

( Excerpt translation )



**Consolidated Financial Statement for Fiscal 2000**

May 21,2001

Company name : **THK CO., LTD. ( Listed on TSE )**

Code number : 6481

Head Office : 3-11-6,Nishi-Gotanda, Shinagawa-ku, Tokyo

Contact : Shigeru Wako, Director/General Manager, Corporate Strategy Department

Tel : 81-3-5434- 0300

Date of board meeting for consolidated financial settlement : May 21, 2001

Adoption of USGAAP : Not applicable

**. Financial performance in the year ended March 31, 2001**

(1) Operation results

Note: Any fractional sum less than a million yen is discarded.

( Unit : mil¥,¥,% )

	Year ended March 31, 2001	Year ended March 31, 2000
Net sales	140,287 ( 35.0 )	103,954
Operating Income	25,694 ( 79.2 )	14,342
Ordinary Income	26,813 ( 100.4 )	13,383
Net Income	14,316 ( 135.5 )	6,078
Net Income per share	120.20	52.31
Diluted net income per share	115.44	49.99
Return on equity	15.0	7.3
Ordinary income to total assets	13.6	6.9
Ordinary income to net sales	19.1	12.9

Note :

1. Gain on application of the equity method

March 31, 2001 ; 329 million yen      March 31, 2000 ; 155 million yen

2. Average number of shares during the period ended (consolidated)

March 31, 2001 ; 119,104,263 shares      March 31, 2000 ; 116,201,357 shares

3. Change in accounting policy : applicable

4. Figures in parenthesis (Net sales, Operating Income, Ordinary Income and Net Income) are the percentage changes from the previous period.

(2) Consolidated Financial Position

( Unit : mi¥,%,¥ )

	As of March 31, 2001	As of March 31, 2000
Total assets	198,129	195,750
Total shareholders' equity	102,611	88,061
Equity ratio	51.8	45.0
Total shareholders' equity per share	859.82	746.67

Note: Number of shares of common stock at the period ended:

March 31, 2001: 119,340,496 shares      March 31, 2000: 117,939,141 shares

(3) Consolidated Statements of Cash Flows

( Unit : mi¥ )

	As of March 31, 2001	As of March 31, 2000
Cash Flows from operating activities	23,003	20,368
Cash Flows from investing activities	7,321	9,022
Cash Flows from financing activities	23,384	14,891
Cash and cash equivalents	52,047	58,866

(4) Scope of consolidation and application of equity method

The number of consolidated subsidiaries : 13

The number of unconsolidated companies to which the equity method is applied : 0

The number of affiliates to which the equity method is applied : 1

(5) Change in scope of consolidation and application of equity method

The number of consolidated subsidiaries (new) : 1

**.Forecast of financial performance for the six months to September 30, 2001 and the year ended March 31, 2002**

( Unit : mi¥ )

	For the six months to September 30, 2001	For the year ended March 31, 2002
Net sales	55,000	115,000
Ordinary Income	5,800	11,600
Net Income	3,400	6,800

Reference: Forecast net income per share (for the year): ¥56.98

**\*CAUTION FORECAST- STATEMENTS**

Note: This document contains forecast statements based on assumptions and beliefs of the Company's management in light of information currently available to it. Such statements involve uncertainties and have risks of volatility that would result from the Company's operations in the future and changes in domestic and international environments. Therefore, the Company cannot assure accuracy of such statements and wishes to caution readers that actual operational and financial results may differ from such statements.

## Consolidated Balance Sheets

For the years ended March 31, 2001 and 2000

	As of March 31, 2001		As of March 31, 2000	
	Millions of yen	(%)	Millions of yen	(%)
<b>Assets</b>				
Current assets:				
Cash on hand and in banks	40,760		47,297	
Notes receivable and accounts receivable-trade	46,505		36,251	
Marketable securities	8,287		9,117	
Inventories	29,958		34,829	
Short-term loans	4,679		6,929	
Deferred tax assets	3,007		2,035	
Others	1,337		886	
Less: Allowance for doubtful receivables	387		280	
<b>Total current assets</b>	<b>134,148</b>	<b>67.7</b>	<b>137,068</b>	<b>70.0</b>
Fixed assets:				
Tangible fixed assets:	43,662	22.0	36,218	18.5
Buildings and structures	12,154		9,447	
Machinery, equipment and vehicles	14,820		14,621	
Land	10,090		9,815	
Construction in progress	5,328		1,049	
Others	1,267		1,284	
Intangible fixed assets:	3,159	1.6	3,946	2.0
Investments and others:	17,119	8.7	15,794	8.1
Investment in securities	10,938		10,265	
Deferred tax assets	1,481		450	
Others	5,472		5,237	
Less: Allowance for doubtful receivables	773		159	
<b>Total fixed assets</b>	<b>63,941</b>	<b>32.3</b>	<b>55,959</b>	<b>28.6</b>
Bond discount	39		153	
<b>Total deferred assets</b>	<b>39</b>	<b>0.0</b>	<b>153</b>	<b>0.1</b>
Adjustment result from foreign-currency statement translation	-	-	2,569	1.3
<b>Total assets</b>	<b>198,129</b>	<b>100.0</b>	<b>195,750</b>	<b>100.0</b>

## Consolidated Balance Sheets

For the years ended March 31, 2001 and 2000

	As of March 31, 2001		As of March 31, 2000	
	Millions of yen	(%)	Millions of yen	(%)
<b>Liabilities</b>				
Current liabilities:				
Notes payable and accounts payable-trade	27,060		23,897	
Short-term debt	7,615		12,640	
Current portion of long-term debt	5,913		5,371	
Current portion of bonds	-		9,770	
Corporate income taxes payable and others	8,834		3,933	
Accrued Bonus	1,341		1,229	
Other	8,554		6,863	
<b>Total current liabilities</b>	<b>59,321</b>	<b>29.9</b>	<b>63,706</b>	<b>32.5</b>
Non-current liabilities:				
Bonds	11,424		16,378	
Convertible bonds	13,966		14,033	
Long-term debt	7,314		12,130	
Reserve for retirement allowance	-		1,219	
Allowance for retirement and severance benefits	1,333		-	
Allowance for directors' retirement benefits	1,424		-	
Other	429		40	
<b>Total non-current liabilities</b>	<b>35,893</b>	<b>18.1</b>	<b>43,801</b>	<b>22.4</b>
<b>Total liabilities</b>	<b>95,214</b>	<b>48.0</b>	<b>107,508</b>	<b>54.9</b>
<b>Minority interest</b>				
Minority interest	303	0.2	180	0.1
<b>Shareholders' equity:</b>				
Common stock	23,075	11.6	21,733	11.1
Additional paid-in capital	30,931	15.6	29,220	14.9
Consolidated surplus	49,615	25.1	37,109	19.0
Valuation adjustment for marketable securities	267	0.1	-	-
Adjustment result from foreign-currency statement translation	1,278	0.6	-	-
Treasury stock	0	0.0	1	0.0
<b>Total shareholders' equity</b>	<b>102,611</b>	<b>51.8</b>	<b>88,061</b>	<b>45.0</b>
<b>Total liabilities, minority interests and shareholders' equity</b>	<b>198,129</b>	<b>100.0</b>	<b>195,750</b>	<b>100.0</b>

## Consolidated Statements of Income

For the years ended March 31, 2001 and 2000

	As of March 31, 2001		As of March 31, 2000	
	Millions of yen	(%)	Millions of yen	(%)
Net sales	140,287	100.0	103,954	100.0
Cost of sales	91,447	65.2	69,816	67.2
Gross profit	48,839	34.8	34,137	32.8
Sales, general and administrative expenses	23,144	16.5	19,795	19.0
Operating income	25,694	18.3	14,342	13.8
Non-operating income:	3,175	2.3	1,966	1.9
Interest income and dividend income	550		461	
Foreign-exchange gain	1,740		823	
Investment gain on equity method	329		155	
Other non-operating income	554		526	
Non-operating expenses:	2,056	1.5	2,925	2.8
Interest expenses	1,139		2,057	
Other non-operating expenses	916		868	
Ordinary income	26,813	19.1	13,383	12.9
Special income	159	0.1	719	0.7
Gain on sales of property and equipment	144		1	
Other	15		718	
Special loss	2,643	1.9	2,689	2.6
Loss on sales/disposal of property and equipment	615		900	
Loss on disposal of inventories	-		1,289	
Write-down of other marketable Securities	388		-	
Put-in the allowance for directors' retirement benefits in prior years	1,308		-	
Other	331		499	
Income before income taxes and other	24,330	17.3	11,414	11.0
Corporate income taxes, residence taxes and business taxes	11,750	8.4	4,832	4.6
Adjustment of corporate income taxes and other	1,861	1.3	464	0.5
Minority interest in income of consolidated subsidiaries	124	0.1	39	0.0
Net income	14,316	10.2	6,078	5.8

### Consolidated Statements of Retained Earnings

For the years ended March 31, 2000 and 2001

( Millions of yen )

	As of March 31, 2001	As of March 31, 2000
<b>Consolidated retained earnings at beginning of year</b>	37,109	32,542
<b>Increase in consolidated retained earnings:</b>	-	226
Increase due to adoption of tax-effect Accounting	-	226
<b>Decrease in consolidated retained earnings</b>	1,810	1,737
Cash dividends	1,780	1,737
Bonuses to directors	30	-
<b>Net income</b>	14,316	6,078
<b>Balance of consolidated retained earnings at year end</b>	49,615	37,109

## Consolidated Statements of Cash Flows

For the years ended March 31, 2000 and 2001

( Millions of yen )

	The year ended March 31, 2001	The year ended March 31, 2000
<b>.Cash Flows from operating activities</b>		
Income before income tax and minority interests	24,330	11,414
Depreciation and amortization	5,812	6,256
Loss on sales or disposal of property and equipment	471	898
Interest expenses	1,139	2,057
( Increase )/Decrease in accounts and trade receivables	9,831	9,824
( Increase )/Decrease in inventories	5,556	3,291
Increase in accounts and notes payable	1,649	10,359
Other	1,489	876
Subtotal	30,618	23,576
Interest income and dividend income received	586	813
Interest expenses paid	1,260	2,172
Income taxes paid	6,940	1,849
<b>Net cash provided by operating activities</b>	<b>23,003</b>	<b>20,368</b>
<b>.Cash Flows from investing activities</b>		
Payments for purchases of property, plants and equipment	11,076	4,857
Payments for purchases of short-term investments in securities	1,548	9,693
Proceeds from sales of short-term investments in securities	4,286	17,860
Proceeds from sales of long-term investments in securities	131	1,551
Increase /(Decrease) of short-term loans receivable	536	4,639
Others	347	478
<b>Net cash provided by investing activities</b>	<b>7,321</b>	<b>9,022</b>
<b>.Cash Flows from financing activities</b>		
Increase/(Decrease) in short-term bank loans	5,178	8,184
Borrowings of long-term debt	900	3,219
Repayments of long-term debt	5,172	5,237
Proceeds from issue of bonds	-	2,938
Expenditure from redemption of bonds	14,855	10,000
Proceeds from issuance of stocks	2,704	4,080
Cash dividends	1,783	1,708
Other	1	0
<b>Net cash provided by (used for) financing activities</b>	<b>23,384</b>	<b>14,891</b>
<b>.Effect of exchange-rate change on cash and cash equivalents</b>	<b>884</b>	<b>885</b>
<b>.Net increase in cash and cash equivalents</b>	<b>6,818</b>	<b>13,613</b>
<b>.Cash and cash equivalents at beginning of year</b>	<b>58,866</b>	<b>45,252</b>
<b>.Cash and cash equivalents at end of year</b>	<b>52,047</b>	<b>58,866</b>



## **Basis for Presenting Consolidated Financial Statements**

### ***1. Scope of Consolidation***

(1) The consolidated accounts reflect the results of THK CO., LTD., and 13 consolidated subsidiaries, comprising the following:

Talk System Co., Ltd., Beldex Corporation, THK Yasuda Co., Ltd., THK Holdings of America, L.L.C., THK America, Inc., THK Manufacturing of America, Inc., THK Europe B.V., THK G.m.b.H., THK Manufacturing of Europe S.A.S, PGM Ballscrews Ltd., PGM Ballscrews Ireland Ltd., THK International Finance (UK) Ltd., and THK TAIWAN Co., Ltd.

(2) Nine subsidiaries, including Nihon Slide Kogyo Co., Ltd., are not included in the consolidation.

(3) Reason for exclusion

The aforementioned nine subsidiaries were excluded from the scope of consolidation because the effect of their total assets, net sales, net income (loss) and retained earnings on consolidated results would not be material.

### ***2. Application of the Equity Accounting Method***

(1) One affiliated company, Daito Seiki Co., Ltd., is accounted for by the equity method.

(2) Nine non-consolidated subsidiaries, including Nihon Slide Kogyo Co., Ltd., and three affiliated companies, including Samick Industrial Co., Ltd., were not accounted for by the equity method.

(3) Reason for exclusion

The nine non-consolidated subsidiaries and three affiliated companies were excluded from the equity method of accounting due to their immaterial effect on the consolidated results.

### ***3. Fiscal year of consolidated subsidiaries***

THK Holdings of America, L.L.C., THK America, Inc., THK Manufacturing of America, Inc., THK Europe B.V., THK G.m.b.H., THK Manufacturing of Europe S.A.S, THK International Finance (UK) Ltd., PGM Ballscrews Ltd., PGM Ballscrews Ireland Ltd. and THK Taiwan Co., Ltd. close their books of account for the period on December 31st. Necessary adjustments are made in order to consolidate financial statements for relevant transactions conducted during the period.

#### 4. Summary of Significant Accounting Policies

##### (1) Evaluation of significant assets

###### A) Marketable securities

Other marketable securities listed on stock exchanges are stated at fair market value as of the year-end balance-sheet date, with the sale price computed via the moving-average method. Other marketable securities not listed are stated at cost via the moving-average method. Derivatives are stated at fair market value. Money trusts for the purpose of trading are stated at fair market value.

###### B) Inventories

Company Name	Asset Evaluation Method	Evaluation Standard
Parent company	Weighted average cost	Cost basis
Talk System Co., Ltd.	Weighted average cost	Cost basis
Beldex Corporation	Actual cost	Cost basis
THK Yasuda Co., Ltd.	Weighted average cost	Cost basis
THK America, Inc.	First-in first-out	Lower of cost or market
THK Manufacturing of America, Inc.	First-in first-out	Lower of cost or market
THK Europe B.V.	Moving average	Lower of cost or market
THK G.m.b.H.	Moving average	Lower of cost or market
PGM Ballscrews Ltd.	First-in first-out	Lower of cost or market
PGM Ballscrews Ireland Ltd.	First-in first-out	Lower of cost or market
THK TAIWAN Co., Ltd.	Moving average	Lower of cost or market

##### (2) Depreciation and amortization

Depreciation of plant and equipment is computed in principal by the declining-balance method, in accordance with the Corporate Tax Law of Japan. However, depreciation of and buildings (excluding building fixtures) acquired after April 1, 1998,

is computed using the straight-line method, in accordance with Corporate Tax Law standards.

The amortization of intangible assets is computed in principal via the straight-line method, in accordance with the Corporate Tax Law of Japan. However, software for internal use is amortized over its estimated useful life of five years on a straight-line basis.

(3) Deferred charges

Bond-issuance expenses are recognized in total when incurred.

Premiums to the book value of issued bonds are amortized via the straight-line method during the period until maturity.

(4) Leases

The operating-lease accounting method, except lease agreements that stipulate the transfer of ownership of leased property to the lessee, accounts for financial leases.

(5) Basis for recording significant allowances

a. Allowance for doubtful receivables:

To prepare against credit losses allowance for doubtful receivables is recorded. For bad loans, allowance for doubtful receivables is recorded based on financial evaluation of individual borrowers. For other loans, the allowance is calculated based on the historical loss ratios.

b. Accrued bonus:

To prepare for bonus payment to employees, amount allocable to the fiscal year under review of the estimated amount of future payments is provided.

c. Allowance for retirement and severance benefits:

To prepare for retirement and severance benefits to employees, future benefit obligations less fair value of pension assets at the fiscal year end are recorded as reserve for retirement and severance benefits. The difference arising from the change in accounting standards in total is accounted for as expenses and the actuarial differences are equally divided over a certain number of years (10 years) within the period of average remaining years of service of employees and accounted for as expenses.

d. Allowance for directors' retirement benefits:

To prepare for retirement benefits to directors, an estimated amount of required payment at the fiscal year end based on internal rules for directors is provided.

(Change in accounting policy)

The Company used to record directors' retirement benefits as expenses at the time of payment. From the fiscal year under review, the Company changed the method to provide an estimated amount of required payments at the fiscal year end based on internal rules for directors.

With this change, allowance for the fiscal year under review of ¥115 million was accounted for in selling, general and administrative expenses, and the allowances for previous years of ¥1,308 million were accounted for as extraordinary expenses. With this change, operating income and ordinary income were ¥115 million lower, respectively, and income before taxes was ¥1,424 million lower, than what they would have been had this change not been made.

(6) Hedge Accounting

a. Method of hedge accounting:

Of interest swap transactions, those interest swap transactions that meet conditions for special treatment are treated accordingly.

b. Means of hedging and hedged items

Interest swaps: Fluctuating interest on borrowings.

c. Policy for hedge transactions:

Hedge transactions related to interest are entered basically for the purpose of avoiding risks of market fluctuations in interest.

d. Method of evaluating hedge effectiveness:

Evaluation of hedge effectiveness is omitted as the hedge accounting applies only to those interest swap transactions that meet conditions for special treatment.

(7) Treatment of national and local consumption taxes

Tax-exclusion accounting method is applied.

**5. Treatment of profit disposal item, etc.**

Consolidated statement of retained earnings is based on the profit disposal of the consolidated company, which was fixed during the consolidated fiscal year.

## **6. Scope of Funds on Statements of Consolidated Cash Flows**

Cash and cash equivalents include deposits that can be easily withdrawn and converted to cash and short-term investments with a maturity within three months of their acquisition that are not subject to significant price risk.

### **Additional information**

[Accounting of retirement and severance benefits]

Accounting standards concerning retirement and severance benefits ("Written opinion regarding establishment of accounting standards concerning retirement and severance benefits" (Business Accounting Deliberation Council, dated June 16, 1998)) are applied starting from the fiscal year under review. Its effects on the Company's income and expenses are not significant. "Reserve for retirement allowance" is included in "Allowance for retirement and severance benefits."

[Accounting of financial instruments]

Accounting standards for financial instruments ("Written opinion regarding establishment of accounting standards concerning financial instruments" (Business Accounting Deliberation Council, dated January 22, 1999)) are applied starting from the fiscal year under review.

As a result, compared with what they would have been had no change been made, operating income was ¥438 million lower, ordinary income ¥568 million lower, and income before taxes ¥1,186 million lower.

The Company deliberated on the purposes of holding those marketable securities that it held at the beginning of the fiscal year under review and classified all of them as "Other marketable securities." Those maturing within one year and those included within the range of the capital in consolidated statement of cash flows in the fiscal year are recorded as marketable securities among current assets, and others are recorded as investment securities.

[Accounting standards concerning foreign-currency transactions]

Accounting standards concerning foreign-currency transactions ("Written opinion

regarding revision of accounting standards concerning foreign currency transactions." (Business Accounting Deliberation Council, dated October 22, 1999)) are applied starting from the fiscal year under review. There are no effects of this change on income and expenses.

## Notes

### [Consolidated Balance Sheets]

	Year ended March 31, 2001	Year ended March 31, 2000
1. Stocks of the non-consolidated subsidiaries and affiliates	¥4,854 million	¥4,495 million
2. Accumulated depreciation of property, plants and equipment	¥57,512 million	¥57,267 million
3. Discounts on notes receivable	¥2,581 million	¥5,171 million
4. Liabilities for guarantee	¥410 million	¥157 million
Guarantee engagement, etc.	¥370 million	¥830 million
5. Contingent liabilities with respect to debt assumption contract of bonds	¥5,114 million	¥10,355 million
6. Amount of treasury stocks	72 Shares ¥ 0 million	394 Shares ¥ 1 million

### [Consolidated Statements of Cash Flows]

1. The connection between cash and cash equivalents at the end of year and accounts of consolidated balance sheets

	Year ended March 31, 2001	Year ended March 31, 2000
Cash on hand and in banks	¥ 40,760 million	¥ 47,297 million
Marketable securities	¥ 8,287 million	¥ 9,117 million
Short-term loans	¥ 4,679 million	¥ 6,929 million
Total	¥ 53,727 million	¥ 63,344 million
Marketable securities, except MMF	¥ 999 million	¥ 3,748 million
Short-term loans, except repurchase agreement	¥ 680 million	¥ 729 million
Cash and cash equivalents	¥ 52,047 million	¥ 58,866 million

2. Significant non-capital transactions

	Year ended March 31, 2001	Year ended March 31, 2000
Conversion of convertible bonds		
Increase in common stock by conversion	¥ 33 million	¥ 299 million
Increase in additional paid-in capital by conversion	¥ 33 million	¥ 299 million
Decrease in of convertible bonds by conversion	¥ 67 million	¥ 599 million

**[Lease Transactions]**

1. Financial leases, except lease agreements that stipulate the transfer of ownership of leased property to the lessee

(1) Acquisition costs, accumulated depreciation and net leased property at end of period

	Year ended March 31, 2001	Year ended March 31, 2000
	Machinery and equipment	Machinery and equipment
Acquisition costs	¥68 million	¥74 million
Accumulated depreciation	¥36 million	¥28 million
Net leased property	¥32 million	¥45 million

	Year ended March 31, 2001	Year ended March 31, 2000
	Other	Other
Acquisition costs	¥3,064 million	¥3,242 million
Accumulated depreciation	¥1,010 million	¥1,637 million
Net leased property	¥2,053 million	¥1,604 million

	Year ended March 31, 2001	Year ended March 31, 2000
	Total	Total
Acquisition costs	¥ 3,132 million	¥ 3,316 million
Accumulated depreciation	¥ 1,046 million	¥ 1,666 million
Net leased property	¥ 2,086 million	¥ 1,649 million

Note: The amounts of acquisition costs and future minimum lease payments under finance leases include the portion of imputed interest expense.

(2) Future minimum lease payments under finance leases

	Year ended March 31, 2001	Year ended March 31, 2000
Due within one year	¥ 653 million	¥ 485 million
Due after one year	¥ 1,433 million	¥ 1,164 million
Total	¥ 2,086 million	¥ 1,649 million

Note: The amounts of acquisition costs and future minimum lease payments under finance leases include the portion of imputed interest expense.

(3) Lease payments and implied depreciation

	Year ended March 31, 2001	Year ended March 31, 2000
Lease payments	¥ 637 million	¥ 717 million
Depreciation	¥ 637 million	¥ 717 million



(4) Depreciation

Depreciation is computed using the straight-line method.

2. Transactions of operating leases

Future minimum lease payments under operating leases

	Year ended March 31, 2001	Year ended March 31, 2000
Due within one year	¥ 416 million	¥ 305 million
Due after one year	¥ 1,777 million	¥ 1,103 million
Total	¥ 2,193 million	¥ 1,408 million

**[Segment Information]**

(1) Industry Segment Information

As the sales, operating income and assets of the machinery parts segment amount to more than 90 percent of total sales, total operating income and total assets of the Company and consolidated subsidiaries, it is not required that industry segment information be disclosed. The Company and consolidated subsidiaries are operating in one industry segment, which being the production and sales of linear motion systems.

(2) Geographical Segment Information

The net sales of the Companies for the year ended March 31, 2001 and 2000, classified by geographic segments are summarized as follows:

[Year ended March 31, 2001]( Millions of yen)

	Japan	America	Europe	Asia and other	Total	Eliminations and corporate assets	Consolidated
.Net sales and operating Income							
Net sales :							
Customers	111,640	15,610	10,994	2,041	140,287	-	140,287
Inter-segment	18,985	403	128	-	19,517	(19,517)	-
Total	130,626	16,014	11,122	2,041	159,804	(19,517)	140,287
Operating expenses	107,771	14,144	10,458	2,038	134,413	(19,820)	114,592
Operating income	22,855	1,869	664	2	25,391	303	25,694
.Assets	167,858	19,574	12,156	1,867	201,458	(3,328)	198,129

[Year ended March 31, 2000]( Millions of yen)

	Japan	America	Europe	Asia and other	Total	Eliminations and corporate assets	Consolidated
.Net sales and operating income							
Net sales :							
Customers	82,722	10,869	9,071	1,291	103,954	-	103,954
Inter-segment	14,009	21	85	-	14,115	(14,115)	-
Total	96,731	10,890	9,156	1,291	118,070	(14,115)	103,954
Operating expenses	84,522	10,362	8,376	1,189	104,450	(14,838)	89,612
Operating income	12,208	527	780	102	13,619	722	14,342
.Assets	163,641	10,322	7,073	1,312	182,349	13,400	195,750

### (3) Export Sales and Sales by Overseas Subsidiaries

The overseas sales of the Companies (referring to the amounts of exports made by Company plus the sales by overseas consolidated subsidiaries) for the year ended March 31, 2001 and 2000 are summarized as follows:

	Millions of yen			
	Year ended March 31, 2001			
	America	Europe	Asia and Other	Total
Overseas sales	15,724	11,353	9,205	36,283
Consolidated net sales				140,287
Overseas sales as a percentage of consolidated net sales	11.2%	8.0%	6.5%	25.8%

	Millions of yen			
	Year ended March 31, 2000			
	America	Europe	Asia and Other	Total
Overseas sales	10,900	9,258	6,939	27,097
Consolidated net sales				103,954
Overseas sales as a percentage of consolidated net sales	10.5%	8.9%	6.7%	26.1%

**\* Translation omitted**

**[Dealings with related object concerned]**

**[Marketable securities]**

**[Derivatives]**

**[Tax-effect accounting]**

1. Reasons for the occurrence of deferred tax assets and deferred tax liabilities

	Year ended March 31, 2001	Year ended March 31, 2000
<Deferred tax assets>		
Enterprise tax payable	¥ 764 million	¥ 340 million
Write-down of inventories	¥ 371 million	¥ 369 million
Inventories ( unrealized profit )	¥ 1,544 million	¥ 1,136 million
Limit excess of put-in accrued bonus	¥ 225 million	¥ 144 million
Limit excess of put-in allowance for retirement and severance benefits	¥ 339 million	¥ - million
Limit excess of put-in reserve for retirement allowance	¥ - million	¥ 318 million
Allowance for directors' retirement benefits	¥ 598 million	¥ - million
Limit excess of put-in allowance for bad debt	¥ 252 million	¥ 24 million
Software	¥ 284 million	¥ 72 million
Other	¥ 643 million	¥ 468 million
<b>Total deferred tax assets</b>	<b>¥ 5,025 million</b>	<b>¥ 2,874 million</b>
<Deferred tax liabilities>		
	Year ended March 31, 2001	Year ended March 31, 2000
Allowance for special depreciation	¥ 379 million	¥ 244 million
Other	¥ 157 million	¥ 143 million
<b>Total deferred tax liabilities</b>	<b>¥ 536 million</b>	<b>¥ 387 million</b>
 Net deferred tax assets	 ¥ 4,488 million	 ¥ 2,486 million

2. Reason for the difference between legal effective tax rate and corporate income tax rate after adoption of tax-effect accounting

	Year ended March 31, 2001	Year ended March 31, 2000
Legal effective tax rate	%	42.05%
(Adjustment)	-	
Accounts not permanently counted in to loss - Entertainment expenses,etc	-%	0.50%
Net loss of consolidated subsidiaries	-%	0.81%
Even-crack of inhabitant tax	-%	0.50%
Other	-%	2.57%
<b>Corporate income tax rate after adoption of tax-effect accounting</b>	<b>-%</b>	<b>46.43%</b>

## [Retirement benefit]

### 1. Outline of the retirement benefit system the company employs

Our company and the consolidated subsidiaries use the retirement lump sum system and retirement annuity system as vested benefit-type systems. Moreover, when the employee retires, our company occasionally pays surcharge retirement money.

### 2. Retirement-benefit debt

<Year ended March 31, 2001>

a. Retirement-benefit debt	¥ 3,262 million
b. Plan assets	¥1,676 million
<hr/>	
c. Unreserved retirement-benefit debt	¥ 1,585 million
d. Difference in unrecognized mathematical principle calculation	¥251 million
e. Unrecognized prior service cost	¥- million
<hr/>	
f. Allowance for retirement and severance benefits	¥ 1,333 million
<hr/>	

### 3. Retirement-benefit expenses

<Year ended March 31, 2001>

a. Service cost	¥261 million
b. Interest cost	¥81 million
c. Investment return assumption	¥ 47 million
d. Amortization of difference in change of accounting standard	¥81 million
e. Amortization of difference in mathematical principle calculation	¥- million
f. Amortization of prior service cost	¥- million
<hr/>	
g. Retirement and severance benefit expenses	¥376 million
<hr/>	

### 4. Basis of calculation Retirement benefit debt

<Year ended March 31, 2001>

a. Distribution method of expected retirement and severance benefit	Straight-line amortization standard for service period
b. Discount rate for obligations	3.0%
c. Rate of investment-return assumption	3.0%
d. Amortization period of the prior service cost	- years
e. Period of amortization of difference in mathematical principle calculation	10 years
f. Period of amortization of difference in the change of accounting standard	1 years

( Excerpt translation )



*Non-Consolidated Financial Statement for Fiscal 2000*

May 21, 2001

Company name : **THK CO., LTD. (Listed on TSE)**

Code number : 6481

Head Office : 3-11-6 Nishi-Gotanda, Shinagawa-ku, Tokyo

Contact : Shigeru Wako, Director General Manager, Corporate Strategy Department

Tel : 81-3-5434-0300

Date of board meeting for consolidated financial settlement : May 21, 2001

Date of ordinary general meeting of shareholders : June 23, 2001

Interim cash dividends : applicable

**. Financial performance for the year ended March 31, 2001**

(1) Operation results

Note : Any fractional sum less than a million yen is discarded.

( Unit : mi¥,¥,% )

	Year ended March 31, 2001	Year ended March 31, 2000
Net sales	119,981 ( 36.6 )	87,838
Operating income	21,951 ( 87.3 )	11,719
Ordinary income	22,910 ( 143.7 )	9,401
Net income	12,030 ( 187.7 )	4,181
Net income per share	101.01	35.98
Diluted net income per share	97.05	34.46
Return on equity	13.2	5.2
Ordinary income to total assets	12.6	5.3
Ordinary income to net sales	19.1	10.7

Note:

1. Average number of shares during the period ended:

March 31, 2001: 119,104,483 shares    March 31, 2000: 116,201,766 shares

2. Change in accounting policy: Not applicable

3. Figures in parentheses (Net sales, Operating Income, Ordinary Income and Net Income) represent changes in percentages from the previous period.

(2) Cash dividends ( Unit : ¥, mil¥, % )

	Year ended March 31, 2001		Year ended March 31, 2000	
	Interim	Year end	Interim	Year end
Cash dividends per share applicable for the year	15.00		15.00	
	7.50	7.50	7.50	7.50
Total cash dividends for the year	1,790		1,755	
Payout ratio	14.9		42.0	
Dividend to equity	1.8		2.1	

Note: Breakdown of cash dividends (year ended March 31,2001)

Commemoration dividend    ¥.--    Extra dividend    ¥.--

(3) Finance position ( Unit : mil¥, %, ¥ )

	As of March 31, 2001	As of March 31, 2000
Total assets	184,239	178,412
Total shareholders' equity	97,997	84,794
Equity ratio	53.2	47.5
Total shareholders' equity per share	821.16	718.97

Note: Number of shares of common stock at the period ended:

March 31, 2001: 119,340,568 shares    March 31, 2000: 117,939,535 shares

**. Forecast of financial performance for the six months to September 30, 2001 and the year ended March 31, 2002**

( Unit : mi¥, ¥ )

	For the six months to September 30, 2001	For the year ending March 31, 2002
Net sales	43,000	90,000
Ordinary income	4,200	9,500
Net income	2,400	5,500
Cash dividends per share for the half-year	Interim 7.50	Year-end 7.50
Cash dividends per share for the full year	-	15.00

Reference: Forecast net income per share (for the full year), ¥46.09

**\*CAUTION FORECAST STATEMENTS**

Note: This document contains forecast statements based on assumptions and beliefs of the Company's management in light of information currently available to it. Such statements involve uncertainties and have risks of volatility that would result from the Company's operations in the future and changes in domestic and international environments. Therefore, the Company cannot assure accuracy of such statements and wishes to caution readers that actual operational and financial results may differ from such statements.



### **Non-Consolidated Balance Sheets**

For the years ended March 31, 2001 and 2000

	As of March 31, 2001		As of March 31, 2000	
	Millions of yen	(%)	Millions of yen	(%)
<b>Assets</b>				
Current assets:				
Cash on hand and in banks	29,459		42,355	
Notes receivable	20,045		14,108	
Accounts receivable-trade	27,566		19,502	
Securities	7,957		8,731	
Inventories	20,311		22,791	
Short-term loans	5,248		7,897	
Deferred tax assets	1,399		575	
Other	3,433		462	
Less: Allowance for doubtful receivables	218		202	
<b>Total current assets</b>	<b>118,204</b>	<b>62.5</b>	<b>116,225</b>	<b>65.1</b>
Fixed assets:				
Tangible fixed assets:	34,588	18.8	32,353	18.1
Buildings and structures	10,149		8,089	
Machinery, equipment, and other	13,655		13,570	
Land	9,171		9,072	
Other	1,611		1,620	
Intangible fixed assets:	3,060	1.7	3,852	2.2
Patent	2,886		3,470	
Software	122		325	
Other	51		57	
Investments and other:	31,346	17.0	25,827	14.5
Investment in securities	5,623		5,687	
Investment in share of subsidiaries	11,135		10,156	
Investment in subsidiaries	6,346		4,635	
Long-term loans	4,608		2,200	
Insurance reserve	1,120		817	
Deferred tax assets	238		335	
Other	1,801		2,127	
Less: Allowance for doubtful receivables	684		131	
<b>Total fixed assets</b>	<b>68,995</b>	<b>37.5</b>	<b>62,033</b>	<b>34.8</b>
Deferred assets :				
Bond discount	39		153	
<b>Total deferred assets</b>	<b>39</b>	<b>0.0</b>	<b>153</b>	<b>0.1</b>
<b>Total assets</b>	<b>184,239</b>	<b>100.0</b>	<b>178,412</b>	<b>100.0</b>

### **Non-Consolidated Balance Sheets**

For the years ended March 31, 2001 and 2000

	As of March 31, 2001		As of March 31, 2000	
	Millions of yen	(%)	Millions of yen	(%)
<b>Liabilities</b>				
Current liabilities:				
Notes payable	18,036		13,463	
Accounts payable-trade	6,565		4,624	
Short-term debt	3,990		6,750	
Current portion of long-term debt	5,863		5,088	
Current portion of bonds	-		9,770	
Accounts payable-other	1,308		2,416	
Corporate income taxes payable and other	8,480		3,515	
Consumption taxes payable and other	70		394	
Accrued expenses	2,116		1,962	
Accrued bonus	1,240		1,163	
Accounts payable-equipment and other	2,548		675	
Other	1,344		567	
<b>Total current liabilities</b>	<b>51,564</b>	<b>28.1</b>	<b>50,392</b>	<b>28.3</b>
Non-current liabilities:				
Bonds	11,000		16,000	
Convertible bonds	13,966		14,033	
Long-term debt	7,104		12,051	
Reserve for retirement allowance	-		1,105	
Allowance for retirement and severance benefits	1,157		-	
Allowance for directors' retirement benefits	1,424		-	
Other	25		35	
<b>Total non-current liabilities</b>	<b>34,677</b>	<b>18.8</b>	<b>43,225</b>	<b>24.2</b>
<b>Total liabilities</b>	<b>86,242</b>	<b>46.8</b>	<b>93,617</b>	<b>52.5</b>
<b>Shareholders' equity:</b>				
Common stock	23,075	12.5	21,733	12.2
Legal reserve	32,794	17.8	30,902	17.3
Additional paid-in capital	30,931		29,220	
Earned reserve	1,863		1,682	
Surplus	42,198	25.9	32,158	18.0
Voluntary reserve	28,921		26,833	
Unappropriate retained earnings [of which net income for the year]	13,277 [12,030]		5,325 [4,181]	
Valuation adjustment for marketable securities	72		-	
<b>Total shareholders' equity</b>	<b>97,997</b>	<b>53.2</b>	<b>84,794</b>	<b>47.5</b>
<b>Total liabilities and shareholders' Equity</b>	<b>184,239</b>	<b>100.0</b>	<b>178,412</b>	<b>100.0</b>

## **Non-Consolidated Statements of Income**

For the years ended March 31, 2001 and 2000

	<b>As of March 31, 2001</b>		<b>As of March 31, 2000</b>	
	Millions of yen	(%)	Millions of yen	(%)
Net sales	119,981	100.0	87,838	100.0
Cost of sales	82,622	68.9	62,996	71.7
Gross profit	37,359	31.1	24,842	28.3
Sales, general and administrative expenses	15,408	12.8	13,122	14.9
Operating income	21,951	18.3	11,719	13.3
Non-operating income:	2,608	2.2	766	0.9
Interest and dividend income	341		352	
Foreign exchange gain	1,715		-	
Other income	552		414	
Non-operating expenses:	1,649	1.4	3,084	3.5
Interest expenses	613		805	
Bond interest	341		617	
Foreign-exchange loss	-		377	
Other expenses	694		1,283	
Ordinary income	22,910	19.1	9,401	10.7
Special income	156	0.1	710	0.8
Special loss	2,598	2.2	2,587	2.9
Loss on sales/disposal of property and equipment	586		877	
Write-down of other marketable securities	388		-	
Put-in allowance for directors' retirement benefits in prior years	1,308		-	
Loss on disposal of inventories	-		1,223	
Other	314		487	
Income before income taxes and other	20,468	17.1	7,524	8.6
Corporate income taxes, Inhabitant taxes and business taxes	10,269	8.6	4,100	4.7
Adjustment of corporate income taxes and other	1,832	1.5	756	0.9
Net income	12,030	10.0	4,181	4.8
Unappropriate retained earnings carried over from previous year	2,231		1,634	
Adjustment of tax effect in prior years	-		153	
Transfer from special depreciation reserve due to adopting tax-effect accounting	-		314	
Interim cash dividend	895		870	
Transfer to earned reserve of interim cash dividend	89		87	
Unappropriate retained earning at the period	13,277		5,325	