[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 46th 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 46th 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 30, 2016

THK CO., LTD.

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	33 companies
(Increase of 4 companies)	
Increase due to purchase of shares and business transfer	: THK RHYTHM AUTOMOTIVE MICHIGAN CORPORATION THK RHYTHM AUTOMOTIVE CANADA LIMITED THK RHYTHM AUTOMOTIVE GmbH THK RHYTHM AUTOMOTIVE CZECH a.s.
(Decrease of 1 company)	
Decrease due to liquidation	: L Trading Co., Ltd.
Names of major consolidated subsidiaries	The major consolidated subsidiaries are shown in “1. Present Status of the Corporate Group, (5) Status of Major Subsidiaries.”

2. Non-Consolidated Subsidiaries

Names of major non-consolidated subsidiaries	THK BRAZIL INDUSTRIA E COMERCIO 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 BRAZIL INDUSTRIA E COMERCIO 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, 27 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. The integrated treatment (special accounting treatment, appropriation treatment) is adopted for interest-rate and currency swaps because they satisfy the requirements of such integrated 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
Interest-rate and currency swaps	Foreign currency-denominated borrowings and 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. Interest-rate and currency swaps are intended to hedge foreign exchange volatility risks and interest rate volatility risks involved in foreign currency-denominated 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 thereafter continue to be so. Evaluation of the validity of interest-rate swaps is omitted because they satisfy the requirements of the preferential treatment. Evaluation of the validity of interest-rate and currency swaps is omitted because they satisfy the requirements of integrated treatment (special accounting treatment, appropriation treatment).

(7) Matters Related to the Amortization of Goodwill

Goodwill is equally amortized over 5–15 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 Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21 issued on September 13, 2013; hereinafter, "Business Combinations Accounting Standard"), Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22 issued on September 13, 2013; hereinafter, "Consolidation Accounting Standard"), "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7 issued on September 13, 2013; hereinafter, "Business Divestitures Accounting Standard"), etc. Accordingly, the accounting method was changed to record the difference arising from changes in equity in subsidiaries that the Company continues to control as capital surplus, and to record business acquisition costs as expenses for the fiscal year in which they occurred. In addition, regarding business combinations that became or will become effective on or after the current fiscal year, the accounting method was changed to retroactively reflect adjustments to the amount allocated to acquisition cost under provisional accounting treatment on the consolidated financial statements of the quarter in which the relevant business combinations became or will become effective. In addition, the Company has changed the presentation of net income and has also changed the presentation of minority interests to non-controlling interests.

With regard to the application of the Business Combinations Accounting Standards, etc., they are applied in accordance with the transitional treatment set forth in Article 58-2 (4) of the Business Combinations Accounting Standard, Article 44-5 (4) of the Consolidation Accounting Standard and Article 57-4 (4) of the Business Divestitures Accounting Standard, and will be applied from the start of the current fiscal year and into the future.

As a result, operating income, ordinary income, and income before income taxes respectively decreased by 1,487 million yen.

This change had no impact on capital surplus at the end of the current fiscal year.

(Business Combinations, etc.)

Business combination via acquisition

(1) Outline of the business combination

1. Name and nature of business of the acquired company

Name of the acquired company TRW-DAS.a.s.

Name of the company from which the Company acquired the business TRW Automotive Inc.

Nature of business The L&S (linkage and suspension) business

2. Main reasons for the business combination

To expand and strengthen the Group's development, manufacturing, sales and other functions in Europe and North America, combined with its Asia Pacific operational bases, thereby establishing a global business base

3. Date of the business combination

August 31, 2015

4. Legal form of the business combination
   Stock acquisition and business transfer in exchange for cash
5. Names of the post-combination companies
   THK RHYTHM AUTOMOTIVE MICHIGAN CORPORATION
   THK RHYTHM AUTOMOTIVE CANADA LIMITED
   THK RHYTHM AUTOMOTIVE GmbH
   THK RHYTHM AUTOMOTIVE CZECH a.s.
6. Ratio of the voting rights acquired
   THK RHYTHM AUTOMOTIVE CZECH a.s. 100%
7. Main reasons for deciding to acquire the company
   Because the stock acquisition and the business transfer were cash transactions.

(2) Period of the financial results of the acquired company included in the consolidated financial statements
From September 1, 2015 to December 31, 2015

(3) Breakdown of the acquisition costs of the acquired company and the acquisition costs and prices of the business acquired by category

Acquisition price	Cash and deposits	¥49,330 million
Acquisition cost		¥49,330 million

(4) Amount of goodwill, reasons for the goodwill, and method and period of amortization
1. Amount of goodwill
   ¥13,235 million
2. Reasons for the goodwill
   Mainly the excess earning capability expected from the forthcoming business development
3. Method and period of amortization
   Equally amortized over 15 years

(5) Amounts of assets received and liabilities assumed on the day of the business combination and breakdown thereof

Current assets	¥12,644 million
Fixed assets	¥34,988 million
Total assets	¥47,632 million
Current liabilities	¥8,833 million
Long-term liabilities	¥2,702 million
Total liabilities	¥11,536 million

(6) Amounts allocated to the intangible fixed assets other than goodwill, breakdown by major category and the weighted-average amortization period by major category

Breakdown by major category	Amount	Amortization period
Customer-related assets	¥20,097 million	13 years
Technology-related assets	¥683 million	10 years

2. Notes to the Consolidated Balance Sheet

(1) Accumulated depreciation of fixed tangible assets ¥178,198 million

(2) Investment securities (stocks) of non-consolidated subsidiaries and affiliated companies ¥4,479 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. 20, 2015	Common stock	3,797	30	Mar. 31, 2015	Jun. 22, 2015
Board of Directors Meeting, Nov. 12, 2015	Common stock	3,164	25	Sep. 30, 2015	Dec. 7, 2015

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 46th term's Ordinary General Meeting of Shareholders on June 18, 2016.

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. 18, 2016	Common stock	Profit surplus	3,164	25	Mar. 31, 2016	Jun. 20, 2016

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 and accounts receivable and electronically recorded monetary claims–operating, 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, other investments and financing. Against interest rate volatility and exchange rate fluctuation risks, with regard to some long-term borrowings, their interest rates and the amounts of principal combined with interest are fixed by using derivative transactions (interest-rate swaps and interest and currency 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, 2016 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	126,964	126,964	—
2. Notes and accounts receivable	65,977	65,977	—
3. Electronically recorded monetary claims–operating	5,523	5,523	—
4. Investment securities Other securities	2,354	2,354	—
Total assets	200,820	200,820	—
5. Notes and accounts payable	20,129	20,129	—
6. Electronically recorded obligations–operating	16,544	16,544	—
7. Bonds payable	53,000	53,943	943
8. Long-term loans payable (Including current portion of long-term loans payable)	32,534	32,534	—
Total liabilities	122,207	123,151	943
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.

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)
Integrated treatment of interest-rate and currency swaps	Interest-rate and currency swap transactions Fixed-rate interest JPY payment and floating-rate interest USD receipt	Long-term borrowings	11,265	10,138	(140)
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	(137)
Total			21,265	20,138	(277)

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

(Note 2) Non-listed stocks and investment limited liability partnerships (their respective book values in the consolidated balance sheet are ¥173 million and ¥45 million) have no market prices and it is therefore deemed extremely difficult to ascertain 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	¥1,953.97
(2) Net income per share	¥107.24

6. Notes to Significant Subsequent Events

Not applicable

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. The integrated treatment (special accounting treatment, appropriation treatment) is adopted for interest-rate and currency swaps because they satisfy the requirements of such integrated 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
Interest-rate and currency swaps	Foreign currency-denominated borrowings and 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. Interest-rate and currency swaps are intended to hedge foreign exchange volatility risks and interest rate volatility risks involved in foreign currency-denominated 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 thereafter continue to be so. Evaluation of the validity of interest-rate swaps is omitted because they satisfy the requirements of the preferential treatment. Evaluation of the validity of interest-rate and currency swaps is omitted because they satisfy the requirements of integrated treatment (special accounting treatment, appropriation 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 consolidated fiscal year, the Company has adopted the Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21 issued on September 13, 2013; hereinafter, “Business Combinations Accounting Standard”), Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7 issued on September 13, 2013; hereinafter, “Business Divestitures Accounting Standard”), etc. Accordingly, the accounting method was changed to record business acquisition costs as expenses for the fiscal year in which they occurred. In addition, regarding business combinations that became or will become effective on or after the current fiscal year, the accounting method was changed to retroactively reflect adjustments to the amount allocated to acquisition cost under provisional accounting treatment on the consolidated financial statements of the quarter in which the relevant business combinations became or will become effective.

With regard to the application of the Business Combinations Accounting Standards, etc., they are applied in accordance with the transitional treatment set forth in Article 58-2 (4) of the Business Combinations Accounting Standard and Article 57-4 (4) of the Business Divestitures Accounting Standard, and will be applied from the start of the current fiscal year and into the future.

This change had no impact on capital surplus at the end of the current fiscal year.

2. Notes to the Balance Sheet

(1) Accumulated depreciation of fixed tangible assets:	¥91,870 million
(2) Amount of accelerated depreciation with national subsidy:	¥150 million
(3) Monetary claims/liabilities pertinent to affiliated companies:	
Short-term monetary claims:	¥49,193 million
Short-term monetary liabilities:	¥5,767 million
Long-term monetary claims:	¥5,937 million
(4) Monetary liabilities to Directors and Auditors:	¥742 million

(5) Contingent liability

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

Rent liability	THK GmbH	¥65 million
Electricity rate liabilities	THK RHYTHM AUTOMOTIVE CANADA LIMITED	¥30 million
Purchase liability	THK INTECHS CO., LTD.	¥520 million
	TALK SYSTEM CORPORATION	¥317 million
	THK RHYTHM CO., LTD.	¥261 million
	THK NIIGATA CO., LTD.	¥203 million
	NIPPON SLIDE CO., LTD.	¥26 million

3. Notes to the Statement of Income

Volume of transactions with affiliates:

Sales revenue	¥39,090 million

Purchases	¥20,961 million
Other marketing transactions	¥1,498 million
Non-marketing transactions	¥4,288 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)	7,263,364	2,698	50	7,266,012

(Summary of Reasons for Changes)
Breakdown of the increases:
Increase due to buyback of shares below one lot unit: 2,698 shares
Breakdown of the decrease:
Decrease due to additional purchase of shares below one lot unit: 50 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	¥6,987 million
Reserve for bonuses	¥680 million
Reserve for employees' retirement benefits	¥555 million
Inventory valuation loss	¥356 million
Accrued retirement compensation for officers	¥227 million
Accrued expenses	¥98 million
Excess of depreciation and amortization	¥96 million
Impairment loss	¥61 million
Golf club membership	¥59 million
Loss on valuation of investment securities	¥58 million
Supplies	¥48 million
Accrued business tax	¥45 million
Others	¥135 million
Subtotal of deferred tax assets	¥9,411 million
Valuation reserves	¥(7,798) million
Total deferred tax assets	¥1,613 million
(Deferred tax liabilities)	
Net unrealized gain on available-for-sale securities	¥(251) million
Special depreciation reserve	¥(31) million
Others	¥(8) million
Total deferred tax liabilities	¥(290) million
Net deferred tax assets	¥1,322 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

Legal effective tax rate	33.1%
(Adjustments)	
Items permanently not included as a deductible, such as entertainment costs	0.6%
Items permanently not included as revenue, such as dividend received	(1.8)%
Equal installments of resident tax	0.4%
Research and experimentation tax credit	(2.4)%
Tax credits for salary growth	(1.5)%
Tax credits for capital investments made to raise productivity	(1.4)%
Valuation reserves	(1.3)%
Difference from the effective tax rate	(0.6)%
Reduction adjustment to the year-end deferred tax assets due to the tax rate change	0.6%
Others	0.1%
Corporate tax ratio after application of tax effect accounting	25.8%

(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. 15; 2016) and the "Act for Partial Revision of the Local Tax Act, etc.," (Act No. 13; 2016) were passed in the Diet on March 29, 2016. 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, 2016) will be reduced from the previously applied rate of 32.3% to 30.9% regarding the temporary differences that are expected to be recovered or settled during the period from April 1, 2016 to March 31, 2018, and 30.6% 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 ¥89 million, while income taxes—deferred recorded in the current fiscal year increased by ¥103 million and net unrealized gain on available-for-sale securities increased by ¥14 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	Location	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	9,468	Accounts receivable	3,572
	THK Holdings of America, L.L.C.	Schaumburg, IL., U.S.A.	$120,000 thousand	Holding and controlling company in North America	Direct 100%	3 persons	—	Collection of Loans	466	Short-term loans	19,868
	THK RHYTHM AUTOMOTIVE MICHIGAN CORPORATION	Portland, MI., U.S.A.	$70,000 thousand	Transportation equipment-related businesses	Direct 100%	2 persons	Production and sales of the Company's products	Loans	5,158	Short-term loans	4,845
	THK RHYTHM AUTOMOTIVE CANADA LIMITED	St. Catharines, ONT., Canada	C$50,000 thousand	Transportation equipment-related businesses	Direct 100%	1 person	Production and sales of the Company's products	Loans	4,418	Short-term loans	4,166
	DALIAN THK CO., LTD.	Dalian, Liaoning Province, China	420,997 thousand yuan	Industrial equipment-related businesses	Direct 45% Indirect 25%	2 persons	Production and sales of the Company's products	Collection of Loans	1,801	Long-term loans	3,881

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 RHYTHM AUTOMOTIVE MICHIGAN CORPORATION are rationally determined by taking into account the market interest rates.
4. Interest rates for loans to THK RHYTHM AUTOMOTIVE CANADA LIMITED are rationally determined by taking into account the market interest rates.
5. Interest rates for loans to DALIAN THK CO., LTD. are rationally determined by taking into account the market interest rates.

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

7. Notes to Per Share Information

(1) Net assets per share	¥1,563.82
(2) Net income per share	¥93.65

8. Notes to Significant Subsequent Event

Not applicable

9. Other Notes

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