

( Excerpt translation )



## *Interim Consolidated Financial Statement for Fiscal 2002*

November 18, 2002

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

Code number : 6481

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

Representative : Akihiro Teramachi, president and CEO

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Date of board meeting for consolidated financial settlement : November 18, 2002

Adoption of USGAAP : Not applicable

### **I. Financial performance in the six months to September 30, 2002**

(1) Operation results ( Unit : Millions of yen, yen, % )

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

	September 30,2002	September 30,2001	March 31, 2002
Net sales	45,308 (-11.8)	51,382 ( -25.3)	89,340
Operating income	1,754 (-55.2)	3,912 ( -70.1)	2,176
Ordinary income	1,508 (-63.5)	4,136 ( -66.8)	2,557
Net Income	253 (-86.3)	1,850 ( -73.3)	820
Net Income per share	2.13	15.50	6.88
Diluted net income per share	-	14.97	-

Note:

1. Equity earnings of unconsolidated subsidiaries and affiliates

September 30, 2002 ; -56 million yen      September 30, 2001 ; 76 million yen

March 31, 2002 ;            8 million yen

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

September 30, 2002 ; 118,987,560 shares      September 30, 2001 ; 119,350,156 shares

March 31, 2002 ;        119,355,598 shares

3. Change in accounting policy : Not applicable

4. Figures in parentheses (net sales, operating income, ordinary income and net income) are the percentage changes from the previous interim period.

(2) Consolidated Financial Position ( Unit : Millions of yen,%, Yen )

	September 30, 2002	September 30, 2001	March 31, 2002
Total assets	181,289	178,110	179,705
Total shareholders' equity	101,210	103,493	103,748
Equity ratio	55.8	58.1	57.7
Total shareholders' equity per share	850.60	867.05	869.20

Note : Number of shares of common stock at the period ended (consolidated):

September 30, 2002 ; 118,986,110 shares      September 30, 2001 ; 119,362,996 shares  
March 31, 2002 ; 119,361,210 shares

(3) Consolidated Statements of Cash Flows ( Unit : Millions of yen )

	September 30, 2002	September 30, 2001	March 31, 2002
Cash flows from operating activities	9,679	5,862	3,272
Cash flows from investing activities	(1,941)	(7,713)	(7,907)
Cash flows from financing activities	(2,335)	(3,617)	6,930
Cash and cash equivalents	60,191	46,939	55,007

(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: Not applicable

**II. Forecast of financial performance for the year ending March 31, 2003**

( Unit : Millions of yen )

	Year ending March 31, 2003
Net sales	93,500
Operating income	4,700
Ordinary income	4,200
Net income	1,000

Reference: Forecast net income per share (for the year): ¥8.40

**\*CAUTION: FORECAST STATEMENTS**

Note: This document contains forecast statements based on the assumptions and beliefs of the Company's management in light of information currently available.

Such statements involve uncertainties and have risks of volatility that would result from the Company's operations in the future, as well as from changes in the domestic and international environments. Therefore, the Company cannot guarantee the accuracy of such statements and wishes to caution readers that actual operational and financial results may differ from such statements.

## Interim Consolidated Balance Sheets

As of September 30, 2002 and 2001, and March 31, 2002

(Unit / Millions of yen, %)

	September 30, 2002		September 30, 2001		March 31, 2002	
<b>Assets</b>						
Current assets:						
Cash and time deposits	54,414		35,174		43,368	
Notes receivable and accounts receivable-trade	31,261		33,212		24,834	
Short-term investments in securities	6,844		8,761		9,137	
Inventories	25,029		28,947		26,431	
Deferred tax assets	1,936		1,974		2,521	
Short-term loans	234		4,218		4,214	
Other current assets	1,781		1,674		6,575	
Less: Allowance for bad debts	-440		-547		-470	
Total current assets	121,063	66.8	113,415	63.7	116,612	64.9
Fixed assets:						
Tangible fixed assets:	43,185	23.8	45,630	25.6	44,050	24.5
Buildings and structures	14,546		13,255		15,223	
Machinery, equipment and vehicles	16,265		16,283		16,495	
Land	10,240		10,145		10,253	
Construction in progress	688		4,452		587	
Other	1,444		1,493		1,491	
Intangible fixed assets:	2,217	1.2	2,825	1.6	2,518	1.4
Investments and others:	14,814	8.2	16,209	9.1	16,505	9.2
Long-term investment in securities	9,682		10,563		10,518	
Deferred tax assets	2,379		2,023		2,446	
Other investments	3,420		4,289		4,227	
Less: Allowance for bad debts	-667		-667		-687	
Total fixed assets	60,217	33.2	64,665	36.3	63,074	35.1
Deferred charge						
Bond discount	8		29		19	
Total deferred assets	8	0.0	29	0.0	19	0.0
Total assets	181,289	100.0	178,110	100.0	179,705	100.0

## Interim Consolidated Balance Sheets

As of September 30, 2002 and 2001 and, and March 31, 2002

(Unit / Millions of yen, %)

	September 30, 2002		September 30, 2001		March 31, 2002	
<b>Liabilities</b>						
Current liabilities:						
Notes payable and accounts payable-trade	16,011		20,679		11,754	
Short-term bank loans	7,694		7,403		6,551	
Current portion of long-term debt	2,870		5,175		4,168	
Current portion of bond	11,000		-		8,000	
Current portion of convertible bonds	13,905		-		-	
Corporate income taxes payable and others	839		503		108	
Accrued bonus	1,147		1,215		1,149	
Other current liabilities	5,034		4,990		4,247	
<b>Total current liabilities</b>	<b>58,502</b>	<b>32.3</b>	<b>39,967</b>	<b>22.4</b>	<b>35,980</b>	<b>20.0</b>
Fix liabilities:						
Bonds	15,441		11,461		18,488	
Convertible bonds	-		13,905		13,905	
Long-term debt	2,911		5,731		4,216	
Allowance for retirement and severance benefits	1,408		1,331		1,345	
Reserve for directors' and auditor's retirement benefits	1,163		1,469		1,512	
Other	317		408		141	
<b>Total Fix liabilities</b>	<b>21,242</b>	<b>11.7</b>	<b>34,306</b>	<b>19.3</b>	<b>39,609</b>	<b>22.1</b>
<b>Total liabilities</b>	<b>79,745</b>	<b>44.0</b>	<b>74,274</b>	<b>41.7</b>	<b>75,590</b>	<b>42.1</b>
<b>Minority interest</b>						
Minority interest	333	0.2	341	0.2	366	0.2
<b>Shareholders' equity:</b>						
Common stock	-	-	23,106	13.0	23,106	12.9
Additional paid-in capital	-	-	30,962	17.4	30,962	17.2
Consolidated surplus	-	-	50,510	28.3	48,585	27.0
Valuation adjustment for marketable securities	-	-	-547	-0.3	45	0.0
Foreign-currency translation adjustments	-	-	-536	-0.3	1,053	0.6
Treasury stock	-	-	-0	-0.0	-3	-0.0
<b>Total shareholders' equity</b>	<b>-</b>	<b>-</b>	<b>103,493</b>	<b>58.1</b>	<b>103,748</b>	<b>57.7</b>
<b>Shareholders' equity:</b>						
Common stock	23,106	12.7	-	-	-	-
Capital surplus	30,962	17.0	-	-	-	-
Earned surplus	47,943	26.4	-	-	-	-
Valuation adjustment for other marketable securities	-121	-0.0	-	-	-	-
Foreign-currency translation adjustments	-111	-0.0	-	-	-	-
Treasury stock	-568	-0.3	-	-	-	-
<b>Total shareholders' equity</b>	<b>101,210</b>	<b>55.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities, minority interests and shareholders' equity</b>	<b>181,289</b>	<b>100.0</b>	<b>178,110</b>	<b>100.0</b>	<b>179,705</b>	<b>100.0</b>

## Interim Consolidated Statements of Income

For Six Months to September 30, 2002 and 2001, and Year Ended March 31, 2002

(Unit / Millions of yen, %)

	September 30, 2002		September 30, 2001		March 31, 2002	
Net sales	45,308	100.0	51,382	100.0	89,340	100.0
Cost of sales	31,814	70.2	35,110	68.3	63,293	70.8
Gross profit	13,493	29.8	16,272	31.7	26,046	29.2
Sales, general and administrative expenses	11,739	25.9	12,359	24.1	23,870	26.8
Operating income	1,754	3.9	3,912	7.6	2,176	2.4
Non-operating income:	520	1.1	897	1.8	1,869	2.1
Interest income and dividend income	98		254		355	
Foreign-exchange gain	-		167		801	
Other	422		475		712	
Non-operating expenses:	766	1.7	673	1.3	1,487	1.6
Interest expenses	474		468		1,041	
Foreign-exchange loss	45		-		-	
Other	246		205		446	
Ordinary income	1,508	3.3	4,136	8.1	2,557	2.9
Extraordinary income	6	0.0	32	0.1	45	0.0
Gain on sales of property and equipment	6		32		45	
Extraordinary loss	97	0.2	737	1.5	1,769	2.0
Loss on sales/disposal of property and equipment	13		89		198	
Write-down of long-term investment in securities	83		123		875	
Other	-		525		695	
Income before income taxes and other	1,417	3.1	3,431	6.7	833	0.9
Corporate income taxes, residence taxes and business taxes	674	1.5	675	1.3	268	0.3
Adjustment of corporate income taxes and other	520	1.1	868	1.7	-253	-0.3
Minority interest in income of consolidated subsidiaries	-30	-0.0	37	0.1	-2	-0.0
Net income	253	0.5	1,850	3.6	820	0.9

### **Interim Consolidated Statements of Retained Earnings**

For Six Months to September 30, 2002 and 2001, and Year Ended March 31, 2002

(Unit / Millions of yen)

	<b>September 30, 2002</b>	<b>September 30, 2001</b>	<b>March 31, 2002</b>
<b>Consolidated retained earnings at beginning of period</b>	-	49,615	49,615
<b>Decrease in consolidated retained earnings</b>	-	955	1,850
Cash dividends	-	895	1,790
Bonuses to directors and auditors	-	60	60
<b>Net income</b>	-	1,850	820
<b>Balance of consolidated retained earnings at end of interim period (end of period)</b>	-	50,510	48,585
<b>Capital surplus at beginning of period</b>	30,962	-	-
<b>Balance of capital surplus at end of the interim period (end of period)</b>	30,962	-	-
<b>Earned surplus at beginning of period</b>	48,585	-	-
<b>Increase in Earned surplus</b>	253	-	-
Interim net income	253	-	-
<b>Decrease in earned surplus</b>	895	-	-
Cash dividends	895	-	-
<b>Balance of earned surplus at end of interim period (end of period)</b>	47,943	-	-

## Interim Consolidated Statements of Cash Flows

For Six Months to September 30, 2002 and 2001, and Year Ended March 31, 2002

(Unit / Millions of yen)

	September 30, 2002	September 30, 2001	March 31, 2002
<b>1. Cash Flows from operating activities</b>			
Income before income tax and minority interests	1,417	3,431	833
Depreciation and amortization	2,997	2,800	6,164
Loss on sales or disposal of property and equipment	7	56	152
(Increase)/Decrease in allowance for bad debts	(331)	(42)	(128)
Interest and dividend income	(98)	(254)	(355)
Interest expenses	474	457	1,041
Foreign exchange gain (loss)	(55)	(21)	(135)
Equity earnings of unconsolidated subsidiaries and affiliates	56	(76)	(8)
(Increase)/Decrease in accounts and trade receivables	(6,596)	13,494	22,138
(Increase)/Decrease in inventories	886	1,468	4,697
Increase in accounts and notes payable	5,530	(6,634)	(15,976)
Other	478	298	192
Subtotal	4,766	14,977	18,615
Interest income and dividend income received	113	255	374
Interest expenses paid	(459)	(434)	(1,003)
Income taxes paid	5,258	(8,936)	(14,714)
<b>Net cash provided by operating activities</b>	9,679	5,862	3,272
<b>2. Cash Flows from investing activities</b>			
Payments for purchases of short-term investments in securities	(1,199)	(999)	(1,999)
Proceeds from sales of short-term investments in securities	1,301	985	2,063
Payments for purchases of property, plants and equipment	(2,578)	(7,647)	(9,225)
Proceeds from sales of property, plants and equipment	160	25	194
Payments for purchases of long-term investments in securities	(4)	(360)	(486)
Proceeds from sales of long-term investments in securities	5	276	888
Increase in short-term loans	-	(175)	(663)
Collection of short-term loans receivable	45	182	1,818
Other	328	-	(498)
<b>Net cash provided by investing activities</b>	(1,941)	(7,713)	(7,907)
<b>3. Cash Flows from financing activities</b>			
Increase/(Decrease) in short-term bank loans	1,169	(308)	(1,511)
Borrowings of long-term debt	-	1,160	1,210
Repayments of long-term debt	(2,603)	(3,573)	(6,037)
Cash dividends	(895)	(895)	(1,790)
Other	(6)	0	15,060
<b>Net cash provided by (used for) financing activities</b>	(2,335)	(3,617)	6,930
<b>4. Effect of exchange-rate change on cash and cash equivalents</b>	(218)	359	664
<b>5. Net increase in cash and cash equivalents</b>	5,184	(5,108)	2,959
<b>6. Cash and cash equivalents at the beginning of the period</b>	55,007	52,047	52,047
<b>7. Cash and cash equivalents at the end of the period</b>	60,191	46,939	55,007

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

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

#### **(1) The consolidated subsidiaries: 13**

THK ( the “Company” ) had 21 subsidiaries as of September 30, 2002.

The consolidated financial statements include the accounts of the Company and its 13 subsidiaries. The 13 major subsidiaries, which have been consolidated with the Company, are as follows:

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 neturen America, L.L.C., THK Europe B.V., THK G.m.b.H., THK Manufacturing of Europe S.A.S., PGM Ballscrews Ltd., PGM Ballscrews Ireland Ltd., and THK TAIWAN CO., LTD. ( THK and these consolidated subsidiaries as the “Companies” )

#### **(2) The unconsolidated subsidiaries: 8**

The accounts of the remaining eight unconsolidated subsidiaries, including Nihon Slide Kogyo Co., Ltd., are insignificant, meaning that these accounts have not been consolidated with the Company since the consolidated assets, net sales, net income and retained earnings of these companies, in the aggregate, are not significant in relation to those of the Companies.

### ***2. Accounting for Investments in Unconsolidated Subsidiaries and Affiliates***

#### **(1) The equity method is applied only to the investments in Daito Seiki Co., Ltd.**

The Company had three affiliates as of June 30, 2002. However, the equity method is applied only to the investments in Daito Seiki Co., Ltd., since the investments in the unconsolidated subsidiaries and the remaining affiliates would not have material effects on consolidated net income and retained earnings in the consolidated financial statements, had they been accounted for using the equity method. Thus the investments in the unconsolidated subsidiaries and affiliates are carried at cost or less.

#### **(2) Eight unconsolidated subsidiaries and two affiliates are not accounted for by the equity method.**

Eight unconsolidated subsidiaries, including Nihon Slide Kogyo Co., Ltd., and two affiliates, including Samick LMS Co., Ltd., are not accounted for by the equity method. These subsidiaries and affiliates are 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 neturen America, L.L.C., THK Europe B.V., THK G.m.b.H., THK Manufacturing of Europe S.A.S., PGM Ballscrews Ltd., PGM Ballscrews Ireland Ltd. and THK TAIWAN CO., LTD. close their books of account for the interim period on June 30. 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) Investments in securities

Investment in share of subsidiaries and affiliates are stated at cost via the moving-average method. Other investments 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 investments unlisted are stated at cost via the moving-average method. Derivatives are stated at fair market value.

##### B) Inventories

Company Name	Asset Evaluation Method	Evaluation Standard
Parent company (THK)	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 Manufacturing of Europe S.A.S.	Weighted average cost	Cost basis
THK GmbH	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 plants and equipment is computed in principal by using declining-balance method. However, depreciation of property and buildings (excluding building fixtures) acquired after April 1, 1998, is computed using the straight-line method. The life of main tangible fixed assets is as follows:

Building and structures: 5 -50 years

Machinery, equipment and other: 4-10years

The amortization of intangible fixed 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, is accounted for financial leases.

**(5) Basis for recording significant allowances**

1. Allowance for bad debts:

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

2. Accrued bonus:

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

3. 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 reserves 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 are accounted for as expenses.

4. Allowance for directors' and auditors' retirement benefits:

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

**(6) Hedge Accounting**

1. Method of hedge accounting:

Of interest-swap transactions, those transactions that meet the conditions for exceptional treatment are treated accordingly.

Currency-swap transactions satisfied the requirements for hedge accounts, and those are treated as assignment treatment.

2. Means of hedging and hedged items

Interest swaps: Interest fluctuating on borrowing.

Currency swaps: Money claims denominated in foreign currency.

3. Policy for hedge transactions:

Hedges related to interest are entered basically for the purpose of avoiding risks of market fluctuations in interest. And hedges related to currency are entered basically for the purpose of avoiding risks of exchange fluctuations.

4. Method of evaluating hedge effectiveness:

The evaluation of hedge effectiveness is omitted, since hedge accounting applies only to those interest-swaps that meet the conditions for exceptional treatment.

Hedges related to currency are evaluated its effectiveness by comparing the total amount of market price change with the means for hedging or the total amount of cash-flow changes.

**(7) Treatment of national and local consumption taxes**

The tax-exclusion accounting method is applied.

**5. Scope of Funds on Statements of Interim Consolidated Cash Flows**

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

**Additional information**

[Interim consolidated balance sheet]

Since this interim consolidated fiscal period, based on the 2nd clause proviso on the additional rule of Cabinet office statement which revises a part of rule about the term, style, and the construction method of the interim consolidated financial statement (March 26, 2002 Cabinet Office statement No. 10)", "additional paid-in capital" is displayed as the items of a "capital surplus", and "earned reserves ", "voluntary reserves" and "unappropriated retained earning" are displayed as the items of "earned surplus" on interim consolidated balance sheet.

[Interim consolidated statement of retained earning]

By the revision of interim consolidated financial statement rule, interim consolidated statement of retained earning was classified into the part of capital surplus, and the part of earned surplus since this interim consolidated fiscal period.

By the revision of interim consolidated financial statement rule, "Consolidated retained earnings at the beginning of the period" and "Increase in consolidated retained earnings" show "Earned surplus at the beginning of the period" and "Increase in earned surplus" since this interim consolidated fiscal period. "Decrease in consolidated retained earnings" and "Balance of consolidated retained earnings at end of interim period" show "Decrease in earned surplus" and "Balance of earned surplus at end of interim period" since this period.

Moreover, Net income which was mentioned as the independent account by the previous consolidated fiscal period is stated as the items of "Increase in earned surplus."

## Notes

### [Interim Consolidated Balance Sheets]

	September 30, 2002	September 30, 2001	March 31, 2002
1. Accumulated depreciation of property, plants and equipment	¥ 63,678 million	¥ 59,187 million	¥ 61,369 million
2. Discounts on notes receivable	¥ 13 million	¥ 1,774 million	¥ 1,435 million
3. Liabilities for guarantee, etc.			
Liabilities for guarantee	¥ 375 million	¥ 453 million	¥ 401 million
Guarantee engagement, etc.	¥ - million	¥ 200 million	¥ - million
4. Contingent liabilities with respect to debt assumption contract of bonds	¥ - million	¥ 5,057 million	¥ - million

### [Interim Consolidated Statements of Cash Flows]

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

	September 30, 2002	September 30, 2001	March 31, 2002
Cash on hand and in banks	¥ 54,414 million	¥ 35,174 million	¥ 43,368 million
Short-term investments in securities	¥ 6,844 million	¥ 8,761 million	¥ 9,137 million
Short-term loans	¥ 234 million	¥ 4,218 million	¥ 4,214 million
Total	¥ 61,494 million	¥ 48,153 million	¥ 56,720 million
Time deposit(over three months)	-¥ 168 million	-¥ million	-¥ 498 million
Short-term investments in securities, except MMF	-¥ 899 million	-¥ 999 million	-¥ 999 million
Short-term loans, except repurchase agreement	-¥ 234 million	-¥ 215 million	-¥ 214 million
Cash and cash equivalents	¥ 60,191 million	¥ 46,939 million	¥ 55,007 million

2. Significant non-capital transactions

	September 30, 2002	September 30, 2001	March 31, 2002
Conversion of convertible bonds			
Increase in common stock by conversion	-	¥ 30 million	¥ 30 million
Increase in additional paid-in capital by conversion	-	¥ 30 million	¥ 30 million
Decrease in convertible bonds by conversion	-	¥ 61 million	¥ 61 million

## [Lease Transactions]

1. Financial leases, except for 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

	September 30, 2002	September 30, 2001	March 31, 2002
	Machinery and equipment	Machinery and equipment	Machinery and equipment
Acquisition costs	¥ 62 million	¥ 68 million	¥ 68 million
Accumulated depreciation	¥ 45 million	¥ 41 million	¥ 46 million
Net leased property	¥ 16 million	¥ 26 million	¥ 21 million
	Other	Other	Other
Acquisition costs	¥ 3,016 million	¥ 2,983 million	¥ 3,141 million
Accumulated depreciation	¥ 1,614 million	¥ 1,256 million	¥ 1,410 million
Net leased property	¥ 1,402 million	¥ 1,726 million	¥ 1,731 million
	Intangible fixed assets	Intangible fixed assets	Intangible fixed assets
Acquisition costs	¥ 71 million	¥ 71 million	¥ 71 million
Accumulated amortization	¥ 26 million	¥ 12 million	¥ 19 million
Net leased property	¥ 45 million	¥ 59 million	¥ 52 million
	Total	Total	Total
Acquisition costs	¥ 3,150 million	¥ 3,123 million	¥ 3,281 million
Accumulated depreciation	¥ 1,686 million	¥ 1,310 million	¥ 1,476 million
Net leased property	¥ 1,463 million	¥ 1,813 million	¥ 1,805 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

	September 30, 2002	September 30, 2001	March 31, 2002
Due within one year	¥ 586 million	¥ 611 million	¥ 645 million
Due after one year	¥ 876 million	¥ 1,201 million	¥ 1,160 million
Total	¥ 1,463 million	¥ 1,813 million	¥ 1,805 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

	September 30, 2002	September 30, 2001	March 31, 2002
Lease payments	¥ 341 million	¥ 354 million	¥ 697 million
Depreciation	¥ 341 million	¥ 354 million	¥ 697 million

(4) Depreciation

Depreciation was computed via the straight-line method.

## 2. Transactions of operating leases

### Future minimum lease payments under operating leases

	September 30, 2002	September 30, 2001	March 31, 2002
Due within one year	¥ 580 million	¥ 493 million	¥ 652 million
Due after one year	¥ 1,915 million	¥ 2,125 million	¥ 2,343 million
Total	¥ 2,495 million	¥ 2,618 million	¥ 2,996 million

## [Segment Information]

### (1) Industry Segment Information

Given the fact that the sales, operating income and assets of the machinery parts segment amounted to more than 90 percent of total sales, total operating income and total assets of the Company and consolidated subsidiaries, it was not required that industry segment information be disclosed. The Company and consolidated subsidiaries were operating in one industry segment that being the production and sales of linear motion systems.

### (2) Geographical Segment Information

The net sales of the Companies for the six months to September 30, 2002 and 2001, and the year ended March 31, 2002 classified by geographic segments are summarized as follows:

[Six months to September 30, 2002]

(Millions of yen)

	Japan	America	Europe	Asia and other	Total	Elimination or corporate assets	Consolidated
Net sales:							
Customers	33,805	5,176	5,490	835	45,308	-	45,308
Inter-segment	5,476	98	29	-	5,604	(5,604)	-
Total	39,281	5,275	5,520	835	50,912	(5,604)	45,308
Operating expenses	36,543	5,906	6,323	801	49,575	(6,021)	43,554
Operating income	2,737	-630	-803	33	1,337	417	1,754

[Six months to September 30, 2001]

(Millions of yen)

	Japan	America	Europe	Asia and other	Total	Elimination or corporate assets	Consolidated
Net sales:							
Customers	35,961	6,807	7,608	1,005	51,382	-	51,382
Inter-segment	6,826	109	67	-	7,003	(7,003)	-
Total	42,788	6,916	7,675	1,005	58,385	(7,003)	51,382
Operating expenses	39,558	6,436	7,562	972	54,530	(7,060)	47,469
Operating income	3,229	479	113	33	3,855	57	3,912

[Year ended March 31, 2002]

(Millions of yen)

	Japan	America	Europe	Asia and other	Total	Elimination or corporate assets	Consolidated
Net sales :							
Customers	63,315	11,632	12,726	1,665	89,340	-	89,340
Inter-segment	11,396	190	129	-	11,716	(11,716)	-
Total	74,711	11,822	12,856	1,665	101,056	(11,716)	89,340
Operating expenses	72,058	11,876	13,641	1,672	99,248	(12,084)	87,163
Operating income	2,653	-54	-785	-6	1,807	368	2,176

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

The overseas sales of the Companies (referring to the amounts of exports made by Company plus sales by overseas consolidated subsidiaries) for the six months to September 30, 2002 and 2001, and the year ended March 31, 2002 were summarized as follows:

	Millions of yen			
	Six months to September 30, 2002			
	America	Europe	Asia and Other	Total
Overseas sales	5,191	5,485	3,725	14,401
Consolidated net sales				45,308
Overseas sales as a percentage of consolidated net sales	11.5%	12.1%	8.2%	31.8%

	Millions of yen			
	Six months to September 30, 2001			
	America	Europe	Asia and Other	Total
Overseas sales	6,790	7,646	2,849	17,287
Consolidated net sales				51,382
Overseas sales as a percentage of consolidated net sales	13.2 %	14.9 %	5.5 %	33.6 %

	Millions of yen			
	Year Ended March 31, 2002			
	America	Europe	Asia and Other	Total
Overseas sales	11,629	12,863	5,203	29,695
Consolidated net sales				89,340
Overseas sales as a percentage of consolidated net sales	13.0 %	14.4 %	5.8 %	33.2 %

Note:

1. Classification of countries and regions is based on level of geographical proximity.
2. The main countries and regions belonging to each classification were as follows:  
 America: United States, etc.  
 Europe: Germany, United Kingdom, the Netherlands, etc.  
 Asia and other: South Korea, Taiwan, etc.



**[Investments in securities]**

**As of September 30, 2002**

1. Market value available in other investment securities was as follows:

	Millions of yen		
	Acquisition Cost	Carried Amount	Net unrealized gain (loss)
Other investments in securities:			
Equity	3,026	2,757	-269
Other	15	20	4
Total	3,041	2,777	-264

Besides the above, in this interim consolidated fiscal period, the amount of money which deducted the tax effect amount equivalent of the difference 34 million yen concerning market value of the investment share to investment partnership, included in "Valuation adjustment for other marketable securities" on interim consolidated balance sheet

2. Market value unavailable in investment securities was as follows:

	Millions of yen	
	Carried amount	Summary
Other investment in securities		
Money management funds (MMF)	2,507	
Free financial funds	3,309	
Discount financial bonds	899	
Unlisted equities (excluding OTC equities)	175	
Unlisted foreign bonds	1,500	
Unlisted foreign mutual funds	131	

**As of September 30, 2001**

1. Market value available in other investment securities was as follows:

	Millions of yen		
	Acquisition Cost	Carried amount	Net unrealized gain (loss)
Other investments in securities:			
Equity	3,854	3,049	-804
Other	275	296	21
Total	4,129	3,346	-783

2. As of September 30, 2001, market value unavailable in investment securities was as follows:

	Millions of yen	
	Carried amount	Summary
Other investment in securities		
Money management funds	5,189	
Free financial funds	1,810	
Mid-term national bond funds	201	
Discount financial bonds	999	
Unlisted equities (excluding OTC equities)	107	
Unlisted foreign bonds	1,500	
Unlisted foreign mutual funds	561	

**As of March 31, 2002**

1. Market value available in other investment securities was as follows:

	Millions of yen		
	Acquisition cost	Carried amount	Net unrealized gain (loss)
Other investments in securities:			
Equity	3,105	2,775	-330
Other	19	28	8
Total	3,125	2,803	-321

2. As of March 31, 2002, market value unavailable in investment securities was as follows:

(Millions of yen)

	Millions of yen	
	Carried amount	Summary
Other investment in securities		
Money management funds	2,506	
Free financial funds	3,811	
Commercial Papers	999	
Discount financial bonds	999	
Unlisted equities (excluding OTC equities)	175	
Unlisted foreign bonds	1,500	
Unlisted foreign mutual funds	819	

( Excerpt translation )



## *Interim Non-Consolidated Financial Statement for Fiscal 2002*

November 18, 2002

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

Code number : 6481

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

Representative : Akihiro Teramachi, president and CEO

Contact : Kohtaro Yoshihara, Director / General Manager, Corporate Strategy Department

Tel : 81-3-5434-0300

Date of board meeting for consolidated financial settlement : November 18, 2002

Interim cash dividends : applicable

Beginning date of payment for interim cash dividends : December 9, 2002

Adoption of Unit stock system : applicable ( 1unit 100 shares )

### **I. Financial performance for the six months to September 30, 2002**

(1) Operation results ( Unit : Millions of yen, yen, % )

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

	September 30, 2002	September 30, 2001	March 31, 2002
Net sales	35,724 (- 7.7)	38,688 (-33.2)	67,344
Operating income	2,716 (-10.7)	3,039 (-71.3)	2,584
Ordinary income	2,796 (- 7.3)	3,015 (-69.5)	2,940
Net income	1,522 ( 16.1)	1,310 (-76.0)	387
Net income per share	12.75	10.98	3.25

Note:

1. Average number of shares during the period ended:

September 30, 2002 ; 119,359,860 shares      September 30, 2001 ; 119,350,156 shares

March 31, 2002 ; 119,355,598 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 : yen )

	September 30,2002	September 30, 2001	March 31, 2002
Cash dividends per share	Interim 7.50	Interim 7.50	-
applicable for the year	-	-	Year end 15.00

(3) Finance position(Unit : Millions of yen, yen )

	September 30, 2002	September 30, 2001	March 31, 2002
Total assets	169,636	158,427	165,865
Total shareholders' equity	97,151	98,028	96,476
Equity ratio	57.3	61.9	58.2
Total shareholders' equity per share	813.95	821.26	808.27

Note:

Number of shares of common stock at the period ended:

September 30, 2002 ; 119,358,410 shares      September 30, 2001 ; 119,362,996 shares

March 31, 2002 ; 119,361,210 shares

Number of shares of treasury stock at the period ended:

September 30, 2002 ; 4,608 shares      September 30, 2001 ; 22 shares

March 31, 2002 ; 1,808 shares

## II. Forecast of financial performance for the year ending March 31, 2003

( Unit : Millions of yen, yen )

	For the year ending March 31, 2003
Net sales	74,000
Operating income	6,500
Ordinary income	6,400
Net income	3,500
Cash dividends per share for the half-year	Year end 7.50
Cash dividends per share for the full year	15.00

Reference: Forecast net income per share (for the full year), ¥ 29.32

### **\*CAUTION: FORECAST STATEMENTS**

Note: This document contains forecast statements based on the assumptions and beliefs of the Company's management in light of information currently available.

Such statements involve uncertainties and have risks of volatility that would result from the Company's operations in the future, as well as from changes in the domestic and international environments. Therefore, the Company cannot guarantee the accuracy of such statements and wishes to caution readers that actual operational and financial results may differ from such statements.

## Interim Non-Consolidated Balance Sheets

As of September 30, 2002 and 2001, and March 31, 2002

(Unit / Millions of yen, %)

	September 30, 2002		September 30, 2001		March 31, 2002	
<b>Assets</b>						
Current assets:						
Cash and time deposits	47,305		24,648		39,101	
Notes receivable	12,263		13,688		9,042	
Accounts receivable-trade	16,639		15,675		13,569	
Short-term investments in securities	6,716		7,999		8,317	
Inventories	15,988		17,695		15,970	
Deferred tax assets	715		370		957	
Short-term loans	2,567		5,288		5,891	
Other	721		1,983		5,561	
Less: Allowance for bad debts	-209		-216		-205	
<b>Total current assets</b>	<b>102,708</b>	<b>60.6</b>	<b>87,133</b>	<b>55.0</b>	<b>98,207</b>	<b>59.2</b>
Fixed assets:						
Tangible fixed assets:						
Buildings and structures	32,207	19.0	34,262	21.6	33,245	20.0
Machinery, equipment, and other	9,459		9,970		9,716	
Land	12,046		13,277		12,766	
Other	9,169		9,222		9,222	
Other	1,531		1,792		1,540	
Intangible fixed assets:	2,118	1.2	2,722	1.7	2,416	1.5
Investments and other:	32,593	19.2	34,279	21.7	31,976	19.3
Long-term investments in securities	4,402		4,896		4,426	
Investment in share of subsidiaries	12,401		13,005		11,580	
Investment in subsidiaries	5,506		5,506		5,506	
Deferred tax assets	2,258		1,954		2,365	
Other	8,610		9,464		8,698	
Less: Allowance for bad debts	-586		-547		-601	
<b>Total fixed assets</b>	<b>66,919</b>	<b>39.4</b>	<b>71,264</b>	<b>45.0</b>	<b>67,638</b>	<b>40.8</b>
Deferred assets:						
Bond discount	8		29		19	
<b>Total deferred assets</b>	<b>8</b>	<b>0.0</b>	<b>29</b>	<b>0.0</b>	<b>19</b>	<b>0.0</b>
<b>Total assets</b>	<b>169,636</b>	<b>100.0</b>	<b>158,427</b>	<b>100.0</b>	<b>165,865</b>	<b>100.0</b>

## Interim Non-Consolidated Balance Sheets

As of September 30, 2002 and 2001, and March 31, 2002

(Unit / Millions of yen, %)

	September 30, 2002		September 30, 2001		March 31, 2002	
<b>Liabilities</b>						
Current liabilities:						
Notes payable	4,135		9,989		7,015	
Accounts payable-trade	9,934		3,224		3,532	
Short-term debt	5,000		3,890		3,990	
Current portion of long-term debt	2,826		5,088		4,103	
Current portion of bonds	11,000		-		8,000	
Current portion of Convertible bonds	13,905		-		-	
Corporate income taxes payable and other	786		312		25	
Accrued bonus	1,070		1,122		1,028	
Accounts payable-equipment and other	258		1,088		815	
Other	3,514		2,697		2,345	
<b>Total current liabilities</b>	<b>52,432</b>	<b>30.9</b>	<b>27,412</b>	<b>17.3</b>	<b>30,856</b>	<b>18.6</b>
Non-current liabilities:						
Bonds	15,000		11,000		18,000	
Convertible bonds	-		13,905		13,905	
Long-term debt	2,667		5,444		3,951	
Allowance for retirement and severance benefits	1,208		1,147		1,147	
Allowance for directors' and auditors' retirement benefits	1,163		1,469		1,512	
Other	12		20		16	
<b>Total non-current liabilities</b>	<b>20,052</b>	<b>11.8</b>	<b>32,987</b>	<b>20.8</b>	<b>38,532</b>	<b>23.2</b>
<b>Total liabilities</b>	<b>72,484</b>	<b>42.7</b>	<b>60,399</b>	<b>38.1</b>	<b>69,389</b>	<b>41.8</b>
<b>Shareholders' equity:</b>						
Common stock	-	-	23,106	14.6	23,106	13.9
Additional paid-in capital	-	-	30,962	19.6	30,962	18.7
Earned reserve	-	-	1,958	1.2	1,958	1.2
Surplus	-	-	42,459	26.8	40,640	24.5
Voluntary reserve	-	-	39,298		39,298	
Unappropriate retained earnings	-	-	3,160		1,342	
Valuation adjustment for marketable securities	-	-	-458	-0.3	-187	-0.1
Treasury stocks	-	-	-0	-0.0	-3	-0.0
<b>Total shareholders' equity</b>	<b>-</b>	<b>-</b>	<b>98,028</b>	<b>61.9</b>	<b>96,476</b>	<b>58.2</b>
<b>Shareholders' equity:</b>						
Common stock	23,106	13.6	-	-	-	-
Capital Surplus	30,962	18.3	-	-	-	-
Additional paid-in capital	29,574		-	-	-	-
Additional paid-in capital-other	1,387		-	-	-	-
Earned surplus	43,226	25.5	-	-	-	-
Earned reserve	1,958		-	-	-	-
Voluntary reserve	37,426		-	-	-	-
Unappropriate retained earnings	3,841		-	-	-	-
Valuation adjustment for marketable securities	-133	-0.1	-	-	-	-
Treasury stocks	-10	-0.0	-	-	-	-
<b>Total shareholders' equity</b>	<b>97,151</b>	<b>57.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and shareholders' Equity</b>	<b>169,636</b>	<b>100.0</b>	<b>158,427</b>	<b>100.0</b>	<b>165,865</b>	<b>100.0</b>

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

For Six Months to September 30, 2002 and 2001, and Years Ended March 31, 2002

(Unit / Millions of yen, %)

	<b>September 30, 2002</b>		<b>September 30, 2001</b>		<b>March 31, 2002</b>	
Net sales	35,724	100.0	38,688	100.0	67,344	100.0
Cost of sales	25,888	72.5	28,098	72.6	49,981	74.2
Gross profit	9,836	27.5	10,590	27.4	17,363	25.8
Sales, general and administrative expenses	7,120	19.9	7,550	19.5	14,778	22.0
Operating income	2,716	7.6	3,039	7.9	2,584	3.8
Non-operating income:	497	1.4	525	1.3	1,499	2.3
Interest and dividend income	110		140		224	
Foreign exchange gain	14		103		765	
Other income	372		281		509	
Non-operating expenses:	417	1.2	550	1.4	1,143	1.7
Interest expenses	86		226		383	
Bond interest	215		135		333	
Other expenses	115		189		426	
Ordinary income	2,796	7.8	3,015	7.8	2,940	4.4
Extraordinary income	3	0.0	42	0.1	44	0.0
Gain on sales of property and equipment	3		32		37	
Other	-		10		7	
Extraordinary loss	96	0.2	736	1.9	2,962	4.4
Loss on sales/disposal of property and equipment	12		88		189	
Write-down of long-term investment in securities	83		60		813	
Other	-		587		1,959	
Income before income taxes and other	2,703	7.6	2,321	6.0	23	0.0
Corporate income taxes, Inhabitant taxes and business taxes	870	2.4	260	0.7	80	0.1
Adjustment of corporate income taxes and other	309	0.9	750		-444	-0.7
Net income	1,522	4.3	1,310	3.3	387	0.6
Unappropriate retained earnings carried over from previous year	2,318		1,849		1,849	
Interim cash dividend	-		-		895	
Unappropriate retained earnings at the period	3,841		3,160		1,342	

## **Basis for Presenting Interim Non-Consolidated Financial Statements**

### **1. Evaluation of significant assets**

#### A) Investments in securities

Investment in share of subsidiaries and affiliates are stated at cost via the moving-average method. Other investments listed on stock exchanges are stated at fair market value as of the interim balance-sheet date, with the sale price computed via the moving-average method. Other investments unlisted are stated at cost via the moving-average method.

#### B) Inventories

Company Name	Asset Evaluation Method	Evaluation Standard
Finished goods	Weighted average	Cost basis
Purchase	First-in first-out	Cost basis
Raw material	Weighted average	Cost basis
Work in process	Weighted average	Cost basis
Supplies	Last purchase	Cost basis

### **2. Depreciation and amortization**

Depreciation of plant and equipment is computed in principal by the declining-balance method. However, depreciation of and buildings (excluding building fixtures) acquired after April 1, 1998, is computed using the straight-line method.

The life of main intangible fixed assets is as follows:

Building and structures: 5 -50 years

Machinery and equipment: 10 years

Transportation and vehicles: 4-6 years

Tools and fixtures: 2-10 years

The amortization of intangible fixed assets is computed in principal via the straight-line method. 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. Basis for recording significant allowances**

#### 1. Allowance for bad debts:

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



2. 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.
3. 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.
4. Allowance for directors' and auditors' retirement benefits:

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

## **5. Leases**

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

## **6. Hedge Accounting**

- A. Method of hedge accounting:

Of interest-swap transactions, those transactions that meet the conditions for exceptional treatment are treated accordingly.

Currency-swap transactions satisfied the requirements for hedge accounts, and those are treated as assignment treatment.
- B. Means of hedging and hedged items  
Interest swaps: Interest fluctuating on borrowing.  
Currency swaps: Money claims denominated in foreign currency.
- C. Policy for hedge transactions:

Hedges related to interest are entered basically for the purpose of avoiding risks of market fluctuations in interest. And hedges related to currency are entered basically for the purpose of avoiding risks of exchange fluctuations.
- D. Method of evaluating hedge effectiveness:

The evaluation of hedge effectiveness is omitted, since hedge accounting applies only to those interest-swaps that meet the conditions for exceptional treatment.

## **7. Treatment of national and local consumption taxes**

Tax-exclusion accounting method is applied.

### **Additional information**

[Interim consolidated balance sheet]

Since this interim consolidated fiscal period, based on the 2nd clause proviso on the additional rule of Cabinet office statement which revises a part of rule about the term, style, and the construction method of the interim consolidated financial statement (March 26, 2002 Cabinet Office statement No. 10)", "additional paid-in capital" is displayed as the items of a "capital surplus", and "earned reserves ", "voluntary reserves" and "unappropriated retained earning" are displayed as the items of "earned surplus" on interim consolidated balance sheet.

## Notes

### [Non-Consolidated Balance Sheets]

	September 30, 2002	September 30, 2001	March 31, 2002
1. Discounts on notes receivable	¥ 13 million	¥ 1,774 million	¥ 1,435 million
2. Accumulated depreciation of property, plants and equipment	¥ 59,005 million	¥ 55,821 million	¥ 57,142 million
3. Advanced depreciation by national subsidy	¥ 150 million	¥ 150 million	¥ 150 million
4. Security-presented assets			
Short-term investments in securities	¥ 899 million	¥ 999 million	¥ 999 million
Property, plants and equipment	¥ 15,471 million	¥ 16,034 million	¥ 16,003 million
Long-term investments in securities	¥ 847 million	¥ 1,068 million	¥ 798 million
Stock of subsidiaries	¥ - million	¥ 180 million	¥ - million
5. Liabilities for guarantee, etc.			
Liabilities for guarantee	¥ 2,951 million	¥ 3,347 million	¥ 2,693 million
Guarantee engagement, etc.	¥ 600 million	¥ 820 million	¥ 610 million
6. Contingent liabilities with respect to debt assumption contract of bonds	-	¥ 5,057 million	¥ - million
7. Increase in shares of common stock	-	22 thousand shares	22 thousand shares
(Conversion of convertible bonds)	-		
Issued shares	-	22 thousand shares	22 thousand shares
Issue price	-	¥ 2,717	¥ 2,717
Amount of recapitalization	-	¥ 1,359	¥ 1,359

## [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

	September 30, 2002	September 30, 2001	March 31, 2002
	Machinery and equipment	Machinery and equipment	Machinery and equipment
Acquisition costs	¥ 54 million	¥ 54 million	¥ 54 million
Accumulated depreciation	¥ 38 million	¥ 31 million	¥ 35 million
Net leased property	¥ 15 million	¥ 23 million	¥ 19 million
	Other	Other	Other
Acquisition costs	¥ 2,859 million	¥ 2,791 million	¥ 2,979 million
Accumulated depreciation	¥ 1,515 million	¥ 1,156 million	¥ 1,321 million
Net leased property	¥ 1,344 million	¥ 1,634 million	¥ 1,657 million
	Software	Software	Software
Acquisition costs	¥ 37 million	¥ 37 million	¥ 37 million
Accumulated depreciation	¥ 12 million	¥ 4 million	¥ 8 million
Net leased property	¥ 25 million	¥ 32 million	¥ 29 million
	Total	Total	Total
Acquisition costs	¥ 2,951 million	¥ 2,883 million	¥ 3,071 million
Accumulated depreciation	¥ 1,566 million	¥ 1,192 million	¥ 1,365 million
Net leased property	¥ 1,385 million	¥ 1,690 million	¥ 1,706 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

	September 30, 2002	September 30, 2001	March 31, 2002
Due within one year	¥ 555 million	¥ 567 million	¥ 607 million
Due after one year	¥ 830 million	¥ 1,122 million	¥ 1,098 million
Total	¥ 1,385 million	¥ 1,690 million	¥ 1,706 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

	September 30, 2002	September 30, 2001	March 31, 2002
Lease payments	¥ 320 million	¥ 330 million	¥ 649 million
Depreciation	¥ 320 million	¥ 330 million	¥ 649 million

(4) Depreciation

Depreciation is computed using the straight-line method.

2. Operating lease transactions

Future minimum lease payments under operating lease

	September 30, 2002	September 30, 2001	March 31, 2002
Due within one year	¥ 2 million	¥ - million	¥ 2 million
Due after one year	¥ 5 million	¥ - million	¥ 6 million
Total	¥ 8 million	¥ - million	¥ 9 million

**[Investments in securities]**

1. At September 30, 2002, market value available in stocks subsidiaries and affiliates are as follows:

Classification	Millions of yen		
	As of September 30,2002		
	Carried amount	Market value	Net unrealized gain (loss)
Stocks of subsidiaries	-	-	-
Stocks of affiliates	1,229	1,066	-162
Total	1,229	1,066	-162

2. At September 30, 2001, market value available in stocks subsidiaries and affiliates are as follows:

Classification	Millions of yen		
	As of September 30,2001		
	Carried amount	Market value	Net unrealized gain (loss)
Stocks of subsidiaries	-	-	-
Stocks of affiliates	1,364	1,229	-134
Total	1,364	1,229	-134

3. At March 31, 2002, market value available in stocks subsidiaries and affiliates are as follows:

Classification	Millions of yen		
	As of March 31,2002		
	Carried amount	Market value	Net unrealized gain (loss)
Stocks of subsidiaries	-	-	-
Stocks of affiliates	1,229	1,255	25
Total	1,229	1,255	25

**[Staff reassignment information]**

**1. Change in request job of directors**

**A. Date of November 18, 2002**

Senior manager with Corporate strategy department : Junichi Kuwabara

(Present post – General Manager of FAI Division)

Mr. Kuwahara is an assumption-of-office schedule on January 1, 2003 at president of THK America, Inc.

**B. Date of January 1, 2003**

President of THK Holdings of America, L.L.C. : Mikio Matsui

(Present post – President of THK Holdings of America, L.L.C. and THK Manufacturing of America, Inc.)

**2. Significant Staff reassignment**

**A. Date of November 18, 2002**

General Manager of FAI Division : Masato Sawada

(Present post – Branch Manager of Toyota Branch, Central-Japan Sales Division)

Branch Manager of Toyota Branch, Central-Japan Sales Division : Akira Furihata

(Present post – Sales Manager of Toyota Branch, Central-Japan Sales Division)

Senior manager with Corporate strategy department : Nobuyuki Maki

(Present post – Manager of North America Group, Sales administration Department)

Mr. Maki is an assumption-of-office schedule on January 1, 2003 at president of THK Manufacturing of America, Inc.

**B. Date of January 1, 2003**

Assistant manager of Trade management department : Ichiro Kitamura

(Present post – President of THK America, Inc.)