February 10, 2012

Consolidated Financial Results for the Third Quarter Ended December 31, 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)		February 13, 2012

1. Consolidated Operating Results and Financial Position as of and for the nine months ended December 31, 2011 (April 1, 2011 to December 31, 2011)

(1) Consolidated Operating Results

Third Quarter Ended December 31 (Millions of Yen)	Net Sales		Operating Income		Ordinary Income		Net Income	
2011	¥151,646	7.2%	¥15,967	(0.2) %	¥13,003	(10.1) %	¥8,445	(10.2) %
2010	141,499	80.4%	15,999	－ %	14,458	－ %	9,407	－ %

(Note) Comprehensive income	*Third quarter ended December 31, 2011:*	*¥6,034 million*	*32.5%*
	Third quarter ended December 31, 2010:	*4,553 million*	*－%*

Third Quarter Ended December 31 (Yen)	Net Income Per Share-Basic	Net Income Per Share-Diluted
2011	¥65.68	¥ －
2010	73.15	－

(2) Consolidated Financial Position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Net Worth Ratio (%)
December 31, 2011	¥285,888	¥172,031	59.6 %
March 31, 2011	279,768	167,937	59.6 %

(Note) Net worth	*As of December 31, 2011:*	*¥170,412 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 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
2011 (Actual)	―	8.00	―	8.00	16.00
2012 (Actual)	―	9.00	―	n/a	n/a
2012 (Projected)	n/a	n/a	n/a	9.00	18.00

(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)
Year ending March 31, 2012					
(amount)	¥190,000	¥18,500	¥15,000	¥9,500	¥73.87
(percentage)	(0.3)%	(15.3)%	(30.7)%	(31.9)%	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)

Certain consolidated subsidiaries determine their income tax expenses by multiplying net income for the quarter period by the estimated effective tax rate applicable to the 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 — Please refer to “5. Accounting Changes”
b. Other changes — Please refer to “5. Accounting Changes”

(5) Number of shares

		(shares)
a. Common stock issued, including treasury stock, as of:	December 31, 2011	133,856,903
	March 31, 2011	133,856,903
b. Treasury stock as of:	December 31, 2011	5,258,392
	March 31, 2011	5,257,342
c. Average number of common stock for the nine months ended:	December 31, 2011	128,599,097
	December 31, 2010	128,600,907

5. Accounting Changes

(1) ***Valuation method of work in process***－Prior to April 1, 2011, cost of work-in-process inventories was 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, in order 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 ¥156 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 ¥156 million, respectively.

(2) ***Depreciation methods of property, plant and equipment***－Effective April 1, 2011, THK and certain domestic subsidiaries changed their 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 ¥823 million, respectively.

(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.

(4) ***Retirement benefit plan***－On October 1, 2011, THK discontinued its non-contributory funded pension plan and made a transition mainly to a defined benefit pension plan, and partially to a defined contribution pension plan. In accordance with the "Guidance on Accounting Standard for Transitions in Retirement Benefit Plans" (ASBJ Guidance No. 1), THK recorded ¥323 million of loss on reorganization of retirement benefit plans for the third quarter ended December 31, 2011.

Management's Discussion and Analysis

1. Operating results (April 1, 2011 to December 31, 2011)

During the first half of this third quarter period, the global economy continued along its path of recovery buoyed by the economic growth in developing countries. In the latter half of the period, however, the world economic growth showed a slowdown trend caused by the financial problem in Europe and restraint measures of developing countries. In Japan, although the economy has started to turn into the recovery with the restoration from the disaster, there were weaknesses, especially in export, in the latter half of the period which was due to the ongoing appreciation of the yen and the slowdown in the economic growth of development countries. In the overseas economy, while the United States of America showed its stable recovery, Europe showed the slowdown in its economic growth. The economic expansion of developing countries continued, but the momentum became slower.

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, though there was a sign of slowdown in the latter half of the period, the THK Group successfully linked the steady upswing in global demand to higher sales. Taking each of the aforementioned factors into consideration, net sales increased by ¥10,147 million, or 7.2%, to ¥151,646 million for the third quarter.

On the cost front, the THK Group made continuous endeavors to enhance its productivity by boosting materials yields and shortening manufacturing lead-time. Due to the ongoing appreciation of the yen and effect of changes in the valuation methods of inventory as well as depreciation method of property, plant and equipment, however, the cost of sales to sales ratio worsened by 0.8 percentage points to 72.4%.

Selling, general and administrative expenses (SG&A) increased by ¥1,751 million, or 7.2%, to ¥25,922 million. Although outsourcing expenses increased owing to establishing system to strengthen our Business Continuity Plans, however, the ratio to net sales stayed at 17.1%, which was at as the same level as that of the previous year due to successful efforts to contain various expenses and improve operating efficiency.

As a result, operating income decreased from a year earlier by ¥32 million, or 0.2%, to ¥15,967 million. The operating income/net sales ratio dropped by 0.8 percentage points to 10.5%

Net non-operating income/expense was expense of ¥2,963 million due mainly to a combined effect of ¥429 million of equity earnings of affiliates and ¥3,639 million of foreign exchange loss. As a result, ordinary income decreased from a year earlier by ¥1,454 million, or 10.1%, to ¥13,003 million. Net income for the third quarter also decreased from a year earlier by ¥961 million, or 10.2%, to ¥8,445 million.

2. Segment Information

(Japan)

In Japan, although the economy has started to turn into the recovery with the restoration from the disaster, there were weaknesses, especially in export, in the latter half of the period which was due to the ongoing appreciation of the yen and the slowdown in the economic growth of development countries. 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. In the latter half of the period, though there was a slowdown in demand of the electronics industry, THK successfully increased sales by capturing the robust demand resulting in net sales amounting to ¥95,950 million, up ¥431 million, or 0.5%, from the figure one year earlier. Due to the ongoing appreciation of the yen and effect of changes in the valuation methods of inventory as well as depreciation method of property, plant and equipment, however, operating income in Japan amounted to ¥13,238 million, down ¥178 million, or 1.3%, 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. Based on these endeavors, sales were robust, to the machine tool industry and the electronics industry in particular, amounting to ¥16,510 million, up ¥854 million, or 5.5%, from the figure one year earlier. Operating income amounted to ¥954 million, down ¥503 million, or 34.5%, from the figure one year earlier. This was mainly attributable to the appreciation of the yen against U.S. dollar.

(Europe)

In the latter half of the period, a slowdown was found in the economy. 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 ¥15,468 million, up ¥3,474 million, or 29.0%, from the figure one year earlier. However, ¥310 million of operating loss was recorded, though it improved by ¥286 million as compared to the figure one year earlier, 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. Although weakened momentum in demand affected by the restraint measures were found in the latter half of the period, the THK Group successfully linked the steady upswing in demand especially in its mainstay customers in the industrial machine tool industry in the first half of the period. As a result, sales amounted to ¥13,612 million, up ¥3,839 million, or 39.3%, from the figure one year earlier. Operating income amounted to ¥2,591 million, up ¥982 million, or 61.1%, 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. In the latter half of the period, though there was a slowdown in demand of the electronics industry as well as weakened export to machine manufacturers in Taiwan affected by the restraint measures in China, the THK Group successfully linked the steady upswing in demand in the first half of the period. As a result, sales amounted to ¥10,104 million, up ¥1,548 million, or 18.1%, from the figure one year earlier. Operating income amounted to ¥414 million, down ¥40 million, or 8.8%, from the figure one year earlier, due to the appreciation of the yen.

3. Financial position (As of December 31, 2011)

Total assets stood at ¥285,888 million, ¥6,119 million more than the previous fiscal year-end, due mainly to increase in cash and cash equivalents by ¥6,201 million and in accounts and notes receivable by ¥1,271 million.

Total liabilities stood at ¥113,857 million, ¥2,025 million more than the previous fiscal year-end, due mainly to a combined effect of issuance of straight bonds of ¥10,000 million, decrease in income taxes payable by ¥5,389 million, and decrease in reserve for employees' retirement benefits by ¥1,876 million.

Net assets stood at ¥172,031 million, ¥4,093 million more than the previous fiscal year-end, due mainly to a combined effect of increase in retained earnings by ¥6,332 million and decrease in foreign currency translation adjustments by ¥2,718 million.

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

For details of the financial forecasts for the year ending March 31, 2012, please refer to "Notice Regarding the Amendments in Financial Forecasts" announced on November 11, 2011.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Yen)

	Year End -Previous Year As of March 31, 2011	Third Quarter End -Current Year As of December 31, 2011
Assets		
Current Assets:		
Cash and bank deposits	¥100,104	¥106,306
Accounts and notes receivable	56,442	57,713
Merchandise and finished goods	9,780	10,792
Work in process	6,396	5,510
Raw materials and supplies	10,728	10,776
Other current assets	8,398	8,160
Less: Allowance for bad debts	(184)	(183)
Total current assets	191,665	199,076
Fixed Assets:		
Property, plant and equipment -net:		
Buildings and structures	23,988	23,727
Machinery and equipment	32,223	32,566
Other	19,197	21,420
Total property, plant and equipment -net	75,409	77,714
Intangibles		
Goodwill	117	772
Other	976	1,141
Total intangibles	1,093	1,913
Investments and Other		
Long-term investments in securities	5,253	4,293
Other	6,650	3,198
Less: Allowance for bad debts	(304)	(308)
Total investments and other	11,599	7,183
Total fixed assets	88,103	86,811
Total assets	279,768	285,888

(Millions of Yen)

	Year End -Previous Year As of March 31, 2011	Third Quarter End -Current Year As of December 31, 2011
Liabilities		
Current Liabilities:		
Accounts and notes payable	¥31,743	¥31,752
Short-term bank loans	249	92
Income taxes payable	5,808	418
Accrued bonuses	2,758	1,828
Accrued bonuses to directors and corporate auditors	50	–
Other	11,351	11,517
Total current liabilities	51,961	45,609
Long-term Liabilities:		
Bonds	30,000	40,000
Long-term bank loans	20,000	20,000
Reserve for employees' retirement benefits	4,963	3,087
Reserve for retirement benefits for directors and corporate auditors	89	107
Reserve for product warranty	110	120
Other	4,705	4,932
Total long-term liabilities	59,870	68,247
Total liabilities	111,831	113,857
Net Assets		
Shareholders' equity :		
Common stock	34,606	34,606
Additional paid-in capital	44,342	44,342
Retained earnings	110,632	116,965
Treasury stock	(11,359)	(11,361)
Total shareholders' equity	178,221	184,552
Accumulated other comprehensive income:		
Net unrealized gain on other securities	590	659
Foreign currency translation adjustments	(12,080)	(14,799)
Total accumulated other comprehensive income	(11,490)	(14,140)
Minority Interests	1,206	1,618
Total net assets	167,937	172,031
Total liabilities and net assets	279,768	285,888

Consolidated Statements of Income

(Millions of Yen)

	Third Quarter Ended December 31, 2010 (From April 1, 2010 to December 31, 2010)	Third Quarter Ended December 31, 2011 (From April 1, 2011 to December 31, 2011)
Net sales	¥141,499	¥151,646
Cost of sales	101,327	109,756
Gross profit	40,171	41,890
Selling, general and administrative expenses	24,171	25,922
Operating income	15,999	15,967
Non-operating income：		
Interest income	151	281
Equity earnings of affiliates	424	429
Other	604	731
Total non-operating income	1,180	1,443
Non-operating expense：		
Interest expenses	429	475
Foreign exchange loss, net	1,924	3,639
Other	368	291
Total non-operating expenses	2,721	4,407
Ordinary income	14,458	13,003
Extraordinary gains：		
Gain on sales of property, plant and equipment	7	13
Gain on sale of investments in securities	－	7
Subsidy income	125	21
Subsidies for employment adjustment	2	－
Other	10	－
Total extraordinary gains	145	42
Extraordinary losses：		
Loss on sales and disposal of property, plant and equipment	50	77
Loss on write-down of investments in securities	12	16
Loss on reorganization of retirement benefit plans	－	323
Other	7	91
Total extraordinary losses	69	509
Income before income taxes and minority interests	14,533	12,536
Income taxes-current	3,284	3,029
Income taxes-deferred	1,709	814
Total income taxes	4,994	3,844
Income before minority interests	9,539	8,692
Minority interests in net income	132	246
Net income	9,407	8,445

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Third Quarter Ended December 31, 2010 (From April 1, 2010 to December 31, 2010)	Third Quarter Ended December 31, 2011 (From April 1, 2011 to December 31, 2011)
Income before minority interests	¥9,539	¥8,692
Other comprehensive income:		
Unrealized gain (loss) on other securities	25	(137)
Foreign currency translation adjustments	(4,843)	(2,492)
Share of other comprehensive loss of affiliates accounted under the equity method	(168)	(28)
Total other comprehensive loss	(4,985)	(2,657)
Comprehensive income	4,553	6,034
Attributable to:		
Shareholders of THK Co., Ltd.	4,509	5,621
Minority interests	43	412

Segment Information

For the nine months ended December 31, 2010 (April 1, 2010 to December 31, 2010)

(Millions of Yen)

	Japan	The Americas	Europe	China	Other	Adjust -ments	Consoli -dated
Sales to customers	¥95,518	¥15,656	¥11,994	¥9,773	¥8,556	¥－	¥141,499
Inter-segment	28,886	87	10	2,449	33	(31,467)	－
Total	124,405	15,744	12,004	12,223	8,589	(31,467)	141,499
Operating income (loss)	13,417	1,458	(596)	1,609	454	(342)	15,999

(Note) All adjustments are intercompany elimination.

For the nine months ended December 31, 2011 (April 1, 2011 to December 31, 2011)

(Millions of Yen)

	Japan	The Americas	Europe	China	Other	Adjust -ments	Consoli -dated
Sales to customers	¥95,950	¥16,510	¥15,468	¥13,612	¥10,104	¥－	¥151,646
Inter-segment	32,674	121	9	2,395	122	(35,323)	－
Total	128,624	16,632	15,478	16,008	10,226	(35,323)	151,646
Operating income (loss)	13,238	954	(310)	2,591	414	(920)	15,967

(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 ¥156 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 ¥823 million.

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.