[Translation for Reference and Convenience Purposes Only]

Please note that the following is an unofficial English translation of Japanese original text of the Disclosure Information Posted on the Internet as Part of the Notice of Convocation of the 46th Ordinary General Meeting of Shareholders 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.

To shareholders

Disclosure Information Posted on the Internet as Part of the Notice of Convocation of the 48th Ordinary General Meeting of Shareholders

The Company has posted the above disclosure information on its website (http://www.thk.com/us/ir/shareholder/meeting.html) for the shareholders in accordance with the relevant laws and regulations and the Company's Articles of Incorporation.

March 1, 2018

THK CO., LTD.

[Translation for Reference and Convenience Purposes Only]

Notes to the Consolidated Financial Statements

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

(1) Matters Related to the Scope of Consolidation

1. Consolidated Subsidiaries

Number of consolidated subsidiaries	36 companies
(Increase of 1 company)	
Increase due to new establishment	: TRA Holdings, CO., LTD.
Names of major consolidated subsidiaries	The major consolidated subsidiaries are shown in “1. Present Status of the Corporate Group, (5) Status of Major Subsidiaries.”

2. Non-Consolidated Subsidiaries

Names of major non-consolidated subsidiaries	THK BRAZIL INDUSTRIA E COMERCIO LTDA.
Reasons for exclusion from the scope of consolidation	All of the Company’s non-consolidated subsidiaries are small enterprises, and their total assets, sales revenues, profit/loss for the term (amount corresponding to the stake) and profit surplus (amount corresponding to the stake) do not have any material impact on the consolidated financial statements.

(2) Matters Related to the Application of the Equity Method

1. Affiliated Companies Subject to the Application of the Equity Method

Number of affiliated companies subject to the application of the equity method	1 company
Names of major companies	SAMICK THK CO., LTD.

2. Non-Consolidated Subsidiaries and Affiliated Companies Not Subject to Application of the Equity Method

Names of major companies	THK BRAZIL INDUSTRIA E COMERCIO LTDA.
Reasons for non-application of the equity method	All of the Company’s non-consolidated subsidiaries and affiliated companies that are not subject to the application of the equity method, and their profit/loss for the term (amount corresponding to the stake) and profit surplus (amount corresponding to the stake) do not have any material impact on the consolidated

	financial statements or any importance in the overall group's perspectives.

(3) Matters Related to the Change in Consolidated Account Closing Day

Effective the consolidated fiscal year under review, the Company and its consolidated subsidiaries whose closing date is March 31 changed their closing date of each fiscal year from March 31 to December 31. The consolidated account closing day was also changed to December 31. By unifying the fiscal year with its foreign subsidiaries, the Company intends to promote integrated group operations and improve its management transparency through timely and appropriate disclosure of its operating results and other business information. In accordance with this change, the consolidated fiscal year under review was an irregular accounting period that includes the operating results for the nine months (from April 1, 2017 to December 31, 2017) of the Company and its consolidated subsidiaries whose closing date is March 31 and the operating results for the full-year (from January 1, 2017 to December 31, 2017) of consolidated subsidiaries whose closing date is December 31.
The operating results of the consolidated subsidiaries whose closing date is December 31 for the three months ended March 31, 2017 have been adjusted through consolidated statement of income. For the same three months, sales revenue was ¥44,414 million, operating income was ¥2,129 million, ordinary income was ¥1,984 million, and net income before income taxes was ¥1,979 million.

(4) Matters Related to Fiscal Year of Consolidated Subsidiaries

Consolidated subsidiaries close their accounts on the same day as the consolidated account closing day of the THK Group. The accounting period for the consolidated fiscal year under review was the nine months from April 1, 2017 to December 31, 2017 for the Company, domestic consolidated subsidiaries, and THK India Pvt. Ltd. while it was the twelve months from January 1, 2017 to December 31, 2017 for overseas consolidated subsidiaries excluding THK India Pvt. Ltd.

(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.)

(3) Depreciation Method for Important Depreciable Assets

1. Tangible fixed assets (Except for lease properties)	The straight-line method has been adopted. 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)	Adopting 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).
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.

(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 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.
4. 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 previous years.

(5) Accounting Standard for Calculation of Retirement Benefits

To prepare for retirement benefits to employees, net defined benefit liability is posted at an amount determined by subtracting pension plan assets from the retirement benefit obligation, based on the estimated amounts 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 consolidated fiscal 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.

Actuarial gains or losses and prior service costs that are yet to be recognized in profit or loss have been recognized as "Remeasurements of defined benefit plans" in "Accumulated other comprehensive income" within the net asset section, after adjusting for tax effects.

(6) 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. The integrated treatment (special accounting treatment, appropriation treatment) is adopted for interest-rate and currency swaps because they satisfy the requirements of such integrated 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
Interest-rate and currency swaps	Foreign currency-denominated borrowings and 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. Interest-rate and currency swaps are intended to hedge foreign exchange volatility risks and interest rate volatility risks involved in foreign currency-denominated 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 thereafter continue to be so. Evaluation of the validity of interest-rate swaps is omitted because they satisfy the requirements of the preferential treatment. Evaluation of the validity of interest-rate and currency swaps is omitted because they satisfy the requirements of integrated treatment (special accounting treatment, appropriation treatment).

(7) Matters Related to the Amortization of Goodwill

Goodwill is equally amortized over 15 years.

(8) 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.

(Business Combinations)

Transactions, etc. under Common Control

According to the resolution made at the Board of Directors' meeting held on October 23, 2017, the Company transferred all of its holdings of shares of THK RHYTHM CO., LTD. (hereinafter, "RHYTHM") to TRA Holdings, CO., LTD. (hereinafter, "TRA") on November 14, 2017.

1. Outline of the business combination

(1) Name of acquiree and nature of its business

Name: THK RHYTHM CO., LTD.

Business: Manufacturing and sales of parts of automobile and other transportation equipment

(2) Date of share transfer

November 14, 2017 (Date of share transfer)

December 31, 2017 (Deemed date of transfer)

(3) Legal form of the business combination

Sale of shares in exchange of cash

(4) Purposes of share transfer

On October 5, 2017, the Company established TRA in charge of comprehensive management of the THK Group's expanding transportation equipment business. In order to improve the value of the aforementioned business and reinforce the THK Group's management, the Company decided to transfer all of its holdings of shares of RHYTHM to TRA.

(5) Number of shares transferred and holding status before and after the transfer

Number of shares held by the Company before the share transfer:	4,900 shares
	(holding ratio 100.0%)
Number of shares transferred:	4,900 shares
Number of shares held by the Company after the share transfer:	0 shares
	(holding ratio 0.0%)

2. Outline of accounting treatments

The business combination was treated as a transaction under common control in accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21 issued on September 13, 2013) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10 issued on September 13, 2013).

3. Matters related to the change in the Company’s ownership interest due to transaction with non-controlling interests

(1) Primary reason of the change in capital surplus

Sale of shares of a subsidiary without change in the scope of consolidation

(2) The amount of decrease in capital surplus due to the transaction with non-controlling interests

¥4,143 million

2. Notes to the Consolidated Balance Sheet

(1) Accumulated depreciation of fixed tangible assets ¥193,598 million
(2) Investment securities (stocks) of non-consolidated subsidiaries and affiliated companies ¥5,290 million

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 Meeting of Shareholders, Jun. 17, 2017	Common stock	3,164	25	Mar. 31, 2017	Jun. 19, 2017
Board of Directors Meeting, Nov. 13, 2017	Common stock	4,556	36	Sep. 30, 2017	Dec. 5, 2017

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 48th term's Ordinary General Meeting of Shareholders on March 17, 2018.

Vote	Type of Stock	Resource of the Dividend	Total Dividend (Millions of Yen)	Dividend per Share (Yen)	Reference Date	Effective Date
Ordinary General Meeting of Shareholders, Mar. 17, 2018	Common stock	Profit surplus	3,290	26	Dec. 31, 2017	Mar. 19, 2018

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 and accounts receivable and electronically recorded monetary claims–operating, 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, other investments and financing. Against interest rate volatility and exchange rate fluctuation risks, their interest rates and the amounts of principal combined with interest are fixed by using derivative transactions (interest-rate swaps and interest and currency 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 December 31, 2017 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	129,920	129,920	—
2. Notes and accounts receivable	71,543	71,543	—
3. Electronically recorded monetary claims–operating	15,514	15,514	—
4. Investment securities Other securities	5,480	5,480	—
Total assets	222,459	222,459	—
5. Notes and accounts payable	22,330	22,330	—
6. Electronically recorded obligations–operating	23,923	23,923	—
7. Bonds payable (Including current portion of bonds)	40,000	40,319	319
8. Long-term loans payable (Including current portion of long-term loans payable)	29,665	29,665	—
Total liabilities	115,919	116,238	319
9. Derivative transactions	—	—	—

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

1. “Cash and deposits,” 2. “Notes and accounts receivable” and 3. “Electronically recorded monetary claims–operating”: 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.
4. “Investment securities”: the market values of the financial instruments are based on their prices at stock exchanges.
5. “Notes and accounts payable” and 6. “Electronically recorded obligations–operating”: 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.

7. "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.
8. "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.
9. "Derivative transactions": derivative transactions to which the hedge accounting is applied.

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)
Integrated treatment of interest-rate and currency swaps	Interest-rate and currency swap transactions Fixed-rate interest JPY payment and floating-rate interest USD receipt	Long-term borrowings	19,665	17,480	919
Preferential treatment of interest-rate swaps	Interest-rate swap transactions Fixed-rate interest payment and floating rate interest receipt	Long-term borrowings	10,000	10,000	(48)
Total			29,665	27,480	871

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

(Note 2) Non-listed stocks and investment limited liability partnerships (their respective book values in the consolidated balance sheet are ¥193 million and ¥413 million) have no market prices and it is therefore deemed extremely difficult to ascertain their market values. For this reason, non-listed stocks are not included in 4. "Investment securities, Other securities."

5. Notes to Per Share Information

(1) Shareholders' equity per share ¥2,140.71
(2) Net income per share ¥203.28

6. Notes to Significant Subsequent Events

(Issuance of domestic straight bonds)
According to the resolution made at the Board of Directors' meeting held on June 17, 2017, the Company issued the following domestic straight bonds on February 7, 2018.

1. Eleventh Series of THK CO., LTD. Unsecured Straight Bonds

(1) Total amount of issuance	¥10,000 million
(2) Issue price	¥100 per face value ¥100
(3) Interest rate	0.140% per annum
(4) Maturity	Five years
(5) Method of redemption	The Bonds will be redeemable in whole on February 7, 2023. The Company may retire all or part of the bonds by purchase at any time after the payment date.
(6) Payment date	February 7, 2018
(7) Use of proceeds	Redemption of other bonds

2. Twelfth Series of THK CO., LTD. Unsecured Straight Bonds

(1)Total amount of issuance	¥10,000 million
(2) Issue price	¥100 per face value ¥100
(3) Interest rate	0.270% per annum
(4) Maturity	Seven years
(5) Method of redemption	The Bonds will be redeemable in whole on February 7, 2025. The Company may retire all or part of the bonds by purchase at any time after the payment date.
(6) Payment date	February 7, 2018
(7) Use of proceeds	Redemption of other bonds

7. Other Notes

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

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 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. Shares of subsidiaries and affiliated companies	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.)

(3) Depreciation Method for Important Depreciable Assets

1.Tangible fixed assets (Except for lease properties)	Straight-line method
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.

(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. 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. The integrated treatment (special accounting treatment, appropriation treatment) is adopted for interest-rate and currency swaps because they satisfy the requirements of such integrated 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
Interest-rate and currency swaps	Foreign currency-denominated borrowings and 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. Interest-rate and currency swaps are intended to hedge foreign exchange volatility risks and interest rate volatility risks involved in foreign currency-denominated 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 thereafter continue to be so. Evaluation of the validity of interest-rate swaps is omitted because they satisfy the requirements of the preferential treatment. Evaluation of the validity of interest-rate and currency swaps is omitted because they satisfy the requirements of integrated treatment (special accounting treatment, appropriation 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.

2. Notes to the Balance Sheet

(1) Accumulated depreciation of fixed tangible assets:	¥89,582 million
(2) Amount of accelerated depreciation with national subsidy:	¥150 million
(3) Monetary claims/liabilities pertinent to affiliated companies:	
Short-term monetary claims:	¥15,943 million
Short-term monetary liabilities:	¥9,259 million
Long-term monetary claims:	¥1,105 million
(4) Monetary liabilities to Directors:	¥742 million

(5) Contingent liability
The Company provides a liability guarantee on liability for the following affiliated companies:

Electricity rate liabilities	THK RHYTHM AUTOMOTIVE CANADA LIMITED	¥28 million
Purchase liability	THK INTECHS CO., LTD.	¥633 million
	THK NIIGATA CO., LTD.	¥325 million
	TALK SYSTEM CORPORATION	¥297 million
	THK RHYTHM CO., LTD.	¥268 million
	NIPPON SLIDE CO., LTD.	¥34 million

3. Notes to the Statement of Income

Volume of transactions with affiliated companies:

Sales revenue	¥41,935 million
Purchases	¥20,033 million
Other marketing transactions	¥1,440 million
Non-marketing transactions	¥3,109 million

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

Matters Related to Treasury Stock

Type of Stock	First of the Current Fiscal Year	Increase	Decrease	End of the Current Fiscal Year
Common stock (shares)	7,282,364	1,904	—	7,284,268

(Summary of Reasons for Changes)
Breakdown of the increases:
Increase due to buyback of shares below one lot unit: 1,904 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	¥900 million
Reserve for bonuses	¥617 million
Reserve for employees' retirement benefits	¥562 million
Inventory valuation loss	¥323 million
Accrued expenses	¥229 million
Accrued retirement compensation for officers	¥227 million
Golf club membership	¥79 million
Accrued business tax	¥77 million
Loss on retirement of non-current assets	¥72 million
Impairment loss	¥61 million
Loss on valuation of investment securities	¥59 million
Supplies	¥39 million
Research and development facilities	¥39 million
Excess of depreciation and amortization	¥31 million
Others	¥88 million
Subtotal of deferred tax assets	¥3,411 million
Valuation reserves	¥(1,709) million
Total deferred tax assets	¥1,702 million
(Deferred tax liabilities)	
Net unrealized gain on available-for-sale securities	¥(1,153) million
Special depreciation reserve	¥(5) million
Others	¥(8) million
Total deferred tax liabilities	¥(1,167) million
Net deferred tax assets	¥534 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	30.9 %
(Adjustments)	
Items permanently not included as a deductible, such as entertainment costs	0.4 %
Items permanently not included as revenue, such as dividend received	(0.8) %
Equal installments of resident tax	0.1 %
Research and experimentation tax credit	(1.8) %
Tax credits for salary growth	(0.7) %
Valuation reserves	(20.2) %
Difference from the effective tax rate	(0.1) %
Others	(0.1) %
Corporate tax ratio after application of tax effect accounting	7.7 %

6. Notes to the Transactions with Special Interest Parties

(1) Parent company and major corporate shareholders:
Not applicable

(2) Officers and major individual shareholders:
Not applicable

(3) Subsidiaries, etc.

Category	Company	Location	Capital Stock or Capitalization	Description of Business or Occupation	Ownership of Voting Rights (%)	Description of Relationship		Description of Trans-actions	Transaction amount (Millions of Yen)	Accounting Item	Term-End Balance (Millions of Yen)
						Concurrent Service as an Officer	Business Relationship				
Subsidiaries	THK RHYTHM AUTOMOTIVE CANADA LIMITED	St. Catharines, ONT., Canada	C$50,000 thousand	Transporta-tion equipment-related businesses	Direct 100%	1 person	Production and sales of the Company's products	Provision of loans	4,244	Short-term loans	4,546
								Collection of loans	4,033		
	TRA Holdings, CO., LTD.	Minato-ku, Tokyo	¥100 million	Holding and controlling company of the transporta-tion equipment-related businesses	Direct 70%	2 persons	Control of the transporta-tion equipment-related businesses	Gain on sale of investments in an affiliate	9,899	–	–

Transaction terms and the policy on determining transaction terms

Notes:

1. Interest rates for loans to THK RHYTHM AUTOMOTIVE CANADA LIMITED are rationally determined by taking into account the market interest rates.
2. The price of shares sold by the Company to TRA Holdings, CO., LTD. is determined through mutual consultation with reference to the result of the stock price calculated by an independent third party.

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

7. Notes to Per Share Information

(1) Net assets per share	¥1,797.62
(2) Net income per share	¥222.92

8. Notes to Significant Subsequent Events

(Issuance of domestic straight bonds)

According to the resolution made at the Board of Directors' meeting held on June 17, 2017, the Company issued the following domestic straight bonds on February 7, 2018.

1. Eleventh Series of THK CO., LTD. Unsecured Straight Bonds

(1) Total amount of issuance	¥10,000 million
(2) Issue price	¥100 per face value ¥100
(3) Interest rate	0.140% per annum
(4) Maturity	Five years

(5) Method of redemption	The Bonds will be redeemable in whole on February 7, 2023. The Company may retire all or part of the bonds by purchase at any time after the payment date.
(6) Payment date	February 7, 2018
(7) Use of proceeds	Redemption of other bonds

2. Twelfth Series of THK CO., LTD. Unsecured Straight Bonds

(1)Total amount of issuance	¥10,000 million
(2) Issue price	¥100 per face value ¥100
(3) Interest rate	0.270% per annum
(4) Maturity	Seven years
(5) Method of redemption	The Bonds will be redeemable in whole on February 7, 2025. The Company may retire all or part of the bonds by purchase at any time after the payment date.
(6) Payment date	February 7, 2018
(7) Use of proceeds	Redemption of other bonds

9. Other Notes

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