

May 9, 2013

## Consolidated Financial Results for the Year Ended March 31, 2013 under Japanese GAAP

Company Name : THK CO., LTD.  
 Head Office : Tokyo, Japan (Tel: +81-3-5434-0300)  
 URL : <http://www.thk.com/>  
 Stock exchange listing : Tokyo Stock Exchange-First Section  
 Code number : 6481  
 Representative : Akihiro Teramachi, President and CEO  
 Contact : Hideyuki Kiuchi, Director and General Manager of Corporate Strategy Department  
 Scheduled date of the general shareholders' meeting : June 15, 2013  
 Scheduled starting date of dividend payment : June 17, 2013  
 Scheduled date of filing the Securities Report (Japanese version only) : June 17, 2013

### 1. Consolidated Operating Results and Financial Position as of and for the year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

#### (1) Consolidated Operating Results

Year ended March 31 (Millions of Yen)	Net Sales		Operating Income		Ordinary Income		Net Income	
2013	¥168,366	(14.5)%	¥11,692	(40.8) %	¥14,765	(22.6) %	¥9,808	(22.4) %
2012	196,866	3.3	19,745	(9.6)	19,072	(11.8)	12,641	(9.4)
(Note) Comprehensive income	For the year ended March 31, 2013:				¥18,798 million		101.3 %	
	For the year ended March 31, 2012:				9,336 million		21.1	

Year ended March 31 (Yen)	Net Income Per Share-Basic	Net Income Per Share-Diluted
2013	¥76.96	¥ —
2012	98.31	—

Year ended March 31	Return on Equity (Net income / Shareholders' equity)	Return on Assets (Ordinary income / Total assets)	Operating Income / Net Sales
2013	5.4%	5.1 %	6.9 %
2012	7.4	6.7	10.0

(Note) Equity earnings of affiliates : For the year ended March 31, 2013: ¥199 million  
 For the year ended March 31, 2012: 702 million

#### (2) Consolidated Financial Position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Net Worth Ratio (%)	Net Assets Per Share (Yen)
As of March 31, 2013	¥293,145	¥189,058	63.9 %	¥1,479.41
As of March 31, 2012	288,333	175,516	60.3	1,352.00

(Note) Net worth ratio is defined as net worth divided by total assets. Net worth consists of shareholders' equity and adjustment/valuation items in net assets.

Net worth : As of March 31, 2013: ¥187,288 million  
 As of March 31, 2012: 173,864 million

### (3) Consolidated Cash Flows

Year ended March 31 (Millions of Yen)	Net Cash Provided by Operating Activities	Net Cash Used in Investing Activities	Net Cash Provided by (Used in) Financing Activities	Cash and Cash Equivalents, End of Year
2013	¥20,395	¥(15,284)	¥(5,387)	¥115,967
2012	16,504	(10,863)	6,937	110,788

### 2. Dividends

	Dividend Per Share (Yen)				
	First Quarter end as of June 30	Second Quarter end as of September 30	Third Quarter end as of December 31	Year end	Total
2012 (Actual)	—	9.00	—	11.00	20.00
2013 (Actual)	—	9.00	—	9.00	18.00
2014 (Projected)	—	11.00	—	11.00	22.00

  

	Total Amount of Dividends for the year (Millions of Yen)	Payment Ratio (Consolidated)	Cash Dividends / Net Assets (Consolidated)
2012 (Actual)	2,572	20.3%	1.5%
2013 (Actual)	2,278	23.4%	1.3%
2014 (Projected)	n/a	19.6%	n/a

### 3. Forecasts for the year ending March 31, 2014 (April 1, 2013 to March 31, 2014)

	Net Sales (Millions of Yen)	Operating Income (Millions of Yen)	Ordinary Income (Millions of Yen)	Net Income (Millions of Yen)	Net Income per Share (Yen)
Second Quarter ending September 30, 2013 (amount)	¥90,000	¥8,200	¥8,600	¥5,700	¥45.02
(percentage)	2.9%	11.9%	55.5%	52.3%	n/a

  

	Net Sales (Millions of Yen)	Operating Income (Millions of Yen)	Ordinary Income (Millions of Yen)	Net Income (Millions of Yen)	Net Income per Share (Yen)
Year ending March 31, 2014 (amount)	¥190,000	¥20,000	¥20,800	¥14,200	¥112.17
(percentage)	12.8%	71.0%	40.9%	44.8%	n/a

(Note) The above forecasts are based upon the information currently available at the time of the announcement of this report. Actual performance may differ from the estimates due to various unforeseen factors.

### 4. Other Financial Information

(1) Significant change in scope of consolidation: None

(2) Changes in accounting policy/treatment/presentation manner due to:

- a. Changes in accounting standards Please refer to "5. Accounting Changes"
- b. Other changes Please refer to "5. Accounting Changes"

(3) Number of shares

		(shares)
a. Common stock issued, including treasury stock, as of:	March 31, 2013	133,856,903
	March 31, 2012	133,856,903
b. Treasury stock as of:	March 31, 2013	7,260,392
	March 31, 2012	5,258,742
c. Average number of common stock for the year ended:	March 31, 2013	127,444,402
	March 31, 2012	128,598,922

**5. Accounting Changes**

***Depreciation methods of property, plant and equipment***—Effective April 1, 2012, THK and certain domestic subsidiaries changed the depreciation methods of property, plant and equipment acquired on or after April 1, 2012 to the methods required under the revised Japanese tax laws. The effect of changing the depreciation methods was to increase operating income, ordinary income, and income before income taxes and minority interests by ¥65 million, respectively.

## For Reference: Outline of Non-consolidated Financial Statements

### 1. Non-Consolidated Operating Results and Financial Position as of and for the year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

#### (1) Operating Results

Year Ended March 31 (Millions of Yen)	Net Sales		Operating Income		Ordinary Income		Net Income	
2013	¥104,567	(19.6) %	¥9,825	(32.2) %	¥12,053	(10.1) %	¥8,018	0.8 %
2012	130,107	(2.7)	14,493	(15.3)	13,407	(20.4)	7,957	(25.5)
Year Ended March 31 (Yen)	Net Income Per Share-Basic		Net Income Per Share-Diluted					
2013	¥62.92		¥ —					
2012	61.88		—					

#### (2) Financial Position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Net Worth Ratio (%)	Net Assets Per Share (Yen)
As of March 31, 2013	¥259,835	¥170,954	65.8 %	1,350.36
As of March 31, 2012	264,495	168,099	63.6	1,307.14

(Note) Net worth ratio is defined as net worth divided by total assets. Net worth consists of shareholders' equity and adjustment/valuation items in net assets.

Net worth	As of March 31, 2013:	¥170,954 million
	As of March 31, 2012:	168,099 million

### 2. Non-Consolidated forecasts for the year ending March 31, 2014 (April 1, 2013 to March 31, 2014)

	Net Sales (Millions of Yen)	Operating Income (Millions of Yen)	Ordinary Income (Millions of Yen)	Net Income (Millions of Yen)	Net Income per Share (Yen)
Second Quarter ending September 30, 2013 (amount)	¥56,000	¥6,200	¥7,600	¥5,500	¥43.44
(percentage)	1.3%	28.0%	159.8%	176.2%	n/a
Year ending March 31, 2014 (amount)	Net Sales (Millions of Yen)	Operating Income (Millions of Yen)	Ordinary Income (Millions of Yen)	Net Income (Millions of Yen)	Net Income per Share (Yen)
Year ending March 31, 2014 (amount)	¥115,000	¥13,700	¥15,400	¥10,600	¥83.73
(percentage)	10.0%	39.4%	27.8%	32.2%	n/a

(Note) The above forecasts are based upon the information currently available at the time of the announcement of this report. Actual performance may differ from the estimates due to various unforeseen factors.

## Management's Discussion and Analysis

### Operating results (From April 1, 2012 to March 31, 2013)

#### (1) Summary of Overall Performance

During this fiscal year, while the financial problem in Europe still continued, there was a slowdown in economy of developing countries that eventually spread to the world economy. In the overseas economy, while the economy in the United States of America was recovering by dint of strong consumer spending, the European economy was still in the recession phase. Because Europe was the utmost export destination from China, it slowed down the economic growth there and in other development countries as well. In Japan, although the economy in the first half of the year was in a weak mood mainly in exports because of the sluggish growth in the overseas economy, it turned into a modest trend toward recovery in the latter half of the year mainly due to recovery of consumer spending along with demand for restoration that increased housing investments and government spending.

The THK Group has identified "Full-Scale Globalization" and the "Development of New Business Areas" as cornerstones of its growth strategy and efforts to expand its business domain. The THK Group took steps to expand its sales network and enhance its productivity in China where medium-term economic growth has been anticipated. In addition, the THK Group has made proactive investments in other developing countries for its future growth such as in constructing facilities in Mexico and establishing local sales branches in India. Also, the THK Group is focusing on seeking new business opportunities by implementing aggressive sales strategies to capture the demand of seismic isolation and control appliances that is anticipated to increase because of the recent earthquakes. In the first half of this year, although the electronics market showed signs of recovery driven by the demand for smart phones and tablet computers, after summer such demand decreased. In such situation, the THK Group operated proactively to expand its sales with its strengthened operating structure, however, net sales for the year amounted to ¥168,366 million, down ¥28,500 million, or 14.5%, compared to the figure one year earlier.

On the cost front, the THK Group implemented various activities to improve its productivity. Those activities include an across-the-division project to reinforce the operating foundations, namely, P25 Project. As a result, although such activities successfully reduced the decline in profit, the cost of sales to sales ratio worsened by 1.1% from a year earlier to 73.7%.

Selling, general and administrative expenses (SG&A) decreased due mainly to various cost containment and improvement of operating efficiency as well as to the decline in sales. As a result, SG&A expenses decreased by ¥1,623 million, or 4.7%, to ¥32,605 million; however, ratio to net sales worsened by 2.0% from a year earlier to 19.4%.

As a result, operating income decreased from a year earlier by ¥8,052 million, or 40.8%, to ¥11,692 million. The operating income to net sales ratio dropped by 3.1% to 6.9%

Net non-operating income/expense was income of ¥3,072 million due mainly to ¥199 million of equity earnings of affiliates and foreign exchange gain of ¥2,651 million. As a result, ordinary income decreased from a year earlier by ¥4,306 million, or 22.6%, to ¥14,765 million. Net income for the year also decreased from a year earlier by ¥2,833 million, or 22.4%, to ¥9,808 million.

## **(2) Segment Information**

(Japan)

In Japan, although the economy in the first half of the year was in a weak mood mainly in exports because of the sluggish growth in the overseas economy, it turned into a modest trend toward recovery in the latter half of the year mainly due to recovery of consumer spending along with demand for restoration that increased housing investments and government spending. In the first half of this year, while the electronics market was in a trend of recovery driven by the demand for smart phones and tablet computers, the THK Group operated proactively to promote sales and cultivate new business opportunities. Because such demand decreased after summer, however, net sales for the year amounted to ¥107,005 million, down ¥18,950 million, or 15.0%, compared to the figure one year earlier. There were positive effects on reducing the decline in profit from various operating activities such as our across-the-division project, namely, P25 Project; however, operating income (segment income) amounted to ¥11,575 million, down ¥5,039 million, or 30.3%, due to the significant decline in sales.

(The Americas)

In the Americas, while consumer spending was strong, the upswing trends in automobile production increased capital investment. In such a situation, the THK Group took steps to expand transactions with existing customers and to cultivate new business fields. Based on these endeavors, sales were robust to the general machine industry and the transportation equipment industry in particular, amounting to ¥22,308 million, up ¥473 million, or 2.2%, from the figure one year earlier. Operating income (segment income) amounted to ¥1,010 million, down ¥172 million, or 14.6%, from the figure one year earlier. This was mainly attributable to the appreciation of the yen against U.S. dollar.

(Europe)

In Europe, while the recession phase triggered by the financial crisis still continued, exports to Asia by machine manufacturers that had driven strong demand also weakened because of the economic slowdown in Asia. Although the THK Group worked diligently to expand transactions with existing customers and to cultivate new business fields, sales in Europe amounted to ¥15,062 million, down ¥4,805 million, or 24.2%, from the figure one year earlier because of decline in sales to existing customers. Despite the endeavors for cost containment and productivity improvement, operating loss (segment loss) in Europe increased by ¥94 million to ¥378 million due to the decline in sales and the strong yen against euro.

(China)

Because Europe was the utmost export destination from China, the slump in European economy also slowed down the economic growth in China. While there were signs of recovery in the demand situation in small-type products for smart phones and tablet computers, the THK Group implemented aggressive business activities with its strengthened sales channels. However, sales amounted to ¥13,427 million, down ¥3,690 million, or 21.6%, from the figure one year earlier, because of the decline in the demand situation of small-type products after summer. Operating loss (segment loss) amounted to ¥335 million, a turnover of ¥2,931 million from the figure one year earlier due to the decline in sales and proactive investments for the future growth.

(Other)

In other countries and regions including Taiwan and ASEAN countries, while there were signs of recovery in the demand situation especially in the electronics industry and for small-type products in the beginning of the year, the THK Group continues to expand transactions with existing customers and to cultivate new customers. However, sales amounted to ¥10,561 million, down ¥1,527 million, or 12.6%, from the figure one year earlier. Operating income (segment income) amounted to ¥291 million, down ¥212 million, or 42.1%, from the figure one year earlier mainly due to the decline in sales.

## Forecasts for the fiscal year ending March 31, 2014

Considering the latest recovering demand situation, we expect ¥190,000 million of net sales for the year ending March 31, 2014. We also expect ¥20,000 million of operating income, ¥20,800 million of ordinary income, and ¥14,200 million of net income that would be derived by the increase in sales and implementing more effective cost control.

### -Consolidated

	Net Sales	Operating Income	Ordinary Income	Net Income
Millions of Yen	¥190,000	¥20,000	¥20,800	¥14,200
Component ratio (%)	100.0%	10.5%	10.9%	7.5%
Fluctuation (%)	12.8%	71.0%	40.9%	44.8%

### -Non consolidated

	Net Sales	Operating Income	Ordinary Income	Net Income
Millions of Yen	¥115,000	¥13,700	¥15,400	¥10,600
Component ratio (%)	100.0%	11.9%	13.4%	9.2%
Fluctuation (%)	10.0%	39.4%	27.8%	32.2%

(Note) Average exchange rates assumed and used for above forecasts are as follows:

U.S.dollar 1=¥94.00

Euro 1=¥120.00

## Financial position (As of March 31, 2013)

Total assets stood at ¥293,145 million, ¥4,812 million more than the previous fiscal year-end, due mainly to a combined effect of (a) increase in cash and bank deposits by ¥5,179 million, (b) increase in buildings and structures by ¥2,671 million, (c) increase in machinery, equipment and vehicles by ¥4,766 million, (d) decrease in accounts and notes receivable by ¥6,917 million, and (e) decrease in merchandise and finished goods by ¥1,286 million.

Total liabilities stood at ¥104,087 million, ¥8,728 million less than the previous fiscal year-end, due mainly to decrease in accounts and notes payable by ¥6,815 million and in accrued bonuses to employees by ¥551 million.

Net assets stood at ¥189,058 million, ¥13,541 million more than the previous fiscal year-end, due mainly to a combined effect of increase in (a) retained earnings by ¥7,254 million and (b) foreign currency translation adjustments by ¥8,772 million, and repurchase of ¥2,565 million of treasury stock.



## For reference: Cash Flow Indices

Year ended March 31	2009	2010	2011	2012	2013
Net Worth / Total Assets (%)	73.4	68.2	59.6	60.3	63.9
Market Capitalization / Total Assets (%)	73.6	115.5	100.1	78.1	83.0
Interest-bearing Debt / Operating Cash Flow (years)	0.8	6.8	2.3	3.6	2.9
Operating Cash Flow / Interest Paid (times)	211.8	9.0	37.1	25.3	28.7

*(Note 1) All indices are computed based on consolidated data.*

*(Note 2) Market capitalization equals the stock price at the end of year multiplied by the number of issued shares at the end of year.*

## Basic Policies Regarding Distribution of Profits and Dividends

Not only its basic policy which is to provide shareholders with stable and continuous dividends, THK places priority on providing shareholders with proactive distribution of profit befitting operating results, simultaneously strengthening its financial soundness by securing internal reserve. THK plans to make effective use of internal reserve by investing research and development activities, production facilities, and IT systems, to respond globalization.

In accordance with these policies, the Company plans ¥9.00 per share for the year-end dividends. As a result, cash dividends applicable for the year ended March 31, 2013 will be ¥18.00 per share, with the interim dividends of ¥9.00 per share. The Company also plans ¥22.00 per share in total (¥11.00 per share at the semiannual-end) for the year ending March 31, 2014.

## Consolidated Financial Statements

### Consolidated Balance Sheets

(Millions of Yen)

	Year End -Previous Year As of March 31, 2012	Year End -Current Year As of March 31, 2013
<b>Assets</b>		
Current assets:		
Cash and bank deposits	¥110,788	¥115,967
Accounts and notes receivable	53,034	46,116
Merchandise and finished goods	10,411	9,125
Work in process	4,858	4,288
Raw materials and supplies	10,965	10,685
Deferred tax assets	3,427	3,245
Short-term loans receivable	2,002	1,002
Other current assets	3,308	3,629
Less: Allowance for bad debts	(145)	(120)
Total current assets	198,652	193,940
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	51,712	56,419
Accumulated depreciation	(28,317)	(30,352)
Buildings and structures-net	23,395	26,066
Machinery, equipment and vehicles	126,932	139,215
Accumulated depreciation	(92,880)	(100,396)
Machinery, equipment and vehicles-net	34,052	38,818
Land	12,936	13,094
Construction in progress	6,605	6,749
Other	15,205	16,639
Accumulated depreciation	(12,582)	(13,670)
Other-net	2,622	2,968
Total property, plant and equipment –net	79,612	87,697
Intangibles		
Goodwill	1,413	1,170
Other	1,193	1,597
Total intangibles	2,606	2,767
Investments and other		
Long-term investments in securities	4,841	5,258
Deferred tax assets	579	848
Other	2,119	2,691
Less: Allowance for bad debts	(77)	(57)
Total investments and other	7,462	8,740
Total fixed assets	89,680	99,205
Total assets	288,333	293,145

(Millions of Yen)

	Year End -Previous Year As of March 31, 2012	Year End -Current Year As of March 31, 2013
<b>Liabilities</b>		
Current liabilities:		
Accounts and notes payable	¥27,661	¥20,846
Current portion of long-term debt	—	20,000
Lease obligation	187	237
Income taxes payable	2,151	2,177
Accrued bonuses to employees	3,122	2,571
Other	11,418	9,824
Total current liabilities	44,542	55,656
Long-term liabilities:		
Bonds	40,000	40,000
Long-term bank loans	20,000	—
Lease obligation	500	534
Deferred tax liabilities	3,473	3,659
Reserve for employees' retirement benefits	2,982	3,008
Reserve for retirement benefits for directors and corporate auditors	114	114
Reserve for product warranty	109	132
Other	1,094	981
Total long-term liabilities	68,274	48,430
Total liabilities	112,816	104,087
<b>Net assets</b>		
Shareholders' equity:		
Common stock	34,606	34,606
Additional paid-in capital	44,584	44,584
Retained earnings	121,161	128,416
Treasury stock	(11,362)	(13,928)
Total shareholders' equity	188,990	193,678
Accumulated other comprehensive income:		
Net unrealized gain on available-for-sale securities	777	740
Foreign currency translation adjustments	(15,903)	(7,131)
Total accumulated other comprehensive income	(15,126)	(6,390)
Minority Interests	1,652	1,769
Total net assets	175,516	189,058
Total liabilities and net assets	288,333	293,145

## Consolidated Statements of Income

(Millions of Yen)

	Year Ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Year Ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
Net sales	¥196,866	¥168,366
Cost of sales	142,891	124,067
Gross profit	53,975	44,298
Selling, general and administrative expenses:		
Freight expenses	3,727	3,139
Advertisement expenses	750	798
Salaries and benefits	10,601	10,365
Accrual for bonuses	1,198	882
Net periodic retirement costs	443	540
Rent expenses	1,683	1,706
Depreciation and amortization	1,052	909
Research and development	3,899	3,932
Amortization of goodwill	181	430
Other	10,691	9,898
Total selling, general and administrative expenses	34,229	32,605
Operating income	19,745	11,692
Non-operating income:		
Interest income	396	363
Dividend income	54	52
Gain on sales of investments in securities	—	9
Foreign exchange gain, net	—	2,651
Equity earnings of affiliates	702	199
Rent income	282	312
Other	738	679
Total non-operating income	2,174	4,268
Non-operating expenses:		
Interest expenses	651	711
Foreign exchange loss, net	1,778	—
Other	418	484
Total non-operating expenses	2,848	1,196
Ordinary income	19,072	14,765

	Year Ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Year Ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
Extraordinary gain:		
Gain on sales of property, plant and equipment	¥13	¥20
Gain on sale of investments in securities	7	—
Subsidy income	21	19
Total extraordinary gain	43	40
Extraordinary losses:		
Loss on sales of property, plant and equipment	23	4
Loss on disposal of property, plant and equipment	96	64
Loss on write-down of investments in securities	13	0
Loss on termination of insurance contracts	70	—
Loss on reorganization of retirement benefit plans	323	—
Other	68	0
Total extraordinary losses	594	69
Income before income tax and minority interests	18,520	14,737
Income taxes-current	5,553	4,689
Income taxes-deferred	20	185
Total income taxes	5,574	4,874
Income before minority interests	12,946	9,862
Minority interests	304	54
Net income	12,641	9,808

## Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Year Ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Year Ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
Income before minority interests	¥12,946	¥9,862
Other comprehensive income:		
Adjustments for unrealized gain (loss) on available-for-sale securities	190	(39)
Foreign currency translation adjustments	(3,656)	8,427
Share in other comprehensive income (loss) of affiliates accounted under the equity method	(142)	547
Total other comprehensive income	(3,609)	8,935
Comprehensive income	9,336	18,798
Attributable to:		
Shareholders of THK Co., Ltd.	8,890	18,547
Minority interests	446	251

## Consolidated Statements of Changes in Net Assets

(Millions of Yen)

	Year Ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Year Ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
<b>Shareholders' equity</b>		
Common stock		
Beginning balance	¥34,606	¥34,606
Ending balance	34,606	34,606
Additional paid-in capital		
Beginning balance	44,342	44,584
Change in the year:		
Increase due to change in income tax rate	242	—
Total change in the year	242	—
Ending balance	44,584	44,584
Retained earnings		
Beginning balance	110,632	121,161
Change in the year:		
Change in the scope of consolidation	73	—
Dividends paid	(2,186)	(2,554)
Net income	12,641	9,808
Total change in the year	10,529	7,254
Ending balance	121,161	128,416
Treasury stock		
Beginning balance	(11,359)	(11,362)
Change in the year:		
Purchase of treasury stocks	(2)	(2,565)
Total change in the year	(2)	(2,565)
Ending balance	(11,362)	(13,928)
Total shareholders' equity		
Beginning balance	178,221	188,990
Change in the year:		
Change in the scope of consolidation	73	—
Dividends paid	(2,186)	(2,554)
Net income	12,641	9,808
Purchase of treasury stocks	(2)	(2,565)
Increase due to change in income tax rate	242	—
Total change in the year	10,768	4,688
Ending balance	188,990	193,678

	Year Ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Year Ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
<b>Other comprehensive income</b>		
Unrealized gain on available-for-sale securities		
Beginning balance	¥590	¥777
Net change in the year		
Net changes in the items other than shareholders' equity	186	(36)
Total change in the year	186	(36)
Ending balance	777	740
Foreign currency translation adjustments		
Beginning balance	(12,080)	(15,903)
Net change in the year		
Net changes in the items other than shareholders' equity	(3,822)	8,772
Total change in the year	(3,822)	8,772
Ending balance	(15,903)	(7,131)
Total other comprehensive income		
Beginning balance	(11,490)	(15,126)
Net change in the year		
Net changes in the items other than shareholders' equity	(3,635)	8,735
Total change in the year	(3,635)	8,735
Ending balance	(15,126)	(6,390)
Minority interests		
Beginning balance	1,206	1,652
Net change in the year		
Net changes in the items other than shareholders' equity	446	116
Total change in the year	446	116
Ending balance	1,652	1,769
Total net assets		
Beginning balance	167,937	175,516
Change in the year:		
Change in the scope of consolidation	73	—
Dividends paid	(2,186)	(2,554)
Net income	12,641	9,808
Purchase of treasury stocks	(2)	(2,565)
Increase due to change in income tax rate	242	—
Net changes in the items other than shareholders' equity	(3,189)	8,852
Total change in the year	7,579	13,541
Ending balance	175,516	189,058



## Consolidated Statements of Cash Flows

(Millions of Yen)

	Year Ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Year Ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
Cash flows from operating activities:		
Income before income taxes and minority interests	¥18,520	¥14,737
Depreciation and amortization	10,370	9,973
Loss on sale/disposal of property, plant and equipment	106	48
Decrease in provisions	(1,691)	(614)
Interest and dividend income	(450)	(416)
Interest expenses	651	711
Foreign exchange gain	(72)	(3,285)
Equity in earnings of affiliates	(702)	(199)
Gain on sale of investments in securities	(7)	—
Loss on write-down of investments in securities	13	0
Amortization of goodwill	181	430
Decrease in trade receivables	3,332	8,329
Decrease in inventories	725	3,652
Decrease in trade payables	(3,863)	(8,096)
Other	(1,348)	(21)
Subtotal	25,765	25,250
Interest and dividend received	603	566
Interest paid	(609)	(706)
Income taxes refund (paid)	(9,255)	(4,714)
Net cash provided by operating activities	16,504	20,395
Cash flows from investing activities:		
Purchase of property, plant and equipment	(13,124)	(15,282)
Proceeds from sale of property, plant and equipment	21	123
Purchase of investments in securities	(16)	(16)
Proceeds from sale of investments in securities	12	—
Increase in loans receivable	(8)	(3)
Collection on loans	36	3
Acquisition of a newly consolidated subsidiary	(121)	—
Payment for a business transfer	(1,008)	—
Proceeds from termination of insurance contracts	3,339	—
Other	5	(109)
Cash flows used in investing activities	(10,863)	(15,284)

	Year Ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Year Ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
Cash flows from financing activities:		
Proceeds from issuance of bonds	¥10,000	¥-
Dividends paid	(2,192)	(2,548)
Dividends paid to minority shareholders	(701)	(59)
Purchase of treasury stocks	(2)	(2,565)
Repayments of lease obligations	(166)	(214)
Net cash provided by (used in) financing activities	6,937	(5,387)
Foreign currency translation adjustments on cash and cash equivalents	(2,164)	5,456
Net increase in cash and cash equivalents	10,414	5,179
Cash and cash equivalents, beginning of the year	100,104	110,788
Increase in cash and cash equivalents from a newly consolidated subsidiary	270	-
Cash and cash equivalents, end of the year	110,788	115,967

## Segment Information

THK's reportable segments are components of THK group for which respective financial information is separately available. Operating results of each segment is reviewed periodically by the Board of Directors to determine allocation of operating resources and evaluate its performance.

THK group's main products are machinery parts such as LM (linear motion) guides and ball screws, and transportation equipment-related parts such as link balls and suspension ball joints. In each country, local subsidiaries establish its comprehensive business strategies and conduct their business activities in a similar way that THK and domestic subsidiaries do in Japan.

Therefore, the reportable segment information consists of the five geographical segments, namely; (1) Japan, (2) The Americas (the United States and other), (3) Europe (Germany, the United Kingdom, Netherlands, and other), (4) China, and (5) Other (Taiwan, Singapore, and other) based on the Group's production/sales structure.

Segment income is computed based on operating income. The reportable segment information is prepared under the same accounting policies as those used in consolidation. Inter-segment sales and transfer are stated at amounts based on their fair market values. All adjustments in the following tables are intersegment elimination on consolidation.

### For the year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

	(Millions of Yen)						
	Japan	The Americas	Europe	China	Other	Adjust-ments	Consoli-dated
Sales to customers	¥107,005	¥22,308	¥15,062	¥13,427	¥10,561	¥-	¥168,366
Inter-segment	32,720	39	11	4,241	323	(37,336)	-
<b>Total</b>	<b>139,726</b>	<b>22,348</b>	<b>15,074</b>	<b>17,668</b>	<b>10,885</b>	<b>(37,336)</b>	<b>168,366</b>
Operating income (loss)	11,575	1,010	(378)	(335)	291	(471)	11,692
Assets	282,065	36,175	19,176	47,389	15,585	(107,246)	293,145
Other items							
Depreciation and amortization	6,177	809	505	2,275	240	(35)	9,973
Amortization of goodwill	61	-	-	-	369	-	430
Investments to affiliates accounted under the equity method	2,810	-	-	-	-	-	2,810
Capital expenditures	4,383	2,404	641	7,414	334	(972)	14,206

(Note 1) All adjustments are intercompany elimination.

(Note 2) As discussed in 5. Accounting Changes, effective April 1, 2012, THK and certain domestic subsidiaries changed the depreciation methods of property, plant and equipment acquired on or after April 1, 2012 to the methods required under the revised Japanese tax laws. The effect of changing the depreciation methods was to increase operating income in Japan segment by ¥65 million.

**For the year ended March 31, 2012 (April 1, 2011 to March 31, 2012)**

	(Millions of Yen)						
	Japan	The Americas	Europe	China	Other	Adjustments	Consolidated
Sales to customers	¥125,956	¥21,835	¥19,868	¥17,117	¥12,089	¥—	¥196,866
Inter-segment	40,665	113	17	3,056	183	(44,036)	—
<b>Total</b>	<b>166,622</b>	<b>21,948</b>	<b>19,885</b>	<b>20,173</b>	<b>12,273</b>	<b>(44,036)</b>	<b>196,866</b>
Operating income (loss)	16,615	1,182	(283)	2,596	503	(867)	19,745
Assets	286,196	26,119	18,476	38,697	14,279	(95,436)	288,333
Other items							
Depreciation and amortization	6,931	717	541	1,678	241	259	10,370
Amortization of goodwill	45	—	—	—	136	—	181
Investments to affiliates accounted under the equity method	2,176	—	—	—	—	—	2,176
Capital expenditures	5,384	996	111	7,953	1,808	(534)	15,720

*(Note) All adjustments are intercompany elimination.*

## **Subsequent events**

According to the resolution of the Board of the Directors meeting held on July 23, 2012, THK issued unsecured straight bonds at par on April 25, 2013 in order to raise funds for repayment of long-term loans payable. Outline of the straight bonds are as follows:

### **(1) THK Unsecured Straight Bond #8**

The aggregate amount of the bonds is ¥10,000 million with a fixed interest rate of 0.430% per annum. The bonds will be redeemed on April 25, 2018 by lump-sum redemption. The five-year bonds can be repurchased at any time after the due date of payment, April 25, 2013.

### **(2) THK Unsecured Straight Bond #9**

The aggregate amount of the bonds is ¥10,000 million with a fixed interest rate of 0.660% per annum. The bonds will be redeemed on April 24, 2020 by lump-sum redemption. The seven-year bonds can be repurchased at any time after the due date of payment, April 25, 2013.

## **Additional notes:**

Going concern issues: Not applicable.

## **Other Information**

All the figures in this report except per share information are rounded down to the nearest million.

This information is summarized and translated from the original Japanese version submitted to the Tokyo Securities Exchange in accordance with its disclosure rules and presentation manners, which are different from those applied in the annual reports of the Company due to reclassification and rearrangement made therein. This English translation is intended solely for the convenience of readers, and not intended in any way to substitute or replace the original Japanese version. If there is any discrepancy between the original Japanese version and this translation, the original Japanese version shall supersede all information in this translation. All the figures in this report are unaudited.