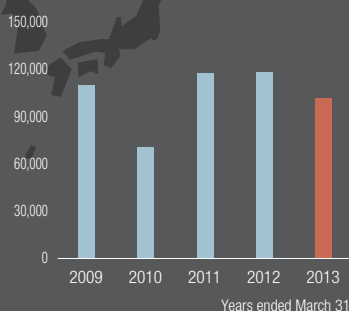


## Japan

### Net Sales

(Millions of yen)



#### ■ Bases (As of March 31, 2013)

Japan	Sales offices	45
	Plants	12
	Distribution centers	3

#### ■ Group Companies (As of March 31, 2013)

- THK CO., LTD.
- THK INTECHS CO., LTD.
- TALK SYSTEM CORPORATION
- THK NIIGATA CO., LTD.
- THK RHYTHM CO., LTD.
- THK RHYTHM KYUSHU CO., LTD.
- L Trading Co., Ltd.
- NIPPON SLIDE CO., LTD.

## FY2012 (Results)

### Operating Conditions and Performance Overview

Sales in Japan decreased 14.0% in year-on-year terms, to ¥101.4 billion.

Against the backdrop of a downturn in the rate of overseas economic growth, the Japanese economy experienced a drop in export activity during the first half of the year. In the second half, conditions benefited from a pickup in personal consumption. Also, reconstruction demand spurred increases in housing investment and public spending, leading to a positive turnaround in the domestic economy. From the Company's perspective, activities were supported by a modest upswing in demand mainly in electronics-related markets, thanks largely to the impetus provided by investments in such areas as smartphones and tablet computers during the first half of the year. With this tailwind, THK placed considerable emphasis on aggressively promoting sales and cultivating new business opportunities. Despite these endeavors, revenue declined year on year owing primarily to a drop in electronics-related demand from the summer months.

### Operating Activities

#### Sales

- THK focused increasingly on aggressive sales and marketing activities while cultivating such new business areas as automotive parts and seismic isolation and damping systems as a part of its efforts to definitively link demand with sales.
- THK continued to implement the "TAP 1" skills development program for sales personnel in order to deepen relationships with existing customers and nurture new customers. In concrete terms, while showcasing the unique characteristics of each product, steps were also taken to actively develop sales proposals inviting customers to apply THK products as an answer to specific issues.
- Taking into consideration progress toward electric-powered living across a variety of fields, THK worked diligently to introduce new electric actuator products and to expand applications.

#### Production

- In addition to building a production structure that is capable of both flexibly and immediately addressing changes in demand, THK continued to adhere strictly to its policy of providing the highest quality, cost and delivery (QCD).
- THK channeled its energies toward further enhancing operating skills and boosting productivity. At the same time, the Company placed an increasing amount of weight on the shift to in-house production in order to lift cost competitiveness.

#### General Overview

- During the fiscal year under review, THK took steps to increase the efficiency of fixed costs and lower the variable cost ratio by undertaking a variety of improvement measures including the P25 Project, which aims to strengthen the Company's earnings base. As one part of this move, the Company consolidated the administrative and accounting departments of its branches in the Chugoku, Shikoku and Kyushu regions as it worked to streamline operations and improve the quality of its customer service.

## FY2013 (Plan)

### Operating Activities

#### Sales

- Amid the growing shift of production overseas by capital goods manufacturers, THK will leverage its proposal capabilities nurtured in Japan to focus increasingly on capturing new customers and expanding transactions in new business areas.
- THK will continue to implement the "TAP 1" skills development program for sales personnel while proactively pursuing proposal-based sales and marketing that is designed to resolve outstanding issues.

#### Production

- THK will continue to channel its energies toward further enhancing operating skills and boosting productivity. At the same time, the Company will heighten its focus on the shift to in-house production in order to boost its cost competitiveness.

#### General Overview

- Beginning with the P25 Project, the Company will ramp up its various improvement activities while redoubling its efforts to strengthen its earnings base.

## FY2012 (Results)

### Operating Conditions and Performance Overview

Regional sales edged up 1.1% in year-on-year terms, to ¥22.5 billion.

Automobile production was firm on the back of sound personal consumption. This positive trend contributed to an upswing in capital investment. Under these circumstances, the THK Group continued to pursue integrated production and sales in an effort to expand transactions with existing customers and to cultivate opportunities in new business fields. Despite a downturn in electronics-related demand, revenue in this region accordingly increased with sales climbing in each of the general machinery and transportation equipment fields.

### Operating Activities

#### Sales

- With capital goods manufacturers shifting their production activities overseas, particularly to Asia, THK worked diligently to uncover opportunities in fresh fields—such as medical equipment, aircraft and energy-related areas—and to cultivate new markets, including Mexico and Canada.
- With demand trending to shift from supplying individual components toward hybrid units, THK continued to expand sales of hybrid unit products.

#### Production

- Taking into consideration fluctuations in foreign currency exchange rates as well as transportation costs, the Company took steps to further bolster its cost competitiveness by engaging in activities aimed at promoting local procurement and in-house production.

## FY2013 (Plan)

### Operating Activities

#### Sales

- In addition to uncovering opportunities with existing customers, the THK Group will aggressively engage in sales and marketing activities with the aim of cultivating business across a broad spectrum of areas, including the medical equipment, aircraft and energy-related fields.
- The Company will continue to cultivate new markets including Mexico and Canada.

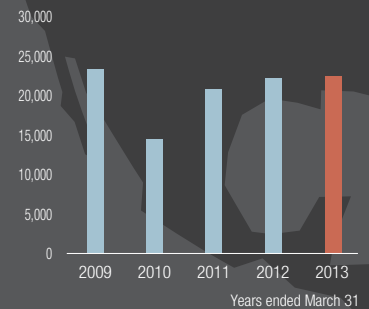
#### Production

- THK will take full advantage of its position as the only company in its industry to maintain a production platform in North America. At the same time, the Company will expand its product lineup to match market needs.
- In addition to maintaining its focus on local procurement and in-house manufacturing, the Company will continue to work to enhance its cost competitiveness by improving its on-site operating expertise and productivity.
- Construction work on THK RHYTHM MEXICANA, which began in 2012, has now come to a close. Plans are in place to commence deliveries to customers from October 2013 as a part of efforts to bolster the Group's supply capabilities to North and South America.

## The Americas

### Net Sales

(Millions of yen)



### ■ Bases (As of March 31, 2013)

United States	Sales offices	7
	Plants	2
Canada	Sales offices	1
Mexico	Sales offices	1
Brazil	Sales offices	1

### ■ Group Companies (As of March 31, 2013)

- THK Holdings of America, L.L.C.
- THK America, Inc.
- THK Manufacturing of America, Inc.
- THK RHYTHM NORTH AMERICA CO., LTD.
- THK RHYTHM MEXICANA, S.A. DE C.V.
- THK RHYTHM MEXICANA ENGINEERING, S.A. DE C.V.

# Geographic Business Review

## FY2012 (Results)

### Operating Conditions and Performance Overview

Regional sales decreased 23.9% in year-on-year terms, to ¥15.1 billion.

Amid a downturn in economic conditions impacted by the debt issues confronted by certain governments, export activity to Asia by machinery manufacturers, which had continued to drive demand, declined against the backdrop of a slowdown in the rate of economic growth in Asia. Under these circumstances, and buoyed by the integration of production and sales, the THK Group undertook aggressive sales and marketing activities aimed at expanding transactions with existing customers and cultivating business opportunities in new fields. Despite these endeavors, overall existing customer demand was weak. This difficult environment was exacerbated by the strong yen. As a result, regional sales declined compared with the previous fiscal year.

### Operating Activities

#### Sales

- In addition to further cultivating existing customers in the machine tools and general machinery fields, the THK Group places particular weight on uncovering business opportunities in such areas as the medical equipment, aircraft and energy-related fields, which are projected to experience robust demand going forward.

#### Production

- In the fiscal year under review, the THK Group took steps to enhance operational skills as well as productivity. At the same time, the Group worked diligently to strengthen its cost competitiveness by reducing material cost and promoting the local procurement of component parts.

## FY2013 (Plan)

### Operating Activities

#### Sales

- In new areas such as medical equipment, aircraft and energy-related fields, which are projected to enjoy strong demand, THK will implement intensive sales activities. At the same time, the Company will showcase the competitive advantage and distinguishing features of its products by participating in trade fairs.
- The THK Group will reinforce its sales and marketing structure and systems by implementing training that is designed to improve sales and marketing skills.

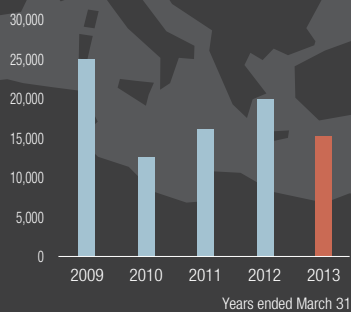
#### Production

- Every effort will be made to continue enhancing the skills of staff and increasing productivity, while reducing material cost and promoting local procurement in order to lift cost competitiveness.
- The THK Group will work to strengthen its production structure and systems in a manner that contributes to acquiring orders and volume production in aircraft-related fields, which is forecast to experience robust demand.

## Europe

### Net Sales

(Millions of yen)



### ■ Bases (As of March 31, 2013)

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

### ■ Group Companies (As of March 31, 2013)

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

## FY2012 (Results)

### Operating Conditions and Performance Overview

Sales in Asia and other regions decreased 20.5% in year-on-year terms, to ¥29.2 billion.

Amid a slump in the economies of such developing countries as China, the Company's activities were driven by investment activity in such fields as smartphones and tablet computers, with signs of a partial improvement in demand for compact machine tools began to emerge from spring. Against this backdrop, the THK Group engaged in aggressive sales and marketing activities taking full use of its previous ongoing efforts to bolster its sales network. Despite these endeavors, revenue declined owing mainly to a drop in demand for compact machine tools from the summer months.

### Operating Activities

#### Sales

- In addition to strengthening its sales network in China, the THK Group began cultivating new customers in areas outside its mainstay machine tools field.
- In Taiwan, the THK Group stepped up sales of actuators, an area in which demand is projected to increase. At the same time, the Group continued to pursue ongoing steps to approach seismic isolation system, photovoltaic power generation, LED-related and other new fields.
- Targeting the ASEAN region, the THK Group looked to expand transactions with existing customers and to cultivate new customers in Singapore, Thailand and Malaysia. In addition, concerted efforts were made to open markets in new areas including Indonesia, Vietnam and the Philippines. Moreover, the THK Group established a local subsidiary in Bangalore in November 2012 with the aim of fostering new customers in India while upgrading and expanding its sales and marketing structure and systems.

#### Production

- In China, a third phase plant facility at THK MANUFACTURING OF CHINA (WUXI) CO., LTD. came online in August 2012. THK RHYTHM CHANGZHOU CO., LTD. commenced deliveries to customers in the transportation equipment-related field in July 2012.
- In addition to enhancing operational skills and productivity, the THK Group worked diligently to bolster its cost competitiveness by promoting the local procurement of component parts.

#### Other

- At the Group's first R&D division housed within its China engineering headquarters, operations commenced at a designated R&D Center building in April 2012. The Group worked diligently to develop products that match local needs.

## FY2013 (Plan)

### Operating Activities

#### Sales

- In China, demand is expected to grow as the trend toward factory automation (FA) continues to take hold. Under these circumstances, the THK Group will strive to upgrade and expand its sales network while continuing to foster new customers in areas outside its mainstay machine tools field.
- In Taiwan, the Group will focus on capturing the demand that is driven by the prolonged and underlying strength of investment in smartphones and tablet computers. At the same time, the THK Group will take steps to approach new fields in such areas as green energy and seismic isolation systems.
- In the ASEAN region, it is expected that set makers, including those for home electric appliances and automobiles, will be gaining ground in the years to come and that there will be a resultant increase in related demand. Here we will strengthen our sales system to develop sales and marketing activities that are in keeping with the characteristics of the region.

#### Production

- THK will continue to strengthen its cost competitiveness through a variety of measures including further diversification of procurement. At the same time, the Company will continue to put in place a supply structure and systems that match customer needs.
- In China, the THK Group will actively introduce machinery equipment and facilities in order to address the growth in demand not only in China but also worldwide over the medium to long term.
- Furthermore, the Group currently has plans to relocate DALIAN THK CO., LTD. to a site that is more than four times the size of its current location. The new plant is scheduled to come online in December 2014.

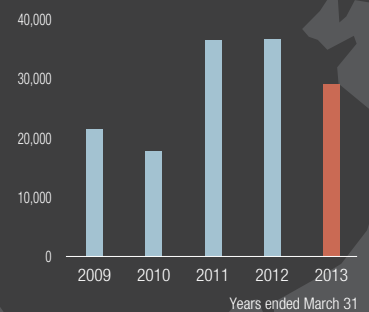
#### Other

- The THK Group will continue to accelerate the pace of product development that reflects local needs at its R&D division in China.

## Asia and Other

### Net Sales

(Millions of yen)



### Bases (As of March 31, 2013)

China	Sales offices	34
	Plants	5
	R&D Center	1
Taiwan	Sales offices	3
Singapore	Sales offices	1
India	Sales offices	1
	Plants	1
Thailand	Sales offices	1
	Plants	1
South Korea	Sales offices	13
	Plants	3
Vietnam	Plants	1
Malaysia	Plants	1

### Group Companies (As of March 31, 2013)

- 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.
- THK MANUFACTURING OF CHINA (CHANGZHOU) CO., LTD.
- THK RHYTHM GUANGZHOU CO., LTD.
- THK RHYTHM CHANGZHOU CO., LTD.
- THK TAIWAN CO., LTD.
- Beldex KOREA Corporation
- THK LM SYSTEM Pte. Ltd.
- THK RHYTHM (THAILAND) CO., LTD.
- THK MANUFACTURING OF VIETNAM CO., LTD.
- THK RHYTHM MALAYSIA Sdn. Bhd.
- THK India Private Limited
- SAMICK THK CO., LTD.