Contents

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION & ANALYSIS

Analysis of Operating Results

■ Net Sales

In fiscal 2014, ended March 31, 2015, the global economy continued to experience a moderate recovery led by the U.S. Among developed countries, signs of a modest improvement were seen in the Japanese economy, despite a drop in demand following the surge immediately prior to the consumption tax rate hike. Turning to economies in Europe, which had essentially remained stagnant, conditions continued to improve. In contrast, the rates of economic growth in China and other emerging countries slowed compared with the prior high levels.

The Group has identified "Full-Scale Globalization" and the "Development of New Business Areas" as cornerstones of its growth strategy aimed at expanding markets for its products including LM guides. Under the "Full-Scale Globalization" strategy, the Group is striving to expand its global sales network to capture demand from the growing markets in emerging countries where among other developments factory automation (FA) is under way, and in developed countries where the user base is expanding. Meanwhile, under the "Development of New Business Areas" strategy, the Group is endeavoring to increase sales from not only existing products, but also newly developed products, which are enjoying wider-spread use in such new fields as medical equipment, aircraft, robotics and renewable energy. To date the THK Group has worked diligently to strengthen its business structure. Making the most this business structure, the Group aggressively expanded sales throughout the fiscal year under review in response to the upswing in demand for machine tools as well as the increase in electronics-related demand driven by brisk investments in such mobile devices as smartphones and tablet PCs. As a result, we were able to link the growth in demand to a steady increase in sales. In addition, the value of the yen remained lower than a year earlier, helping to push up consolidated net sales by ¥32,212 million, or 17.4%, compared with the previous year, to ¥217,678 million.

■ Cost of Sales

From a cost perspective, the Group implemented various measures aimed at improving productivity. Those measures included the P25 Project, a cross-sectional initiative designed to reinforce the Group's earnings base, which helped to successfully streamline fixed costs and lower the variable cost ratio. As a result, the cost of sales to sales ratio improved by 2.3 percentage points compared with the previous fiscal year, to 69.2%.

■ Selling, General and Administrative (SG&A) Expenses

Despite an increase in net sales, the ratio of SG&A expenses to net sales declined by 1.5 percentage points compared with the previous fiscal year, to 17.7%. This was mainly due to successful efforts to reduce various expenses and increase the efficiency of operations.

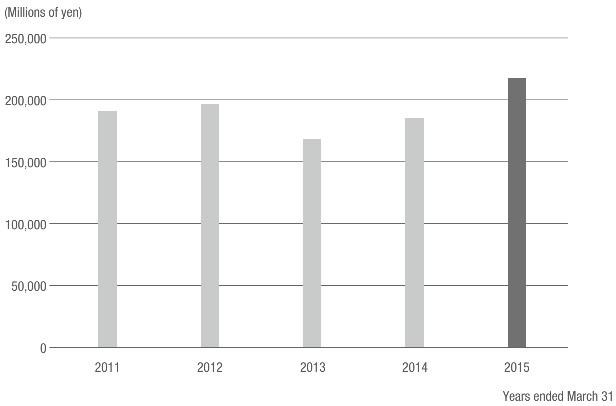
■ Operating Income

Accounting for each of the aforementioned factors, operating income increased ¥11,018 million, or 63.4%, compared with the previous fiscal year, to ¥28,388 million, and the operating margin rose 3.6 percentage points to 13.0%.

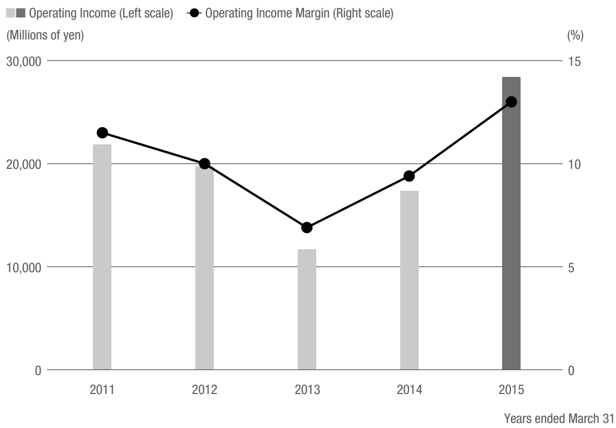
■ Non-Operating Income and Expenses

Turning to non-operating income and expenses, net non-operating income was ¥5,112 million. Major components comprised interest expenses of ¥404 million in non-operating expenses and a foreign ex-

Net Sales



Operating Income/Operating Income Margin



change gain of ¥4,089 million and equity in earnings of affiliates of ¥599 million in non-operating income.

■ Net Income

Net income for the fiscal year under review amounted to ¥22,705 million, up ¥7,114 million, or 45.6%, compared with the previous fiscal year.

Segment Information

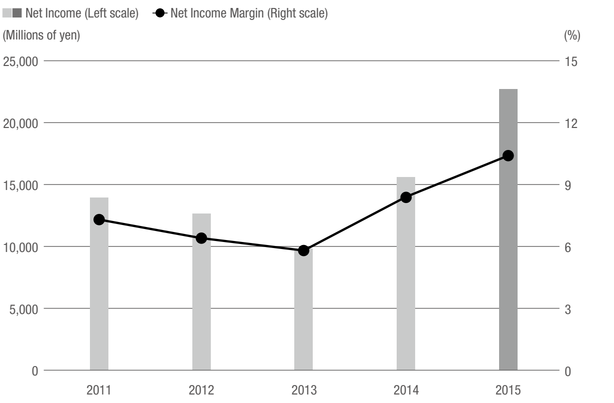
Japan

Although the Japanese economy showed signs of weakness during the first half of the fiscal year under review, due mainly to the drop in demand following the surge immediately prior to the consumption tax rate hike, a moderate recovery was seen in the second half. THK undertook aggressive sales activities to meet the increased demand for electronics products, driven by brisk investments in smartphones and tablet PCs, as well as the upswing in demand for machine tools. The Company also strove to develop new markets for seismic isolation, damping, and other systems. This resulted in an increase in net sales in such areas as machine tools, general machinery and electronics products. As a result, sales in this geographic segment came to ¥121,857 million, an increase of ¥14,421 million, or 13.4%, compared with the previous fiscal year. In addition to the effects of various cost-improvement measures such as the “P25 Project,” a cross-sectional initiative aimed at reinforcing our business base, improving the efficiency of fixed expenses and lowering the ratio of variable expenses to sales, the value of the yen remained lower compared with the levels reported during the previous fiscal year. Taking these factors into consideration, operating income (segment income) rose ¥8,677 million, or 52.8%, compared with the previous fiscal year, to ¥25,111 million.

The Americas

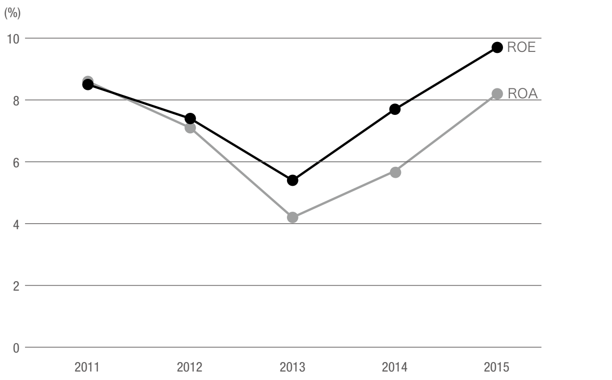
In the Americas, where regional economies continued to expand on the back of an increase in capital investments supported by steady personal consumption, the THK Group strove to expand transactions

Net Income/Net Income Margin



Years ended March 31

Return on Assets (ROA)/Return on Equity (ROE)



Years ended March 31

with existing customers and to develop new business in such areas as the medical equipment, aircraft and energy-related fields by unifying production and sales. As a result of these efforts, sales in the electronics, machine tools and transportation equipment businesses increased. Coupled with the year-on-year decline in the value of the yen, sales in the Americas amounted to ¥34,642 million, an increase of ¥6,024 million, or 21.1%, compared with the previous fiscal year. Operating income (segment income) climbed ¥367 million, or 31.5%, year on year, to ¥1,534 million.

Europe

In Europe, where signs of an ongoing economic recovery were evident, the THK Group took steps to expand transactions with existing customers and to develop aggressive sales activities in a bid to explore new business opportunities in such areas as the medical equipment, aircraft and railway train–related fields by unifying production and sales. As a result, sales increased in the machine tools and general machinery businesses. Moreover, the Group's performance was buoyed by movements in the value of the yen, which continued to weaken compared with the previous fiscal year. Accounting for each of the aforementioned, sales in this geographic region were ¥20,191 million, up ¥1,899 million, or 10.4%, year on year. Operating income (segment income) grew ¥1,170 million, or 650.3%, compared with the previous fiscal year, to ¥1,350 million.

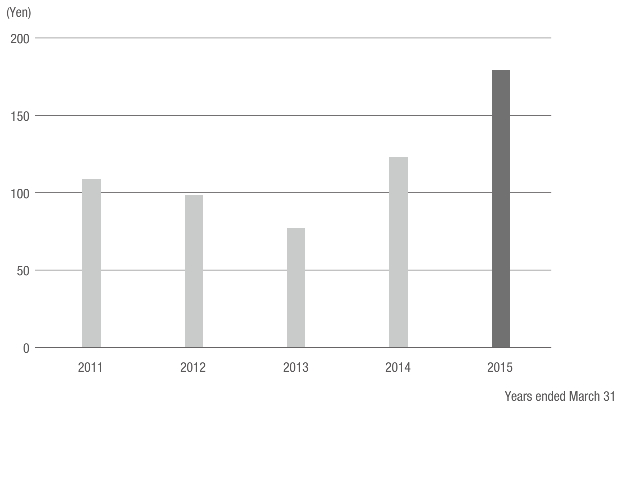
China

While automobile production continued to progress favorably, the rate of economic growth slowed in China compared with the high levels recorded in the past. Demand for the Group's products improved especially for small machine tools, driven by brisk investments in smartphones and tablet PCs. In addition, with the progress of FA in China, which has broadened the demand for THK products, energies were channeled toward engaging in aggressive sales activities while optimizing its sales network, which the Group has continued to strengthen over the past, resulting in an increase in sales across a wide range of areas including the machine tools, general machinery and transportation equipment fields. Taking into consideration these factors, sales in China came to ¥28,275 million, an increase of ¥8,417 million, or 42.4%, compared with the previous fiscal year. Operating income (segment income) rose ¥1,071 million year on year, to ¥456 million. This was mainly due to the increase in sales, which helped to secure a positive turnaround into profitability.

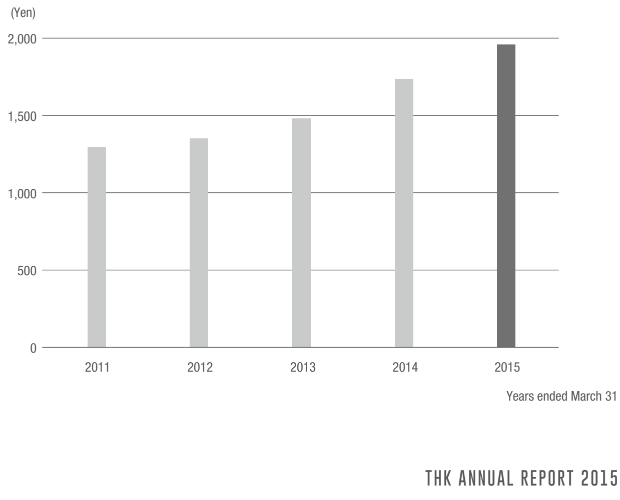
Other

In other countries and regions including Taiwan, India and the ASEAN region, demand improved mainly for small machine tools, driven by investments related to smartphones and tablet PCs. Under these circumstances, we undertook aggressive sales activities, which included setting up ASEAN Customer Support for Japanese companies that are expanding their businesses in the ASEAN region. These initiatives were aimed at expanding transactions with existing customers while cultivating new customers. Benefiting also from the year-on-year downturn in the value of the yen, sales in the other geographical segment climbed ¥1,448 million, or 12.9%, compared with the previous fiscal year, to ¥12,710 million. Operating income (segment income) advanced ¥616 million, or 91.1%, to ¥1,293 million.

Net Income per Share



Net Assets per Share



Financial Position

■ Assets, Liabilities and Net Assets

Assets

Total current assets stood at ¥260,414 million as of March 31, 2015, an increase of ¥32,524 million compared with the end of the previous fiscal year. Cash and cash equivalents climbed ¥16,896 million year on year, owing mainly to free cash flow and the effect of exchange differences. Reflecting higher net sales, both trade accounts and notes receivable as well as inventories grew ¥10,893 million and ¥4,208 million, respectively.

Total non-current assets stood at ¥113,196 million as of March 31, 2015, an increase of ¥4,670 million year on year. Factors contributing to the movement in non-current assets included an upswing in fixed assets, due mainly to the increase in property, plant and equipment of ¥2,893 million and growth in investments and other assets, which climbed ¥1,587 million compared with the balance as of the previous fiscal year-end. The higher balance of property, plant and equipment was attributable to capital investments of ¥9,157 million, depreciation expenses of ¥11,159 million, and exchange differences on assets denominated in foreign currencies.

Liabilities

Total liabilities came to ¥123,112 million, an increase of ¥8,844 million compared with the end of the previous fiscal year. Major movements in liabilities included an increase in trade accounts and notes payable of ¥4,142 million, reflecting the upswing in net sales, and an increase in income taxes payable of ¥1,605 million. During the fiscal year under review, THK undertook long-term borrowings of ¥10,000 million and redeemed bonds totaling ¥10,000 million. Moreover, the Company reclassified bonds totaling ¥7,000 million, which fall due for redemption within one year, as current liabilities from long-term liabilities.

Net Assets

Total net assets stood at ¥250,498 million as of March 31, 2015, up ¥28,350 million compared with the previous fiscal year-end. In addition to net income of ¥22,705 million, this increase was largely attributable to foreign currency translation adjustments, which grew ¥10,010 million year on year.

■ Cash Flows

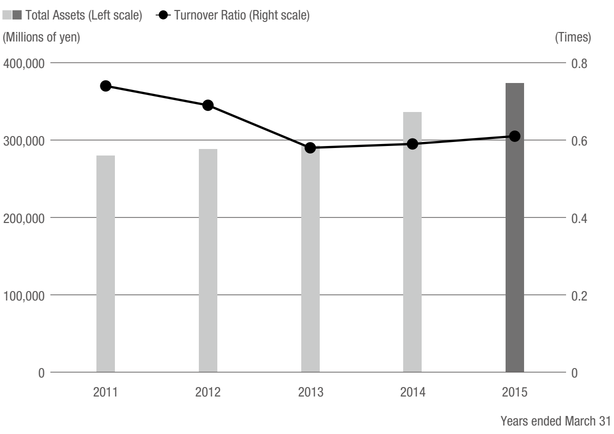
Net cash provided by operating activities came to ¥23,384 million, compared with ¥23,664 million in the previous fiscal year. Major cash outflows were the increase in accounts and notes receivable of ¥8,491 million, the increase in inventories of ¥2,430 million, and income taxes paid of ¥10,009 million. The principal cash inflows included income before income taxes and minority interests of ¥33,501 million, depreciation and amortization of ¥11,567 million, and the increase in accounts and notes payable of ¥2,643 million.

Net cash used in investing activities totaled ¥8,714 million compared with ¥9,553 million in the previous fiscal year. The primary component was purchase of property, plant and equipment.

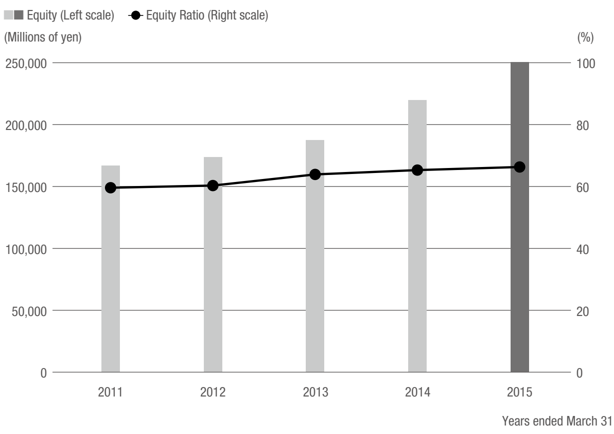
Net cash used in financing activities was ¥4,742 million compared with ¥2,790 million in the previous fiscal year. The major cash outflow was cash dividends. Meanwhile, THK undertook long-term borrowings of ¥10,000 million and redeemed bonds totaling ¥10,000 million.

Accounting for each of the aforementioned activities, cash and cash equivalents as of March 31, 2015 stood at ¥155,239 million, an increase of ¥16,896 million compared with the balance as of the end of the previous fiscal year.

Total Assets/Turnover Ratio



Equity/Equity Ratio



RISK FACTORS

Risk factors and uncertainties that could affect the THK Group's business results and financial position include, but are not limited to, the items outlined in the following discussion. Please note that information provided on this page was accurate as of June 22, 2015. Any items relating to the future are based on the best judgment of THK Group management as of this date.

Dependence on Linear Motion Systems

The principal business of the THK Group is the manufacture and sale of linear motion systems, notably LM guides. Linear motion systems account for the majority of sales and are expected to continue to do so for the foreseeable future. Any unexpected technical revolution that jeopardizes the position of linear motion systems as a critical machinery component could have a negative impact on the business results and financial position of the THK Group.

Effect of Changes in Production Trends within Specific Industries

The THK Group manufactures and sells LM guides, ball screws and other machinery components as well as link balls, suspension ball joints and other transportation equipment components. The principal users of these products are companies that make industrial machinery and equipment including machine tool, general machinery and semiconductor production equipment as well as manufacturers of transportation equipment. While the THK Group is striving through Full-Scale Globalization and Development of New Business Areas to realize expansions in its business domains, the performance of the THK Group is influenced by production trends within industrial sectors such as machine tools, general machinery and semiconductor production equipment as well as other transportation equipment that form the THK Group's major customers.

As a result, the business results and financial position of the THK Group could be affected negatively in the future by a downturn in production levels in these specific industries.

Overseas Business Expansion

The THK Group has manufacturing and sales operations in the Americas, Europe, Asia and other regions. Economic downturns in countries where the THK Group manufactures or sells products that result in reduced demand for the Company's products could have a negative impact on the THK Group's business results and financial position. Any unexpected legal and regulatory changes in countries other than Japan could also have a similar effect.

Exchange Rate Fluctuations

The THK Group conducts a portion of its business in foreign currencies. Accordingly, the Group attempts to hedge currency risk using forward foreign currency exchange and other instruments. Nonetheless, any significant unexpected fluctuations in foreign exchange rates have the potential to exert a negative impact on the business results and financial position of the THK Group.

Reliance on Specific Sources of Supply

The THK Group procures some raw materials and parts from external supply sources. As a result, the THK Group's business results and financial position could be negatively affected in the event of a shortfall in raw materials and parts owing to such factors as a drop in the production capacity of suppliers, natural disaster or other unforeseen incident.

Incidence of Defective Products

THK Group products are widely used in industrial machinery including machine tools, industrial robots and semiconductor production equipment. Applications for THK products have also expanded to include various areas related to consumer goods, including automobiles, seismic isolation and damping systems, medical equipment, amusement equipment and the aircraft industry.

Under these circumstances, the THK Group is working to build quality assurance systems to ensure that high product quality is maintained across all product sectors. However, any incidence of defective products that arises in any of these markets could potentially result in substantial unexpected costs or a loss of trust among the general public, thereby exerting a negative impact on the business results and financial position of the THK Group.

Information Security

The THK Group collects, maintains and manages personal information as well as trade secrets relating to its customers, business partners and other stakeholders in the ongoing conduct of its business activities. While every effort is made to ensure that this information is stored and stringently managed in a secure and appropriate manner, the loss or leakage of a part or all of this information due to a computer virus, information system defect or other factors have the potential to exert a negative impact on the Group's reputation, credibility and standing. This in turn could result in a deterioration in the Group's business results and financial position.

Disasters, Acts of Terrorism, Infectious Diseases and Other Maladies

The THK Group maintains and operates manufacturing facilities as well as sales and marketing offices in Japan, the Americas, Europe, Asia as well as other countries and regions. In the event that any of the Group's points of representation are affected by natural disasters, including earthquakes and fire, political unrest due to acts of terrorism or war, or the outbreak of an infectious disease, the potential exists for the THK Group's business results and financial position to be negatively impacted.

Sharp Hikes in the Prices of Raw Materials

Against the backdrop of unanticipated sharp hikes in the prices of raw materials due to such factors as high crude oil prices, social conditions in raw material supplying countries and rising demand in newly emerging nations, the costs associated with the manufacture of the Group's products can be expected to increase. As a result, the potential exists for the THK Group's business results and financial position to be negatively impacted.

CONSOLIDATED FINANCIAL STATEMENTS

THK CO., LTD. and consolidated subsidiaries

Consolidated Balance Sheets

March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	**2015**
ASSETS			
Current Assets:			
Cash and cash equivalents (Note 17)	**¥ 155,239**	¥ 138,343	**$ 1,290,754**
Receivables (Note 17):			
Trade accounts and notes receivable	**61,717**	51,148	**513,153**
—Unconsolidated subsidiaries and affiliates	**1,733**	1,408	**14,409**
Other receivables	**2,163**	1,098	**17,984**
—Unconsolidated subsidiaries and affiliates	**53**	683	**440**
	65,667	54,338	**545,996**
Less allowance for doubtful receivables	**(145)**	(131)	**(1,205)**
	65,522	54,206	**544,790**
Inventories (Note 3)	**32,974**	28,766	**274,166**
Short-term loans receivable—			
Unconsolidated subsidiaries and affiliates	**—**	1,000	**—**
Other	**2**	2	**16**
Deferred tax assets (Note 14)	**3,968**	3,554	**32,992**
Other current assets	**2,707**	2,017	**22,507**
Total current assets	**260,414**	227,890	**2,165,244**
Investments and Other:			
Investments in securities (Notes 5 and 17)	**3,447**	2,335	**28,660**
Investments in unconsolidated subsidiaries and affiliates	**4,649**	4,103	**38,654**
Net defined benefit asset (Note 7)	**67**	32	**557**
Long-term loans receivable—			
Unconsolidated subsidiaries and affiliates	**—**	—	**—**
Other	**65**	62	**540**
Deferred tax assets (Note 14)	**1,171**	1,367	**9,736**
Other investments	**1,661**	1,573	**13,810**
Total investments and other	**11,062**	9,474	**91,976**
Property, Plant and Equipment (Note 4):			
Buildings and structures	**68,284**	62,037	**567,755**
Machinery, equipment, vehicles and others	**181,799**	170,090	**1,511,590**
	250,084	232,128	**2,079,354**
Less accumulated depreciation	**(170,212)**	(157,159)	**(1,415,249)**
	79,871	74,968	**664,097**
Land	**12,859**	13,194	**106,917**
Construction in progress	**5,001**	6,676	**41,581**
Total property, plant and equipment	**97,732**	94,838	**812,604**
Intangibles:			
Goodwill	**580**	893	**4,822**
Other	**3,821**	3,320	**31,770**
Total intangibles	**4,401**	4,213	**36,592**
Total assets	**¥ 373,610**	¥ 336,416	**$ 3,106,427**

The accompanying notes are an integral part of these statements.

	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars (Note 1) 2015
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Current portion of long-term debt (Notes 6 and 17)	**¥ 7,000**	¥ 10,000	**$ 58,202**
Payables (Note 17):			
Trade accounts and notes payable	**29,230**	25,084	**243,036**
—Unconsolidated subsidiaries and affiliates	**323**	327	**2,685**
Other payables	**5,289**	1,257	**43,976**
—Unconsolidated subsidiaries and affiliates	**152**	137	**1,263**
	34,995	26,807	**290,970**
Income taxes payable	**7,413**	5,808	**61,636**
Accrued bonuses to employees	**3,225**	2,957	**26,814**
Other accrued expenses	**4,968**	7,172	**41,307**
Lease obligations	**299**	279	**2,486**
Other current liabilities	**2,268**	1,464	**18,857**
Total current liabilities	**60,171**	54,490	**500,299**
Long-term Liabilities:			
Long-term debt (Notes 6 and 17)	**53,000**	50,000	**440,675**
Reserve for directors' and corporate auditors' retirement benefits	**110**	127	**914**
Reserve for product warranty	**156**	149	**1,297**
Long-term lease obligations	**330**	523	**2,743**
Net defined benefit liability (Note 7)	**4,964**	4,083	**41,273**
Deferred tax liabilities (Note 14)	**3,347**	3,861	**27,829**
Other liabilities	**1,030**	1,031	**8,564**
Total long-term liabilities	**62,940**	59,777	**523,322**
Commitment and Contingent Liabilities (Notes 8 and 9)			
Net Assets (Note 10):			
Shareholders' equity			
Common stock			
Authorized: 465,877,700 shares; Issued: 133,856,903 shares as of March 31, 2015 and 2014	**34,606**	34,606	**287,735**
Additional paid-in capital	**44,584**	44,584	**370,699**
Retained earnings	**158,463**	141,474	**1,317,560**
Treasury stock, at cost: 7,266,746 shares and 7,263,269 shares as of March 31, 2015 and 2014, respectively	**(13,943)**	(13,934)	**(115,930)**
Total shareholders' equity	**223,711**	206,731	**1,860,073**
Accumulated other comprehensive income:			
Net unrealized gain on available-for-sale securities	**1,312**	801	**10,908**
Foreign currency translation adjustments	**22,940**	12,930	**190,737**
Remeasurements of defined benefit plans (Note 7)	**(166)**	(632)	**(1,380)**
Total accumulated other comprehensive income	**24,086**	13,099	**200,266**
Minority interests	**2,701**	2,317	**22,457**
Total net assets	**250,498**	222,148	**2,082,797**
Total liabilities and net assets	**¥373,610**	¥336,416	**$3,106,427**

Consolidated Statements of Income

Years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Net Sales	**¥217,678**	¥185,466	**$1,809,911**
Cost of Sales (Note 12)	**150,653**	132,562	**1,252,623**
Gross profit	**67,024**	52,903	**557,279**
Selling, General and Administrative Expenses (Notes 11 and 12)	**38,636**	35,533	**321,243**
Operating income	**28,388**	17,370	**236,035**
Non-Operating Income (Expenses):			
Interest and dividend income	**548**	475	**4,556**
Interest expenses	**(404)**	(801)	**(3,359)**
Foreign exchange gain, net	**4,089**	5,193	**33,998**
Equity in earnings of an affiliate	**599**	522	**4,980**
Rental income	**363**	331	**3,018**
Loss on sales and disposal of property, plant and equipment, net	**(97)**	(205)	**(806)**
Impairment loss (Note 4)	**(432)**	—	**(3,591)**
Subsidy income	**—**	591	**—**
Other, net	**446**	525	**3,708**
	5,112	6,633	**42,504**
Income before income taxes and minority interests	**33,501**	24,004	**278,548**
Income Taxes (Note 14)			
Current	**11,595**	8,493	**96,408**
Deferred	**(899)**	(246)	**(7,474)**
Total income taxes	**10,695**	8,246	**88,924**
Net income before minority interests	**22,805**	15,758	**189,615**
Minority Interests in Net Income	**99**	167	**823**
Net income	**¥ 22,705**	¥ 15,590	**$ 188,783**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Comprehensive Income

Years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Net Income before Minority Interests	**¥22,805**	¥15,758	**$189,615**
Other Comprehensive Income (Note 15):			
Net unrealized gain on available-for-sale securities	**516**	53	**4,290**
Foreign currency translation adjustments	**10,045**	19,662	**83,520**
Remeasurements of defined benefit plans	**529**	—	**4,398**
Share of other comprehensive income of an affiliate accounted for under the equity method	**187**	803	**1,554**
Total other comprehensive income	**11,280**	20,519	**93,788**
Comprehensive Income	**34,085**	36,277	**283,404**
Attributable to:			
Shareholders of THK CO., LTD.	**33,701**	35,729	**280,211**
Minority interests	**383**	548	**3,184**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2015 and 2014

	Millions of yen				
	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2013	¥34,606	¥44,584	¥128,416	¥(13,928)	¥193,678
Cash dividends	—	—	(2,532)	—	(2,532)
Net income	—	—	15,590	—	15,590
Purchase of treasury stock	—	—	—	(6)	(6)
Disposition of treasury stock	—	0	—	0	0
Net changes of items other than shareholders' equity	—	—	—	—	—
Balance at March 31, 2014	**¥34,606**	**¥44,584**	**¥141,474**	**¥(13,934)**	**¥206,731**
Cumulative effect of accounting changes	**—**	**—**	**(1,285)**	**—**	**(1,285)**
Balance at April 1, 2014, as restated	**34,606**	**44,584**	**140,189**	**(13,934)**	**205,445**
Cash dividends	**—**	**—**	**(4,430)**	**—**	**(4,430)**
Net income	**—**	**—**	**22,705**	**—**	**22,705**
Purchase of treasury stock	**—**	**—**	**—**	**(9)**	**(9)**
Net changes of items other than shareholders' equity	**—**	**—**	**—**	**—**	**—**
Balance at March 31, 2015	**¥34,606**	**¥44,584**	**¥158,463**	**¥(13,943)**	**¥223,711**

	Millions of yen					
	Accumulated other comprehensive income					
	Net unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at April 1, 2013	¥ 740	¥ (7,131)	¥ —	¥ (6,390)	¥1,769	¥189,058
Cash dividends	—	—	—	—	—	(2,532)
Net income	—	—	—	—	—	15,590
Purchase of treasury stock	—	—	—	—	—	(6)
Disposition of treasury stock	—	—	—	—	—	0
Net changes of items other than shareholders' equity	61	20,061	(632)	19,489	548	20,038
Balance at March 31, 2014	**¥ 801**	**¥12,930**	**¥(632)**	**¥13,099**	**¥2,317**	**¥222,148**
Cumulative effect of accounting changes	**—**	**—**	**—**	**—**	**—**	**(1,285)**
Balance at April 1, 2014, as restated	**801**	**12,930**	**(632)**	**13,099**	**2,317**	**220,862**
Cash dividends	**—**	**—**	**—**	**—**	**—**	**(4,430)**
Net income	**—**	**—**	**—**	**—**	**—**	**22,705**
Purchase of treasury stock	**—**	**—**	**—**	**—**	**—**	**(9)**
Net changes of items other than shareholders' equity	**510**	**10,010**	**466**	**10,986**	**383**	**11,370**
Balance at March 31, 2015	**¥1,312**	**¥22,940**	**¥(166)**	**¥24,086**	**¥2,701**	**¥250,498**

	Thousands of U.S. dollars (Note 1)				
	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at March 31, 2014	**$287,735**	**$370,699**	**$1,176,303**	**$(115,855)**	**$1,718,890**
Cumulative effect of accounting changes	**—**	**—**	**(10,684)**	**—**	**(10,684)**
Balance at April 1, 2014, as restated	**287,735**	**370,699**	**1,165,619**	**(115,855)**	**1,708,198**
Cash dividends	**—**	**—**	**(36,833)**	**—**	**(36,833)**
Net income	**—**	**—**	**188,783**	**—**	**188,783**
Purchase of treasury stock	**—**	**—**	**—**	**(74)**	**(74)**
Net changes of items other than shareholders' equity	**—**	**—**	**—**	**—**	**—**
Balance at March 31, 2015	**$287,735**	**$370,699**	**$1,317,560**	**$(115,930)**	**$1,860,073**

	Thousands of U.S. dollars (Note 1)					
	Accumulated other comprehensive income					
	Net unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at March 31, 2014	**$ 6,660**	**$107,508**	**$(5,254)**	**$108,913**	**$19,264**	**$1,847,077**
Cumulative effect of accounting changes	**—**	**—**	**—**	**—**	**—**	**(10,684)**
Balance at April 1, 2014, as restated	**6,660**	**107,508**	**(5,254)**	**108,913**	**19,264**	**1,836,384**
Cash dividends	**—**	**—**	**—**	**—**	**—**	**(36,833)**
Net income	**—**	**—**	**—**	**—**	**—**	**188,783**
Purchase of treasury stock	**—**	**—**	**—**	**—**	**—**	**(74)**
Net changes of items other than shareholders' equity	**4,240**	**83,229**	**3,874**	**91,344**	**3,184**	**94,537**
Balance at March 31, 2015	**$10,908**	**$190,737**	**$(1,380)**	**$200,266**	**$22,457**	**$2,082,797**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	**2015**
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	**¥ 33,501**	¥ 24,004	**$ 278,548**
Adjustments:			
Depreciation and amortization	**11,567**	11,101	**96,175**
Impairment loss	**432**	—	**3,591**
Amortization of goodwill	**360**	355	**2,993**
Interest and dividend income	**(548)**	(475)	**(4,556)**
Interest expenses	**404**	801	**3,359**
Foreign exchange gain, net	**(4,460)**	(4,744)	**(37,083)**
Equity in earnings of an affiliate	**(599)**	(522)	**(4,980)**
Loss on sales and disposal of property, plant and equipment, net	**104**	205	**864**
Changes in assets and liabilities:			
Increase in accounts and notes receivable	**(8,491)**	(3,810)	**(70,599)**
Increase in inventories	**(2,430)**	(1,478)	**(20,204)**
Increase in accounts and notes payable	**2,643**	1,975	**21,975**
Increase in provisions	**242**	345	**2,012**
Increase in net defined benefit liability	**99**	38	**823**
Other, net	**491**	859	**4,082**
Subtotal	**33,317**	28,656	**277,018**
Interest and dividend received	**524**	626	**4,356**
Interest paid	**(447)**	(765)	**(3,716)**
Income taxes paid	**(10,009)**	(4,852)	**(83,221)**
Net cash provided by operating activities	**23,384**	23,664	**194,429**
Cash Flows from Investing Activities:			
Purchase of property, plant and equipment and intangibles	**(9,445)**	(10,797)	**(78,531)**
Proceeds from sales of property, plant and equipment	**198**	260	**1,646**
Increase in investments in securities, unconsolidated subsidiaries and affiliates	**(427)**	(16)	**(3,550)**
Increase in loans receivable	**(7)**	(7)	**(58)**
Collection on loans receivable	**1,026**	1,007	**8,530**
Other, net	**(58)**	0	**(482)**
Net cash used in investing activities	**(8,714)**	(9,553)	**(72,453)**
Cash Flows from Financing Activities:			
Repayment of long-term debt	**(10,000)**	(20,000)	**(83,146)**
Proceeds from long-term debt	**10,000**	20,000	**83,146**
Cash dividends	**(4,425)**	(2,525)	**(36,792)**
Cash dividends to minority shareholders	**(24)**	(3)	**(199)**
Purchase of treasury stock	**(9)**	(6)	**(74)**
Proceeds from sales of treasury stock	**—**	0	**—**
Repayment of lease obligations	**(283)**	(254)	**(2,353)**
Net cash used in financing activities	**(4,742)**	(2,790)	**(39,427)**
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	**6,968**	11,054	**57,936**
Net Increase in Cash and Cash Equivalents	**16,896**	22,375	**140,483**
Cash and Cash Equivalents at Beginning of Year	**138,343**	115,967	**1,150,270**
Cash and Cash Equivalents at End of Year	**¥155,239**	¥138,343	**$1,290,754**

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THK CO., LTD. and consolidated subsidiaries

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of THK CO., LTD. (the "Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Act of Japan and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects from International Financial Reporting Standards as to application and disclosure requirements.

The accompanying consolidated financial statements include certain reclassifications and rearrangements to present them in a form that is more familiar to readers outside Japan. Certain amounts previously reported may have been reclassified to conform to the current year financial statement presentation. Such reclassifications have been made solely for comparability of the consolidated financial statements, and do not affect net income or net assets. In addition, the notes to the consolidated financial statements include information that is not required under Japanese GAAP, but which is provided herein as additional information.

U.S. dollar amounts presented in the consolidated financial statements are included solely for the convenience of the readers. These translations should not be construed as presentations that the yen amounts actually represent or could be converted into U.S. dollars at that or any other rate. For this purpose, the rate of ¥120.27 to U.S.$ 1, the approximate rate of exchange prevailing in Tokyo on March 31, 2015, have been used for the translation of the accompanying consolidated financial statements as of March 31, 2015 and for the year then ended.

As permitted by the Financial Instruments and Exchange Act, amounts of less than one million yen have been omitted. U.S. dollar amounts are translated from such yen amounts and amounts of less than one thousand dollars have been omitted. As a result, the total amounts in Japanese yen and translated U.S. dollars shown in the consolidated financial statements and notes to the consolidated financial statements do not necessarily agree with the sum of the individual amounts.

2. Summary of Significant Accounting Policies

(a) Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries that are controlled by the Company. Under the effective control approach, all majority-owned companies are to be consolidated. Additionally, those companies over which the Company is able to directly or indirectly exercise control are to be consolidated even if the holding ratio equals 50% or less. All significant inter-company transaction accounts and unrealized inter-company profits are eliminated upon consolidation. For consolidated subsidiaries and an affiliate whose closing dates are different from that of the Company, certain adjustments necessary for consolidation have been made.

The Company had 33 subsidiaries as of March 31, 2015 and 36 subsidiaries as of March 31, 2014. The consolidated financial statements for the years ended March 31, 2015 and 2014 include the accounts of the Company and its 30 (33 in 2014) consolidated subsidiaries (collectively, "the Group"). Investments in the remaining three subsidiaries including THK Brasil LTDA are not consolidated and stated at cost, because these companies are small in size and if these companies had been consolidated, the effect on the consolidated financial statements would not have been significant.

(Changes in the scope of consolidation)

For the year ended March 31, 2015

Changes in the scope of consolidation
for the year ended March 31, 2015 were as follows:

THK RHYTHM KYUSHU CO., LTD. and THK RHYTHM MEXICANA ENGINEERING, S.A. DE C.V. were absorbed into THK RHYTHM CO., LTD. and THK RHYTHM MEXICANA, S.A. DE C.V., respectively, and Beldex Korea Corporation was liquidated during the year ended March 31, 2015, and accordingly, these three companies were deconsolidated as of March 31, 2015, although the accompanying consolidated statements of income and consolidated statements of cash flows include the operating results and cash flow activities through the date of termination.

The excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary (goodwill) at the date of acquisition is amortized over 5 to 10 years by the straight-line method.

The fiscal year closing date of 23 overseas consolidated subsidiaries, excluding THK India Pvt. Ltd., is December 31. In consolidating these accounts, financial statements as of and for the year ended December 31 are used after making necessary adjustments for consolidation to the significant intercompany transactions during the period between January 1 and March 31. The fiscal year closing date of other consolidated subsidiaries is March 31.

Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

Under Japanese GAAP; (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are immaterial; 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in net assets; 3) expensing capitalized development costs of research and development; 4) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; 5) exclusion of minority interests from net income, if contained.

The Company had three affiliates and three unconsolidated subsidiaries as of March 31, 2015 and 2014. Under the control concept, companies over which the Company directly or indirectly has the ability to exercise significant influence are accounted for using the equity method. For the years ended March 31, 2015 and 2014, the Company has applied the equity method to investment in SAMICK THK CO., LTD. Investments in the remaining affiliates and unconsolidated subsidiaries (THK Brasil LTDA, etc.) are stated at cost. If the equity method had been applied to the investments in those companies, the effect on the consolidated financial statements would not have been significant.

(b) Translation of Foreign Currency Financial Statements

Assets and liabilities of foreign subsidiaries and an affiliate are translated into Japanese yen at exchange rates prevailing at the balance sheet date. Net assets except for minority interest account at beginning of year are translated into Japanese yen at historical rates. Profit and loss accounts are translated into Japanese yen using the average exchange rate during the year. Differences in yen amounts arising from use of different rates are presented as foreign currency translation adjustments in accumulated other comprehensive income of net assets section.

(c) Inventories

Inventories, except for work in process, are stated at cost determined principally by the gross average method. Work in process for ordered products is stated at cost determined principally by the specific identified cost method. If acquisition cost of an inventory exceeds its net selling value, the carrying amount of such inventory is written down to its net selling value and the difference is charged to income.

(d) Financial Instruments

Securities

Investments in securities are classified and accounted for, depending on management's intent, as follows: (1) trading securities, which are held for the purpose of earning capital gains in the near term, are reported at fair value, and the related unrealized gains and losses are included in earnings; (2) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost; and (3) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported as a separate component of net assets. If the fair value of available-for-sale securities is not readily determinable, such investments are stated at cost.

For other than temporary declines in fair value, investments in securities are written down to the net realizable value and the difference is charged to income.

Derivatives

The Group uses a variety of derivative financial instruments, including forward foreign currency exchange contracts and interest rate swap contracts to manage foreign exchange risks and interest rate risks. The Company has established a control environment, which includes policies and procedures for risk assessments and approval, and reporting and monitoring of transactions involving derivative financial instruments. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivative financial instruments are stated at fair value and changes in fair value are recognized as gains or losses. If forward foreign currency exchange contracts qualify the required condition under the related Japanese accounting standards, the hedged foreign currency assets and liabilities are translated at the contract rates and no gains or losses are recognized.

For interest rate swap contracts which qualify the required condition under the related Japanese accounting standards, the differential paid or received under the swap contracts are recognized and included in the interest income or expenses.

(e) Property, Plant and Equipment

Property, plant and equipment of the Company and its domestic consolidated subsidiaries are depreciated mainly using the declining-balance method, whereas the straight-line method or accelerated methods are mainly applied to those of foreign subsidiaries. However, buildings, except for building attachments, acquired by the Company and its domestic consolidated subsidiaries on or after April 1, 1998 are depreciated using the straight-line method.

The range of useful lives is principally from 5 to 50 years for buildings and structures and from 4 to 12 years for machinery, equipment and vehicles.

Normal repairs and maintenance, including minor renewals and improvements, are charged to income as incurred.

(f) Intangibles

Intangible assets are amortized using the straight-line method.

Software for internal use of the Company and domestic consolidated subsidiaries is amortized on a straight-line basis over a period of five years, the estimated useful life of the software.

(g) Allowance for Doubtful Receivables

Allowance for doubtful receivables is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

(h) Accrued Bonuses to Employees

Accrued bonuses to employees are stated at an estimated amount to be paid in the following year based on the employees' compensation in the current year.

(i) Reserve for Directors' and Corporate Auditors' Retirement Benefits

Reserve for directors' and corporate auditors' retirement benefits represents the liability at amount that would be required if all eligible directors and corporate auditors retired at each balance sheet date.

(j) Reserve for Product Warranty

Reserve for product warranty is stated at amount based on the Group's past experience in order to cover possible warranty liabilities.

(k) Lease

The Group leases certain computers, equipment, software, and other assets. Lease assets are mainly included in machinery, equipment and others in the consolidated balance sheets. Depreciation of lease assets is computed using the straight-line method over the leasing period with no residual value.

(l) Accounting for Employees' Retirement Benefits

① Methods to determine the estimated retirement benefits to be attributed to the reporting period

The benefit formula is employed for the method of determining the estimated retirement obligation to be attributed to the reporting period.

② Amortization of actuarial gains/losses and prior service cost

Prior service cost are amortized pro rata in the years from the following fiscal year by the straight-line method based on the average remaining service years (Mainly 15 years) of the employees when incurred.

Actuarial gains/losses are amortized pro rata in the years from the following fiscal year by the straight-line method based on the average remaining service years (from 5 to 18 years) of the employees when incurred.

③ Application of the simplified method for small businesses

For certain consolidated subsidiaries, a simplified method is applied for the calculation of retirement benefit obligations and retirement benefit expenses whereby the necessary retirement benefit provisions for voluntary resignations at the end of the consolidated fiscal year are recorded as retirement benefit obligations.

(m) Asset Retirement Obligations

Under ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations", legal obligations associated with the retirement of long-lived assets shall be recognized as the sum of the discounted cash flows required for future asset retirement at the time that the obligations are incurred. If the asset retirement obligation cannot be reasonably estimated, such obligation shall be recognized as a liability in the period when it becomes reasonably estimated. Upon initial recognition of a liability, the cost is capitalized as part of the related long-lived assets and depreciated over the remaining estimated useful life of the related asset.

Under rent agreements of the head office and other spaces, the Group is obliged to pay restoring costs at relocation. The asset retirement obligation, however, is not reasonably determinable because the rent periods are uncertain. The Group also has obligation for disposal costs of PCB (polychlorinated biphenyl) -contained wastes and contamination survey on land. The asset retirement obligation, however, is not reasonably determinable because the time of performance, amount, and other factors of such obligations are uncertain. Therefore, the aforementioned obligations are not recognized in the accompanying consolidated financial statements.

(n) Foreign Currency Translation

All monetary assets and liabilities denominated in foreign currencies, whether long-term or short-term, are translated into Japanese yen at exchange rates prevailing at the balance sheet date. Gains and losses from translation are recognized in the consolidated statements of income to the extent that they are not hedged by forward foreign currency exchange contracts.

(o) Consumption Taxes

Japanese consumption taxes are levied at the flat rate of eight percent and five percent for the years ended March 31, 2015 and 2014, respectively, on all domestic consumption of goods and services, with certain exemptions. The consumption taxes received by the Company and domestic subsidiaries on sales are excluded from net sales but are recorded as a liability. The consumption taxes paid by the Company and domestic subsidiaries on purchases of goods and services are excluded from costs or expenses but are recorded as an asset. The net balance of liability after offsetting against assets is included in "Other current liabilities" in the consolidated balance sheets.

(p) Income Taxes

Japanese income taxes consist of corporate income taxes, local inhabitants' taxes and enterprise taxes.

Provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are determined by applying currently enacted tax laws to the temporary differences.

(q) Cash and Cash Equivalents

Cash and cash equivalents are composed of cash on hand, bank deposits that can be withdrawn on demand and short-term investments with original maturity of three months or less and which carry a minor risk of fluctuations in value.

(r) Per Share Information

Net assets per share is computed by dividing net assets except minority interests at the year end by the number of common stock outstanding at the year end.

Net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

(s) Accounting Changes

Effective March 31, 2015, the Company applied the provisions stated in the main clause of Paragraph 35 of the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26 issued on May 17, 2012) and the main clause of Paragraph 67 of Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, revised on March 26, 2015). Accordingly, the Company has reviewed calculation methods for retirement benefit obligations and service costs, changed the method of attributing projected benefit obligations to periods from a straight-line basis to a benefit formula basis and changed the determination method of the discount rate from the method of using the discount rate based on the periods approximate to the employees' average remaining service years to the method of using a single weighted average discount rate that reflects the estimated period and amount of benefit payments in each period.

In applying Accounting Standard for Retirement Benefits, the Company followed the transitional treatment prescribed in Paragraph 37 of Accounting Standard for Retirement Benefits and the effects of the changes in the calculation methods for retirement benefit obligations and service costs were reflected in retained earnings at April 1, 2014.

As a result, net defined benefit liability increased by ¥1,663 million ($13,827 thousand) and retained earnings decreased by ¥1,285 million ($10,684 thousand) at April 1, 2014. The effects on operating income and income before income taxes and minority interests for the year ended March 31, 2015 were immaterial.

The effects of this change on per share information were immaterial.

(t) New Accounting Standard in Issue Not Yet Adopted

Accounting Standard for Retirement Benefits

On September 13, 2013, the ASBJ issued ASBJ Statements No. 21, "Revised Accounting Standard for Business Combination," No. 22, "Revised Accounting Standard for Consolidated Financial Statements," No. 7, "Revised Accounting Standard for Business Divestitures," and No. 2, "Accounting Standard for Earnings per Share" and ASBJ Guidance No. 10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures" and ASBJ Guidance No. 4, "Guidance on Accounting Standard for Earnings per Share."

These accounting standards were revised principally concerning "Treatment for changes in parent's ownership interest in a subsidiary that do not result in a loss of control in the additional acquisitions of shares in a subsidiary," "Accounting for acquisition related costs," "Transitional accounting treatments," and "Presentation of net income and change from minority interest to non-controlling interest."

The Company expects to apply these standards and guidance from April 1, 2015, except for provisional accounting treatments, which are expected to be applied to business combinations to be implemented on or after April 1, 2015.

The Company is currently in the process of measuring the effects of applying these revised accounting standards and guidance.

3. Inventories

Inventories as of March 31, 2015 and 2014 comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Merchandise and finished goods	**¥13,738**	¥12,019	**$114,226**
Work in process	**6,184**	5,185	**51,417**
Raw materials and supplies	**13,051**	11,561	**108,514**
Total	**¥32,974**	¥28,766	**$274,166**

4. Long-lived Assets

The Group recognized an impairment loss on the following asset group:

Location	Use	Type	Millions of yen	Thousands of U.S. dollars
Adachi-ku, Tokyo	Assets planned to be disposed of	Land, buildings and structures	**¥215**	**$1,787**
Ikoma, Nara	Assets planned to be disposed of	Land	**216**	**1,795**

In assessing whether there is an impairment of long-lived assets, assets are grouped basically based on managerial accounting units. Among rental properties, idle assets, those properties which the Board of Directors made a decision to dispose of and significant assets planned to be disposed of treated as an individual grouping by item.

For the asset group planned to be disposed of, the Company wrote down the book value to the recoverable amount and such amount was recognized as an impairment loss. The breakdown of the impairment loss was ¥394 million ($3,275 thousand) of land and ¥38 million ($315 thousand) of buildings and structures. The recoverable amount of the asset group is measured at net selling value and assessed by the estimated sales value.

No impairment loss was recognized for the year ended March 31, 2014.

5. Investments in Securities

As of March 31, 2015 and 2014, available-for-sale securities with available fair value were as follows:

	Millions of yen		
	2015		
	Carrying amount	Acquisition cost	Net unrealized gain (loss)
Carrying amount (fair value) exceeds acquisition cost: Equity securities	**¥2,861**	**¥1,003**	**¥1,858**
Carrying amount (fair value) does not exceed acquisition cost: Equity securities	**412**	**421**	**(9)**
Total	**¥3,273**	**¥1,424**	**¥1,848**

	Millions of yen		
	2014		
	Carrying amount	Acquisition cost	Net unrealized gain (loss)
Carrying amount (fair value) exceeds acquisition cost: Equity securities	¥2,158	¥993	¥1,165
Carrying amount (fair value) does not exceed acquisition cost: Equity securities	2	3	(0)
Total	¥2,161	¥997	¥1,164

	Thousands of U.S. dollars		
	2015		
	Carrying amount	Acquisition cost	Net unrealized gain (loss)
Carrying amount (fair value) exceeds acquisition cost: Equity securities	**$23,788**	**$8,339**	**$15,448**
Carrying amount (fair value) does not exceed acquisition cost: Equity securities	**3,425**	**3,500**	**(74)**
Total	**$27,213**	**$11,840**	**$15,365**

As of March 31, 2015 and 2014, available-for-sale securities whose fair value is not reliably determinable were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Available-for-sale securities Unlisted equity securities	**¥173**	¥173	**$1,438**

These unlisted equity securities are not included in "Available-for-securities" in the above table.

"Acquisition cost" in the above table refers to the cost after deducting impairment losses. No impairment losses on available-for-sale securities value were recognized during the years ended March 31, 2015 and 2014.

When the fair value of each issue of securities declined more than 50% of the acquisition cost, impairment losses would be recognized. When the fair value declined between 30% and 50% of the acquisition cost, whether the impairment losses should be recognized or not is determined by considering the financial positions as of the latest fiscal year end and operating results for the past two fiscal years and comparing the average month-end closing market price during the past 24 months with the acquisition cost by each issue.

There were no available-for-sale securities sold during the years ended March 31, 2015 and 2014.

6. Long-term Debt

Long-term debt as of March 31, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Bank loans 0.519% due in 2019	**¥10,000**	¥ —	**$ 83,146**
Corporate bonds issued by the Company:			
1.350% Unsecured straight bonds due in 2014	**—**	10,000	**—**
0.461% Unsecured straight bonds due in 2015	**7,000**	7,000	**58,202**
0.715% Unsecured straight bonds due in 2017	**13,000**	13,000	**108,090**
0.850% Unsecured straight bonds due in 2018	**10,000**	10,000	**83,146**
0.430% Unsecured straight bonds due in 2018	**10,000**	10,000	**83,146**
0.660% Unsecured straight bonds due in 2020	**10,000**	10,000	**83,146**
Total	**¥60,000**	¥60,000	**$498,877**

Annual maturities of long-term debt as of March 31, 2015 are as follows:

	Millions of yen					
	2015					
	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Bonds	**¥7,000**	**¥ —**	**¥13,000**	**¥20,000**	**¥ —**	**¥10,000**
Bank loans	**—**	**—**	**—**	**—**	**10,000**	**—**
Total	**¥7,000**	**¥ —**	**¥13,000**	**¥20,000**	**¥10,000**	**¥10,000**

	Thousands of U.S. dollars					
	2015					
	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Bonds	**$58,202**	**$ —**	**$108,090**	**$166,292**	**$ —**	**$83,146**
Bank loans	**—**	**—**	**—**	**—**	**83,146**	**—**
Total	**$58,202**	**$ —**	**$108,090**	**$166,292**	**$83,146**	**$83,146**

7. Employees' Retirement Benefits

1. Outline of the retirement benefit plans adopted

The Company and consolidated subsidiaries adopt contributory and non-contributory defined benefit plans and defined contribution plans.

Under the defined benefit corporate pension plans (all are contributory), lump-sum severance benefits or pensions based on salaries and service years are provided.

Under lump-sum payment plans (all are non-contributory), lump-sum payments based on salaries and service years are provided.

Under some defined benefit corporate pension plans and lump-sum payment plans of certain consolidated subsidiaries, net defined benefit liability and retirement benefit expenses are calculated using a simplified method.

Some consolidated subsidiaries participate in Welfare Pension Fund Plans of multi-employer plans and if the plan assets attributable to those companies cannot be calculated reasonably, they are accounted for in the same manner as the defined contribution plans.

2. Defined Benefit Plans

(1) The changes in projected benefit obligations for the years ended March 31, 2015 and 2014, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Beginning balance of projected benefit obligation	**¥12,883**	¥12,163	**$107,117**
Cumulative effect of accounting changes	**1,663**	—	**13,827**
Restated beginning balance	**14,546**	12,163	**120,944**
Service cost	**839**	736	**6,975**
Interest cost	**188**	235	**1,563**
Actuarial differences	**128**	22	**1,064**
Retirement benefits paid	**(365)**	(291)	**(3,034)**
Other	**—**	17	**—**
Ending balance of projected benefit obligations	**¥15,336**	¥12,883	**$127,513**

(2) The changes in plan assets for the years ended March 31, 2015 and 2014, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Beginning balance of plan assets	**¥ 8,832**	¥7,548	**$73,434**
Expected return on plan assets	**246**	132	**2,045**
Actuarial differences	**873**	628	**7,258**
Contribution from the employer	**733**	727	**6,094**
Retirement benefits paid	**(247)**	(204)	**(2,053)**
Ending balance of plan assets	**¥10,438**	¥8,832	**$86,788**

(3) Reconciliation between the ending balances of defined benefit obligations and plan assets and net defined benefit liability recorded in the consolidated balance sheet

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Contributory defined benefit obligations	**¥ 14,392**	¥12,036	**$119,664**
Plan assets	**(10,438)**	(8,832)	**(86,788)**
	3,953	3,204	**32,867**
Non-contributory defined benefit obligations	**944**	846	**7,849**
Net liability recorded in the consolidated balance sheet	**¥ 4,897**	¥ 4,050	**$ 40,716**
Net defined benefit liability	**4,964**	4,083	**41,273**
Net defined benefit asset	**(67)**	(32)	**(557)**
Net liability recorded in the consolidated balance sheet	**¥ 4,897**	¥ 4,050	**$ 40,716**

(4) The components of retirement benefit expenses for the years ended March 31, 2015 and 2014, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Service cost	**¥ 859**	¥ 736	**$ 7,142**
Interest cost	**188**	235	**1,563**
Expected return on plan assets	**(217)**	(132)	**(1,804)**
Amortization of actuarial differences	**(4)**	50	**(33)**
Amortization of prior service costs	**138**	138	**1,147**
Retirement benefit expenses on defined benefit plans	**¥ 965**	¥1,027	**$ 8,023**

(5) Remeasurements of defined benefit plans

The components of remeasurements of defined benefit plans (before tax effect) on "Other comprehensive income" were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Prior service costs	**¥138**	¥—	**$1,147**
Actuarial differences	**750**	—	**6,235**
Total	**889**	—	**7,391**

(6) Remeasurements of defined benefit plans

The components of remeasurements of defined benefit plans (before tax effect) on "Accumulated other comprehensive income" were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Unrecognized prior service costs	**¥ 1,592**	¥1,730	**$ 13,236**
Unrecognized actuarial differences	**(1,501)**	(751)	**(12,480)**
Total	**¥ 90**	¥ 979	**$ 748**

(7) Plan assets

a. Components of plan assets

Plan assets consisted of the following:

	2015	2014
Debt securities	**22%**	22%
Equity securities	**43%**	40%
General account	**32%**	36%
Other	**3%**	2%
Total	**100%**	100%

b. Method of determining the long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined considering allocation of plan assets which are expected currently and in the future and the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Main actuarial assumptions used for the years ended March 31, 2015 and 2014, were set forth as follows:

	2015	2014
Discount rate	**1.4%**	2.0%
Long-term expected rate of return	**2.5%**	1.5%

3. Defined Contribution Plans

The amounts of the required contribution to the defined contribution plans of the Company and its consolidated subsidiaries were ¥425 million ($3,533 thousand) and ¥405 million for the years ended March 31, 2015 and 2014, respectively.

4. Multi-Employer Plans

The amounts of the required contribution to the Welfare Pension Fund Plans of multi-employer plans which are accounted for in the same manner as defined contribution plans were ¥45 million ($374 thousand) and ¥51 million for the years ended March 31, 2015 and 2014, respectively.

(1) Latest funding status of multi-employer plans as of March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Plan assets	**¥ 45,775**	¥ 43,895	**$ 380,601**
Total amount of benefit obligations on pension financing calculation and minimum policy reserve	**58,060**	54,935	**482,747**
Net	**¥(12,285)**	¥(11,040)	**$(102,145)**

(2) The Company's share of contribution to the multi-employer plans for the years ended March 31, 2015 and 2014 was 3.70% and 3.64%, respectively.

(3) Supplementary explanation

The amounts of "Net" shown in the above table (1) consisted of the outstanding balance of past service costs for pension financing calculation purpose in the amounts of ¥5,787 million ($48,116 thousand) and ¥5,388 million as of March 31, 2015 and 2014, respectively, and deficit brought forward in the amounts of ¥6,497 million ($54,020 thousand) and ¥5,651 million as of March 31, 2015 and 2014, respectively. Past service costs under the multi-employer plans are amortized on a straight-line basis over a period of 20 years. The share shown in the above note (2) does not agree with the actual Group's share of the funding status.

8. Committed Line of Credit

As of March 31, 2015, the Group had committed lines of credit amounting to ¥15,000 million ($124,719 thousand). None of the committed lines of credit were used.

9. Contingent Liabilities

As of March 31, 2015, the Group had no material contingent liabilities.

10. Net Assets

The Companies Act of Japan (the "Act") requires that at least 50% of the paid-in capital of new share issues be transferred to the "Common stock" account and the amount not exceeding 50% of the paid-in capital be included in capital surplus as "Additional paid-in capital".

Under the Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Interim dividends may be paid at any time during the fiscal year upon resolution by the Board of Directors if the company has prescribed so in its articles of incorporation.

The Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

The Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve or as additional paid-in capital depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

The changes in the number of issued shares of common stock and treasury stock during the years ended March 31, 2015 and 2014 were as follows:

The changes in the number of issued shares of common stock and treasury stock during the years ended March 31, 2015 and 2014 were as follows:

	Number of shares			
	April 1, 2014	Increase	Decrease	March 31, 2015
Outstanding shares issued: Common stock	133,856,903	—	—	133,856,903
Treasury stock: Common stock	7,263,269	3,477	—	7,266,746

An increase in treasury stock is due to acquisition of 3,477 shares of less than one share unit.

The treasury stock in the above table includes treasury stock (shares issued by the Company) acquired by an affiliate accounted for using the equity method which is attributed to the Company.

	Number of shares			
	April 1, 2013	Increase	Decrease	March 31, 2014
Outstanding shares issued: Common stock	133,856,903	—	—	133,856,903
Treasury stock: Common stock	7,260,392	2,927	50	7,263,269

An increase in treasury stock is due to acquisition of 2,927 shares of less than one share unit.

A decrease in treasury stock is due to additional purchase requisition of 50 shares of less than one share unit.

The treasury stock in the above table includes treasury stock (shares issued by the Company) acquired by an affiliate accounted for using the equity method which is attributed to the Company.

Year ended March 31, 2015

The following cash dividend payments were approved during the fiscal year:

General shareholders' meeting held on June 21, 2014:

	Total amount Millions of yen (Thousands of U.S. dollars)	Per share amount Yen (U.S. dollar)	Dividend record date	Effective date
Common stock	¥1,898 million ($15,781 thousand)	¥15.00 ($0.12)	Mar. 31, 2014	Jun. 23, 2014

Board of Directors meeting held on November 6, 2014:

	Total amount Millions of yen (Thousands of U.S. dollars)	Per share amount Yen (U.S. dollar)	Dividend record date	Effective date
Common stock	¥2,531 million ($21,044 thousand)	¥ 20.00 ($0.16)	Sep. 30, 2014	Dec. 8, 2014

Year ended March 31, 2014

The following cash dividend payments were approved during the fiscal year:

General shareholders' meeting held on June 15, 2013:

	Total amount Millions of yen	Per share amount Yen	Dividend record date	Effective date
Common stock	¥1,139 million	¥9.00	Mar. 31, 2013	Jun. 17, 2013

Board of Directors meeting held on November 7, 2013:

	Total amount Millions of yen	Per share amount Yen	Dividend record date	Effective date
Common stock	¥1,392 million	¥ 11.00	Sep. 30, 2013	Dec. 9, 2013

11. Amortization of Goodwill

Amortization of goodwill included in selling, general and administrative expenses for the years ended March 31, 2015 and 2014 were ¥360 million ($2,993 thousand) and ¥355 million, respectively.

12. Research and Development

Research and development expenses included in cost of sales or selling, general and administrative expenses for the years ended March 31, 2015 and 2014 were ¥4,908 million ($40,808 thousand) and ¥4,784 million, respectively.

13. Lease

The Group leases certain machinery, equipment, software, and other assets.

Lease commitments under non-cancelable operating leases as of March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Due within one year	**¥451**	¥412	**$3,749**
Due after one year	**477**	338	**3,966**
Total	**¥929**	¥751	**$7,724**

14. Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rate of approximately 35.6% and 38.0 % for the years ended March 31, 2015 and 2014, respectively.

As of March 31, 2015 and 2014, significant components of deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Deferred tax assets:			
Valuation loss of investments in affiliates	**¥ 7,380**	¥ 8,141	**$ 61,361**
Net defined benefit liability	**1,456**	1,344	**12,106**
Unrealized gain on intercompany sales of inventories	**1,259**	830	**10,468**
Loss on devaluation of inventories	**1,024**	885	**8,514**
Tax loss carried forward	**1,008**	846	**8,381**
Accrued bonuses to employees	**996**	984	**8,281**
Unrealized gain on intercompany sales of property, plant and equipment	**602**	507	**5,005**
Enterprise tax payable	**542**	442	**4,506**
Impairment loss	**361**	290	**3,001**
Retirement benefits payable to directors and corporate auditors	**274**	316	**2,278**
Accrued expenses	**224**	279	**1,862**
Accumulated depreciation	**206**	198	**1,712**
Loss on devaluation of investments in securities	**60**	66	**498**
Allowance for doubtful receivables	**32**	18	**266**
Other	**428**	422	**3,558**
Total	**15,857**	15,575	**131,845**
Less: valuation allowance	**(9,555)**	(9,684)	**(79,446)**
Total deferred tax assets	**6,301**	5,890	**52,390**
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	**(1,791)**	(2,166)	**(14,891)**
Unrealized gains on land revaluation	**(1,215)**	(1,298)	**(10,102)**
Depreciation	**(1,335)**	(1,180)	**(11,100)**
Special depreciation reserve for tax purpose	**(28)**	(42)	**(232)**
Other	**(160)**	(157)	**(1,330)**
Total deferred tax liabilities	**(4,531)**	(4,845)	**(37,673)**
Net deferred tax assets	**¥ 1,770**	¥ 1,044	**$ 14,716**

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the years ended March 31, 2015 and 2014 was as follows:

	2015	2014
Normal effective statutory tax rate	**35.6 %**	38.0 %
Non-deductible items such as entertainment expenses	**0.6**	0.7
Non-taxable items such as dividends received	**(2.6)**	(3.7)
Amortization of goodwill	**0.1**	0.2
Equity in earnings of affiliates	**(0.6)**	(0.8)
Inhabitant per capita tax	**0.2**	0.3
Statutory tax rate difference between parent and subsidiaries	**(1.2)**	(1.7)
Difference of applicable effective tax rate	**0.2**	(1.1)
Tax credit for research and development	**(1.2)**	(2.0)
Special tax incentives	**(1.2)**	—
Valuation allowance	**1.0**	2.3
Investments in consolidated subsidiaries	**0.8**	1.9
Adjustment of the amounts of deferred tax assets due to tax rate change	**0.3**	0.6
Other	**(0.1)**	(0.3)
Actual effective tax rate	**31.9 %**	34.4 %

Adjustments of deferred tax assets and liabilities due to a change in the corporate income tax rate:

A new tax reform act enacted on March 31, 2015 changed the statutory tax rate to be used for the calculation of deferred tax assets and deferred tax liabilities from 35.6% to 33.1% for temporary differences to be settled from April 1, 2015 until March 31, 2016 and to 32.3% for those to be settled on or after April 1, 2016. As a result, deferred tax assets, net of deferred tax liabilities, decreased by ¥53 million ($440 thousand) and income taxes—deferred and net unrealized gain on available-for-sale securities increased by ¥111 million ($922 thousand) and ¥55 million ($457 thousand), respectively. In addition, remeasurements of defined benefit plans on accumulated other comprehensive income decreased by ¥2 million ($16 thousand) as of March 31, 2015.

15. Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Net unrealized gain on available-for-sale securities:			
Gain recognized during the year	**¥ 683**	¥ 80	**$ 5,678**
Reclassification adjustment to net income	**—**	—	**—**
Amount before tax effect	**683**	80	**5,678**
Tax effect	**(167)**	(26)	**(1,388)**
Net unrealized gain on available-for-sale securities	**516**	53	**4,290**
Foreign currency translation adjustments:			
Gain recognized during the year	**10,017**	19,662	**83,287**
Reclassification adjustment to net income	**28**	—	**232**
Amount before tax effect	**10,045**	19,662	**83,520**
Tax effect	**—**	—	**—**
Foreign currency translation adjustments	**10,045**	19,662	**83,520**
Remeasurements of defined benefit plans			
Gain recognized during the year	**755**	—	**6,277**
Reclassification adjustment to net income	**134**	—	**1,114**
Amount before tax effect	**889**	—	**7,391**
Tax effect	**(359)**	—	**(2,984)**
Remeasurements of defined benefit plans	**529**	—	**4,398**
Share of other comprehensive income of an affiliate accounted for under the equity method:			
Income recognized during the year	**187**	801	**1,554**
Reclassification adjustment to net income	**—**	2	**—**
Share of other comprehensive income of an affiliate accounted for under the equity method	**187**	803	**1,554**
Total other comprehensive income	**¥11,280**	¥20,519	**$93,788**

16. Per Share Information

Per share information as of and for the years ended March 31, 2015 and 2014 is as follows:

	Yen		U.S. dollars
	2015	2014	**2015**
Net income—basic	**¥ 179.36**	¥ 123.16	**$ 1.49**
Net assets	**1,957.48**	1,736.51	**16.27**

Diluted net income per share for the years ended March 31, 2015 and 2014 is not presented since the Company did not have any kind of securities with potential dilutive effect in the fiscal years.

17. Financial Instruments and Related Disclosures

(1) Policy for financial instruments

The Group's use of its surplus funds is limited to short-term deposits and other low-risk financial assets. As to raising funds, the Group finances by issuing bonds and bank loans in accordance with business plans. The Group does not hold or issue derivative financial instruments for speculative purposes.

(2) Nature and risks of financial instruments

Notes and accounts receivable are subject to credit risks of customers. Receivables denominated in foreign currencies arising from the Group's global business are subject to foreign currency exchange risks. The Group controls these risks by utilizing forward foreign currency exchange contracts applicable to net amounts of receivables and payables denominated in foreign currencies.

Most investment securities consist of equity securities and are subject to market value volatility risks.

Most of notes and accounts payable are due within a year.

Bonds and bank loans are financed for working capital or capital investment use for which the maximum redemption/repayment period is six years and one month. The Group controls interest rate risks by utilizing interest rate swap contracts.

The Group utilizes forward foreign currency exchange contracts and interest rate swap contracts to manage foreign exchange risks and interest rate risks. Use of derivatives is limited to operating purposes.

(3) Risk management

(a) Credit risks—The Group controls customers' credit risks in accordance with internal rules for controlling receivables. Appropriate departments of the Group monitor major customers' financial conditions to promptly obtain information about possible bad debts. Because the counterparties of derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

(b) Market risks—The Group utilizes forward foreign currency exchange contracts and interest rate swap contracts to manage foreign exchange risks of each currency and interest rate risks in relation to bank loans. As to investments in securities, fair value and financial condition of investees are periodically reviewed. Derivative transactions are executed and controlled by the Corporate Strategy Division. General manager of the Corporate Strategy Division reports results and conditions of derivative transactions at the Board of Director's meetings on a monthly basis.

(c) Liquidity risks—Each company of the Group prepares and updates cash-flow plans and maintains appropriate amounts of ready liquidity.

(4) Other information

Fair values of financial instruments are based on quoted prices in active markets. If quoted price is not available, other rational valuation techniques are used instead. Because such valuation techniques include certain assumptions, results may differ if different assumptions are used in the valuation. The contract amounts for derivatives listed in Note 18 do not represent volume of underlying market risks of the derivative transactions.

Financial instruments whose fair value is readily determinable as of March 31, 2015 and 2014 are as follows:

	Millions of yen		
	2015		
	Carrying amount	Fair value	Difference
Assets:			
(1) Cash and cash equivalents	**¥155,239**	**¥155,239**	**¥ —**
(2) Trade accounts and notes receivable	**63,450**	**63,450**	**—**
(3) Investments in securities			
Available-for-sale securities	**3,273**	**3,273**	**—**
Total	**¥221,964**	**¥221,964**	**¥ —**
Liabilities:			
(4) Trade accounts and notes payable	**¥ 29,553**	**¥ 29,553**	**¥ —**
(5) Long-term debt—Bonds	**60,000**	**60,596**	**596**
Total	**¥ 89,553**	**¥ 90,150**	**¥596**
Derivatives	**¥ —**	**¥ —**	**¥ —**

	Millions of yen		
	2014		
	Carrying amount	Fair value	Difference
Assets:			
(1) Cash and cash equivalents	¥138,343	¥138,343	¥ —
(2) Trade accounts and notes receivable	52,557	52,557	—
(3) Investments in securities			
Available-for-sale securities	2,161	2,161	—
Total	¥193,061	¥193,061	¥ —
Liabilities:			
(4) Trade accounts and notes payable	¥ 25,411	¥ 25,411	¥ —
(5) Long-term debt—Bonds	60,000	60,589	589
Total	¥ 85,411	¥ 86,000	¥589
Derivatives	¥ —	¥ —	¥ —

	Thousands of U.S. dollars		
	2015		
	Carrying amount	Fair value	Difference
Assets:			
(1) Cash and cash equivalents	**$1,290,754**	**$1,290,754**	**$ —**
(2) Trade accounts and notes receivable	**527,562**	**527,562**	**—**
(3) Investments in securities			
Available-for-sale securities	**27,213**	**27,213**	**—**
Total	**$1,845,547**	**$1,845,547**	**$ —**
Liabilities:			
(4) Trade accounts and notes payable	**$ 245,722**	**$ 245,722**	**$ —**
(5) Long-term debt—Bonds	**498,877**	**503,833**	**4,955**
Total	**$ 744,599**	**$ 749,563**	**$4,955**
Derivatives	**$ —**	**$ —**	**$ —**

Notes:
(1), (2) and (4)—As these items are settled within a year and have fair values approximately equal to their carrying amounts, they are stated at the carrying amounts.
(3)—Fair value of equity securities is stated at quoted market price. Fair value information of investment securities is discussed in Note 5.
(5)—Fair value of bonds is stated at present value of a total amount of its principal and interest discounted by a rate determined considering its remaining periods and credit risks.
(6)—Bank loans are payable with variable interest rates. Fair value of bank loans is stated at carrying amount because fair value of such bank loans is considered approximately equal to its carrying amount based on the following assumptions; (a) variable interest rates reflect the current market rate, and (b) the Company's credit status has not significantly changed after the issuance.
Derivatives—Details and information are discussed in Note 18.

Financial instruments which do not have quoted market prices and whose fair value is not reliably determinable are not included in the table above. Such financial instruments as of March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Unlisted equity securities	**¥173**	¥173	**$1,438**

Detailed information about investments in securities is discussed in Note 5.

Maturity analysis for financial assets as of March 31, 2015 is as follows:

	Millions of yen		Thousands of U.S. dollars	
	2015		**2015**	
	Due within one year	Due after one year	Due within one year	Due after one year
(1) Cash and cash equivalents	**¥155,239**	**—**	**$1,290,754**	**—**
(2) Trade accounts and notes receivable	**63,450**	**—**	**527,562**	**—**
Total	**¥218,690**	**—**	**$1,818,316**	**—**

Maturities of long-term debts as of March 31, 2015 are disclosed in Note 6.

18. Derivatives and Hedging Activities

The Group utilizes interest rate swap agreements to hedge interest rate risks associated with its bank loans. The Group's interest rate swaps qualify for hedge accounting and meet specific matching criteria under Japanese GAAP and are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expenses or income.

Fair value information of such derivatives as of March 31, 2015 and 2014 is as follows:

Millions of yen

	2015		
	Contract Amount		
	Within one year	Over one year	Fair value of derivative instruments
Interest rate swaps (fixed rate payment, floating rate receipt)	**¥10,000**	**¥10,000**	**¥(63)**

Thousands of U.S. dollars

	2015		
	Contract Amount		
	Within one year	Over one year	Fair value of derivative instruments
Interest rate swaps (fixed rate payment, floating rate receipt)	**$83,146**	**$83,146**	**$(523)**

Fair value of derivative instruments in the table above is stated at amount obtained from financial institutions, the counter parties of the contracts.

There were no derivatives outstanding as of March 31, 2014.

19. Segment Information

The reportable segments are component of the Group for which separate financial information is available, and whose operating results are reviewed periodically by the Board of Directors to determine allocation of operating resources and evaluate its performance.

The 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 its business activities in a similar way that the Company 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, France 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 discussed in Note 2. Inter-segment sales and transfer are stated at amounts based on their fair market values. All adjustments in the following tables are inter-segment elimination on consolidation.

Segment information of the Group as of March 31, 2015 and 2014 and for the years then ended is as follows:

Reportable segments

Millions of yen

	2015							
	Japan	The Americas	Europe	China	Other	Total	Adjustments	Consolidated
Sales to customers	**¥121,857**	**¥34,642**	**¥20,191**	**¥28,275**	**¥12,710**	**¥217,678**	**¥ —**	**¥217,678**
Inter-segment	**46,249**	**30**	**33**	**4,248**	**1,153**	**51,714**	**(51,714)**	**—**
Total	**168,106**	**34,673**	**20,225**	**32,523**	**13,864**	**269,393**	**(51,714)**	**217,678**
Segment profit	**¥ 25,111**	**¥ 1,534**	**¥ 1,350**	**¥ 456**	**¥ 1,293**	**¥ 29,747**	**¥ (1,358)**	**¥28,388**
Assets	**¥325,681**	**¥60,018**	**¥25,929**	**¥73,389**	**¥20,160**	**¥505,178**	**¥(131,567)**	**¥373,610**
Other items								
Depreciation and amortization	**¥ 5,274**	**¥ 1,381**	**¥ 499**	**¥ 3,820**	**¥387**	**¥ 11,362**	**¥ 205**	**¥ 11,567**
Amortization of goodwill	**61**	**—**	**—**	**—**	**298**	**360**	**—**	**360**
Investment in an affiliate accounted for under the equity method	**4,442**	**—**	**—**	**—**	**—**	**4,442**	**—**	**4,442**
Increase in property, plant and equipment and intangibles	**3,695**	**1,639**	**144**	**4,047**	**630**	**10,157**	**(302)**	**9,855**

	Millions of yen							
	2014							
	Japan	The Americas	Europe	China	Other	Total	Adjustments	Consolidated
Sales to customers	¥107,436	¥28,618	¥18,292	¥19,857	¥11,261	¥185,466	¥ —	¥185,466
Inter-segment	39,628	13	40	3,791	709	44,182	(44,182)	—
Total	147,064	28,631	18,332	23,649	11,971	229,648	(44,182)	185,466
Segment profit (loss)	¥ 16,434	¥ 1,166	¥ 180	¥ (614)	¥ 676	¥ 17,843	¥ (472)	¥ 17,370
Assets	¥300,545	¥44,939	¥25,072	¥62,266	¥18,246	¥451,070	¥(114,653)	¥336,416
Other items								
Depreciation and amortization	¥ 5,663	¥ 1,152	¥ 469	¥ 3,366	¥ 304	¥ 10,956	¥ 144	¥ 11,101
Amortization of goodwill	61	—	—	—	294	355	—	355
Investment in an affiliate accounted for under the equity method	3,896	—	—	—	—	3,896	—	3,896
Increase in property, plant and equipment and intangibles	3,102	1,950	256	4,957	825	11,092	(642)	10,449

	Thousands of U.S. dollars							
	2015							
	Japan	The Americas	Europe	China	Other	Total	Adjustments	Consolidated
Sales to customers	**$1,013,195**	**$288,035**	**$167,880**	**$235,096**	**$105,678**	**$1,809,911**	**$ —**	**$1,809,911**
Inter-segment	**384,543**	**249**	**274**	**35,320**	**9,586**	**429,982**	**(429,982)**	**—**
Total	**1,397,738**	**288,293**	**168,163**	**270,416**	**115,273**	**2,239,901**	**(429,982)**	**1,809,911**
Segment profit	**$ 208,788**	**$ 12,754**	**$ 11,224**	**$ 3,791**	**$ 10,750**	**$ 247,335**	**$ (11,291)**	**$ 236,035**
Assets	**$2,707,915**	**$499,027**	**$215,589**	**$610,202**	**$167,622**	**$4,200,365**	**$(1,093,930)**	**$3,106,427**
Other items								
Depreciation and amortization	**$ 43,851**	**$11,482**	**$ 4,148**	**$ 31,761**	**$ 3,217**	**$ 94,470**	**$ 1,704**	**$ 96,175**
Amortization of goodwill	**507**	**—**	**—**	**—**	**2,477**	**2,993**	**—**	**2,993**
Investment in an affiliate accounted for under the equity method	**36,933**	**—**	**—**	**—**	**—**	**36,933**	**—**	**36,933**
Increase in property, plant and equipment and intangibles	**30,722**	**13,627**	**1,197**	**33,649**	**5,238**	**84,451**	**(2,511)**	**81,940**

Sales by business

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Industrial Equipment-Related Business	**¥164,722**	¥135,200	**$1,369,601**
Transportation Equipment-Related Business	**52,956**	50,265	**440,309**
Total	**¥217,678**	¥185,466	**$1,809,911**

Sales by geographical area

	Millions of yen					
	2015					
	Japan	The Americas	Europe	China	Other	Total
Sales to customers	**¥113,361**	**¥34,856**	**¥20,456**	**¥28,302**	**¥20,700**	**¥217,678**

	Millions of yen					
	2014					
	Japan	The Americas	Europe	China	Other	Total
Sales to customers	¥101,052	¥28,900	¥18,427	¥19,351	¥17,734	¥185,466

	Thousands of U.S. dollars					
	2015					
	Japan	The Americas	Europe	China	Other	Total
Sales to customers	**$942,554**	**$289,814**	**$170,083**	**$235,320**	**$172,112**	**$1,809,911**

20. Subsequent Events

Appropriation of retained earnings

The following appropriation of retained earnings as of March 31, 2015 was approved at the Company's shareholders' meeting held on June 20, 2015:

	Total amount Millions of yen (Thousands of U.S. dollars)	Per share amount Yen (U.S. dollar)	Dividend record date	Effective date
Common stock	¥3,797 million ($31,570 thousand)	¥30.00 ($0.24)	Mar. 31, 2015	Jun. 22, 2015

Acquisition of the businesses and shares

The company resolved at the Board of Directors meeting held on April 21, 2015, and reached an agreement on the same date, to acquire the linkage and suspension business of TRW Automotive Inc. in Europe and North America and 100% shares of a TRW subsidiary.

1. Reasons of the Acquisition

   The Company acquires the businesses and the shares in order to expand the functions of development, production and sales in Europe and North America regions and accordingly, to establish the global platform in addition to Asia Pacific region.

2. Sellers of business and their locations

Seller	Location
TRW Automotive U.S. L.L.C.	Portland, Michigan, U.S.A.
TRW Canada Ltd.	St. Catharines, Ontario, Canada Tillsonburg, Ontario, Canada
TRW Automotive GmbH	Gellep-Krefeld, Germany Dusseldolf, Germany

3. Name of the company to be acquired, its size, number of shares to be acquired and ownership ratio after acquisition

Name of the company to be acquired	TRW-DAS. a.s.
Location	Decice, Czech Republic
Capital	CZK 335 million
Number of shares to be acquired	335,479 shares
Ownership ratio after acquisition	100%

4. Amounts of assets and liabilities to be transferred

   They have not been fixed at this moment.

5. Price of the business acquisition

   Total amount is estimated to be approximately $400 million. This includes the consideration for the shares to be acquired as noted in above 3. "Name of the company to be acquired, its size, number of shares to be acquired and ownership ratio after acquisition."

6. Timing of the business transfer and acquisition of shares

   Within four months after the date of the contract

7. Financing for the payment and payment method

   The payments will be financed from internal and external resources.

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of THK CO., LTD. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2015, and the consolidated statements of operations, comprehensive income, changes in net assets, and cash flows for the year then ended, all expressed in Japanese yen.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of THK CO., LTD. and its consolidated subsidiaries as at March 31, 2015, and their consolidated financial performance and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Emphasis of matter
We draw attention to Note 20 to the consolidated financial statements, the Company resolved at the Board of Directors meeting held on April 21, 2015, and reached an agreement on the same date, to acquire the linkage and suspension business of TRW Automotive Inc. in Europe and North America and 100% shares of a TRW subsidiary. Our opinion is not qualified in respect of this matter.

Convenience Translation
The United States dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2015 are presented solely for the convenience. Our audit also included the translation of Japanese yen amounts into United States dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Grant Thornton Taiyo LLC.

June 22, 2015
Tokyo, Japan