[Translation for Reference and Convenience Purposes Only]

Please note that the following is an unofficial English translation of Japanese original text of the Disclosure Information Posted on the Internet as Part of the Notice of Convocation of the 45th Ordinary General Meeting of Shareholders of THK CO., LTD. The Company provides this translation for reference and convenience purposes only. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

To shareholders

Disclosure Information Posted on the Internet as Part of the Notice of Convocation of the 45th Ordinary General Meeting of Shareholders

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

May 29, 2015

THK CO., LTD.

[Translation for Reference and Convenience Purposes Only]

Notes to the Consolidated Financial Statements

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

(1) Matters Related to the Scope of Consolidation

1. Consolidated Subsidiaries

Number of consolidated subsidiaries (Decrease of 3 companies)	30 companies
Decrease due to absorption-type merger	: THK RHYTHM KYUSHU CO., LTD. THK RHYTHM MEXICANA ENGINEERING S.A. DE C.V.
Decrease due to liquidation	: Beldex KOREA Corporation
Names of major consolidated subsidiaries	The major consolidated subsidiaries are shown in “1. Present Status of the Corporate Group, (3) Status of Major Subsidiaries.”

2. Non-Consolidated Subsidiaries

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

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

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

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

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

Names of major companies	THK Brasil LTDA
Reasons for non-application of the equity method	All of the Company’s non-consolidated subsidiaries and affiliated companies that are not subject to the application of the equity method, and their profit/loss

for the term (amount corresponding to the stake) and profit surplus (amount corresponding to the stake) do not have any material impact on the consolidated financial statements or any importance in the overall group's perspectives.

(3) Matters Related to Fiscal Year of Consolidated Subsidiaries
Of the consolidated subsidiaries except THK India Private Limited, 23 overseas consolidated subsidiaries close their accounts on December 31.
Adjustments are made for significant transactions occurring up to the consolidated account closing day. Other consolidated subsidiaries close their accounts on the same day as the settlement date of the consolidated fiscal year of the THK Group.

(Matters Related to Accounting Policies)

(1) Valuation Basis and Method for Securities

Other securities

Securities with fair market value	Fair market value method based on the market value as of the last day of the consolidated fiscal year, (Unrealized gains and losses are reported, net of applicable taxes, in a separate component of net assets. The cost of securities sold is determined by the moving-average method.)
Securities without fair market value	Stated at cost determined by the moving-average method.

(2) Valuation Basis and Method for Inventories

1. Merchandise and finished goods	Stated at cost by the gross average method, in principle (Amounts in the balance sheets were calculated by writing down the book value with regard to the inventories for which profitability was clearly declining.)
2. Work in process	For planned products, stated at cost by the gross average method, in principle. For made-to-order products, stated at cost by the specific identification method, in principle (Amounts in the balance sheets were calculated by writing down the book value with regard to the inventories for which profitability was clearly declining.)
3. Raw materials and supplies	Stated at cost by the gross average method, in principle (Amounts in the balance sheets were calculated by writing down the book value with regard to the inventories for which profitability was clearly declining.)

(3) Depreciation Method for Important Depreciable Assets

1. Tangible fixed assets (Except for lease properties)	The Company and its domestic consolidated subsidiaries adopt the declining-balance method, whereas overseas consolidated subsidiaries adopt the straight-line method and the accelerated depreciation method in accordance with local accounting standards. However, the Company and domestic consolidated subsidiaries adopt the straight-line method for buildings acquired on or after April 1, 1998 (excluding attached facilities). Also, the life of major fixed assets is as follows: Building and structures: 5–50 years Machinery, equipment and vehicles: 4–12 years
2. Intangible fixed assets (Except for lease properties)	Adopting the straight-line method. However, capitalized software for internal use is amortized by the straight-line method over the estimated internal useful life (5 years).
3. Lease properties	Lease properties related to finance leases other than those that are deemed to transfer the ownership of the leased assets to the lessees are depreciated assuming the lease period as the useful life and no residual value.

(4) Accounting Standards for Important Reserves

1. Allowance for bad debts	To prepare for losses from bad debts, the Company and domestic consolidated subsidiaries provide the allowance for doubtful accounts at an amount of possible losses from uncollectible trade receivables based on the actual rate of losses from bad debt for ordinary receivables, and on the estimated recoverability for specific doubtful receivables. Overseas consolidated subsidiaries provide estimated amounts on the estimated recoverability for specific doubtful receivables.
2. Reserve for bonuses	The reserve for bonuses is provided at an amount as a defrayment for the consolidated fiscal year under review based on the estimated total amount of employees' bonuses.
3. Reserve for officers' retirement benefits	To allocate retirement compensation for officers of some domestic consolidated subsidiaries, the reserve for retirement benefits to officers is provided at an amount that would be required to be paid in accordance with the Company's internal rules if all eligible officers resign their positions as of the balance-sheet date.
4. Product warranty allowance	To prepare for expenses to address product-related complaints at some domestic consolidated subsidiaries, a reserve for product warranty has been provided based on the results of previous years.

(5) Accounting Standard for Calculation of Retirement Benefits

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

The actuarial gain or loss is amortized by the straight-line method over the average remaining service years (5–18 years) for employees at the time of recognition from the following consolidated fiscal year of recognition.

Prior service cost is charged to expenses using the straight-line method over a certain period (15 years) within the average remaining service years of the employees when incurred.

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

(6) Important Method of Hedge Accounting

1. Method of hedge accounting	The appropriation treatment is adopted for forward foreign exchange contracts because they satisfy the requirements of such appropriation treatment. The preferential treatment is adopted for interest-rate swaps because they satisfy the requirements of such preferential treatment.
2. Hedging instruments and hedged items	
Forward foreign exchange contracts	Monetary claims and debts denominated in foreign currencies
Interest-rate swaps	Interest on borrowings
3. Hedge policy	Forward foreign exchange contracts are intended to hedge foreign exchange volatility risks in order to stabilize cash flows pertinent to the recovery and payment of monetary claims and debts denominated in foreign currencies. Interest-rate swaps are intended to hedge interest rate volatility risks involved in borrowings.
4. Evaluation method for hedge validity	Evaluation of the validity of forward foreign exchange contracts is omitted because the significant terms of the relevant transactions and those as to the hedged assets are the same and it is predicted that any fluctuations in the market rates and cash flows will be offset at the beginning of hedging and will continue to be so afterward. Evaluation of the validity of interest-rate swaps is omitted because they satisfy the requirements of the preferential treatment.

(7) Matters Related to the Amortization of Goodwill

Goodwill is equally amortized over 5–10 years.

(8) Method of Accounting Processing of Consumption Tax

Accounting of the consumption tax and local consumption taxes is processed according to the net-of-tax method.

(Change in Accounting Policies)

From the current consolidated fiscal year, the Company has adopted the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, issued on May 17, 2012) (hereinafter, the “Accounting Standard for Retirement Benefits”) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, issued on March 26, 2015) (hereinafter, the “Guidance on Accounting Standard for Retirement Benefits”) with regard to the stipulations provided in Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits. Accordingly, the methods for calculating retirement benefit obligations and service costs have been revised. The method of attributing

expected retirement benefit payments has been changed from the straight-line basis to the retirement benefit formula basis, and the method of determining the discount rate has been changed from one that uses a discount rate based on the period of bonds approximate to the average remaining service periods of employees to a single weighted-average discount rate reflecting the expected timing and amount of the benefit payment.
With regard to the application of the Accounting Standard for Retirement Benefits, etc., we apply the new standard gradually as stipulated in Paragraph 37 of the Accounting Standard for Retirement Benefits. At the beginning of the consolidated fiscal year under review, the impact of this change has been reflected in the profit surplus.
As a result, at the beginning of the consolidated fiscal year under review, net defined benefit liability increased ¥1,663 million and profit surplus declined ¥1,285 million. The impact of this change on operating income, ordinary income and net income before income taxes for the consolidated fiscal year under review is immaterial.
The impact of this change on per share information is also immaterial.

(Changes in the presentation method)
Electronically recorded monetary claims–operating, which had previously been included in notes and accounts receivable (¥2,395 million for the previous consolidated fiscal year) in the Balance Sheet, has been presented as electronically recorded monetary claims–operating (¥5,174 million for the current consolidated fiscal year) for the consolidated fiscal year under review because its importance increased.

2. Notes to the Consolidated Balance Sheet

(1) Accumulated depreciation of fixed tangible assets ¥170,251 million

Accumulated depreciation of fixed tangible assets includes the accumulated impairment loss.

(2) Investment securities (stocks) of non-consolidated subsidiaries and affiliated companies ¥4,649 million

3. Notes to the Consolidated Statement of Changes in Shareholders' Equity

(1) Matters Related to Outstanding Shares

Type of Stock	First of the Consolidated Fiscal Year	Increase	Decrease	End of the Consolidated Fiscal Year under Review
Common stock (shares)	133,856,903	—	—	133,856,903

(2) Matters Related to Dividends

1. Dividend payments

Resolution	Type of Stock	Total Dividend (Millions of Yen)	Dividend per Share (Yen)	Reference Date	Effective Date
Ordinary General Meeting of Shareholders, Jun. 21, 2014	Common stock	1,898	15	Mar. 31, 2014	Jun. 23, 2014
Board of Directors Meeting, Nov. 6, 2014	Common stock	2,531	20	Sep. 30, 2014	Dec. 8, 2014

2. Dividend for which the reference date falls in the current consolidated fiscal year with an effective date falling in the next consolidated fiscal year

The following will be submitted for a vote at the 45th term's Ordinary General Meeting of Shareholders on June 20, 2015.

Vote	Type of Stock	Resource of the Dividend	Total Dividend (Millions of Yen)	Dividend per Share (Yen)	Reference Date	Effective Date
Ordinary General Meeting of Shareholders, Jun. 20, 2015	Common stock	Profit surplus	3,797	30	Mar. 31, 2015	Jun. 22, 2015

4. Notes to Financial Instruments

(1) Matters Related to the Status of Financial Instruments

For fund management of the Company group, funds are invested in short-term deposits, etc. For fundraising, necessary funds are mainly raised by issuing bonds and by borrowing funds from banks in light of the business plan.

Against credit risks of customers involved in notes receivable and accounts receivable, credit management and protection of receivables are implemented in compliance with the "Control Rules on Trade Receivables."

Investment securities are mainly stocks, and their market values, financial conditions of their issuing bodies and so on are captured at regular intervals.

Bond issuance and bank borrowing are intended to raise mainly operating funds and other funds necessary for business activities such as equipment investments and so forth. Against interest rate volatility risks of long-term borrowings, their interest rates are fixed by using derivative transactions (interest-rate swaps).

It is the policy that derivative transactions are made within the actual demand in order to avert foreign exchange rate volatility risks and interest rate volatility risks and that no speculative derivative transaction is made.

(2) Matters Related to Market Values of Financial Instruments, etc.

The table below shows book values of financial instruments in the consolidated balance sheet as of March 31, 2015 and their market values as well as differences between the book values and market values. However, the table below excludes such financial instruments, the market values of which it is extremely difficult to capture (see Note 2).

	Book Value in the Consolidated Balance Sheet (Millions of Yen)	Market Value (Millions of Yen)	Difference (Millions of Yen)
1. Cash and deposits	155,239	155,239	—
2. Notes and accounts receivable	58,276	58,276	—
3. Electronically recorded monetary claims–operating	5,174	5,174	—
4. Investment securities Other securities	3,273	3,273	—
Total assets	221,964	221,964	—
5. Notes and accounts payable	14,298	14,298	—
6. Electronically recorded obligations–operating	15,255	15,255	—
7. Bonds payable (Including current portion of bonds)	50,000	50,596	596
8. Long-term loans payable	10,000	10,000	—
Total liabilities	89,553	90,150	596
9. Derivative transactions	—	—	—

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

1. “Cash and deposits,” 2. “Notes and accounts receivable” and 3. “Electronically recorded monetary claims-operating”: the market values of these financial instruments are almost equal to their book values because they are settled in a short time. For this reason, their market values are based on their book values.
4. “Investment securities”: the market values of the financial instruments are based on their prices at stock exchanges.
5. “Notes and accounts payable” and 6. “Electronically recorded obligations–operating”: the market values of these financial instruments are almost equal to their book values because they are settled in a short time. For this reason, their market values are based on their book values.
7. “Bonds payable”: the market value of a bond issued by the Company is calculated based on the present value as a result of discounting the total amount of principal

and interest by the rate with the remaining period and credit risk of the relevant bond taken into account.

8. "Long-term loans payable": long-term borrowings are based on floating interest rates and market rates of interest are reflected in a short time. Moreover, there are no important changes in the credit conditions of the Company after the borrowings were made. Therefore, the market values of long-term borrowings are based on their book values because the former is approximated by the latter.
9. "Derivative transactions": derivative transactions to which the hedge accounting is applied.

Interest Rate Related Matters

Method of Hedge Accounting	Transaction Type, etc.	Main Hedged Object	Amount of Contract, etc. (Millions of yen)	Of the Amount of Contract, etc. that for more than one year (Millions of yen)	Market value (Millions of yen)
Preferential treatment of interest-rate swaps	Interest-rate swap transactions Fixed-rate interest payment and floating rate interest receipt	Long-term borrowings	10,000	10,000	(63)
Total			10,000	10,000	(63)

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

(Note 2) Non-listed stocks (their book value in the consolidated balance sheet is ¥173 million) have no market prices and it is therefore deemed extremely difficult to capture their market values. For this reason, non-listed stocks are not included in 4. "Investment securities, Other securities."

5. Notes to Per Share Information

(1) Shareholders' equity per share ¥1,957.48

(2) Net income per share ¥179.36

6. Notes to Significant Subsequent Events

Significant Business Transfer and Acquisition of Other Companies or Entities through Purchase of Shares

By resolution of the Board of Directors meeting held on April 21, 2015, the Company determined to transfer the linkage and suspension (L&S) business of TRW Automotive Inc. in Europe and North America to the Company, partly involving conversion of the target company into a subsidiary of the Company via purchase of shares, and concluded the contract as of the same day.

(1) Purpose of the Business Transfer and Purchase of Shares

To expand the development, production and sales functions of the Group in Europe and North America, and establish a global business foundation covering the Asia Pacific as well

(2) Names and Locations of the Companies from which the Company is Transferring Parts of Their Businesses

	Name	Head office
(i)	TRW Automotive U.S. L.L.C.	Portland, Michigan U.S.A.
(ii)	TRW Canada Ltd.	St. Catharines, Ontario Canada Tillsonburg, Ontario Canada
(iii)	TRW Automotive GmbH	Gellep-Krefeld, Germany Dusseldolf, Germany

(3) Name and Size of the Company whose Shares were Purchased, Number of Shares Purchased and Equity Ratio after Purchase

(i)	Name	TRW-DAS.a.s.
(ii)	Head office	Dacice, Czech Republic
(iii)	Paid-in capital	CZK335 million
(iv)	Shares purchased	335,479 shares
(v)	Equity ratio after purchase	100%

(4) Amount of Assets and Liabilities that the Company Assumes from Those Companies

Not yet determined.

(5) Estimated Consideration of the Business Transfer

The aggregate amount will be approximately US$400 million. This includes the purchase of shares indicated in (3) Name and Size of the Company whose Shares were Purchased, Number of Shares Purchased and Equity Ratio after Purchase.

(6) Execution of the Business Transfer and Purchase of Shares

Within four months after the signing of the agreement

(7) Method of Fundraising and Payment

The Company plans to use its own funds and external financing.

7. Other Notes

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

Notes to the Non-Consolidated Financial Statements

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

(1) Valuation Basis and Method for Securities

1. Other securities	
Securities with fair market value	Fair market value method based on the market value, etc., as of the last day of the fiscal year (Unrealized gains and losses are reported, net of applicable taxes, in a separate component of net assets. The cost of securities sold is determined by the moving-average method.)
Securities without fair market value	Moving average cost method
2. Affiliates' stocks	Moving average cost method

(2) Valuation Basis and Method for Inventories

1. Merchandise and finished goods	Merchandises and finished goods were stated by the gross average cost method. (Amounts in the balance sheets were calculated by writing down the book value with regard to the inventories for which profitability was clearly declining.)
2. Work in process	Planned products were stated at cost by the gross average method. Made-to-order products were stated at cost by the specific identification method. (Amounts in the balance sheets were calculated by writing down the book value with regard to the inventories for which profitability was clearly declining.)
3. Raw materials and supplies	Raw materials and supplies were stated by the gross average cost method. (Amounts in the balance sheets were calculated by writing down the book value with regard to the inventories for which profitability was clearly declining.)

(3) Depreciation Method for Important Depreciable Assets

1.Tangible fixed assets (Except for lease properties)	Declining-balance method However, the Company adopts the straight-line method for buildings acquired on or after April 1, 1998 (excluding attached facilities).
2. Intangible fixed assets (Except for lease properties)	Straight-line method However, capitalized software for internal use is amortized by the straight-line method over the estimated internal useful life (5 years). Also, goodwill is equally amortized over 10 years.
3. Lease properties	Lease properties related to finance leases other than those that are deemed to transfer the ownership of the leased assets to the lessees are depreciated assuming the lease period as the useful life and no residual value.

(4) Accounting Standards for Important Reserves

1. Allowance for bad debts	To prepare for losses from bad debts, the Company provides the allowance for doubtful accounts at an amount of possible losses from uncollectible trade receivables based on the actual rate of losses from bad debt for ordinary receivables, and on the estimated recoverability for specific doubtful receivables.
2. Reserve for bonuses	The reserve for bonuses is provided at an amount as a defrayment for the fiscal year under review based on the estimated total amount of employees' bonuses.
3. Reserve for employees' retirement benefits	The reserve for employees' retirement benefits is provided at an amount recognized to have accrued as of the balance-sheet date based on the projected retirement benefit obligation and fair value of pension plan assets at the end of the fiscal year under review. The actuarial gain or loss is amortized by the straight-line method over the average remaining service years (10 years) for employees at the time of recognition, from the following year of recognition. Prior service cost is charged to expenses using the straight-line method over a certain period (15 years) within the average remaining service years of the employees when incurred.

(5) Important Method of Hedge Accounting

1. Method of hedge accounting	The appropriation treatment is adopted for forward foreign exchange contracts because they satisfy the requirements of such appropriation treatment. The preferential treatment is adopted for interest-rate swaps because they satisfy the requirements of such preferential treatment.
2. Hedging instruments and hedged items	
Forward foreign exchange contracts	Monetary claims and debts denominated in foreign currencies
Interest-rate swaps	Interest on borrowings
3. Hedge policy	Forward foreign exchange contracts are intended to hedge foreign exchange volatility risks in order to stabilize cash flows pertinent to the recovery and payment of monetary claims and debts denominated in foreign currencies. Interest-rate swaps are intended to hedge interest rate volatility risks involved in borrowings.
4. Evaluation method for hedge validity	Evaluation of the validity of forward foreign exchange contracts is omitted because the significant terms of the relevant transactions and those as to the hedged assets are the same and it is predicted that any fluctuations in the market rates and cash flows will be offset at the beginning of hedging and will continue to be so afterward. Evaluation of the validity of interest-rate swaps is omitted because they satisfy the requirements of the preferential treatment.

(6) Method of Accounting Processing of Consumption Tax
Accounting of the consumption tax and local consumption taxes is processed according to the net-of-tax method.

(Change in Accounting Policies)
From the current fiscal year, the Company has adopted the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, issued on May 17, 2012) (hereinafter, the "Accounting Standard for Retirement Benefits") and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, issued on March 26, 2015) (hereinafter, the "Guidance on Accounting Standard for Retirement Benefits") with regard to the stipulations provided in Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits. Accordingly, the methods for calculating retirement benefit obligations and service costs have been revised. The method of attributing expected retirement benefit payments has been changed from the straight-line basis to the retirement benefit formula basis, and the method of determining the discount rate has been changed from one that uses a discount rate based on the period of bonds approximate to the average remaining service periods of employees to a single weighted-average discount rate reflecting the expected timing and amount of the benefit payment.
With regard to the application of the Accounting Standard for Retirement Benefits, etc., we apply the new standard gradually as stipulated in Paragraph 37 of the Accounting Standard for Retirement Benefits. At the beginning of the fiscal year under review, the impact of this change has been reflected in the profit surplus.
As a result, at the beginning of the fiscal year under review, reserve for employees' retirement benefits increased ¥1,036 million and profit surplus declined ¥667 million.
The impact of this change on operating income, ordinary income and net Income before income taxes for the fiscal year under review is immaterial.
The impact of this change on per share information is also immaterial.

(Changes in the presentation method)
Electronically recorded monetary claims–operating, which had previously been included in notes receivable (¥2,231 million for the previous fiscal year) in the Balance Sheet, has been presented as electronically recorded monetary claims–operating (¥5,023 million for the current fiscal year) for the fiscal year under review because its importance increased.

2. Notes to the Balance Sheet

(1) Accumulated depreciation of fixed tangible assets:	¥90,221 million
Accumulated depreciation of fixed tangible assets includes the accumulated impairment loss.	
(2) Amount of accelerated depreciation with national subsidy:	¥150 million
(3) Monetary claims/liabilities pertinent to affiliated companies:	
Short-term monetary claims:	¥45,956 million
Short-term monetary liabilities:	¥6,224 million
Long-term monetary claims:	¥14,158 million
(4) Monetary liabilities to Directors and Auditors:	¥742 million

(5) Contingent liability
The Company provides a liability guarantee on rent liability for the following company:

THK GmbH	¥56 million

The Company provides a liability guarantee on purchase liability for the following companies:

THK RHYTHM CO., LTD.	¥2,335 million
THK INTECHS CO., LTD.	¥887 million
TALK SYSTEM CORPORATION	¥665 million
THK NIIGATA CO., LTD.	¥377 million
NIPPON SLIDE CO., LTD.	¥44 million

3. Notes to the Statement of Income

Volume of transactions with affiliates:

Sales revenue	¥43,660 million
Purchases	¥20,672 million
Other marketing transactions	¥986 million
Non-marketing transactions	¥2,304 million

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

Matters Related to Treasury Stock

Type of Stock	First of the Current Fiscal Year	Increase	Decrease	End of the Current Fiscal Year
Common stock (shares)	7,259,887	3,477	—	7,263,364

(Summary of Reasons for Changes)
Breakdown of the increases:

Increase due to buyback of shares below one lot unit:	3,477 shares

5. Notes to Tax-Effect Accounting

(1) Breakdown of deferred tax assets and deferred tax liabilities according to the main cause of occurrence

(Deferred tax assets)	
Loss on valuation of stocks of subsidiaries and affiliates	¥7,380 million
Reserve for bonuses	¥711 million
Reserve for employees' retirement benefits	¥637 million
Accrued business tax	¥464 million
Inventory valuation loss	¥328 million
Impairment loss	¥326 million
Accrued retirement compensation for officers	¥240 million
Excess of depreciation and amortization	¥114 million
Accrued expenses	¥103 million
Loss on valuation of investment securities	¥60 million
Others	¥280 million
Subtotal of deferred tax assets	¥10,647 million
Valuation reserves	¥(8,446) million
Total deferred tax assets	¥2,201 million
(Deferred tax liabilities)	
Net unrealized gain on available-for-sale securities	¥(542) million
Special depreciation reserve	¥(23) million
Others	¥(9) million
Total deferred tax liabilities	¥(575) million
Net deferred tax assets	¥1,625 million

(2) Breakdown of main items that served as the cause of a significance difference between the legal effective tax rate and the corporate tax ratio after application of tax effect accounting

Notes have been omitted because the difference between the legal effective tax rate and the corporate tax ratio after application of tax effect accounting was less than 5/100 of the legal effective tax rate.

(3) Adjustments of deferred tax assets and deferred tax liabilities due to changes in corporate and other tax rates

The "Act for Partial Revision of the Income Tax Act, etc.," (Act No. 9, 2015) and the "Act for Partial Revision of the Local Tax Act, etc.," (Act No. 2, 2015) were promulgated on March 31, 2015. Due to this implementation, the effective statutory tax rate used to calculate deferred tax assets and deferred tax liabilities (only those that are recovered or settled on or after April 1, 2015) will be reduced from the previously applied rate of 35.6% to 33.1% regarding the temporary differences that are expected to be recovered or settled during the period from April 1, 2015, to March 31, 2016, and 32.3% regarding the temporary differences that are expected to be recovered or settled on or after April 1, 2016.

As a result, deferred tax assets (the amount after subtracting deferred tax liabilities) decreased by ¥131 million, while income taxes—deferred increased by ¥186 million and net unrealized gain on available-for-sale securities increased by ¥55 million.

6. Notes to the Transactions with Special Interest Parties

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

(2) Officers and major individual shareholders:
Not applicable

(3) Subsidiaries, etc.

Category	Company	Address	Capital Stock or Capitalization	Description of Business or Occupation	Ownership of Voting Rights (%)	Description of Relationship		Description of Trans-actions	Transaction amount (Millions of Yen)	Accounting Item	Term-End Balance (Millions of Yen)
						Concurrent Service as an Officer	Business Relationship				
Subsidiary	THK GmbH	Ratingen, Germany	€1,000 thousand	Industrial and Transportation equipment-related businesses	Indirect 100%	1 person	Purchase of the Company's products	Sales of the Company's products	8,396	Accounts receivable	3,832
	THK Holdings of America, L.L.C.	Schaumburg, IL., U.S.A.	$120 million	Holding and controlling company in North America	Direct 100%	3 persons	—	Loans	6,679	Short-term loans	21,336
	THK (CHINA) CO., LTD.	Dalian, Liaoning Province, China	2,036,828 thousand yuan	Holding and controlling company, Industrial and Transportation equipment-related businesses	Direct 100%	3 persons	Purchase of the Company's products	Loans	1,767	Short-term loans	3,139
	DALIAN THK CO., LTD.	Dalian, Liaoning Province, China	242,519 thousand yuan	Industrial equipment-related businesses	Direct 45% Indirect 25%	2 persons	Production and sales of the Company's products	Loans	1,793	Long-term loans	5,775
	THK LM SYSTEM Pte. Ltd.	Kaki Bukit Place, Singapore	S$8 million	Industrial equipment-related businesses	Direct 100%	1 person	Purchase of the Company's products	—	—	Deposits paid	3,934

Transaction terms and the policy on determining transaction terms

Notes:

1. Sales prices of our company's products for sale to THK GmbH are determined through due consultation between the two companies and in consideration of market prices.
2. Interest rates for loans to THK Holdings of America, L.L.C. are rationally determined by taking into account the market interest rates.
3. Interest rates for loans to THK (CHINA) CO., LTD. are rationally determined by taking into account the market interest rates.
4. Interest rates for loans to DALIAN THK CO., LTD. are rationally determined by taking into account the market interest rates.
5. Upon depositing its fund to THK LM SYSTEM Pte. Ltd., the Company determines it based on the fund management policy of the Group.

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

7. Notes to Per Share Information

(1) Net assets per share	¥1,530.25
(2) Net income per share	¥138.91

8. Notes to Significant Subsequent Event

For matters related to significant subsequent events, please refer to “Notes to the Consolidated Financial Statements, 6. Notes to Significant Subsequent Events.”

9. Other Notes

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