

BUSINESS REVIEW

GEOGRAPHIC BUSINESS REVIEW

Japan

FY2010 (Results)

Operating Conditions and Performance Overview

Sales in Japan increased 66.9% in year-on-year terms to ¥117.3 billion.

In the first half of the fiscal year under review, the domestic economy experienced a steady recovery led mainly by robust export activity. This in turn helped boost capital investment. As a result, demand witnessed a positive turnaround across such wide-ranging areas as machine tools, general machinery and electronics.

During the second half of the fiscal year, signs of a slow-down in the economy began to emerge. This was largely attributable to ongoing appreciation in the value of the yen, the drop off in benefits to accrue from pump-priming measures implemented by the government and other factors. In the aftermath of the Great East Japan Earthquake that struck the nation toward the end of the fiscal year, THK and several of its Group company plants were forced to relocate machinery. Given the relatively minor impact on the Group's operations, THK worked diligently to secure a quick resumption of business activities and the stable supply of products and services. Accounting for each of the aforementioned factors, the upswing in demand led to increased sales and overall revenue growth.

Operating Activities

— Sales —

- Buoyed by growth in developing countries, capital goods manufacturers ramped up their export activities. THK took proactive steps to boost sales and marketing endeavors with the aim of channeling the upswing in demand for the Company's products toward steady sales growth.
- At the same time, every effort was made to further bolster activities in such new business areas as automotive parts and seismic isolation systems.
- THK continued to implement the "TAP 1" skills development program for sales personnel as part of broader efforts to deepen relationships with existing customers and develop new customers. In concrete terms, while showcasing the unique characteristics of each product, steps were also taken to actively promote sales proposals inviting customers to apply THK products as an answer to specific issues.

— Production —

- Since the Lehman Brothers shock, THK has placed considerable emphasis on further enhancing the skills of frontline production staff and boosting productivity amid the decline in demand. As a result, the Company was able to smoothly increase production amid the substantial upswing in demand during fiscal 2010 as the means to secure steady sales growth.

— General Overview —

- During the fiscal year under review, THK continued to implement the P25 Project, a cross-functional initiative whose objective is to increase profitability by lowering the Company's break-even sales point. While expenses entered a growth phase throughout fiscal 2010, the P25 Project helped secure improvements in profit margins on the back of product volume benefits. As a result, profitability increased steadily.

FY2011 (Plan)

Operating Activities

— Sales —

- Looking ahead, capital goods manufacturers are expected to accelerate the shift of production overseas. Harnessing its proposal capabilities fostered over many years in Japan, THK will focus increasingly on capturing new customers and expanding transactions in new business areas.
- Buoyed by the growing trend toward electric-powered equipment across all product areas, THK will promote increased application of its actuators.

— Production —

- With orders continuing to hover at a high level, THK will work to enhance productivity and to increase production volume.

— General Overview —

- The Company will maintain its focus on vigorously promoting the P25 Project while at the same time strengthening its business platform

Bases

Japan	Sales offices	48
	Plants	15
	Distribution centers	3

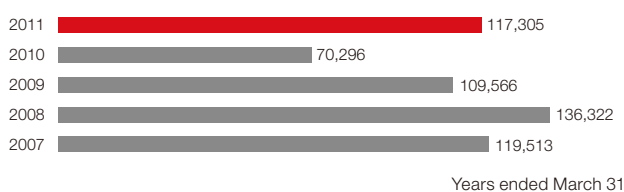
Group companies

As of March 31, 2011

- THK CO., LTD.
- THK INTECHS CO., LTD.
- TALK SYSTEM CORPORATION
- THK NIIGATA CO., LTD.
- THK RHYTHM CO., LTD.
- THK RHYTHM KYUSHU CO., LTD.
- Rhythm L Co., Ltd.
- L Tool Co., Ltd.
- L Trading Co., Ltd.
- L Engineering Co., Ltd.

Sales in Japan

(Millions of yen)



The Americas

FY2010 (Results)

Operating Conditions and Performance Overview

Regional sales increased 43.0% in year-on-year terms to 20.8 billion.

Amid indications of a positive turnaround in corporate-sector capital investment led mainly by robust personal consumption and export activity, demand recovered in overall terms primarily in the machine tool and electronics industries.

Taking into consideration the recovery in demand, THK took full advantage of its position as the only company in its industry to maintain local production bases. The Company successfully secured revenue growth on the back of efforts to expand transactions with existing customers and to cultivate new business areas.

Operating Activities

— Sales —

- THK more effectively utilized its regional sales agent network to further lift sales efficacy. In this regard, the Company took steps to rebuild its sales and marketing structure.
- In order to develop and maintain a business structure that is not overly affected by shifts in economic conditions and customer trends, THK redoubled its promotion efforts in new business areas.
- With demand tending to shift from supplying individual components toward hybrid units, THK focused on expanding sales of hybrid units.

— Production —

- At the time orders increase, the Company pushed forward measures aimed at maintaining the stable supply of LM guides. At the same time, THK increased production volumes of hybrid units.
- Taking into consideration appreciation in the value of the yen as well as transportation costs, THK actively promoted local procurement activities and initiatives that facilitate in-house operations. Through these means, the Company pursued further reductions in material costs while bolstering the cost competitiveness of its products.

FY2011 (Plan)

Operating Activities

— Sales —

- As capital goods manufacturers continue to shift their production bases overseas focusing mainly on Asia, THK will endeavor to cultivate opportunities in such new business areas as medical equipment and energy. At the same time, the Company will uncover new markets in a variety of countries including Mexico and Canada.
- With demand tending to shift from supplying individual components toward hybrid units, THK will continue to focus on expanding sales of hybrid units.

— Production —

- Maximizing its competitive advantage as the only company of its kind in the industry to maintain production facilities locally, THK will strengthen its ability to provide highly specialized products that meet specific customer needs.
- THK will actively promote local procurement activities and initiatives that facilitate in-house operations. Through these means, the Company will pursue further reductions in material costs while bolstering the cost competitiveness of its products.

Bases

United States	Sales offices	8
	Plants	2
Canada	Sales office	1
Mexico	Sales office	1
Brazil	Sales office	1

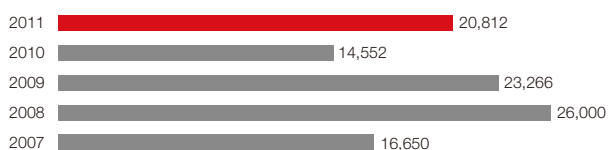
Group companies

As of March 31, 2011

- THK Holdings of America, L.L.C.
- THK America, Inc.
- THK Manufacturing of America, Inc.
- THK RHYTHM NORTH AMERICA CO., LTD.

Sales in the Americas

(Millions of yen)



Years ended March 31

Europe

FY2010 (Results)

Operating Conditions and Performance Overview

Regional sales increased 27.5% in year-on-year terms to ¥16.1 billion.

Amid signs of a recovery in the economy led mainly by export activity to Asia, THK witnessed a positive turnaround in demand ostensibly for mainstay machine tools and general machinery industries.

Buoyed by this recovery in demand, THK worked diligently to expand transactions with existing customers and to uncover opportunities in new business areas. In successfully linking this upswing in demand to steady sales growth, the Company recorded increased revenue.

Operating Activities

— Sales —

- With capital goods manufacturers taking advantage of the weak euro to expand exports to Asia, THK took steps to further cultivate existing customers focusing on such areas as machine tools and general machinery. At the same time, the Company endeavored to uncover opportunities in new business areas related to aircrafts, energy and other sectors.
- THK upgraded, expanded and increased sales of its lineup of Deutsche Industrie Normen (DIN) code compliant ball screws.

— Production —

- THK endeavored to further increase productivity by upgrading the skills of worksite staff and rigorously managing capacity utilization.
- THK worked to diversify material suppliers while at the same time curtailing variable expenses by lowering purchase unit costs and reducing material inventories.

FY2011 (Plan)

Operating Activities

— Sales —

- Taking into consideration prolonged weakness in the euro and the projected upswing in export activity by capital goods manufacturers particularly to Asia, THK will bolster sales in the machine tools, general machinery and related industries to existing customers.
- In addition, THK will focus on cultivating such new areas as aircrafts and energy where demand is forecast to remain robust.

— Production —

- Amid appreciation in the value of the yen and continued weakness in the euro, THK will promote local material procurement and the reduction of material costs.
- Against the backdrop of high levels of demand throughout Europe, THK will increase productivity and raise the level of output.
- Taking full advantage of the introduction of a 7m grinding machine, THK will boost sales of elongated LM guides.

Bases

Germany	Sales offices	4
United Kingdom	Sales office	1
Ireland	Plant	1
Italy	Sales offices	2
Sweden	Sales office	1
Austria	Sales office	1
Spain	Sales office	1
France	Sales office	1
	Plant	1
Turkey	Sales office	1
Czech Republic	Sales office	1
Netherlands	Sales office	1
Russia	Sales office	1

Group companies

As of March 31, 2011

- THK Europe B.V.
- THK GmbH
- THK France S.A.S.
- THK Manufacturing of Europe S.A.S.
- PGM Ballscrews Ireland Ltd.

*PGM Ballscrews Ireland Ltd. changed its corporate name to THK Manufacturing of Ireland Ltd. in April 2011.

Sales in Europe

(Millions of yen)

2011	16,107
2010	12,636
2009	24,916
2008	25,237
2007	19,345

Years ended March 31

Asia & Other

FY2010 (Results)

Operating Conditions and Performance Overview

Sales in Asia and other increased 104.2% in year-on-year terms to ¥36.4 billion.

Amid ongoing economic growth throughout Asia and particularly China, demand in China and Taiwan increased mainly for machine tools, while demand primarily for electronics rose in Korea.

Taking into consideration this upswing in demand, THK worked diligently to expand sales. In the fiscal year under review, the Company recorded an increase in revenues on the back of successful efforts to link higher demand to sales growth.

Operating Activities

— Sales —

- In China, THK strove to upgrade and expand its sales network while at the same time cultivating existing customer latent demand and actively uncovering new customers in areas outside the mainstay machine tools.
- In Taiwan, THK implemented measure aimed at expanding sales of cross roller rings, seismic isolation platforms, ball screws and hybrid units. In addition, the Company promoted such initiatives as the implementation of technical seminars and stepped up efforts to approach photovoltaic power generation- and LED production equipment-related areas.
- In other parts of Asia, THK worked to deepen its foothold in existing markets including Thailand, India and Singapore. At the same time, the Company entered such untapped markets as Indonesia.

— Production —

- Amid growing demand, THK continued to leverage its rotating four-squad triple-shift production system employed at each plant to expand production capacity in China.
- In addition to increasing the number of production items at each plant, THK worked to lower costs through improved processes and the local procurement of components and materials in an effort to create more cost competitive products.

FY2011 (Plan)

Operating Activities

— Sales —

- In China, where there remains considerable untapped demand, THK will continue to promote efforts aimed at upgrading and expanding its sales network. At the same time, the

Company will pursue ongoing measures designed to cultivate new customers outside the mainstay machine tools industry.

*For information regarding the Company's business development activities in China, please refer to the Special Feature section on pages 14–17.

- In Taiwan, THK will maintain its focus on approaching the photovoltaic power generation-, LED- and touch-panel production equipment-related industries.
- In Singapore, THK will work to expand transactions with existing customers while fostering new customers. In addition, the Company will endeavor to deepen ties with existing customers while cultivating new business areas in Thailand and India. Moreover, THK will promote efforts to cultivate markets in such new areas as Indonesia, Vietnam and the Philippines.

— Production —

- In order to capture its share of the robust upswing in demand, THK will actively introduce machinery and capital equipment at each plant to further boost production capacity.
- Each plant will work diligently to expand market share. To this end, specific measures will be put in place including efforts to enhance cost competitiveness by promoting in-house operations and diversifying material suppliers as well as delivering products that address customer needs.
- Amid expectations of further increases in demand, THK MANUFACTURING OF CHINA (WUXI) CO. LTD. will construct a third plant targeting the industrial machinery industry. Focusing on transportation equipment steps will also be taken to establish THK RHYTHM CHANGZHOU CO., LTD.
- Having completed construction of THK MANUFACTURING OF VIETNAM in 2010, THK will commence product shipment.

— Other —

- From a tangible perspective, THK will implement a variety of initiatives including the upgrade and expansion of its sales network as well as the strengthening of its production capacity. From an intangible perspective, the Company will complement these endeavors by bolster the skills of personnel, where number are rising dramatically.

Bases

China	Sales offices	26	Thailand	Plant	1
	Plants	4	Korea	Sales offices	14
Taiwan	Sales offices	3		Plants	3
Singapore	Sales office	1	Vietnam	Plant	1
India	Sales office	1			

Group companies

As of March 31, 2011

- THK TAIWAN CO., LTD.
- THK (CHINA) CO., LTD.
- THK (SHANGHAI) CO., LTD.
- DALIAN THK CO., LTD.
- THK MANUFACTURING OF CHINA (WUXI) CO., LTD.
- THK MANUFACTURING OF CHINA (LIAONING) CO., LTD.
- Beldex KOREA Corporation
- THK LM SYSTEM Pte. Ltd.
- THK RHYTHM GUANGZHOU CO., LTD.
- THK RHYTHM (THAILAND) CO., LTD.
- SAMICK THK CO., LTD.

Sales in Asia and Other

(Millions of yen)

2011	36,438
2010	17,846
2009	21,521
2008	21,150
2007	19,203

Years ended March 31