

GEOGRAPHIC BUSINESS REVIEW

JAPAN

Operating Conditions and Performance Overview

- Sales in Japan decreased 36% in year-on-year terms to ¥70.3 billion.
- During the first half of the fiscal year, capital investment remained weak due largely to the persistent slump in the real global economy. As a result, demand fell substantially.
- Despite a pickup in demand in the second half, particularly for electronics and related products, full fiscal year sales in Japan decreased year on year reflecting the aforementioned scope and scale of decline during the first half.

FY09
(Results)

Operating Activities

— Sales —

- Amid the drop in demand toward mainstay capital goods manufacturers, THK placed considerable emphasis on cultivating such new business sectors as automotive parts and seismic isolation devices.
- 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 —

- Despite the decline in operating hours in the first half, THK initiated worksite programs used to upgrade workforce skills and increase productivity in anticipation of a recovery in demand.
- In connection with the second half of fiscal 2009, the Company was able to smoothly increase production amid the positive turnaround in demand. THK was also successful in linking these favorable conditions to steady improvements in sales.

— General Overview —

- Against the backdrop of a harsh operating environment, THK continues to redouble its efforts to curtail expenses. At the same time, and in an effort to take full advantage of the “revival stage” that will inevitably follow, the Company launched the P25 Project, a cross-functional initiative in April 2009, whose objective is to increase profitability by lowering THK’s break-even sales point. Under this Project, the Company worked thoroughly to examine each principal function to determine whether there is any further waste or inconsistency that needs to be eliminated and strove to bolster its business platform.

FY10
(Plan)

Operating Activities

— Sales —

- Recognizing the positive prospects of increased overseas production by capital goods manufacturers, THK will harness its proposal capabilities fostered over many years in Japan to focus on expanding transactions in new areas.
- Buoyed by the growing trend toward electric-powered equipment across all product areas, THK will promote increased application of its actuators.

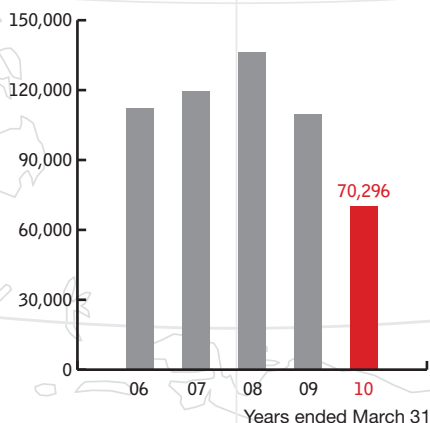
— Production —

- Marshalling the fruits of initiatives aimed at enhancing productivity, implemented throughout fiscal 2009, the Company will make every effort to ensure that the upswing in demand translates steadily into increased sales.

— General Outlook —

- THK will continue to promote the P 25 Project as a part of efforts to increase profitability. In this manner, the Company remains committed to strengthening its business platform.

Sales in Japan
(Millions of yen)



Bases

Japan	Sales offices	49
	Plants	15
	Distribution centers	3

Group companies

As of March 31, 2010

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

Note: RHYTHM CORPORATION and Rhythm Kyushu Co., Ltd. changed their corporate names to THK RHYTHM CO., LTD. and THK RHYTHM KYUSHU CO., LTD., respectively, in June 2010.

THE AMERICAS

Operating Conditions and Performance Overview

- Regional sales fell 38% in year-on-year terms to ¥14.6 billion.
- Impacted by deterioration in the economic environment since autumn 2008, demand throughout the first half of the fiscal year ended March 31, 2010 declined. Against this backdrop, THK worked tirelessly to cultivate new business sectors and customers.
- Around the middle of the fiscal year under review, the transportation equipment sector entered a period of recovery. The electronics sector also experienced a positive upswing in the second half. Impacted, however, by the inordinately severe drop in first half as well as persistent appreciation in the value of the yen, full fiscal year sales in the region declined.

FY09
(Results)

Operating Activities

— Sales —

- With the steady decline in demand from existing customers, THK continued to develop and secure business in new areas and markets while concentrating resources on expanding sales of hybrid units (products that employ a combination of LM guides with ball screws or linear motors).
- Steps were taken to promote TAP 1 activities in an effort to upgrade the skills of sales personnel. At the same time, THK bolstered its sales and marketing capabilities by organizing joint sales visits with engineering staff.
- As part of constructing a more efficient sales set-up, THK completed a review of its sales management structure within the U.S. Midwest region.

— Production —

- In the fiscal year under review, the Company strove to make existing production lines more efficient while expanding the range of product items. Confronted by harsh operating conditions, THK worked to reduce manufacturing expenses by adopting a strict and comprehensive approach toward cost management.

FY10
(Plan)

Operating Activities

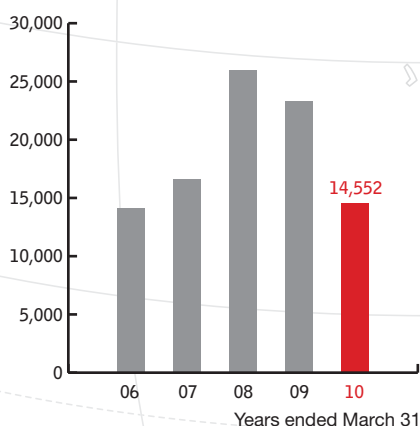
— Sales —

- THK will more effectively utilize its regional sales agent network to further lift sales efficacy. In this regard, the Company will take 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 will redouble its promotion efforts in new business fields beginning with initiatives aimed at expanding transactions in transportation machinery and equipment.
- With demand tending to shift from supplying individual components toward hybrid units, THK will focus on expanding sales of hybrid units.

— Production —

- At the time orders increase, the Company will push forward measures aimed at maintaining the stable supply of LM guides. At the same time, THK will increase production volumes of hybrid units.
- Taking into consideration appreciation in the value of the yen as well as transportation costs, 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.

Sales in the Americas
(Millions of yen)



Bases

United States	Sales offices	10
	Plants	2
Canada	Sales office	1
Mexico	Sales office	1
Brazil	Sales office	1

Group companies

As of March 31, 2010

- THK Holdings of America, L.L.C.
- THK America, Inc.
- THK Manufacturing of America, Inc.
- Rhythm North America Corporation

Note: Rhythm North America Corporation changed its corporate name to THK RHYTHM NORTH AMERICA CO., LTD. in June 2010.

EUROPE

Operating Conditions and Performance Overview

- Regional sales fell 49% in year-on-year terms to ¥12.6 billion.
- Demand throughout the first half of the fiscal year under review declined due largely to continued deterioration in the economic environment since autumn 2008. Under these circumstances, THK took steps to develop new business sectors and customers.
- Around the middle of the fiscal term, the automotive sector trended toward a recovery. Signs of a rally in the general machinery and electronic sectors also began to emerge in the second half. Taking into consideration the substantial slump in the first half, however, as well as further appreciation in the value of the yen, overall sales were lower than in the previous fiscal year.

FY09

(Results)

Operating Activities

— Sales —

- Amid an ongoing downward correction in demand among existing customers, THK focused on creating revenue-generating opportunities through the development of new areas and aggressive expansion of its regional sales agent network.
- In new areas, THK approached the aerospace-, railway-, automotive-, energy- and other-related industries.

— Production —

- With demand falling across the region, THK continued to develop its production management set-up in order to realize a consistent supply of high-quality products with short delivery lead-times. Ongoing efforts were also made to broaden the range of products manufactured locally and to maintain capacity utilization through a higher local production ratio.

FY10

(Plan)

Operating Activities

— Sales —

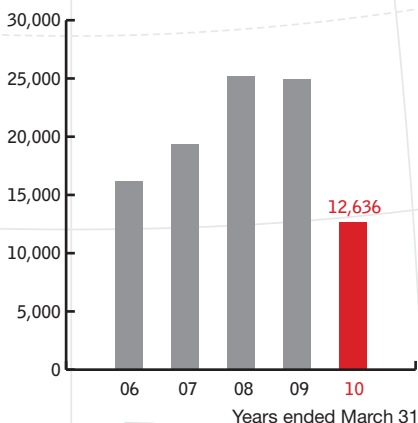
- While pursuing efforts to deepen relationships with existing customers and cultivating new customers in the mainstay general machinery and other sectors, THK plans to focus on developing such new areas as aerospace, where demand for the Company's products can be expected to grow, as well as the railway- and other-related industries.
- THK will upgrade, expand and increase sales of its lineup of Deutsche Industrie Normen (DIN) code compliant balls screws.

— Production —

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

Sales in Europe

(Millions of yen)



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, 2010

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

ASIA

Operating Conditions and Performance Overview

- Sales in Asia decreased 17% in year-on-year terms to ¥17.8 billion.
- In similar fashion to developed countries, economic conditions throughout Asia deteriorated from autumn 2008. As a result, demand decreased during the first half of the fiscal year ended March 31, 2010.
- Although sales to the machine tool industries of China and Taiwan and the flat panel display industry in South Korea showed a dramatic recovery in the latter half of the fiscal year, sales for the full fiscal year declined year on year due largely to the scale and scope of decline in the first half.

FY09

(Results)

Operating Activities

— Sales —

- In addition to further developing its sales network in China, THK took steps to tap latent demand among existing customers while at the same time aggressively developing new customers outside the mainstay machine tool sector.
- In Taiwan, amid the ongoing downward correction in demand among existing customers in the machine tool sector, which remains the Company's principal business within the area, THK worked diligently to promote new applications in energy-related areas.

— Production —

- At each of its plants, THK continued to prepare for the anticipated recovery in demand by developing flexible response capabilities while also seeking to raise productivity and cultivate workforce skills.

FY10

(Plan)

Operating Activities

— Sales —

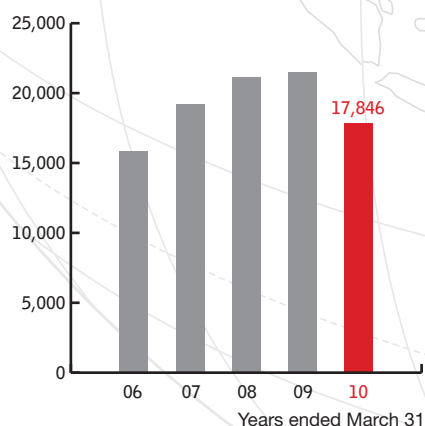
- In China, where there is considerable untapped demand, THK will continue to accelerate efforts aimed at upgrading and expanding its sales network.
- The Company will also pursue ongoing measures designed to cultivate new customers outside the mainstay machine tool sector.
- THK will focus on expanding sales of those products that can be expected to attract significant demand including cross roller rings, seismic isolation platforms, ball screws and hybrid units in Taiwan. In addition to promoting such initiatives as the implementation of technical seminars aimed at increasing sales, the Company will take steps to approach photovoltaic power generation- and LED production equipment-related areas.
- In other parts of Asia, THK will work to deepen its foothold in existing markets including Thailand, India and Singapore. At the same time, the Company will enter such untapped markets as Indonesia, Vietnam and the Philippines.

— Production —

- Amid growing demand, THK will continue to leverage its rotating four-squad triple-shift production system employed at each plant to expand production capacity.
- In addition to increasing the number of production items at each plant, THK will work to lower costs through improved processes and the local procurement of components and materials in an effort to create more cost competitive products.
- Furthermore, endeavoring to develop products more in tune with local needs, the Company set up the Group's first overseas R&D division within THK (CHINA) CO., LTD.

Sales in Asia and other

(Millions of yen)



Bases

China	Sales offices	19
	Plant	4
Taiwan	Sales offices	3
Singapore	Sales office	1
India	Sales office	1
Thailand	Plant	1
Korea	Sales offices	14
	Plants	2

Group companies

As of March 31, 2010

- 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.
- RHYTHM GUANGZHOU CORPORATION
- THK RHYTHM (THAILAND) CO., LTD.
- SAMICK THK CO., LTD.

Note: RHYTHM GUANGZHOU CORPORATION changed its corporate name to THK RHYTHM GUANGZHOU CO., LTD. in June 2010.