

[Translation for Reference and Convenience Purposes Only]

Please note that the following is an unofficial English translation of Japanese original text of the Notice of Convocation of the 43rd Ordinary General Shareholders Meeting of THK CO., LTD. The Company provides this translation for reference and convenience purposes only. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Security Code 6481
May 27, 2013

To Shareholders

11-6, Nishi Gotanda 3-chome, Shinagawa-ku, Tokyo, Japan
THK CO., LTD.
Representative Director and President: Akihiro Teramachi

Notice of Convocation of the 43rd Ordinary General Shareholders Meeting

Dear Shareholders:

We would like to express our appreciation for your loyal patronage.

We are writing to inform you that the 43rd Ordinary General Shareholders Meeting of THK CO., LTD. (the “Company”) will be held as outlined below, and we cordially request your attendance.

If you are unable to attend the meeting, you may exercise your voting rights in the methods stated below. Please review the reference documents for the Ordinary General Shareholders Meeting attached to this letter.

[Exercise of Voting Rights in Writing]

Please indicate your vote of assent or dissent for each proposal on the enclosed voting sheet and return the sheet so that it will reach us by 5:30 p.m. Japan local time on Friday, June 14, 2013.

[Exercise of Voting Rights via the Internet]

Please read the section titled “Procedure for Exercising Voting Rights via the Internet” shown on page 65 and exercise your voting rights accordingly by 5:30 p.m. Japan local time on Friday, June 14, 2013.

[Translation for Reference and Convenience Purposes Only]

- 1. Date and Time:** Saturday, June 15, 2013, 10 a.m.
2. Place 3-1 Shiba-koen 3-chome, Minato-ku, Tokyo
Tokyo Prince Hotel 2nd Floor (Ho-Oh-No-Ma)
- 3. Agenda**
Reports:
1. Business reports, consolidated financial statements, and the results of the audits of the consolidated financial statements by the accounting auditor and the Board of Auditors for the 43rd Term (April 1, 2012 to March 31, 2013)
 2. Report of financial statements for the 43rd Term (April 1, 2012 to March 31, 2013)

Resolutions:

- Proposal 1:** Surplus Appropriation
Proposal 2: Partial Amendments to the Articles of Incorporation
Proposal 3: Appointment of Sixteen (16) Directors
Proposal 4: Appointment of One (1) Auditor

- If attending the meeting, please submit the enclosed voting sheet to the reception desk on arrival at the meeting.
- Corrections to the reference documents for the Ordinary General Shareholders Meeting, the business report, the financial statements and the consolidated financial statements, if any, will be posted on our company's Web site (<http://www.thk.com/us/ir/shareholder/meeting.html>).

At the Ordinary General Shareholders Meeting, we will utilize monitors to give a presentation on the current state of the Company, and after the meeting we will hold the "THK Group Products Exhibition" at the venue adjacent to where the meeting is held. We sincerely hope that this opportunity will help deepen your understanding of the THK Group.

Reference Documents for the Ordinary General Shareholders Meeting

Proposal 1: Surplus Appropriation

In light of consolidated business performance in the fiscal year under review, we would like to pay the following term-end dividend for the 43rd term and make the following other surplus appropriation, having given comprehensive consideration to the Company's business performance, the Group's business environment, internal reserves to prepare for future business development, consecutive dividends policy, and other factors.

1. Matters Related to Term-End Dividends

For the term-end dividend for the 43rd term, we would like to pay out ¥9 per share of common stock.

As a result, annual dividend for the term under review, including the interim dividend of ¥9, will be ¥18 per share.

(1) Type of Property for Dividends

Money

(2) Allotment of Property for Dividends

¥9 per share of common stock for a total of ¥1,139,408,037.

(3) Effective Date of Distribution of Surplus

Effective date to be June 17, 2013

2. Matters Related to Other Surplus Appropriation

(1) Account item and amount of increase in surplus

General reserve	Increase of ¥5,000,000,000
-----------------	----------------------------

(2) Account item and amount of decrease in surplus

Profit surplus carried forward	Decrease of ¥5,000,000,000
--------------------------------	----------------------------

[Translation for Reference and Convenience Purposes Only]

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the Proposal

The Company is further improving its management efficiency and reinforcing a structure to ensure the appropriate execution of business duties. As part of such efforts, we intend to introduce the Executive Officer System to separate the Executive Officers who are in charge of the execution of businesses from the Board of Directors who are responsible for decision making on important matters related to the overall management and supervision of business execution. With this system, decision making will become quicker, which will lead to improved management efficiency, and the supervising function will be strengthened, which will lead to a stronger corporate governance.

To position the Executive Officer System clearly in the Articles of Incorporation and clarify that the titles of “Senior Managing Director” and “Managing Director” can be attached to Executive Officers, we propose that a provision regarding Executive Officers be added to Chapter 4 of the current Articles of Incorporation and the provisions related to Directors with titles be revised under the same Chapter.

2. Content of the Amendments

The proposed amendments are as follows.

(The proposed amendments are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>Chapter 4 Directors and Board of Directors (Directors with Titles)</p> <p>Article 25 The Company shall appoint one (1) Director and President by resolution of the Board of Directors. The Company shall appoint one (1) Director and Chairman, one (1) Director and Executive Vice Chairman, and a few Director and Executive Vice Presidents, <u>Senior Managing Directors, and Managing Directors</u>, if necessary.</p> <p>(Areas of Responsibility)</p> <p>Article 26 The Director and President shall execute the content of provisions in the Company’s Articles of Incorporation and the decisions made at the meetings of the Board of Directors, as well as comprehensively oversee and control the entire business activities of the Company.</p> <p>2. The Director and Chairman, the Director and Executive Vice Presidents, <u>Senior Managing Directors, Managing Directors and other Directors</u> shall each assist the Director and President and take charge of duties as determined.</p>	<p>Chapter 4 Directors and Board of Directors, <u>etc.</u> (Directors with Titles)</p> <p>Article 25 The Company shall appoint one (1) Director and President by resolution of the Board of Directors. The Company shall appoint one (1) Director and Chairman, one (1) Director and Executive Vice Chairman, and a few Director and Executive Vice Presidents, <u>by resolution of the Board of Directors</u>, if necessary.</p> <p>(Areas of Responsibility)</p> <p>Article 26 The Director and President shall execute the content of provisions in the Company’s Articles of Incorporation and the decisions made at the meetings of the Board of Directors, as well as comprehensively oversee and control the entire business activities of the Company.</p> <p>2. The Director and Chairman, <u>the Director and Executive Vice Chairman</u>, the Director and Executive Vice Presidents, <u>and other Directors whose areas of responsibility outlined by the resolution of the Board of Directors</u>, shall each assist the Director and President and take charge of duties as determined.</p>

[Translation for Reference and Convenience Purposes Only]

Current Articles of Incorporation	Proposed Amendments
<p>(Newly established)</p> <p><u>Articles 27-51</u> (Articles omitted)</p>	<p><u>(Executive Officers)</u></p> <p><u>Article 27</u> The Company shall, by resolution of the Board of Directors, post Executive Officers who are authorized to execute businesses comprehensively with regard to a limited range of business duties of the Company and are responsible for such execution of duties.</p> <p><u>2.</u> The Company shall, by resolution of the Board of Directors, appoint a few Managing Executive Officers and Senior Managing Executive Officers from among the Executive Officers, if necessary.</p> <p><u>3.</u> The relationship between the Company and the Executive Officers shall be governed by the provisions on mandate.</p> <p><u>4.</u> Matters related to the Executive Officers shall be governed by the provisions on the Executive Officers as stipulated by the Board of Directors.</p> <p><u>Articles 28-52</u> (Same as at present)</p>

[Translation for Reference and Convenience Purposes Only]

Proposal 3: Appointment of Sixteen (16) Directors

The tenure of all sixteen (16) current Directors will expire at the closing of this Ordinary General Shareholders Meeting, and we hereby propose appointment of the sixteen (16) Directors.

The candidates for Director are as follows:

Candidate No.	Name (Date of Birth)	Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held	Number of the Shares of the Company Held
1	Akihiro Teramachi (April 5, 1951)	Oct. 1975 Joined the Company Mar. 1982 Director, General Manager of Administration Jun. 1987 Managing Director and Senior General Manager of Control Jun. 1994 Director and Executive Vice President May 1995 Representative Director and President of DAITO SEIKI CO., LTD. (currently THK INTECHS CO., LTD.) Jan. 1997 Representative Director and President of the Company (current position) <Significant Positions Concurrently Held > Chairman of JAPAN MACHINE ACCESSORY ASSOCIATION	3,645,400
2	Toshihiro Teramachi (November 18, 1958)	Dec. 1988 Joined the Company Jun. 1989 Director, Manager of UK Branch of THK Europe GmbH (currently THK GmbH) Aug. 1992 Executive Vice President and Director of PGM Ballscrews Ireland Ltd. (currently THK Manufacturing of Ireland Ltd.) Feb. 1993 Representative Director and President of THK GmbH May 1993 Representative Director and President of THK Europe B.V. Jun. 1998 Director of the Company Jun. 2005 Managing Director of the Company Jun. 2012 Director and Executive Vice President of the Company (current position)	300,400
3	Hiroshi Imano (January 31, 1954)	Apr. 1977 Joined Industrial Bank of Japan Co., Ltd. (currently Mizuho Bank, Ltd., Mizuho Corporate Bank, Ltd.) Apr. 2002 Transferred to the Company Deputy General Manager of Corporate Strategy Mar. 2004 Resigned from Mizuho Corporate Bank, Ltd. Apr. 2004 Joined the Company May 2004 President of THK MANUFACTURING OF CHINA (WUXI) CO., LTD. Oct. 2007 General Manager of Production Headquarters Dec. 2007 Representative Director and President of THK Manufacturing of Europe S.A.S. Jun. 2008 Director, of the Company Jun. 2010 Managing Director of the Company Jun. 2012 Director and Executive Vice President of the Company (current position)	1,700
4	Takashi Okubo (May 4, 1956)	Apr. 1980 Joined the Company Apr. 1986 Manager of Kofu Branch Oct. 1996 Manager of Atsugi Branch May 2000 President of DALIAN THK CO., LTD. Jun. 2004 Director of the Company (current position) Jun. 2005 President of THK MANUFACTURING OF CHINA (LIAONING) CO., LTD. Sep. 2005 President of THK (CHINA) CO., LTD. (current position)	4,000

[Translation for Reference and Convenience Purposes Only]

Candidate No.	Name (Date of Birth)	Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held	Number of the Shares of the Company Held
5	Tetsuya Hayashida (May 27, 1961)	<p>May 2000 Transferred from DAITO SEIKI CO., LTD. (currently THK INTECHS CO., LTD.) General Manager of Related Business of the Company</p> <p>Dec. 2000 President of THK Manufacturing of Europe S.A.S.</p> <p>Oct. 2003 President of PGM Ballscrews Ireland Ltd. (currently THK Manufacturing of Ireland Ltd.)</p> <p>May 2004 Resigned from DAITO SEIKI CO., LTD. (currently THK INTECHS CO., LTD.) Joined the Company</p> <p>Jun. 2005 Director of the Company (current position)</p> <p>Oct. 2005 Representative Director and President of THK Europe B.V. (current position) Representative Director and President of THK GmbH (current position) Representative Director and President of THK France S.A.S. (current position)</p> <p>Jun. 2010 Representative Director and President of THK Manufacturing Europe S.A.S. (current position)</p>	3,300
6	Junichi Kuwabara (November 11, 1954)	<p>Apr. 1977 Joined the Company</p> <p>Jul. 1992 Manager of Hachioji Branch</p> <p>Oct. 1996 General Manager, Application Engineering, Sales Engineering</p> <p>Feb. 1999 General Manager of FAI Division</p> <p>Jun. 2002 Director of the Company (current position)</p> <p>Jan. 2003 Representative Director and President of THK America, Inc.</p> <p>Jun. 2003 Representative Director and President of THK Holdings of America, L.L.C.</p> <p>Jun. 2010 General Manager of FAI Division (current position)</p>	6,350
7	Takanobu Hoshino (October 23, 1960)	<p>Apr. 1983 Joined the Company</p> <p>Jun. 2008 Representative Director and President of DAITO SEIKI CO., LTD. (currently THK INTECHS CO., LTD.)</p> <p>Jun. 2009 Director of the Company, General Manager of IMT Division (current position)</p>	3,800
8	Nobuyuki Maki (May 12, 1960)	<p>Apr. 1983 Joined the Company</p> <p>Jul. 1992 Manager of the Chicago Branch, THK America, Inc.</p> <p>Jan. 2003 President and Representative Director of THK Manufacturing of America, Inc.</p> <p>Oct. 2007 Manager of Yamaguchi Plant</p> <p>Jun. 2010 Director of the Company, Senior General Manager of Production Division (current position)</p>	1,400

[Translation for Reference and Convenience Purposes Only]

Candidate No.	Name (Date of Birth)	Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held	Number of the Shares of the Company Held
9	Hideyuki Kiuchi (October 14, 1952)	Apr. 1976 Joined Industrial Bank of Japan Co., Ltd. (currently Mizuho Bank, Ltd., Mizuho Corporate Bank, Ltd.) Jun. 1994 Transferred to the Company Director of the Company Jun. 1998 Resigned as Director of the Company Mar. 2003 Resigned from Mizuho Holdings, Inc. Apr. 2003 Joined the Company General Manager of Sales Support Headquarters Jun. 2004 General Manager of Legal Dec. 2005 Trading Administration Jun. 2006 Director of the Company, General Manager of Corporate Strategy Division (current position) <Significant Positions Concurrently Held> Chairman of Tokyo Electronic Industries Health Insurance Society	1,800
10	Junichi Sakai (October 5, 1947)	Jan. 1990 Resigned from NIPPEI TOYAMA CORPORATION Joined the Company Jul. 1992 General Manager of Mechatronics Oct. 1994 General Manager of Sales Engineering Mar. 2000 General Manager of East Japan Sales Region I Feb. 2003 General Manager of Quality Assurance Division (current position) General Manager of Advanced Technology Information Center (current position) Jun. 2004 Director of the Company (current position)	2,250
11	Hirokazu Ishikawa (June 3, 1953)	Apr. 1976 Joined the Company Sep. 1984 Manager of Nagaoka Branch Jul. 1992 General Manager of Ueno Branch Jun. 2003 Representative Director and President of DAITO SEIKI CO., LTD. (currently THK INTECHS CO., LTD.) Jun. 2008 Director of the Company, Senior General Manager of Sales Support Division (current position) Oct. 2010 General Manager of ICB Center (current position)	21,300
12	Junji Shimomaki (October 6, 1953)	Apr. 1976 Joined the Company Jul. 1992 Manager of the Tokyo Branch Feb. 2003 General Manager of East Japan Sales Region I Jun. 2004 General Manager of East Japan Sales Region II Jun. 2009 Director of the Company, Senior General Manager of Sales Division (current position) Oct. 2011 General Manager of ACE Division (current position)	6,900

[Translation for Reference and Convenience Purposes Only]

Candidate No.	Name (Date of Birth)	Brief History, Position, Assigned Tasks and Significant Positions Concurrently Held	Number of the Shares of the Company Held
13	Kaoru Hoshide (September 30, 1961)	Apr. 1985 Joined the Company Jan. 2002 General Manager of CAP Project Jun. 2009 Director of the Company, Senior General Manager of Engineering Division (current position)	3,100
14	Akihiko Kambe (March 6, 1959)	Apr. 1982 Joined the Company Aug. 2007 Representative Director and President, THK Manufacturing of America, Inc. (current position) Jun. 2010 Director of the Company (current position) President and Representative Director of THK Holdings of America, L.L.C. (current position)	1,500
15	Sakae Ito (April 2, 1956)	Feb. 1986 Joined the Company Mar. 1998 General Manager of Control Apr. 1999 General Manager of Sales Support General Manager of Material Purchasing Mar. 2000 Representative Director and President of THK Yasuda Co., Ltd. (currently THK NIIGATA CO., LTD.) Jun. 2006 General Manager of Risk Management Division (current position) Jun. 2012 Director of the Company (current position)	1,800
16	Masaaki Kainosho (January 21, 1951)	Apr. 1976 Joined Mitsui Bank (currently Sumitomo Mitsui Banking Corporation) Apr. 1996 Resigned from The Sakura Bank, Limited (currently Sumitomo Mitsui Banking Corporation) May. 1996 Joined SAP Japan Co., Ltd. Sep. 1999 Resigned from SAP Japan Co., Ltd. Joined Japan Business Create Co., Ltd. Jan. 2005 Resigned from Japan Business Create Co., Ltd. Representative Director of K-BRAIN CO., LTD. (currently KAINOSHO CO., LTD.) (current position) Apr. 2011 Professor at Otsuma Women's University Junior College Division (current position) Jun. 2012 Outside Director of the Company (current position)	-

Notes:

1. The information in the brief history, position, assigned tasks of and significant positions concurrently held by candidates for Director in the table above is as of May 9, 2013.
2. There is no special interest relationship between the Company and each candidate for Director.
3. Masaaki Kainosho is the candidate for the position of Outside Director.
4. The rationale for the appointment of Masaaki Kainosho as the candidate for Outside Director is as follows:
Director Candidate Masaaki Kainosho has abundant knowledge and considerable experience as an university professor highly adept in management and as the manager of a management consulting firm. We expect Mr. Kainosho to help ensure the objectivity, neutrality and legality of the Company's management. Although Mr. Kainosho held a position at Mitsui Bank, from April 1976 to April 1996, which was a previous entity of Sumitomo Mitsui

[Translation for Reference and Convenience Purposes Only]

Banking Corporation, currently a major lender to the Company, he consistently belonged to an IT system-related unit and the Company did not have any transactional relationship with Mitsui Bank at that time. Therefore, we have determined that Mr. Kainosho can maintain his independence and perform his duties appropriately as an Outside Director and we seek to appoint him as an Outside Director of the Company.

5. Director Candidate Masaaki Kainosho is currently an Outside Director of the Company. His term of office as an Outside Director will be one year at the closing of this Ordinary General Shareholders Meeting.
6. The details of the limited liability agreement with the candidate for Outside Director are as follows:

Under the provisions of the Company's Articles of Incorporation, pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company may enter into an agreement with Masaaki Kainosho to limit their indemnity liabilities under Article 423, paragraph 1 thereof. The limitation of liability under the agreement is the higher of ¥10 million or the minimum liability limit set forth in Article 425, Paragraph 1, of the Companies Act. If candidate for Director Masaaki Kainosho is reelected, he intends to continue entering into a limited liability agreement with the Company as an Outside Director.
7. The Company has designated and registered Mr. Masaaki Kainosho as an independent officer in accordance with the regulations of the Tokyo Stock Exchange. If Mr. Kainosho is reelected, the Company intends to continue to register him as an independent officer.

[Translation for Reference and Convenience Purposes Only]

Proposal 4: Appointment of One (1) Auditor

The tenure of Auditor Shizuo Watanabe will expire at the closing of this Ordinary General Shareholders Meeting, and we hereby propose appointment of the one (1) Auditor. The Board of Auditors has approved this proposal.

The candidate for Auditor is as follows:

Name (Date of Birth)	Brief History, Position and Significant Positions Concurrently Held	Number of the Shares of the Company Held
Shizuo Watanabe (March 7, 1934)	Jul. 1991 Director of the Toshima Taxation Office Jul. 1992 Resigned as Director of the Toshima Taxation Office Sep. 1992 Joined the Yaesu Sogo Office Mar. 1995 Outside Auditor of DAITO SEIKI CO., LTD. (currently THK INTECHS CO., LTD.) Jun. 2005 Outside Auditor of the Company (current position)	2,100

Note:

1. There is no special relationship interest between the candidate for Auditor Shizuo Watanabe, and the Company.
2. Mr. Shizuo Watanabe is the candidate for the position of Outside Auditor.
3. The rationale for the appointment of Mr. Shizuo Watanabe as the candidate for Outside Director is as follows:
Auditor Candidate Shizuo Watanabe has ample knowledge on tax accounting nurtured over many years as a tax accountant. We expect Mr. Watanabe, if elected as an Auditor of the Company, to utilize such knowledge to reinforce the Company's audit structure. Although Mr. Watanabe has never directly been involved in corporate management, he is, as a tax accountant, adept at corporate tax accounting and possesses sufficient knowledge for the oversight of corporate management. Therefore, we determine that he will be able to perform duties as an Outside Auditor appropriately and seek to appoint him as an Auditor of the Company.
4. Director Candidate Shizuo Watanabe is currently an Outside Auditor of the Company. His term of office as an Outside Director will be eight years at the closing of this Ordinary General Shareholders Meeting.
5. The details of the limited liability agreement with the candidate for Outside Auditor are as follows:
Under the provisions of the Company's Articles of Incorporation, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with Shizuo Watanabe to limit their indemnity liabilities under Article 423, Paragraph 1 thereof. The limitation of liability under the agreement is the higher of ¥5 million or the minimum liability limit set forth in Article 425, Paragraph 1, of the Companies Act. If candidate for Auditor Shizuo Watanabe is reelected, he intends to continue entering into a limited liability agreement with the Company as an Outside Auditor.
6. The Company has designated and registered Mr. Shizuo Watanabe as an independent officer in accordance with the regulations of the Tokyo Stock

[Translation for Reference and Convenience Purposes Only]

Exchange. If Mr. Watanabe is reelected, the Company intends to continue to register him as an independent officer.

(Submitted Documents)

Business Report

(From April 1, 2012 to March 31, 2013)

1. Present Status of the Corporate Group

(1) Review of Business Performance in the Current Consolidated Fiscal Year

1. Business Progress and Results

Economic Environment

During the consolidated fiscal year under review, the economic growth of emerging countries slowed against the backdrop of the sovereign debt issue in Europe, which led to deceleration of the global economy. Overseas, although the U.S. economy saw a smooth recovery trend supported by steady personal consumption, the European economies were mostly stagnant, which slowed the Chinese economy because China exports the largest volume of commodities to Europe. This situation further slowed the economies of other emerging countries. In Japan, during the first half of the fiscal year under review, the domestic economy appeared to weaken, especially in exports, reflecting the slowdown of overseas economies. However, in the second half of the year, it started to show a recovery in personal consumption, increases in housing investment and government spending due to restoration demand from the Great East Japan Earthquake and other factors, all of which contributed to a gradual recovery in the Japanese economy towards the end of fiscal year.

Overall Summary of Sales

The Group's growth strategy is expanding its business areas through "Full-Scale Globalization" and "Development of New Business Areas." Especially in China, where the market is expected to expand in the medium run, we aggressively strove to extend our sales network and reinforce our production capability. In other emerging countries, our aggressive investments toward future growth are also ongoing. In Mexico, we launched construction of a new plant. In India, we established a local sales corporation. We are also making great efforts to explore new markets. For instance, we are developing aggressive sales activities to capture steadily the increasing demand for seismic isolation and damping system in response to the Great East Japan Earthquake. During the first half of the consolidated fiscal year under review, driven by investments related to smartphones and tablet PCs, a recovery was seen in demand mainly for electronics products. However, such demand declined after the summer. Given such a situation, and harnessing the business structure that we have reinforced to date, we strove for aggressive sales expansion. Despite such efforts, sales revenue for the year under review decreased ¥28.5 billion (14.5%) from the previous term to ¥168,366 million.

Overall Summary of Income

Although the effects of the "P25 Project," a cross-sectional project aimed at reinforcing our profitability base, and measures for cost improvement helped to curb the decline in income, such efforts could not offset the significant decrease in sales

[Translation for Reference and Convenience Purposes Only]

revenue and the cost-to-sales ratio rose 1.1 percentage points from the previous term to 73.7%.

With regard to selling, general and administrative expenses (“SG&A expenses”), our efforts to reduce expenses and streamline operations helped decrease SG&A expenses by ¥1,623 million, or 4.7%, from a year earlier to ¥32,605 million.

However, due to the significant decline in sales revenue, the ratio of SG&A expenses to sales increased 2.0 percentage points to 19.4%.

As a result of the above, operating income declined ¥8,052 million (40.8%) from the previous year to ¥11,692 million, and the ratio of operating income to sales fell by 3.1 percentage points to 6.9%.

Non-operating income was ¥3,072 million due to ¥2,651 million of foreign exchange gain, in addition to ¥199 million of equity in earnings of affiliates.

Due to these factors, ordinary income recorded a ¥4,306 million decline (22.6%) from the previous year to ¥14,765 million, and net income for the current fiscal year fell to ¥9,808 million, which was a decline of ¥2,833 million (22.4%) from the previous year.

Segment Breakdown

Japan

In Japan, during the first half of the year, the domestic economy appeared to weaken, especially in exports, reflecting the slowdown of overseas economies. However, in the second half of the year, it showed a recovery in personal consumption, increases in housing investment and government spending due to restoration demand from the Great East Japan Earthquake and other factors, which all contributed to the gradual recovery in the Japanese economy towards the end of fiscal year. At the Company, during the first half of the year, driven by rising investments related to smartphones and tablet PCs, a moderate recovery was seen in demand mainly for electronics products. We developed aggressive sales activities and increasingly focused on the development of new business areas. However, demand for electronics products weakened after the summer, resulting in sales revenue decreasing ¥18,950 million, or 15.0%, from the previous term to ¥107,005 million. Although the effects of the “P25 Project,” a cross-sectional project aimed at reinforcing our profitability base, and other measures for cost improvement helped minimize the decline of income, such efforts could not offset the significant decrease in sales revenue. Segment income (operating income) declined ¥5,039 million, or 30.3% from the previous term to ¥11,575 million.

The Americas

In the Americas, where steady personal consumption led to favorable growth of automobile production, which pushed up capital investments, we strove to expand transactions with existing customers and develop new business areas by unifying production and sales. As a result, sales in the general machinery and transportation equipment businesses increased, resulting in sales revenue of ¥22,308 million, representing an increase of ¥473 million, or 2.2%, from the previous term. Segment income (operating income), however, declined ¥172 million, or 14.6% from the previous year to ¥1,010 million due to the underlying tone of yen appreciation.

[Translation for Reference and Convenience Purposes Only]

Europe

In Europe, sluggish economies continued with the impact of the sovereign debt crises, and exports by industrial machine manufacturers to Asian countries, which had been leading demand, decreased against the backdrop of a slowdown of the Asian economies. In such a situation, the Company developed aggressive sales activities to expand transactions with existing customers and develop new business areas by unifying production and sales. However, demand from existing customers in general decreased, resulting in sales revenue of ¥15,062 million, a decrease of ¥4,805 million, or 24.2%, from the previous term. In terms of segment income (operating income), an operating loss of ¥378 million was recorded, ¥94 million down from the previous year. Despite our efforts to improve productivity and reduce various expenses, sales revenue decreased and the yen tended to appreciate against the Euro compared with a year earlier.

China

In China, where the economy slowed, influenced by the sluggish economies in Europe, the largest importer from China, driven by rising investments related to smartphones and tablet PCs, demand partially improved from the spring including demand for small-size machine tools. In such an environment, we engaged in aggressive sales activities by optimizing the advantage of our strong sales network. However, demand for small-size machine tools declined from the summer. As a result, sales revenue decreased ¥3,690 million, or 21.6%, from the previous term to ¥13,427 million. In terms of segment income (operating income), because of the decrease in sales revenue and our aggressive investments for future growth, operating income decreased ¥2,931 million from the previous term, resulting in an operating loss of ¥335 million.

Other Areas

In other areas, from early spring, demand partially improved for electronics products and small-size machine tools in Taiwan and the ASEAN countries. In such an environment, we developed aggressive sales activities to expand transactions with existing customers and identify new customers. Compared with the same period of the previous fiscal year, for which sales were favorable, sales revenue decreased ¥1,527 million or 12.6% year on year, to ¥10,561 million. Segment income (operating income) declined ¥212 million, or 42.1%, to ¥291 million due to the decrease in sales revenue and other factors.

Overall Summary of Research and Development

In the LM guides series, our main line of products, we developed the miniature-type “model SRS S/N” to further enhance the product lineup of our Caged Ball LM Guide series. With regard to ball screws, we developed the “model BIF-V,” which is ideal for high-speed runs, and the “model SBKN,” which includes Caged Ball high-speed ball screws suitable for machine tools. We believe that we can contribute to enhancing customers’ productivity by helping to further accelerate the speed of various types of equipment.

[Translation for Reference and Convenience Purposes Only]

In actuators, as part of the lineup of the Caged Ball “model SKR,” our compact, highly rigid and high-precision actuators, we developed large “model SKR 55/65”, thereby reinforcing the lineup. We also developed the multi-motion actuator “model CCR,” which enables the pick-and-place unit to be designed on a smaller scale and operate at a higher speed, and the “model QBL,” which is a single handheld vibration actuator that enables high-speed reciprocating motion for vibration test equipment. Furthermore, we launched the “model PCT,” which is part of the cylinder-type press series, using ball screws, in the market. By replacing a pneumatic cylinder, this product contributes to improving productivity for customers. In addition, we introduced the low-priced controller “model TLC/THC,” which is easy to use for beginners. The “model TLC/THC” is a controller with positioning completion. With all these products, our comprehensive product structure, including controllers and actuators, allows us to address a wide range of customer needs.

With regard to our endeavors in new business areas, in seismic isolation and damping system-related development, we developed the “iRDT,” which has greater damping capabilities that are effective for long-period ground vibration surrounding skyscrapers. We also developed businesses in the renewable energy field including solar power generation, in lifestyle-related fields such as medical and housing, and in the robotics field including consumer-use robots and humanoid robots. Specifically, we participated in Extra-vehicular Activity (EVA) Support Robot Experiment on JEM (REX-J) by the Japan Aerospace Exploration Agency (JAXA), to demonstrate the possibility of realizing Astrobots, by developing a robotic hand that embeds a space environment-resistant actuator with small ball screws. The Company also received the outstanding performance award at the THE 5TH ROBOT AWARDS in the component and software section for its “SEED Solutions,” which was developed as the element/components of a robotics system for next-generation robots. THE ROBOT AWARDS honor robots and their components that contribute to creation of the robot market and have high potential.

Overall Summary of the Operation and Production Systems

To respond to higher demand on the global level, we reinforced our operation and production systems.

To strengthen our business operation, we opened six new sales bases in China, where medium-term growth in demand is expected, and in India we established our first local corporation, THK India Private Limited.

In terms of production, we improved productivity by promoting automation and other measures in Japan, the United States and Europe. In Asia, we reinforced our production facilities in China and the phase-three plant of THK MANUFACTURING OF CHINA (WUXI) CO., LTD., started operation. In addition, THK RHYTHM CHANGZHOU CO., LTD., our fifth plant in China, started operation. In Mexico, we started construction of THK RHYTHM MEXICANA, S.A. DE C.V.

Term-end Dividends

As the Company earnings are affected by industry trends in capital expenditures, which is a changeable external environment factor, our policy regarding dividends is to flexibly return profits to shareholders according to mid-term business results, while

[Translation for Reference and Convenience Purposes Only]

also stabilizing the payment of dividends. Under this policy, taking into consideration the Company's business results for this term, we intend to pay a term-end dividend of ¥9 per common share, which, along with the interim dividend of ¥9 per share, results in an annual dividend of ¥18 per share.

2. Status of Capital Investments

Total capital investments in the consolidated fiscal year under review amounted to ¥13,424 million, consisting mostly of investments in buildings and processing facilities that were made to reinforce production facilities and improve product quality. The main investment amount at each production site is as follows:

Production Sites (Domestic Plants)	THK CO., LTD.	(Millions of Yen)
	Yamaguchi Plant	482
	Yamagata Plant	317
	Mie Plant	300
	Kofu Plant	190
	Gifu Plant	105
	THK RHYTHM CO., LTD.	709
	THK NIIGATA CO., LTD.	142
Production Sites (Overseas Plants)	THK MANUFACTURING OF CHINA (WUXI) CO., LTD. (China)	2,049
	THK RHYTHM MEXICANA, S.A. DE C.V. (Mexico)	1,429
	THK RHYTHM CHANGZHOU CO., LTD. (China)	1,164
	THK MANUFACTURING OF CHINA (LIAONING) CO., LTD. (China)	968
	DALIAN THK CO., LTD. (China)	752

3. Status of Funding

For effective funding of operating capital, the Group has specified credit lines totaling ¥15,000 million with its main correspondent financial institutions.

4. Status of Transfer of Business, Absorption-Type Corporate Spin-Off or Incorporation-Type Corporate Spin-Off

None applicable

5. Status of Acquisition of Businesses of Other Companies

None applicable

6. Status of Succession of Rights and Obligations Pertinent to Businesses of Other Companies Resulting from Absorption-Type Corporate Spin-Off or Incorporation-Type Corporate Spin-Off

None applicable

7. Status of Acquisition or Disposition of Shares or Other Equity or Subscription Warrants, etc., in Other Companies

None applicable

[Translation for Reference and Convenience Purposes Only]

(2) Assets and Profit/Loss in the Preceding Three (3) Fiscal Years

1. Assets and Profit/Loss of the Group

Millions of Yen				
Item	40th Term (Term Ended March 2010)	41st Term (Term Ended March 2011)	42nd Term (Term Ended March 2012)	43rd Term (Term Ended March 2013; Current Consolidated Fiscal Year)
Sales Revenue	115,330	190,661	196,866	168,366
Operating Income	(9,508)	21,844	19,745	11,692
Ordinary Income	(8,797)	21,631	19,072	14,765
Net Income	(14,300)	13,959	12,641	9,808
Net income per Share (Yen)	(111.20)	108.55	98.31	76.96
Return on Equity (%)	(8.5)	8.5	7.4	5.4
Total Assets	236,374	279,768	288,333	293,145
Shareholders' Equity	162,258	167,937	175,516	189,058
Shareholders' Equity per Share (Yen)	1,252.71	1,296.52	1,352.00	1,479.41

2. Assets and Profit/Loss of the Company

Millions of Yen				
Item	40th Term (Term Ended March 2010)	41st Term (Term Ended March 2011)	42nd Term (Term Ended March 2012)	43rd Term (Term Ended March 2013; Current Consolidated Fiscal Year)
Sales Revenue	71,269	133,691	130,107	104,567
Operating Income	(2,663)	17,118	14,493	9,825
Ordinary Income	(2,387)	16,846	13,407	12,053
Net income	(14,848)	10,683	7,957	8,018
Net income per Share (Yen)	(115.46)	83.07	61.88	62.92
Return on Equity (%)	(8.8)	6.5	4.7	4.7
Total Assets	220,646	264,134	264,495	259,835
Shareholders' Equity	160,211	168,945	168,099	170,954
Shareholders' Equity per Share (Yen)	1,245.77	1,313.70	1,307.14	1,350.36

Notes:

1. Figures in parentheses indicate losses.
2. Net income per share is calculated based on the average number of outstanding shares of the term. Shareholders' equity per share is calculated based on the number of outstanding shares at the term end. In calculating

[Translation for Reference and Convenience Purposes Only]

net income per share and shareholders' equity per share, the number of shares of treasury stock is deducted from the number of outstanding shares of the term and the number of outstanding shares at the term end, respectively.

(3) Status of Major Subsidiaries

1. Status of Major Subsidiaries

Name of Company	Capital Stock	Percentage of Voting Rights Held by the Company	Description of Main Business Operations
THK INTECHS CO., LTD.	¥100 million	100%	Manufacture and sales of mechanical element devices and parts
TALK SYSTEM CORPORATION.	¥400 million	99.00	Sales of vital machinery components, etc.
THK RHYTHM CO., LTD.	¥490 million	100	Manufacturing and sales of transport equipment parts
THK Holdings of America, L.L.C.	US\$120,000,000	100	Holding and controlling company in North America
THK America, Inc.	US\$20,100,000	100 (100)	Sales of the Company's products in North America
THK Manufacturing of America, Inc.	US\$75,000,000	100 (100)	Manufacture of vital machinery components in North America
THK RHYTHM NORTH AMERICA CO., LTD.	US\$66,000	100 (100)	Manufacturing and sales of transport equipment parts in North America
THK Europe B.V.	60,153,000 Euro	100	Holding and controlling company in Europe
THK GmbH	102,000 Euro	100 (100)	Sales of the Company's products in Europe
THK Manufacturing of Europe S.A.S.	72,040,000 Euro	100 (100)	Manufacture of vital machinery components in Europe
THK (CHINA) CO., LTD.	2,036,828,000 Yuan	100	Holding and controlling company in China and sales of vital machinery components
DALIAN THK CO., LTD.	181,147,000 Yuan	70.00 (25.00)	Manufacturing and sales of vital machinery components in China
THK MANUFACTURING OF CHINA (WUXI) CO., LTD.	806,494,000 Yuan	100 (100)	Manufacturing of vital machinery components in China

[Translation for Reference and Convenience Purposes Only]

Name of Company	Capital Stock	Percentage of Voting Rights Held by the Company	Description of Main Business Operations
THK MANUFACTURING OF CHINA (LIAONING) CO., LTD.	848,827,000 Yuan	100 (100)	Manufacturing of vital machinery components in China
THK RHYTHM GUANGZHOU CO., LTD.	91,498,000 Yuan	100 (100)	Manufacturing and sale of transport equipment parts in China
THK RHYTHM CHANGZHOU CO., LTD.	97,734,000 Yuan	100 (100)	Manufacturing and sale of transport equipment parts in China
THK RHYTHM (THAILAND) CO., LTD.	350,000,000 Baht	100 (100)	Manufacturing and sale of transport equipment parts in other Asian countries

Note: Figures in parentheses in the “Percentage of Voting Rights Held by the Company” indicate indirect ownership.

2. Status of Major Affiliated Companies

Name of Company	Capital Stock	Percentage of Voting Rights Held by the Company	Principal Business
SAMICK THK CO., LTD.	10,500 million Won	33.82%	Manufacturing and sale of vital machinery components in South Korea

3. Changes in the Group

THK (CHINA) CO., LTD., conducted a capital increase in April 2012, resulting in its capital stock to 2,036,828,000 Yuan.

(4) Future Tasks

The Company’s business performance is currently affected by variable industrial capital investment trends. To alleviate the associated business risk and achieve middle-to-long-term growth, the Group has expanded its business areas through “Full-scale Globalization” and “Development of New Business Areas.”

Especially in China and other emerging countries, where higher economic growth is continuing compared with advanced countries and factory automation (FA) is expected to continue to progress, we foresee a medium- to long-term expansion in capital investments closely related to the businesses of the Company. Furthermore, in light of efforts to further reduce CO₂ emissions, which are increasingly indispensable, we believe that electric-powered operations will likely spread in various fields to improve energy efficiency, and that demand for LM guides, which are core components for electric-powered operations, will increase further. In addition, the public’s interest in the

[Translation for Reference and Convenience Purposes Only]

Company's seismic isolation and damping system is rising in response to the experience at the Great East Japan Earthquake.

To steadily meet such demand and achieve significant growth on a medium- to long-term basis, we will strive to accelerate "Full-Scale Globalization" and "Development of New Business Areas" and reinforce various activities such as the P25 Project to further improve profitability to satisfy our shareholders' expectations.

(5) Description of Main Business Operations (As of March 31, 2013)

The Group manufactures and sells vital machinery components including LM guides and ball screws, and vital components for transportation systems including link balls, suspensions and ball joints in the four key geographic regions of Japan, the Americas, Europe and Asia. The Company's principal customer base includes manufacturers of such capital goods as machine tools, general machinery and semiconductor production equipment, and transportation equipment manufacturers producing vehicles and motorcycles.

LM guides, our core products, enable "rolling" in linear motion parts in a mechanical device, reducing friction to approximately one-fiftieth of the friction of a "sliding" motion. This feature enabled mechanical devices with higher speed, higher precision and enhanced energy saving, thereby contributing to the development of industry and the preservation of the ecosystem.

(6) Major Offices and Plants (As of March 31, 2013)

THK CO., LTD.	11-6, Nishi-Gotanda 3-chome, Shinagawa-ku, Tokyo, Japan
Production Sites (Domestic Plants)	Kofu (Chuo-shi, Yamanashi), Gifu (Fuwa-gun, Gifu), Mie (Matsusaka-shi, Mie), Yamaguchi (Sanyo Onoda-shi, Yamaguchi), Yamagata (Higashine-shi, Yamagata), THK INTECHS CO., LTD. (Sunto-gun, Shizuoka; Kurokawa-gun, Miyagi), THK NIIGATA CO., LTD. (Agano-shi, Niigata), THK RHYTHM CO., LTD. (Hamamatsu-shi, Shizuoka) THK RHYTHM KYUSHU CO., LTD. (Nakatsu-shi, Oita)
Production Sites (Overseas Plants)	THK Manufacturing of America, Inc. (United States) THK RHYTHM NORTH AMERICA CO., LTD. (United States) THK Manufacturing of Europe S.A.S. (France) DALIAN THK CO., LTD. (China) THK MANUFACTURING OF CHINA (WUXI) CO., LTD. (China) THK MANUFACTURING OF CHINA (LIAONING) CO., LTD. (China) THK RHYTHM GUANGZHOU CO., LTD. (China) THK RHYTHM CHANGZHOU CO., LTD. (China) THK RHYTHM (THAILAND) CO., LTD. (Thailand)
Sales Offices (Domestic)	THK CO., LTD.: 29 offices in nationwide TALK SYSTEM CORPORATION: 13 offices in nationwide

[Translation for Reference and Convenience Purposes Only]

Sales Offices (Overseas)	THK America, Inc. (United States), THK GmbH (Germany) THK (CHINA) CO., LTD. (China), THK TAIWAN CO., LTD. (Taiwan), THK LM SYSTEM Pte. Ltd. (Singapore)
-----------------------------	---

[Translation for Reference and Convenience Purposes Only]

(7) Status of Employees (As of March 31, 2013)

1. Employees of the Group

Business Segment	Number of Employees	Change from the Previous Consolidated Fiscal Year-End
Japan	4,843	-24
Americas	715	+42
Europe	561	-60
China	2,440	+348
Other	399	+24
Total	8,958	+330

Notes:

The number of employees is the number of staff members in service (excluding employees dispatched from the Group to a company outside of the Group and including employees of a company outside of the Group dispatched to the Group).

2. Status of Employees of the Company

Number of Employees	Change from the Previous Fiscal Year	Average Age	Average Years of Service
3,381 employees	-11	38.0	15.4

Note: The number of employees is the number of staff members in service (excluding employees dispatched from the Company to outside and including the Company's employees on loan from a different company).

(8) Status of Significant Borrowings (As of March 31, 2013)

(Millions of Yen)

Lender	Amount of Borrowing
Mizuho Corporate Bank, Ltd.	8,600
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4,000
Mitsubishi UFJ Trust and Banking Corporation	3,200
Sumitomo Mitsui Banking Corporation	1,600
The Sumitomo Trust and Banking Co., Ltd.	800
THE YAMAGUCHI BANK, Ltd.	700
Resona Bank, Limited.	600
The Yamanashi Chuo Bank, Ltd.	500

(9) Other Significant Matters Related to the Current Status of the Group

None applicable

[Translation for Reference and Convenience Purposes Only]

2. Current Status of the Company

(1) Stocks (As of March 31, 2013)

- | | |
|--|-------------|
| 1. Total authorized shares: | 465,877,700 |
| 2. Total outstanding shares (incl. 7,257,010 of treasury shares) | 133,856,903 |
| 3. Number of shareholders: | 21,731 |
| 4. Major shareholders (Top 10): | |

Shareholder	Number of Shares Held (Thousand Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd., Trust Account	8,587	6.78
Japan Trustee Services Bank, Limited, Trust Account	7,329	5.78
FTC Co., Ltd.	4,274	3.37
Japan Trustee Services Bank, Limited, Trust Account 9	3,756	2.96
STATE STREET BANK AND TRUST COMPANY 505224	3,691	2.91
Akihiro Teramachi	3,645	2.87
STATE STREET BANK AND TRUST COMPANY 505225	2,243	1.77
CREDIT SUISSE SECURITIES (USA) LLCSPCL. FOR EXCL. BEN	2,133	1.68
The Nomura Trust and Banking Co., Ltd, Investment Trust Account	1,889	1.49
JPMCB USA RESIDENTS PENSION JASDEC LEND 385051	1,861	1.47

Note 1: The treasury shares held by the Company, which is 7,257,010 shares in total, are excluded from the above-mentioned Shareholders.

2: Shareholding ratio is calculated by excluding treasury stock

3: FTC Co., Ltd. is a holding company, of which all the shares are owned by its Representative Director and President, Akihiro Teramachi.

(2) Subscription Warrants

1. Subscription Warrants Held by Officers of the Company as Compensation for Duties Performed (As of March 31, 2013):

None applicable

2. Subscription Warrants Granted to Employees and Others During the Fiscal Year under Review as Compensation for Duties Performed:

None applicable

3. Other Significant Matters Related to Subscription Warrants:

None applicable

[Translation for Reference and Convenience Purposes Only]

(3) Status of Corporate Officers

1. Directors and Auditors (As of March 31, 2013)

Position in the Company	Name	Duties or Significant Positions Concurrently Held
Representative Director and President	Akihiro Teramachi	Chairman of JAPAN MACHINE ACCESSORY ASSOCIATION (General Incorporated Association)
Executive Vice President	Toshihiro Teramachi	
Executive Vice President	Hiroshi Imano	
Director	Takashi Okubo	President of THK (CHINA) CO., LTD.
Director	Tetsuya Hayashida	Representative Director and President of THK Europe B.V. Representative Director and President of THK GmbH Representative Director and President of THK France S.A.S. Representative Director and President of THK Manufacturing of Europe S.A.S. Representative Director and President of THK Manufacturing of Ireland Ltd.
Director	Junichi Kuwabara	General Manager of FAI Division
Director	Takanobu Hoshino	General Manager of IMT Division
Director	Nobuyuki Maki	Senior General Manager of Production Division
Director	Hideyuki Kiuchi	General Manager of Corporate Strategy Division Chairman of Tokyo Electronic Industries Health Insurance Society
Director	Junichi Sakai	General Manager of Quality Assurance Division General Manager of Advanced Technology Information Center
Director	Hirokazu Ishikawa	Senior General Manager of Sales Support Division General Manager of ICB Center
Director	Junji Shimomaki	Senior General Manager of Sales Division General Manager of ACE Division
Director	Kaoru Hoshide	Senior General Manager of Engineering Division
Director	Akihiko Kambe	Representative Director and President of THK Holdings of America L.L.C. Representative Director and President of THK Manufacturing of America, Inc.
Director	Sakae Ito	General Manager of Risk Management Division

[Translation for Reference and Convenience Purposes Only]

Position in the Company	Name	Duties or Significant Positions Concurrently Held
Director	Masaaki Kainosho	Representative Director of KAINOSHO CO., LTD. Professor at Otsuma Women's University Junior College Division
Standing Auditor	Yoshimi Sato	
Standing Auditor	Kazunori Igarashi	
Auditor	Shizuo Watanabe	Tax Accountant
Auditor	Masatake Yone	Esq., Partner of Mori Hamada & Matsumoto, a law firm Outside Director of GCA Savvian Group Corporation (currently GCA Savvian Corporation) Outside Auditor of NAMCO BANDAI Games Inc.

Notes:

1. Directors Masamichi Ishii and Takeki Shirai retired at the closing of the 42nd Ordinary General Shareholders Meeting held on June 16, 2012.
2. Directors Sakae Ito and Masaaki Kainosho were newly elected at the 42nd Ordinary General Shareholders Meeting held on June 16, 2012, and assumed office at that time.
3. Director Masaaki Kainosho is an Outside Director.
4. Auditors Shizuo Watanabe and Masatake Yone are Outside Auditors.
5. Auditor Shizuo Watanabe is a certified tax accountant with a substantial level of expertise in tax accounting.
6. The Company registered Director Masaaki Kainosho and Auditor Shizuo Watanabe as independent officers, as stipulated under the guidelines of the Tokyo Stock Exchange.
7. Auditor Masatake Yone, as a lawyer, is well versed in corporate legal affairs and has enough knowledge to govern company management, and also has a position independent from the Company. The Company does not register him as an independent officer with the Tokyo Stock Exchange, but he meets the requirements of independency specified by the Exchange.
8. The company name of GCA Savvian Group Corporation was changed to GCA Savvian in April 2013.

[Translation for Reference and Convenience Purposes Only]

2. Compensation for Directors and Auditors

Classification	Persons Receiving Payment (Persons)	Amount of Payment (Millions of Yen)
Directors (Outside directors' figures)	18 (1)	368 (7)
Auditors (Outside auditors' figures)	4 (2)	62 (20)
Total (Outside officers' figures)	22 (3)	430 (27)

Notes:

1. Pursuant to resolutions of the General Shareholders Meeting, the maximum compensation for a Director is ¥100 million a month, not including the salary of employees who concurrently serve as directors (Resolution of the Ordinary General Shareholders Meeting of June 2011).
2. Pursuant to resolutions of the General Shareholders Meeting, the maximum compensation for an Auditor is ¥10 million a month (Resolution of the Ordinary General Shareholders Meeting of June 2004).
3. In addition to the amounts shown above, employees who concurrently serve as directors receive the equivalent of ¥104 million in employee salary.
4. In addition to the amounts shown above, there are accrued payable balances of retirement allowances to 3 Directors pursuant to resolutions of the General Shareholders Meeting in the amounts of ¥751 million.
As for the accrued payable balances of retirement allowances to directors, the system of retirement bonuses for directors was abolished as of June 26, 2004 and in the wake of the abolishment of that system, the resolution for the payment of retirement bonuses for directors was passed at the Ordinary General Shareholders Meeting held on the same day.
5. As of March 31, 2013, the number of Directors was 16 (of whom one was an Outside Director) and the number of Auditors was four (of whom two were Outside Auditors). The difference between this number of Directors and that shown in the above table is because the number in the above table includes two Directors who retired at the closing of the 42nd Ordinary General Shareholders Meeting held on June 16, 2012.
6. The remuneration amounts in the table above include ¥30 million (¥30 million for Directors) to be payable as performance-based compensation for the fiscal year under review (excluding Outside Directors).

3. Matters Related to Outside Officers

- A. Status of important concurrent services in other corporations, etc. and relationships between the Company and other such corporations, etc.
Director Masaaki Kainosho is concurrently a Representative Director of KAINOSHO CO., LTD., and a Professor at Otsuma Women's University Junior College Division. There is no special relationship between the Company and KAINOSHO CO., LTD., or Otsuma Women's University Junior College Division.

[Translation for Reference and Convenience Purposes Only]

Auditor Masatake Yone is a partner of “Mori Hamada & Matsumoto,” a law firm, an Outside Director of GCA Savvian Group Corporation (currently GCA Savvian Corporation) and Outside Auditor of NAMCO BANDAI Games Inc.. There is no special relationship between the Company and GCA Savvian Corporation (currently GCA Savvian Corporation) and NAMCO BANDAI Games Inc..

[Translation for Reference and Convenience Purposes Only]

B. Status of major business activities in the current fiscal year

Title	Name	Attendance at Board of Directors and Board of Auditors Meetings
Outside Director	Masaaki Kainosho	Mr. Kainosho attended all 14 meetings of the Board of Directors held after he assumed office in June 2012 and made comments as necessary based on his abundant experience and broad knowledge and insight mainly as a university professor highly adept in management and as the manager of a management consulting firm.
Outside Auditor	Shizuo Watanabe	Mr. Watanabe attended all 17 meetings of the Board of Directors held during the fiscal year under review and all 14 meetings of the Board of Auditors held during the fiscal year under review and made comments as necessary based on his abundant experience and broad knowledge and insight mainly as a tax accountant highly adept in tax accounting.
Outside Auditor	Masatake Yone	Mr. Yone attended 14 of the 17 meetings of the Board of Directors held during the fiscal year under review and all 14 meetings of the Board of Auditors held during the fiscal year under review and made comments as necessary based on his abundant experience and broad knowledge and insight mainly as a lawyer highly adept in corporate legal affairs.

C. Description of Limited Liability Agreement

Pursuant to the provision of Article 427, Paragraph 1, of the Companies Act, the Company and each outside director and outside auditor entered into an agreement that limits the indemnity liability under Article 423, Paragraph 1. Under this agreement, the limitation of liability for an Outside Director is the higher of ¥10 million or the minimum liability limit set forth in Article 425, Paragraph 1, of the Companies Act. The maximum limit of the indemnity liability for an Outside Auditor is the higher of ¥5 million or the minimum liability limit set forth in Article 425, Paragraph 1, of the Companies Act on condition that the outside director and the outside auditor fulfills due diligence and there is no gross negligence or no knowledge of it of the outside director or outside auditor with regard to the execution of duties that caused such liability.

[Translation for Reference and Convenience Purposes Only]

(4) Status of Accounting Auditor

1. Name: Grant Thornton Taiyo ASG

2. Amount of Compensation of the Accounting Auditor Pertinent to the Fiscal Year under Review:

	(Millions of Yen)
	Amount of Compensation
1. Amount of compensation as the accounting auditor for the current fiscal year	84
2. Total sum of monies or money equivalent to be paid by the Company and its subsidiaries to the accounting auditor	87

Note: Under the audit agreement between the Company and the accounting auditor, the Company does not classify the amount of auditing compensation for the audit set forth in the Companies Act and the audit set forth in the Financial Instruments Exchange Law. Therefore, the amount shown in 1 above includes auditing compensation under the Financial Instruments Exchange Law.

3. Matters Related to the Audit of the Financial Statements of Important Consolidated Subsidiaries

Of the Company's important consolidated subsidiaries, THK Holdings of America, L.L.C., THK America, Inc., THK Manufacturing of America, Inc., THK RHYTHM NORTH AMERICA CO., LTD., THK Europe B.V., THK GmbH, THK Manufacturing of Europe S.A.S., THK (CHINA) CO., LTD., DALIAN THK CO., LTD., THK MANUFACTURING OF CHINA (WUXI) CO., LTD., THK MANUFACTURING OF CHINA (LIAONING) CO., LTD. , and THK TAIWAN CO., LTD. were audited by certified accountants other than the Company's accounting auditor, Grant Thornton Taiyo ASG.

4. Description of Non-Audit Activities

The Company entrusts the Accounting Auditor to provide "Guidance and Advisory Services for the Adoption Process of the International Financial Reporting Standards (IFRS)," other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act, and pays the fee.

5. Policy for Determining Dismissal and Non-Reappointment of Accounting Auditors

The Company shall dismiss an accounting auditor under unanimous consent of all Auditors in a Board of Auditors meeting when the accounting auditor is applicable to conditions set forth in Article 340, Paragraph 1, of the Companies Act.

In addition, in case the Board of Auditors determines that it is difficult for the accounting auditor to perform accounting duties, the Board of Auditors will propose dismissal or non-reappointment of the accounting auditor as an agenda item at the General Shareholders Meeting. When the accounting auditor is dismissed based on a legally defined basis for dismissal, an Auditor selected by the Board of Auditors will

[Translation for Reference and Convenience Purposes Only]

report the decision for dismissal and the basis thereof at the first General Shareholders Meeting after the dismissal.

(5) Systems to Ensure the Adequacy of Operations

The following is an overview of decisions concerning the systems to ensure compliance with applicable laws and regulations and the Company's Articles of Incorporation in Directors' business executions and other systems to ensure adequacy in the Company's business operations:

1. Systems to Ensure Compliance of Applicable Laws and Regulations and the Company's Articles of Incorporations in Business Executions by Directors and Employees

The "THK Basic Policy" was established to ensure that officers and employees comply with applicable laws and regulations and perform their duties under sound social norms. The Representative Director and President shall disseminate the principles of the policy among officers and employees and ensure that all business activities comply with relevant laws and regulations. To ensure thorough implementation of the policy, the Company shall establish the Compliance Committee, chaired by the Representative Director and President, as well as a subordinate organization that consists of the heads of each business division. The Compliance Committee shall include outside experts as members and strive to improve companywide compliance system and identify problems. The "THK Helpline" will be established and operated as a measure for employees to directly report legally questionable conduct and provide related information anonymously to outside experts.

2. Issues Regarding Storage and Management of Matters Related to Directors' Execution of Duties

In accordance with the Document Control Procedure, matters related to Directors' execution of duties shall be recorded and stored in documents or magnetic media (hereinafter "Documents"). Directors and Auditors may view these Documents at any time under the Document Control Procedure.

3. Regulations and Other Systems Concerning Management of Loss Risks

Each responsible section shall establish rules/guidelines, conduct education/training and prepare/distribute manuals to address the risks related to compliance, environment, disasters, quality, information security, export management and new types of flu. Companywide risk monitoring and measures shall be implemented by the Risk Management Office. When a new risk emerges, the Board of Directors shall promptly assign a Director to address the risk.

4. Systems to Ensure Efficient Execution of Directors' Duties

The Board of Directors shall set companywide goals to be shared by Directors and employees, disseminate the targets throughout the Company and establish medium-term management goals covering three (3) fiscal years. To achieve said goals, the Directors in charge of each section shall establish a business execution structure with specific measures and the allocation of authority. The Board of Directors shall establish a system that achieves efficient companywide operation through monthly and quarterly reviews of the progress in pursuit of the goals by using IT and by implementing necessary improvements.

[Translation for Reference and Convenience Purposes Only]

5. Systems to Ensure Adequacy of Operations of the Corporate Group Consisting of the Company and Its Subsidiaries

To establish internal control within the Company and each member company of the Group, the Company shall assign sections in charge of internal control at each member company of the Group and establish a system that ensures effective discussion of internal control of the Company and member companies of the Group, information sharing, communication of instructions and requests, and so forth. The Company's directors and the President of each member company of the Group shall bear the authority and responsibility to execute the proper establishment and operation of the internal control that ensures the adequacy of operations in each section. The Company's section in charge of internal audits shall conduct internal audits at the Company and each member company of the Group and shall report the results to the Board of Directors and the aforementioned sections in charge of internal control of each Group company. After receiving the results of these internal audits, the relevant sections shall provide each member company with guidance on improvement measures, support on execution of the measures and advice. To ensure the reliability of financial reports, the Company shall formulate the "internal control regulations" for Group companies, thereby reinforcing and managing the relevant control system.

6. In the Event the Board of Auditors Requests Assistance from Employees, the Structure for Said Employees and Issues Pertaining to the Independence of Those Employees from Directors

Auditors may instruct necessary issues to staff members of the Internal Audit Office. A staff member that receives an order from an Auditor with respect to audit operations shall not be governed by any supervision or order from a Director or the head of the Internal Audit Office.

7. Systems for Directors and Employees to Report to the Board of Auditors; Other Reporting to the Board of Auditors

Directors or employees shall establish a system to promptly report legal issues, issues with significant impact on the Company and the Group, the status of internal audits, the status of reports received by the THK Helpline and the content thereof to the Board of Auditors. Details concerning those who report, the recipients of the reports and the timing of the reports shall be determined through due consultation between the Directors and the Board of Auditors. However, employees may report directly to the Auditors when the issue in question might result in a material loss to the Company or upon finding a significant violation of laws or regulations.

8. Other Systems to Ensure the Effective Execution of Audits by the Board of Auditors

The Board of Auditors shall hold regular meetings attended by the President and Representative Director, and other Directors to exchange opinions.

9. Basic Beliefs towards the Elimination of Anti-Social Forces and the Degree of the Introduction of Necessary Steps

The Company has established its own system which aims to remove anti-social forces as below:

[Translation for Reference and Convenience Purposes Only]

- 1) The Company has declared in the “THK Basic Policy” that it shall “take a firm stance against anti-social forces”.
- 2) The Company, as a member of the “Liaison Council of Tokyo Metropolitan Policy’s Anti-Crime Syndicate (the “Council”)", collects information at monthly meetings hosted by the Council and on other occasions. In addition, the Corporate Strategy Office is engaged in the management of relevant information in an integrated manner.
- 3) If the Company receives an inappropriate demand from anti-social forces, the Corporate Strategy Office and the Risk Management Office are to respond to it. In so doing, staff at the Corporate Strategy Office and the Risk Management Office who have participated in lectures and other courses of the Council will respond to such a matter while in conjunction with the police station under the jurisdiction and so forth, and will take resolute steps such as resorting to legal means through our corporate lawyers as necessary.
- 4) In order to extirpate transactions with companies that have relations with anti-social forces, the Company strives to conclude a Memorandum of Understanding regarding extirpation of transactions with anti-social forces with our business partners.

(6) Basic Policies on Control of the Company

Based on its management philosophy of “providing innovative products to the world and staying abreast of new trends to contribute to the creation of an affluent society,” THK has formulated the “THK Basic Policy” consisting of three policies: 1) Creation of Value and Contribution to the Society, 2) Customer-Oriented Mind-Set and 3) Legal Compliance. The Basic Policy serves as the fundamental ethics that supersede all internal regulations and codes of conduct.

Under this Policy, THK engages in business operations in order to create values beneficial to society by utilizing various management resources. In other words, THK aims to expand corporate value through creative product development and exclusive production technology as a creative and developmental corporation while conducting fair and safe business operations; building strong relationships with customers, shareholders and local communities; and fulfilling its responsibility as a member of society through environmental conservation and prompt, proper and just information disclosure. THK believes that it cannot raise its corporate value and the common interests of shareholders without fulfilling its social responsibility.

At the same time, THK aims to gain customers’ trust by thinking from their perspective, always treating them with integrity, and offering the best products and services. THK believes that such efforts help us earn the trust of shareholders and other stakeholders, resulting in an appropriate gain of profits. Earning trust thereby earning profits is the way to achieve the sustainability of THK. We direct profits earned in this way to new investments and the creation of new products and services, thereby, we believe, earning further trust from customers.

THK has so far earned the trust of customers and of various kinds of stakeholders, including shareholders, through offering creative ingenious technologies and customer-oriented products and services based on the aforementioned beliefs.

Accordingly, THK is fully convinced that it can achieve the common interests of shareholders, that is, to enhance corporate value and further growth, only by further refining its originality and offering even higher-quality and customer-oriented products and services.

From such perspectives, THK’s growth and rise in corporate value cannot be achieved without the support of shareholders that share the same beliefs—the same ideas that have supported the past growth of the Company and improvement of THK’s corporate value—regardless of the size of their stakes. If shareholders with such perspectives increase, that will help further improve THK’s corporate value and leverage its growth. Accordingly, THK intends to strive to gain their lasting support and understanding.

With regard to specific measures to address any party that might emerge to attempt a large-scale acquisition of the Company’s stocks solely for their own profit, ignoring the sacrifice of other shareholders, not considering the growth of THK’s corporate value and conflicting with the basic beliefs described above, the Company will continue careful consideration. When a clear plan and specifics to address such events is ready, we will present it to the shareholders and ask their opinion.

[Translation for Reference and Convenience Purposes Only]

Consolidated Balance Sheet

(As of March 31, 2013)

(Millions of Yen)

Assets		Liabilities	
Current Assets	193,940	Current Liabilities	55,656
Cash and deposits	115,967	Notes and accounts payable	20,846
Notes and accounts receivable	46,116	Current portion of long-term debt	20,000
Merchandise and finished goods	9,125	Lease obligations	237
Work in process	4,288	Accrued corporate tax, etc.	2,177
Raw materials and supplies	10,685	Reserve for bonuses	2,571
Deferred tax assets	3,245	Other	9,824
Short-term loans	1,002	Long-Term Liabilities	48,430
Accrued receivables	2,018	Bonds payable	40,000
Other	1,610	Lease obligations	534
Allowance for bad debts	(120)	Reserve for employees' retirement benefits	3,008
Fixed Assets	99,205	Reserve for officers' retirement benefits	114
Tangible fixed assets	87,697	Product warranty allowance	132
Buildings and structures	26,066	Deferred tax liabilities	3,659
Machinery and transportation equipment	38,818	Other	981
Land	13,094	Total Liabilities	104,087
Construction in progress	6,749	Net Assets	
Other	2,968	Shareholder's Equity	193,678
Intangible fixed assets	2,767	Capital stock	34,606
Goodwill	1,170	Capital surplus	44,584
Other	1,597	Profit surplus	128,416
Investments and other assets	8,740	Treasury stock	(13,928)
Investment securities	5,258	Accumulated Other Comprehensive Income	(6,390)
Deferred tax assets	848	Net unrealized gain on available-for-sale securities	740
Insurance reserve	218	Foreign exchange conversion loss adjustment account	(7,131)
Other	2,472	Minority Interest	1,769
Allowance for bad debts	(57)	Total Net Assets	189,058
Total Assets	293,145	Total Liabilities and Net Assets	293,145

[Translation for Reference and Convenience Purposes Only]

Consolidated Statement of Income
(From April 1, 2012, to March 31, 2013)

(Millions of Yen)

Accounting Item	Amount	
Sales Revenue		168,366
Cost of Sales		124,067
Gross Profit		44,298
Selling, general, and administrative expenses		32,605
Operating Income		11,692
Non-Operating Income		
Interest received	363	
Dividends received	52	
Rent income	312	
Foreign exchange gains	2,651	
Equity in earnings of affiliates	199	
Miscellaneous income	689	4,268
Non-Operating Expenses		
Interest expenses	711	
Miscellaneous loss	484	1,196
Ordinary Income		14,765
Extraordinary Income		
Gain on sale of fixed assets	20	
Subsidy	19	40
Extraordinary Loss		
Loss on disposition and sale of fixed assets	69	
Other	0	69
Net Income before Income Taxes		14,737
Income taxes—current	4,689	
Income taxes—deferred	185	4,874
Income before Minority Interests		9,862
Minority interest		54
Net Income		9,808

[Translation for Reference and Convenience Purposes Only]

Consolidated Statement of Changes in Shareholders' Equity

(From April 1, 2012, to March 31, 2013)

(Millions of Yen)

	Shareholders' Equity					Accumulated Other Comprehensive Income			Minority Interest	Total Net Assets
	Capital stock	Capital surplus	Profit surplus	Treasury stock	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Foreign exchange conversion loss adjustment account	Total of accumulated other comprehensive income		
Balance as of April 1, 2012	34,606	44,584	121,161	(11,362)	188,990	777	(15,903)	(15,126)	1,652	175,516
Changes in the consolidated accounting year										
Dividends from surplus			(2,554)		(2,554)					(2,554)
Net Income			9,808		9,808					9,808
Acquisition of treasury stock				(2,565)	(2,565)					(2,565)
Changes in the item other than shareholders' equity during the consolidated accounting year (net amount)						(36)	8,772	8,735	116	8,852
Total change in the consolidated accounting year	—	—	7,254	(2,565)	4,688	(36)	8,772	8,735	116	13,541
Balance as of March 31, 2013	34,606	44,584	128,416	(13,928)	193,678	740	(7,131)	(6,390)	1,769	189,058

[Translation for Reference and Convenience Purposes Only]

not have any material impact on the consolidated financial statements or any importance in the overall group's perspectives.

(3) Matters Related to Fiscal Year of Consolidated Subsidiaries

Of the consolidated subsidiaries except THK India Private Limited, 25 overseas consolidated subsidiaries close their accounts on December 31.

Adjustments are made for significant transactions occurring up to the consolidated account closing day. Other consolidated subsidiaries close their accounts on the same day as the settlement date of the consolidated fiscal year of the THK Group.

(Matters Related to Accounting Policies)

(1) Valuation Basis and Method for Securities

Other securities

Securities with fair market value	Fair market value method based on the market value as of the last day of the consolidated fiscal year (Unrealized gains and losses are reported, net of applicable taxes, in a separate component of net assets. The cost of securities sold is determined by the moving-average method.)
Securities without fair market value	Stated at cost determined by the moving-average method

(2) Valuation Basis and Method for Inventories

1. Merchandise and finished goods	Stated at cost by the gross average method, in principle. (Amounts in the balance sheets were calculated by writing down the book value with regard to the inventories for which profitability was clearly declining.)
2. Work in process	For planned products, stated at cost by the gross average method, in principle. For made-to-order products, stated at cost by the specific identification method, in principle. (Amounts in the balance sheets were calculated by writing down the book value with regard to the inventories for which profitability was clearly declining.)
3. Raw materials and supplies	Stated at cost by the gross average method, in principle. (Amounts in the balance sheets were calculated by writing down the book value with regard to the inventories for which profitability was clearly declining.)

[Translation for Reference and Convenience Purposes Only]

(3) Depreciation Method for Important Depreciable Assets

- | | |
|---|--|
| 1. Tangible fixed assets
(Except for lease properties) | The Company and its domestic consolidated subsidiaries adopt the declining-balance method, whereas overseas consolidated subsidiaries adopt the straight-line method and the accelerated depreciation method in accordance with local accounting standards.
However, the Company and domestic consolidated subsidiaries adopt the straight-line method for buildings acquired on or after April 1, 1998 (excluding attached facilities). Also, the life of major fixed assets is as follows:
Building and structures: 5–50 years
Machinery, equipment and vehicles:
4–12 years |
| 2. Intangible fixed assets
(Except for lease properties) | The Company and its domestic consolidated subsidiaries adopt the straight-line method. However, capitalized software for internal use is amortized by the straight-line method over the estimated internal useful life (5 years). Overseas consolidated subsidiaries adopt the straight-line method in accordance with local accounting standards. |
| 3. Lease properties | Lease properties related to finance leases other than those that are deemed to transfer the ownership of the leased assets to the lessees are depreciated assuming the lease period as the useful life and no residual value.
For finance leases with a lease transaction start date on or before March 31, 2008 other than those that are deemed for transfer of the leased assets to lessees, the Company continues to adopt an accounting treatment in conformity with the accounting method for ordinary lease transactions. |

[Translation for Reference and Convenience Purposes Only]

(4) Accounting Standards for Important Reserves

1. Allowance for bad debts To prepare for losses from bad debts, the Company and domestic consolidated subsidiaries provide the allowance for doubtful accounts at an amount of possible losses from uncollectible trade receivables based on the actual rate of losses from bad debt for ordinary receivables, and on the estimated recoverability for specific doubtful receivables. Overseas consolidated subsidiaries provide estimated amounts on the estimated recoverability for specific doubtful receivables.
2. Reserve for bonuses The reserve for bonuses is provided at an amount as a defrayment for the consolidated fiscal year under review based on the estimated total amount of employees' bonuses.
3. Reserve for employees' retirement benefits The reserve for employees' retirement benefits is provided at an amount recognized to have accrued as of the balance-sheet date based on the projected retirement benefit obligation and fair value of pension plan assets at the end of the consolidated fiscal year under review.
The actuarial gain or loss is amortized by the straight-line method over the average remaining service years (5–18 years) for employees at the time of recognition from the following year of recognition.
Prior service cost is charged to expenses using the straight-line method over a certain period (15 years) within the average remaining service years of the employees when incurred.
4. Reserve for officers' retirement benefits To allocate retirement compensation for officers of some domestic consolidated subsidiaries, the reserve for retirement benefits to officers is provided at an amount that would be required to be paid in accordance with the Company's internal rules if all eligible Officers resign their positions as of the balance-sheet date.
5. Product warranty allowance To prepare for expenses to address product-related complaints at some domestic consolidated subsidiaries, a reserve for product warranty has been provided based on the results of the previous years.

[Translation for Reference and Convenience Purposes Only]

(5) Important Method of Hedge Accounting

- | | |
|--|---|
| 1. Method of hedge accounting | The appropriation treatment is adopted for forward foreign exchange contracts because they satisfy the requirements of such appropriation treatment. The preferential treatment is adopted for interest-rate swaps because they satisfy the requirements of such preferential treatment. |
| 2. Hedging instruments and hedged items
Forward foreign exchange contracts
Interest-rate swaps | Monetary claims and debts denominated in foreign currencies
Interest on borrowings |
| 3. Hedge policy | Forward foreign exchange contracts are intended to hedge foreign exchange volatility risks in order to stabilize cash flows pertinent to the recovery and payment of monetary claims and debts denominated in foreign currencies. Interest-rate swaps are intended to hedge interest rate volatility risks involved in borrowings. |
| 4. Evaluation method for hedge validity | Evaluation of the validity of forward foreign exchange contracts is omitted because the significant terms of the relevant transactions and those as to the hedged assets are the same and it is predicted that any fluctuations in the market rates and cash flows will be offset at the beginning of hedging and will continue to be so afterward. Evaluation of the validity of interest-rate swaps is omitted because they satisfy the requirements of the preferential treatment. |

(6) Matters Related to the Amortization of Goodwill

Goodwill is equally amortized over 5–10 years.

(7) Method of Accounting Processing of Consumption Tax

Accounting of the consumption tax and local consumption taxes is processed according to the net-of-tax method.

[Translation for Reference and Convenience Purposes Only]

(Change of accounting policies)

Change in “Depreciation method of tangible fixed assets”

Effective from the consolidated fiscal year under review, pursuant to an amendment to the Corporate Tax Law, the Company and its domestic subsidiaries have changed the method of depreciating tangible fixed assets acquired on and after April 1, 2012 to the depreciation method stipulated in the amended Corporate Tax Law.

As a result, compared with the previous accounting method, operating income, ordinary income and net income before income taxes for the consolidated fiscal year under review were increased by ¥65 million.

2. Notes to the Consolidated Balance Sheet

- | | |
|--|------------------|
| (1) Accumulated depreciation of fixed tangible assets | ¥144,420 million |
| (2) Investment securities (stocks) of non-consolidated subsidiaries and affiliated companies | ¥3,017 million |
| (3) Trade notes matured on the fiscal year-end closing date are treated as if they were settled on the maturity date. Since the closing date of the consolidated fiscal year under review was a bank holiday, the following notes that matured on the closing date were treated as settled on the maturity date. | |
| Notes receivable | ¥1,405 million |

[Translation for Reference and Convenience Purposes Only]

3. Notes to the Consolidated Statement of Changes in Shareholders' Equity

(1) Matters Related to Outstanding Shares

Type of Stock	First of the Consolidated Fiscal Year	Increase	Decrease	End of the Consolidated Fiscal Year under Review
Common stock (shares)	133,856,903	—	—	133,856,903

(2) Matters Related to Dividends

1. Dividend payments

Resolution	Type of Stock	Total Dividend (Millions of Yen)	Dividend per Share (Yen)	Reference Date	Effective Date
Ordinary General Shareholders Meeting, Jun. 16, 2012	Common stock	1,414	11	March 31, 2012	June 18, 2012
Board of Directors Meeting, Nov. 13, 2012	Common stock	1,139	9	Sep. 30, 2012	Dec. 10, 2012

2. Dividend for which the reference date falls in the current consolidated fiscal year with an effective date falling in the next consolidated fiscal year

The following will be submitted for a vote at the 43rd term's Ordinary General Shareholders Meeting on June 15, 2013.

Vote	Type of Stock	Resource of the Dividend	Total Dividend (Millions of Yen)	Dividend per Share (Yen)	Reference Date	Effective Date
Ordinary General Shareholders Meeting, June 15, 2013	Common stock	Profit surplus	1,139	9	March 31, 2013	June 17, 2013

4. Notes to Financial Instruments

(1) Matters Related to the Status of Financial Instruments

For fund management of the Company Group, funds are invested in short-term deposits, etc. For fundraising, necessary funds are mainly raised by issuing bonds and by borrowing funds from banks in light of the business plan.

Against credit risks of customers involved in notes receivable and accounts receivable, credit management and protection of receivables are implemented in compliance with the “Control Rules on Trade Receivables.”

Investment securities are mainly stocks, and their market values, financial conditions of their issuing bodies and so on are captured at regular intervals.

Bond issuance and bank borrowing are intended to raise mainly operating funds and other funds necessary for business activities such as equipment investments and so forth. Against interest rate volatility risks of long-term borrowings, their interest rates are fixed by using derivative transactions (interest-rate swaps).

It is the policy that derivative transactions are made within the actual demand in order to avert foreign exchange rate volatility risks and interest rate volatility risks and that no speculative derivative transaction is made.

(2) Matters Related to Market Values of Financial Instruments, etc.

The table below shows book values of financial instruments in the consolidated balance sheet as of March 31, 2013 and their market values as well as differences between the book values and market values. However, the table below excludes such financial instruments, the market values of which it is extremely difficult to capture (see Note 2).

	Book Value in the Consolidated Balance Sheet (Millions of yen)	Market Value (Millions of yen)	Difference (Millions of yen)
1. Cash and deposits	115,967	115,967	—
2. Notes and accounts receivable	46,116	46,116	—
3. Investment securities Other securities	2,066	2,066	—
Total assets	164,150	164,150	—
4. Notes and accounts payable	20,846	20,846	—
5. Bonds payable	40,000	40,626	626
6. Long-term loans payable (Including current portion of long-term loans payable)	20,000	20,000	—
Total liabilities	80,846	81,472	626
7. Derivative transactions	—	—	—

(Note 1) Matters related to the calculation methods of market values of financial instruments and about marketable securities and derivative transactions

[Translation for Reference and Convenience Purposes Only]

1. “Cash and deposits” and 2. “Notes and accounts receivable”: the market values of these financial instruments are almost equal to their book values because they are settled in a short time. For this reason, their market values are based on their book values.
3. “Investment securities”: the market values of the financial instruments are based on their prices at stock exchanges.
4. “Notes and accounts payable”: the market values of these financial instruments are almost equal to their book values because they are settled in a short time. For this reason, their market values are based on their book values.
5. “Bonds payable”: the market value of a bond issued by the Company is calculated based on the present value as a result of discounting the total amount of principal and interest by the rate with the remaining period and credit risk of the relevant bond taken into account.
6. “Long-term loans payable”: long-term borrowings are based on floating interest rates and market rates of interest are reflected in a short time. Moreover, there are no important changes in the credit conditions of the Company after the borrowings were made. Therefore, the market values of long-term borrowings are based on their book values because the former is approximated by the latter.
7. “Derivative transactions”: derivative transactions to which the hedge accounting is applied.

Interest Rate Related Matters

Method of Hedge Accounting	Transaction Type, etc.	Main Hedged Object	Amount of Contract, etc. (Millions of yen)	Of the Amount of Contract, etc. that for more than one year (Millions of yen)	Market value (Millions of yen)
Preferential treatment of interest-rate swaps	Interest-rate swap transactions Fixed-rate interest payment and floating rate interest receipt	Long-term borrowings	20,000	—	(209)
Total			20,000	—	(209)

(Note) Market values are calculated based on the prices and so forth as presented by trading financial institutions.

(Note 2) Non-listed stocks (their book value in the consolidated balance sheet is 173 million yen) have no market prices and it is therefore deemed extremely difficult to capture their market values. For this reason, non-listed stocks are not included in 3 “Investment securities, Other securities.”

5. Notes to per Share Information

- | | |
|------------------------------------|-----------|
| (1) Shareholders' equity per share | ¥1,479.41 |
| (2) Net income per share | ¥76.96 |

[Translation for Reference and Convenience Purposes Only]

6. Notes to Significant Subsequent Events

(Issuance of Domestic Straight Bonds)

Based on the resolution of the Board of Directors' meeting held on July 23, 2012, the Company issued domestic straight bonds on April 25, 2013.

1. The Eighth Unsecured Corporate Bonds

- (1) Total amount ¥10,000 million
- (2) Issuance price ¥100 for ¥100 portion of each bond
- (3) Interest rate 0.430% annually
- (4) Maturity 5 years
- (5) Redemption method Lump sum redemption on April 25, 2018
Bond purchase/disposal is allowed anytime on and after the day following payment.
- (6) Payment date April 25, 2013
- (7) Purpose of the loan Repayment of borrowings

2. The Ninth Unsecured Corporate Bonds

- (1) Total amount ¥10,000 million
- (2) Issuance price ¥100 for ¥100 portion of each bond
- (3) Interest rate 0.660% annually
- (4) Maturity 7 years
- (5) Redemption method Lump sum redemption on April 24, 2020
Bond purchase/disposal is allowed anytime on and after the day following payment.
- (6) Payment date April 25, 2013
- (7) Purpose of the loan Repayment of borrowings

7. Other Notes

Amounts less than ¥1 million of the indicated amounts are truncated.

[Translation for Reference and Convenience Purposes Only]

Balance Sheet

(As of March 31, 2013)

(Millions of Yen)

Assets		Liabilities	
Current Assets	146,460	Current Liabilities	46,651
Cash and deposits	68,223	Accounts payable	14,023
Notes receivable	12,511	Short-term loans payable	2,058
Accounts receivable	23,562	Current portion of long-term debt	20,000
Merchandise and finished goods	3,980	Accrued payables	1,667
Work in process	1,951	Lease obligations	204
Raw materials and supplies	3,755	Accrued expenses	4,426
Prepaid expenses	389	Accrued corporate tax, etc.	1,812
Deferred tax assets	1,394	Advances	16
Short-term loans	19,626	Deposits received	332
Accrued receivables	1,135	Reserve for bonuses	1,750
Deposits paid	9,442	Other	361
Others	489	Long-Term Liabilities	42,228
Allowance for bad debts	(3)	Bonds payable	40,000
Fixed Assets	113,374	Lease obligations	456
Tangible fixed assets	34,049	Reserve for employees' retirement benefits	987
Buildings	10,552	Other	785
Structures	404		
Machinery and equipment	12,936		
Automobiles and transportation equipment	18		
Tools and supplies	576	Total Liabilities	88,880
Land	7,854		
Lease properties	613	Net Assets	
Construction in progress	1,093	Shareholders' Equity	170,238
Intangible fixed assets	235	Capital stock	34,606
Goodwill	72	Capital surplus	47,471
Software	126	Capital reserve	47,471
Others	36	Profit surplus	102,083
Investments and other assets	79,089	Legal retained earnings	1,958
Investment securities	2,191	Other profit surplus	100,124
Affiliates' stocks	20,102	Special depreciation reserve	108
Investment in affiliated companies	43,657	Reserves for advanced depreciation of land	15
Long-term loans	12,075	Dividend reserve	3,000
Insurance reserve	133	General reserve	87,000
Deferred tax assets	97	Profit surplus carried forward	10,000
Others	868	Treasury stock	(13,922)
Allowance for bad debts	(38)	Valuation/Conversion Difference	716
		Net unrealized gain on available-for-sale securities	716
		Total Net Assets	170,954
Total Assets	259,835	Total Liabilities and Net Assets	259,835

[Translation for Reference and Convenience Purposes Only]

Statement of Income

(From April 1, 2012, to March 31, 2013)

(Millions of Yen)

Accounting Item	Amount	
Sales Revenue		104,567
Cost of sales		75,360
Gross profit		29,207
Selling, general, and administrative expenses		19,381
Operating Income		9,825
Non-Operating Income		
Interest received	328	
Dividends received	253	
Foreign exchange gains	1,687	
Rent income	353	
Loyalty income	271	
Miscellaneous income	286	3,182
Non-Operating Expenses		
Interest expenses	387	
Interest on corporate bonds	345	
Commission fee	68	
Miscellaneous loss	152	954
Ordinary Income		12,053
Extraordinary Income		
Gain on sale of fixed assets	14	
Subsidy income	19	34
Extraordinary Loss		
Loss on disposition and sale of fixed assets	22	
Other	0	22
Net Income before Income Taxes		12,065
Income taxes—current	3,848	
Income taxes—deferred	199	4,047
Net Income		8,018

[Translation for Reference and Convenience Purposes Only]

Statement of Changes in Shareholders' Equity

(From April 1, 2012, to March 31, 2013)

(Millions of Yen)

	Shareholders' Equity									
	Capital stock	Capital Surplus		Legal retained earnings	Profit Surplus					Total profit surplus
		Capital reserve	Total capital surplus		Other profit surplus					
					Special depreciation reserve	Reserve for advanced depreciation on land	Dividend reserve	General reserve	Profit surplus carried forward	
Balance as of April 1, 2012	34,606	47,471	47,471	1,958	151	15	3,000	83,000	8,493	96,618
Change in the fiscal year										
Dividends from surplus									(2,554)	(2,554)
Addition to the special depreciation reserves					8				(8)	
Reimbursement from the special depreciation reserves					(51)				51	
Provision of general reserve								4,000	(4,000)	
Net Income									8,018	8,018
Acquisition of treasury stock										
Changes in items other than shareholders' equity during the fiscal year (net amount)										
Total changes in the fiscal year	—	—	—	—	(42)	—	—	4,000	1,507	5,464
Balance as of March 31, 2013	34,606	47,471	47,471	1,958	108	15	3,000	87,000	10,000	102,083

	Shareholders' Equity		Valuation/Conversion Difference, etc.		Total Net Assets
	Treasury stock	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Total valuation/conversion difference, etc.	
Balance as of April 1, 2012	(11,356)	167,340	759	759	168,099
Changes in the fiscal year					
Dividends from surplus		(2,554)			(2,554)
Addition to the special depreciation reserve					
Reimbursement from the special depreciation reserves					
Provision of general reserve					
Net Income		8,018			8,018
Acquisition of treasury stock	(2,565)	(2,565)			(2,565)
Changes in items other than shareholders' equity during the fiscal year (net amount)			(43)	(43)	(43)
Total changes in the fiscal year	(2,565)	2,898	(43)	(43)	2,855
Balance as of March 31, 2013	(13,922)	170,238	716	716	170,954

Notes to the Non-Consolidated Financial Statements

1. Important Matters for the Preparation of the Non-Consolidated Financial Statements

(1) Valuation Basis and Method for Securities

1. Other securities

Securities with fair market value	Fair market value method based on the market value, etc., as of the last day of the consolidated fiscal year (Unrealized gains and losses are reported, net of applicable taxes, in a separate component of net assets. The cost of securities sold is determined by the moving-average method.)
-----------------------------------	--

Securities without fair market value	Moving average cost method
--------------------------------------	----------------------------

2. Affiliates' stocks Moving average cost method

(2) Valuation Basis and Method for Inventories

1. Merchandise and finished goods Merchandises and finished goods were stated by the gross average cost method. (Amounts in the balance sheets were calculated by writing down the book value with regard to the inventories for which profitability was clearly declining.)

2. Work in process Planned products were stated at cost by the gross average method. Made-to-order products were stated at cost by the specific identification method. (Amounts in the balance sheets were calculated by writing down the book value with regard to the inventories for which profitability was clearly declining.)

3. Raw materials and supplies Raw materials and supplies were stated by the gross average cost method. (Amounts in the balance sheets were calculated by writing down the book value with regard to the inventories for which profitability was clearly declining.)

[Translation for Reference and Convenience Purposes Only]

(3) Depreciation Method for Important Depreciable Assets

- | | |
|---|---|
| 1. Tangible fixed assets
(Except for lease properties) | Declining-balance method
However, the Company adopts the straight-line method for buildings acquired on or after April 1, 1998 (excluding attached facilities). |
| 2. Intangible fixed assets
(Except for lease properties) | Straight-line method
However, capitalized software for internal use is amortized by the straight-line method over the estimated internal useful life (5 years).
Also, goodwill is equally amortized over 10 years. |
| 3. Lease properties | Lease properties related to finance leases other than those that are deemed to transfer the ownership of the leased assets to the lessees are depreciated assuming the lease period as the useful life and no residual value.
For finance leases with a lease transaction start date on or before March 31, 2008 other than those that are deemed for transfer of the leased assets to lessees, the Company continues to adopt an accounting treatment in conformity with the accounting method for ordinary lease transactions. |
| 4. Long-term prepaid expenses | Straight-line method |

(4) Accounting Standards for Important Reserves

- | | |
|---|--|
| 1. Allowance for bad debts | To prepare for losses from bad debts, the Company provides the allowance for doubtful accounts at an amount of possible losses from uncollectible trade receivables based on the actual rate of losses from bad debt for ordinary receivables, and on the estimated recoverability for specific doubtful receivables. |
| 2. Reserve for bonuses | The reserve for bonuses is provided at an amount as a defrayment for the fiscal year under review based on the estimated total amount of employees' bonuses. |
| 3. Reserve for employees' retirement benefits | The reserve for employees' retirement benefits is provided at an amount recognized to have accrued as of the balance-sheet date based on the projected retirement benefit obligation and fair value of pension plan assets at the end of the fiscal year under review.
The actuarial gain or loss is amortized by the straight-line method over the average remaining service years (10 years) for employees at the time of recognition from the following year of recognition. |

[Translation for Reference and Convenience Purposes Only]

Prior service cost is charged to expenses using the straight-line method over a certain period (15 years) within the average remaining service years of the employees when incurred.

(5) Important Method of Hedge Accounting

- | | |
|---|---|
| 1. Method of hedge accounting | The appropriation treatment is adopted for forward foreign exchange contracts because they satisfy the requirements of such appropriation treatment. The preferential treatment is adopted for interest-rate swaps because they satisfy the requirements of such preferential treatment. |
| 2. Hedging instruments and hedged items | |
| Forward foreign exchange contracts | Monetary claims and debts denominated in foreign currencies |
| Interest-rate swaps | Interest on borrowings |
| 3. Hedge policy | Forward foreign exchange contracts are intended to hedge foreign exchange volatility risks in order to stabilize cash flows pertinent to the recovery and payment of monetary claims and debts denominated in foreign currencies. Interest-rate swaps are intended to hedge interest rate volatility risks involved in borrowings. |
| 4. Evaluation method for hedge validity | Evaluation of the validity of forward foreign exchange contracts is omitted because the significant terms of the relevant transactions and those as to the hedged assets are the same and it is predicted that any fluctuations in the market rates and cash flows will be offset at the beginning of hedging and will continue to be so afterward. Evaluation of the validity of interest-rate swaps is omitted because they satisfy the requirements of the preferential treatment. |

(6) Method of Accounting Processing of Consumption Tax

Accounting of the consumption tax and local consumption taxes is processed according to the net-of-tax method.

(Changes in accounting treatment)

Change in “Depreciation method of tangible fixed assets”

Effective from the fiscal year under review, pursuant to an amendment to the Corporate Tax Law, the Company has changed the method of depreciating tangible fixed assets acquired on and after April 1, 2012 to the depreciation method stipulated in the amended Corporate Tax Law.

[Translation for Reference and Convenience Purposes Only]

As a result, compared with the previous accounting method, operating income, ordinary income and net income before income taxes for the fiscal year under review were increased by ¥46 million.

2. Notes to the Balance Sheet

(1) Accumulated depreciation of fixed tangible assets:	¥86,564 million
(2) Amount of accelerated depreciation with national subsidy:	¥150 million
(3) Monetary claims/liabilities pertinent to affiliated companies:	
Short-term monetary claims:	¥38,395 million
Short-term monetary liabilities:	¥4,403 million
Long-term monetary claims:	¥12,075 million
(4) Monetary liabilities to Directors and Auditors:	¥751 million
(5) Trade notes matured on the fiscal year-end closing date are treated as if they were settled on the maturity date. Although the closing date of the consolidated fiscal year under review was a bank holiday, the following notes that matured on the closing date were treated as settled on the maturity date.	
Notes receivable	¥1,260 million
(6) Contingent liability	
The Company provides a liability guarantee on rent liability for the following company:	
THK GmbH	¥50 million
The Company provides a liability guarantee on purchase liability for the following companies:	
TALK SYSTEM CORPORATION	¥1,510 million
THK RHYTHM CO., LTD.	¥1,496 million
THK NIIGATA CO., LTD.	¥622 million
THK INTECHS CO., LTD.	¥608 million
THK RHYTHM KYUSHU CO., LTD.	¥124 million
NIPPON SLIDE CO., LTD.	¥117 million

3. Notes to the Statement of Income

Volume of transactions with affiliates:

Sales revenue	¥30,515 million
Purchases	¥16,318 million
Other marketing transactions	¥666 million
Non-marketing transactions	¥1,843 million

4. Notes to the Statement of Changes in Shareholders' Equity

Current Fiscal Year (From April 1, 2012, to March 31, 2013)

Matters Related to Treasury Stock

Type of Stock	First of the Current Consolidated Fiscal Year	Increase	Decrease	End of the Current Consolidated Fiscal Year
Common stock (shares)	5,255,360	2,001,650	—	7,257,010

(Summary of Reasons for Changes)

Breakdown of the increases

[Translation for Reference and Convenience Purposes Only]

Increase due to the purchase of treasury stock based on the resolution of the Board of Directors' meeting:	2,000,000 shares
Increase ascribed to buy-back of shares below a lot unit:	1,650 shares

5. Notes to Tax-Effect Accounting

(1) Breakdown of deferred tax assets and deferred tax liabilities according to the main cause of occurrence

(Deferred tax assets)	
Loss on valuation of stocks of subsidiaries and affiliates	¥7,751 million
Reserve for bonuses	¥665 million
Inventory valuation loss	¥412 million
Impairment loss	¥298 million
Reserve for employees' retirement benefits	¥292 million
Accrued retirement compensation for officers	¥267 million
Accrued business tax	¥186 million
Excess of depreciation and amortization	¥142 million
Accrued expenses	¥95 million
Loss on valuation of investment securities	¥66 million
Others	¥314 million
Subtotal of deferred tax assets	¥10,493 million
Valuation reserves	¥(8,559) million
Total deferred tax assets	¥1,933 million
(Deferred tax liabilities)	
Net unrealized gain on available-for-sale securities	¥(346) million
Special depreciation reserve	¥(59) million
Others	¥(34) million
Total deferred tax liabilities	¥(441) million
Net deferred tax assets	¥1,492 million

(2) Breakdown of main items that served as the cause of a significance difference between the legal effective tax rate and the corporate tax ratio after application of tax effect accounting

Legal effective tax rate	38.0 %
(Adjustments)	
Items permanently not included as a deductible, such as entertainment costs	0.2 %
Items permanently not included as revenue, such as dividend received	-0.7 %
Equal installments of resident tax	0.5 %
Research and experimentation tax credit	-3.0 %
Valuation reserves	-1.1 %
Difference from the effective tax rate	-0.5 %
Others	0.1 %
Corporate tax ratio after application of tax effect accounting	33.5 %

[Translation for Reference and Convenience Purposes Only]

6. Notes to the Fixed Assets under Lease Transactions

- (1) Amount equivalent to the acquisition cost at the last day of the current fiscal year: ¥10 million
- (2) Amounts equivalent to accumulated depreciation and the term-end balance as of the last day of the current fiscal year
 Amount equivalent to accumulated depreciation: ¥10 million
 Amount equivalent to the term-end balance: — million
- (3) Amount equivalent to the unearned lease fee as of the last day of the current fiscal year: — million

7. Notes to the Transactions with Special Interest Parties

- (1) Parent company and major corporate shareholders:
 None applicable
- (2) Officers and major individual shareholders:
 None applicable
- (3) Subsidiaries, etc.

Category	Company	Address	Capital Stock or Capitalization	Description of Business or Occupation	Ownership of Voting Rights (%)	Description of Relationship		Description of Transactions	Transaction amount (Millions of Yen)	Accounting Item	Term-End Balance (Millions of Yen)
						Concurrent Service as an Officer	Business Relationship				
Subsidiary	THK GmbH	Ratingen, Germany	102 thousand Euro	Industrial and Transportation equipment-related businesses	Indirect 100%	2 persons	Purchase of the Company's products	Sales of the Company's products	6,076	Accounts receivable	2,802
	THK RHYTHM CO., LTD.	Hamamatsu-shi, Shizuoka	¥ 490 million	Transportation equipment-related business	Direct 100%	4 persons	Collaboration with the Company's business	Collection of loan receivables	4,992	Short-term loans	3,434
	THK Holdings of America, L.L.C.	Schaumburg, IL., U.S.A.	\$ 120 million	Holding and controlling company in North America	Direct 100%	5 persons	—	Loans	4,000	Long-term loans	3,600
	THK Europe B.V.	Amsterdam, the Netherlands	60,153 thousand Euro	Holding and controlling company in North Europe	Direct 100%	4 persons	—	—	4,309	Short-term loans	11,363
	THK LM SYSTEM Pte. Ltd.	Kaki Bukit Place, Singapore	S\$ 8 million	Industrial equipment-related businesses	Direct 100%	1 person	Purchase of the Company's products	—	—	Deposits paid	6,032
										Deposits paid	3,409

Transaction terms and the policy on determining transaction terms

- Notes: 1. Sales prices of our company's products for sale to THK GmbH are determined through due consultation between the two companies and in consideration of market prices.
2. Interest rates for loans to THK RHYTHM CO., LTD. are rationally determined by taking into account the market interest rates.
3. Interest rates for loans to THK Holdings of America, L.L.C. are rationally determined by taking into account the market interest rates.
4. Upon depositing its fund to either THK Europe B.V. or THK LM SYSTEM Pte. Ltd., the Company determines it based on the fund management policy of the Group.

[Translation for Reference and Convenience Purposes Only]

- (4) Affiliated companies sharing the same parent company:
Not applicable

8. Notes to per Share Information

(1) Net assets per share	¥1,350.36
(2) Net income per share	¥62.92

9. Notes to Significant Subsequent Event

(Issuance of Domestic Straight Bonds)

Based on the resolution of the Board of Directors' meeting held on July 23, 2012, the Company issued domestic straight bonds on April 25, 2013.

1. The Eighth Unsecured Corporate Bonds

- | | |
|-------------------------|--|
| (1) Total amount | ¥10,000 million |
| (2) Issuance price | ¥100 for ¥100 portion of each bond |
| (3) Interest rate | 0.430% annually |
| (4) Maturity | 5 years |
| (5) Redemption method | Lump sum redemption on April 25, 2018
Bond purchase/disposal is allowed anytime on and after the day following payment. |
| (6) Payment date | April 25, 2013 |
| (7) Purpose of the loan | Repayment of borrowings |

2. The Ninth Unsecured Corporate Bonds

- | | |
|-------------------------|--|
| (1) Total amount | ¥10,000 million |
| (2) Issuance price | ¥100 for ¥100 portion of each bond |
| (3) Interest rate | 0.660% annually |
| (4) Maturity | 7 years |
| (5) Redemption method | Lump sum redemption on April 24, 2020
Bond purchase/disposal is allowed anytime on and after the day following payment. |
| (6) Payment date | April 25, 2013 |
| (7) Purpose of the loan | Repayment of borrowings |

10. Other Notes

Amounts less than ¥1 million of the indicated amounts are truncated.

[Translation for Reference and Convenience Purposes Only]

Accounting Audit Report on the Consolidated Financial Statements

AUDIT REPORT BY INDEPENDENT AUDITOR

May 8, 2013

To the Board of Directors of THK CO., LTD.

Grant Thornton Taiyo ASG LLC

Designated	Certified	
Executive	Public	Yoshiyuki Wada (Seal)
Employee	Accountant	
Designated	Certified	
Executive	Public	Keita Tajiri (Seal)
Employee	Accountant	
Designated	Certified	
Executive	Public	Hideki Akita (Seal)
Employee	Accountant	

In accordance with the provisions of Article 444, Paragraph 4, of the Companies Act, we audited the consolidated financial statements of THK CO., LTD., consisting of the consolidated balance sheet, consolidated statement of income, statement of changes in consolidated shareholders' equity and notes on the consolidated financial statements covering the consolidated fiscal year from April 1, 2012, to March 31, 2013.

Management's Responsibility for Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected and adopted depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and

[Translation for Reference and Convenience Purposes Only]

the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of THK CO., LTD., which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year under review in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

As stated in the Notes to Significant Subsequent Events in the Notes to the Consolidated Financial Statements, the Company issued the eighth and ninth unsecured debt securities on April 25, 2013.

This change has no impact on our conclusions.

Interest

There is no relation of interests between the Company and the auditing firms stated above or any participating partners thereof, as is required to be stated under the Certified Public Accountant Law.

Accounting Audit Report on the Financial Statements

AUDIT REPORT BY INDEPENDENT AUDITOR

May 8, 2013

To the Board of Directors of THK CO., LTD.

Grant Thornton Taiyo ASG LLC

Designated	Certified	
Executive	Public	Yoshiyuki Wada (Seal)
Employee	Accountant	
Designated	Certified	
Executive	Public	Keita Tajiri (Seal)
Employee	Accountant	
Designated	Certified	
Executive	Public	Hideki Akita (Seal)
Employee	Accountant	

In accordance with the provisions of Article 436, Paragraph 2, No. 1, of the Companies Act, we audited the financial statements of THK CO., LTD., consisting of the balance sheet, statement of income, statement of changes in shareholders' equity, notes to the non-consolidated financial statements and supplementary schedules covering the 43rd fiscal year from April 1, 2012, to March 31, 2013.

Management's Responsibility for the Financial Statements and the Related Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements and the related supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supplementary schedules. The procedures selected and adopted depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements and the related supplementary schedules, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the related supplementary schedules in order to design audit procedures that are appropriate in the circumstances, but not for

[Translation for Reference and Convenience Purposes Only]

the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of the THK CO., LTD., applicable to the fiscal year under review in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

As stated in the Notes to Significant Subsequent Events in the Notes to the Non-Consolidated Financial Statements, the Company issued the eighth and ninth unsecured debt securities on April 25, 2013.

This change has no impact on our conclusions.

Interest

There is no relation of interests between the Company and the auditing firms stated above or any participating partners thereof, as is required to be stated under the Certified Public Accountant Law.

Audit Report by the Board of Auditors

AUDIT REPORT

We, the Board of Auditors, submit the following Audit Report based on our deliberation of the Audit Reports prepared by each Auditor with respect to the execution of duties of the Directors during the Company's 43rd fiscal year starting on April 1, 2012, and ending on March 31, 2013:

1. Auditing Method and Content of Audits Performed by Auditors and the Board of Auditors

The Board of Auditors determined the auditing policy and allocation of tasks, received reports from each Auditor concerning execution status and results of audits, received reports from Directors and accounting auditors concerning the status of their tax execution, and requested explanations when necessary.

In accordance with the audit policies and task allocations determined by the Board of Auditors, each Auditor communicated with Directors, the Internal Audit Office and other employees to collect information and maintain an appropriate audit environment. In addition, each Auditor attended the Board of Directors meetings and other important meetings to receive reports concerning the status of execution of duties from Directors and employees, request explanations when necessary, peruse important settlement documents, and investigated the business and asset conditions of the Head Office and other major offices. Moreover, with respect to the systems (Internal Control Systems) established in accordance with the description of the resolution of the Board of Directors concerning the system defined in Paragraphs 1 and 3, Article 100, of the Ordinance for Enforcement of the Companies Act and said resolution, as being for the systems to ensure compliance of Directors' execution of duties described in business reports with laws and regulations and the Company's Articles of Incorporation, and also to ensure adequacy of the Company's other business operations, the Auditors received reports regularly from Directors and employees, requested explanations when necessary, and expressed their opinions regarding the status of establishment and performance of the systems.

For the basic policy of the Enforcement Regulations of the Companies Act, Article 118, No.3-B, as described in the Business Report, auditors examined the contents of the policy based on the status of deliberations at the Board of Directors meetings, etc. With respect to subsidiaries, Auditors communicated and exchanged information with the Directors and Auditors of subsidiaries and received reports by subsidiaries concerning their operations when necessary. The Board of Auditors meetings were held on a monthly basis, where results of audits conducted by each Auditor were conveyed to other Auditors to exchange opinions and information sharing. Opinions concerning results of audit activities conducted by Auditors were notified to Directors. Business reports and supplementary schedules for the fiscal year were reviewed in accordance with the above method.

With regard to the accounting audit, Auditors received explanations on the audit plan from the accounting auditor beforehand and discussed it accordingly. The audit results were reported from the accounting auditor. Furthermore, Auditors

[Translation for Reference and Convenience Purposes Only]

monitored and inspected whether the independent auditors maintained their independence and appropriateness in their implementation of audits, received reports from accounting auditors concerning their execution of duties and requested explanations when necessary. Furthermore, we received the notice stating to the effect that the “System to Ensure Appropriate Execution of Duties” (various provisions stated in Article 131 of the Corporate Accounting Regulations) is prepared in accordance with the “Quality Control Standards Concerning Audits” (Business Accounting Deliberation Council, October 28, 2005) and requested explanations when necessary. In accordance with the approach explained above, we reviewed financial statements for the fiscal year under review (non-consolidated balance sheet, non-consolidated statement of income, statement of changes in shareholders’ equity and notes to the non-consolidated financial statements), the supplementary schedules and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, statement of changes in consolidated shareholders’ equity and notes to the consolidated financial statements).

2. Results of the Audit

(1) Audit Results for the Business Report, etc.

- (i) We are of the opinion that the content of business reports and supplementary schedules comply with laws and regulations and the Articles of Incorporation and fairly reflect the state of the Company.
- (ii) We determined no improper acts or material breaches of laws and regulations or the Articles of Incorporation in the execution of duties by Directors.
- (iii) We are of the opinion that the content of the Board of Directors resolutions pertaining to the Internal Control System is appropriate. In addition, we did not identify anything that requires comment with regard to execution of duties by directors concerning said Internal Control System.
- (iv) We do not identify anything that requires comment on the basic policy (described in the Business Report) for the behavior of the person(s) taking control of the determination of financial policies and business policies of the Company.

(2) Audit Results for the Financial Statements and Supplementary Schedules

We are of the opinion that the audit methods and results of Grant Thornton Taiyo ASG are appropriate.

(3) Audit Results for the Consolidated Financial Statements

We are of the opinion that the audit methods and results of Grant Thornton Taiyo ASG are appropriate.

May 9, 2013

The Board of Auditors of THK CO., LTD.

Standing Auditor Yoshimi Sato
Standing Auditor Kazunori Igarashi
Outside Auditor Shizuo Watanabe
Outside Auditor Masatake Yone

<Procedure for Exercising Voting Rights via the Internet>

If exercising voting rights via the Internet, please review the following and exercise your voting rights accordingly.

Shareholders attending the Ordinary General Shareholders Meeting do not need to take any procedures to exercise voting rights by mail (with a voting form) or via the Internet.

Exercise of voting rights via the Internet will be available until 5:30 p.m. Japan local time on Friday, June 14, 2013, but please exercise your voting rights ahead of the designated time and contact the help desk with questions, if any.

1. Web site for the Exercise of Voting Rights

- Voting rights may be exercised over the Internet via personal computer, smartphone or mobile phone (i-mode, EZweb or Yahoo! Mobile)* only by accessing the Web site the Company has designated for the exercising of voting rights (<http://www.evotep.jp/>). (However, access to the Web site is not available between 2 a.m. and 5 a.m. Japan local time every day.)
*“i-mode,” “EZweb” and “Yahoo!” are registered trademarks of NTT DoCoMo, Inc., KDDI Corporation and Yahoo! Inc. of the United States, respectively.
- Depending on the Internet connectivity environment, such as the use of a firewall, antivirus software or a proxy server, some shareholders may not be able to exercise their voting rights via a personal computer or smartphone.
- When exercising voting rights using a mobile phone, the device must have either i-mode, EZweb or Yahoo! Mobile service. For security reasons, devices that use encoded transmission (SSL transmission) or that are unable to transmit mobile phone information cannot be used.

2. Method of Exercising Voting Rights via the Internet

- Use the login ID and temporary password that are shown in the voting form on the voting Web site (<http://www.evotep.jp/>), and follow the directions on the screen to enter your approval or disapproval of the proposals.
- To prevent illegal access by persons other than shareholders (impersonation) and to prevent the exercise of voting rights from falsification, shareholders who use the site for the exercise of voting rights should change their temporary password upon entering the site.
- Each convocation notice for the General Shareholders Meeting will contain a new login ID and temporary password.

3. Handling of Cases Involving the Overlapping Exercise of Voting Rights

- In the event that voting rights are exercised both by mail and via the Internet, the vote via the Internet shall prevail.
- In the event that voting rights are exercised multiple times via the Internet, smartphone or mobile phone, the most recent vote shall prevail. In the event of the overlapping exercise of voting rights via personal computer and mobile phone, the most recent vote shall prevail.

[Translation for Reference and Convenience Purposes Only]

4. Fees Arising from Accessing the Site for the Exercise of Voting Rights

Any fees that arise from accessing the site for the exercise of voting rights (e.g., dial-up connection charges, telephone charges) shall be borne by the shareholder. If using a mobile phone, any necessary packet transmission charges or other costs involved in use of the phone shall be borne by the shareholder.

Institutional investors may use the electronic voting platform for institutional investors operated by ICJ Co., Ltd., as another electromagnetic method for exercising voting rights at the General Shareholders Meeting of the Company, provided that the shareholder has already subscribed to use of the platform.

For Questions Concerning Systems and Other Matters	Mitsubishi UFJ Trust & Banking Co., Ltd. Securities Agent Division (Help Desk) Tel.: 0120-173-027 (toll-free) Hours of Operation: 9 a.m.–9 p.m. Japan local time
--	---