	n/a	n/a	n/a	n/a
2012 (Projected)	n/a	11.00	－	11.00	22.00

(Note) Change in dividend projection: none

3. Forecasts for the year ending March 31, 2012 (April 1, 2011 to March 31, 2012)

	Net Sales (Millions of Yen)	Operating Income (Millions of Yen)	Ordinary Income (Millions of Yen)	Net Income (Millions of Yen)	Net Income per Share （Yen）
Six months ending September 30, 2011					
(amount)	¥103,000	¥12,500	¥12,600	¥8,400	¥65.32
(percentage)	11.8%	30.7%	43.9%	47.2%	n/a
Year ending March 31, 2012					
(amount)	¥215,000	¥29,000	¥29,400	¥19,500	¥151.63
(percentage)	12.8%	32.8%	35.9%	39.7%	n/a

(Note 1) Change in forecasts: none

(Note 2) 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.

4. Other Financial Information

(1) Significant change in scope of consolidation: None

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

(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.

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

a. Changes in accounting standard	Please refer to “5. Accounting Changes”
b. Other changes	Please refer to “5. Accounting Changes”

(4) Number of shares

		(shares)
a. Common stock issued, including treasury stock, as of:	June 30, 2011	133,856,903
	March 31, 2011	133,856,903
b. Treasury stock as of:	June 30, 2011	5,257,542
	March 31, 2011	5,257,342
c. Average number of common stock for the three months ended:	June 30, 2011	128,599,493
	June 30, 2010	128,601,388

5. Accounting Changes

(1) ***Valuation method of work in process***－Prior to April 1, 2011, cost of work-in-process inventories were determined by the gross average method. Effective April 1, 2011, THK changed the valuation method applied to made-to-order work in process to the specific identification method. This was because THK established the new cost accounting system and changed the cost calculation method from the group-based general cost accounting method to the by-lot specific cost accounting method, to reflect the operating results for accounting periods more accurately by improving the cost management. Since the accounting data of specific cost have been recorded from April 1, 2011, the beginning balances of inventories were recorded at the ending balances as of March 31, 2011, without any retroactive adjustments. The effect of changing the valuation method was to decrease work in process by ¥389 million, and to increase cost of sales by the same amount. As a result, operating income, ordinary income, and income before income taxes and minority interests decreased by ¥389 million, respectively. The effects to each segment are discussed in “Segment Information”.

(2) ***Depreciation methods of property, plant and equipment***－Effective April 1, 2011, THK and certain domestic subsidiaries changed the depreciation methods of property, plant and equipment (PPE) acquired on or after April 1, 2007 to the methods required under the revised Japanese tax laws (revised in 2007), by operating the new accounting system for management of PPE corresponding to the revised tax laws. The effect of changing the depreciation methods was to decrease operating income, ordinary income, and income before income taxes and minority interests by ¥266 million, respectively. The effects to each segment are discussed in “Segment Information”.

(3) ***Accounting Standard for Accounting Changes and Error Corrections***－Effective April 1, 2011, THK applied "Accounting Standard for Accounting Changes and Error Corrections" (Statement No. 24, issued by Accounting Standards Board of Japan (ASBJ) on December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (Guidance No. 24, issued by ASBJ on December 4, 2009). This standard is applicable to accounting changes and error corrections made on or after April 1, 2011.

Management’s Discussion and Analysis

1. Operating results (From April 1, 2011 to June 30, 2011)

During the first quarter of this fiscal year, the global economy, which continued along its path of recovery buoyed by the economic growth in developing countries, showed a slowdown trend. In Japan, there were signs of weakening due mainly to the Great East Japan Earthquake occurred in March that caused the supply-chain disruption. In the overseas economy, the economic expansion of developing countries continued, but the momentum became slower. The signs of slowdown were also found in Europe, America and other developed countries.

The THK Group has identified “Full-Scale Globalization” and the “Development of New Business Areas” as cornerstones of its growth strategy and efforts to expand its business domain. Amid growing clarity in the expansion of developing countries, the THK Group took steps to upgrade and expand its sales network particularly in such developing countries as China, which are anticipated to experience market growth, and to enhance productivity. As a result of these endeavors, the THK Group successfully linked the steady upswing in global demand, which was buoyed by robust capital investments in developing counties, to higher sales. Taking each of the aforementioned factors into consideration, net sales increased by ¥7,166 million, or 16.5%, to ¥50,573 million for the first quarter.

On the cost front, the THK Group made continuous endeavors to enhance its productivity by boosting materials yields and shortening manufacturing lead-time. As a result, the cost of sales to sales ratio improved 0.9 percentage points to 71.6% on the back of the steady increase in net sales and successful efforts to contain fixed expenses.

Selling, general and administrative expenses (SG&A) increased by ¥555 million, or 7.0%, to ¥8,534 million. The ratio to net sales, however, improved by 1.5 percentage points to 16.9% due to successful efforts to contain various expenses and improve operating efficiency, as well as the increase in net sales.

As a result, operating income increased from a year earlier by ¥1,898 million, or 48.1%, to ¥5,842 million. The operating income/net sales ratio improved by 2.5 percentage points to 11.6%

Net non-operating income/expense was expense of ¥59 million due mainly to a combined effect of ¥291 million of equity earnings of affiliates and ¥472 million of foreign exchange loss. As a result, ordinary income increased from a year earlier by ¥2,626 million, or 83.3%, to ¥5,782 million. Net income for the first quarter also increased from a year earlier by ¥1,835 million, or 97.4%, to ¥3,721 million.

2. Segment Information

(Japan)

In the first quarter of this fiscal year, Japanese economy showed signs of weakening due mainly to the Great East Japan Earthquake occurred in March that caused the supply-chain disruption. In such situation, THK worked diligently to promote sales amid growing export activity as its mainstay customers in the industrial machine tool industry endeavored to capture robust demand in expanding developing countries. As a result, sales to the machine tool industry, the general machinery industry, and the electronics industry were strong contributing to sales in Japan of ¥32,401 million, up ¥2,469 million, or 8.3%, from the figure one year earlier. Fueled by improvements in productivity and cutbacks in SG&A expenses, operating income in Japan amounted to ¥4,938 million, up ¥1,206 million, or 32.3%, from the figure one year earlier.

(The Americas)

In the Americas, trends in automobile production were firm. Amid a positive upswing in capital investment, the THK Group took steps to expand transactions with existing customers and to cultivate new business fields underpinned by its integrated production and sales structure. Based on these endeavors, sales to the machine tool industry, the electronics industry, and the transportation equipment industry were robust amounting to ¥5,547 million, up ¥466 million, or 9.2%, from the figure one year earlier. Operating income amounted to ¥473 million, up ¥131 million, or 38.5%, from the figure one year earlier.

(Europe)

In Europe, while machine manufacturers expanded exports to Asia on the back of the weak euro, THK worked diligently to expand transactions with existing customers and to cultivate new business fields. As a result, the THK Group successfully linked the steady upswing in demand to higher sales amounted to ¥5,228 million, up ¥1,473 million, or 39.3%, from the figure one year earlier. However, ¥103 million of operating loss, ¥14 million more than the figure one year earlier, was recorded due mainly to the rapid appreciation of the yen against euro.

(China)

While capital investment steadily increased on the back of the strong economic growth, the THK Group implemented aggressive business activities by taking advantage of sales channels that we have developed. In addition, the THK Group proactively enhanced its productivity to link the steady upswing in demand to higher sales. As a result, sales to the core machine tool industry were robust amounting to ¥3,981 million, up ¥1,527 million, or 62.2%, from the figure one year earlier. Operating income amounted to ¥815 million, up ¥583 million, or 251.7%, from the figure one year earlier.

(Other)

In other countries and regions including Taiwan, India and ASEAN, THK continues to expand transactions with existing customers while cultivating new customers. As a result, sales to the key machine tool industry were robust amounting to ¥3,413 million, up ¥1,228 million, or 56.2%, from the figure one year earlier. Operating income amounted to ¥168 million, up ¥66 million, or 65.5%, from the figure one year earlier.

3. Financial position (As of June 30, 2011)

Total assets stood at ¥284,841 million, ¥5,072 million more than the previous fiscal year-end, due mainly to increase in cash and bank deposits by ¥2,414 million, and in accounts and notes receivable by ¥3,393 million.

Total liabilities stood at ¥111,249 million, ¥582 million less than the previous fiscal year-end, due mainly to a combined effect of increase in accounts and notes payable by ¥2,775 million and decrease in income taxes payable by ¥3,892 million.

Net assets stood at ¥173,591 million, ¥5,654 million more than the previous fiscal year-end, due mainly to increase in retained earnings by ¥2,747 million and in foreign currency translation adjustments by ¥2,186 million.

4. Forecast for the fiscal year ending March 31, 2012

The forecasts for the six months ending September 30, 2011 and the year ending March 31, 2012 have not been amended from those reported in the announcement dated May 12, 2011.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Yen)

	Year End -Previous Year As of March 31, 2011	First Quarter End -Current Year As of June 30, 2011
Assets		
Current Assets:		
Cash and bank deposits	¥100,104	¥102,518
Accounts and notes receivable	56,442	59,835
Merchandise and finished goods	9,780	10,347
Work in process	6,396	6,157
Raw materials and supplies	10,728	11,149
Other current assets	8,398	7,542
Less: Allowance for bad debts	(184)	(195)
Total current assets	191,665	197,354
Fixed Assets:		
Property, plant and equipment -net:		
Buildings and structures	23,988	24,559
Machinery and equipment	32,223	32,964
Other	19,197	20,448
Total property, plant and equipment -net	75,409	77,972
Intangibles		
Goodwill	117	419
Other	976	983
Total intangibles	1,093	1,403
Investments and Other		
Long-term investments in securities	5,253	4,896
Other	6,650	3,516
Less: Allowance for bad debts	(304)	(303)
Total investments and other	11,599	8,110
Total fixed assets	88,103	87,486
Total assets	279,768	284,841

(Millions of Yen)

	Year End -Previous Year As of March 31, 2011	First Quarter End -Current Year As of June 30, 2011
Liabilities		
Current Liabilities:		
Accounts and notes payable	¥31,743	¥34,519
Short-term bank loans	249	95
Income taxes payable	5,808	1,916
Accrued bonuses	2,758	2,255
Accrued bonuses to directors and corporate auditors	50	―
Other	11,351	12,099
Total current liabilities	51,961	50,886
Long-term Liabilities:		
Bonds	30,000	30,000
Long-term bank loans	20,000	20,000
Reserve for employees' retirement benefits	4,963	5,025
Reserve for retirement benefits for directors and corporate auditors	89	96
Reserve for product warranty	110	111
Other	4,705	5,129
Total long-term liabilities	59,870	60,363
Total liabilities	111,831	111,249
Net Assets		
Shareholders' equity :		
Common stock	34,606	34,606
Additional paid-in capital	44,342	44,342
Retained earnings	110,632	113,379
Treasury stock	(11,359)	(11,360)
Total shareholders' equity	178,221	180,968
Accumulated other comprehensive income :		
Net unrealized gain on other securities	590	654
Foreign currency translation adjustments	(12,080)	(9,894)
Total accumulated other comprehensive income	(11,490)	(9,239)
Minority Interests	1,206	1,862
Total net assets	167,937	173,591
Total liabilities and net assets	279,768	284,841

Consolidated Statements of Income

(Millions of Yen)

	First Quarter Ended June 30, 2010 (From April 1, 2010 to June 30, 2010)	First Quarter Ended June 30, 2011 (From April 1, 2011 to June 30, 2011)
Net sales	¥43,406	¥50,573
Cost of sales	31,483	36,196
Gross profit	11,923	14,377
Selling, general and administrative expenses	7,978	8,534
Operating income	3,944	5,842
Non-operating income：		
Interest income	42	59
Equity earnings of affiliates	198	291
Other	231	272
Total non-operating income	471	623
Non-operating expense：		
Interest expenses	132	138
Foreign exchange loss, net	1,015	472
Other	112	71
Total non-operating expenses	1,260	683
Ordinary income	3,155	5,782
Extraordinary gains：		
Gain on sales of property, plant and equipment	5	3
Subsidies for employment adjustment	2	―
Other	0	―
Total extraordinary gains	8	3
Extraordinary losses：		
Loss on sales and disposal of property, plant and equipment	16	20
Loss on write-down of investments in securities	1	11
Loss on cancellation of insurance contracts	―	70
Other	6	15
Total extraordinary losses	24	118
Income before income taxes and minority interests	3,138	5,666
Income taxes-current	210	1,848
Income taxes-deferred	1,021	23
Total income taxes	1,232	1,871
Income before minority interests	1,906	3,795
Minority interests in net income	21	73
Net income	1,885	3,721

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	First Quarter Ended June 30, 2010 (From April 1, 2010 to June 30, 2010)	First Quarter Ended June 30, 2011 (From April 1, 2011 to June 30, 2011)
Income before minority interests	¥1,906	¥3,795
Other comprehensive income:		
Unrealized gain (loss) on other securities	(129)	60
Foreign currency translation adjustments	(72)	1,952
Share of other comprehensive income of affiliates accounted under the equity method	145	331
Total other comprehensive income (loss)	(56)	2,344
Comprehensive income	1,850	6,139
Attributable to:		
Shareholders of THK Co., Ltd.	1,815	5,482
Minority interests	34	656

Segment Information

For the first quarter ended June 30, 2010 (April 1, 2010 to June 30, 2010)

(Millions of Yen)

	Japan	The Americas	Europe	China	Other	Adjust -ments	Consoli -dated
Sales to customers	¥29,932	¥5,080	¥3,754	¥2,454	¥2,185	¥―	¥43,406
Inter-segment	8,690	14	3	732	0	(9,441)	―
Total	38,622	5,095	3,758	3,187	2,185	(9,441)	43,406
Operating income (loss)	3,732	342	(88)	231	101	(375)	3,944

(Note) All adjustments are intercompany elimination.

For the first quarter ended June 30, 2011 (April 1, 2011 to June 30, 2011)

(Millions of Yen)

	Japan	The Americas	Europe	China	Other	Adjust -ments	Consoli -dated
Sales to customers	¥32,401	¥5,547	¥5,228	¥3,981	¥3,413	¥―	¥50,573
Inter-segment	11,431	86	2	870	12	(12,404)	―
Total	43,833	5,634	5,231	4,852	3,426	(12,404)	50,573
Operating income (loss)	4,938	473	(103)	815	168	(451)	5,842

(Note 1) All adjustments are intercompany elimination.

(Note 2) As discussed in 5. Accounting Changes (1), effective April 1, 2011, THK changed the valuation method applied to made-to-order work in process to the specific identification method. The effect of changing the valuation method was to decrease operating income in Japan segment by ¥389 million.

(Note 3) As discussed in 5. Accounting Changes (2), effective April 1, 2011, THK and certain domestic subsidiaries changed the depreciation methods of property, plant and equipment (PPE) acquired on or after April 1, 2007 to the methods required under the revised Japanese tax laws (revised in 2007), by operating the new accounting system for management of PPE corresponding to the revised tax laws. The effect of changing the depreciation methods was to decrease operating income in Japan segment by ¥266 million.

Additional notes:

(1) Going concern issues: Not applicable.

(2) Significant change in shareholders' equity: Not applicable.

Other Information

This report is not subject to the quarterly review procedures set forth in the Japanese Financial Instruments and Exchange Act. Therefore, the quarterly review procedures for accompanying consolidated financial statements are not finished at the time of the announcement of this report.

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.