

May 13, 2014

Consolidated Financial Results for the Year Ended March 31, 2014 under Japanese GAAP

Company Name : THK CO., LTD.
 Head Office : Tokyo, Japan (Tel: +81-3-5434-0300)
 URL : <http://www.thk.com/>
 Stock exchange listing : Tokyo Stock Exchange-First Section
 Code number : 6481
 Representative : Akihiro Teramachi, President and CEO
 Contact : Hideyuki Kiuchi, Director and General Manager of Corporate Strategy Department
 Scheduled date of the general shareholders' meeting : June 21, 2014
 Scheduled starting date of dividend payment : June 23, 2014
 Scheduled date of filing the Securities Report (Japanese version only) : June 23, 2014

1. Consolidated Operating Results and Financial Position as of and for the year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(1) Consolidated Operating Results

Year ended March 31 (Millions of Yen)	Net Sales		Operating Income		Ordinary Income		Net Income	
2014	¥185,466	10.2 %	¥17,370	48.6 %	¥23,618	60.0 %	¥15,590	59.0 %
2013	168,366	(14.5)	11,692	(40.8)	14,765	(22.6)	9,808	(22.4)
(Note) Comprehensive income	For the year ended March 31, 2014:				¥36,277 million		93.0 %	
	For the year ended March 31, 2013:				18,798 million		101.3	

Year ended March 31 (Yen)	Net Income Per Share-Basic	Net Income Per Share-Diluted
2014	¥123.16	¥ —
2013	76.96	—

Year ended March 31	Return on Equity (Net income / Shareholders' equity)	Return on Assets (Ordinary income / Total assets)	Operating Income / Net Sales
2014	7.7%	7.5 %	9.4 %
2013	5.4	5.1	6.9

(Note) Equity earnings of affiliates : For the year ended March 31, 2014: ¥522 million
 For the year ended March 31, 2013: 199 million

(2) Consolidated Financial Position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Net Worth Ratio (%)	Net Assets Per Share (Yen)
As of March 31, 2014	¥336,416	¥222,148	65.3 %	¥1,736.51
As of March 31, 2013	293,145	189,058	63.9	1,479.41

(Note) Net worth ratio is defined as net worth divided by total assets. Net worth consists of shareholders' equity and adjustment/valuation items in net assets.

Net worth : As of March 31, 2014: ¥219,830 million
 As of March 31, 2013: 187,288 million

(3) Consolidated Cash Flows

Year ended March 31 (Millions of Yen)	Net Cash Provided by Operating Activities	Net Cash Used in Investing Activities	Net Cash Provided by (Used in) Financing Activities	Cash and Cash Equivalents, End of Year
2014	¥23,664	¥(9,553)	¥(2,790)	¥138,343
2013	20,395	(15,284)	(5,387)	115,967

2. Dividends

	Dividend Per Share (Yen)				
	First Quarter end as of June 30	Second Quarter end as of September 30	Third Quarter end as of December 31	Year end	Total
2013 (Actual)	—	9.00	—	9.00	18.00
2014 (Actual)	—	11.00	—	15.00	26.00
2015 (Projected)	—	18.00	—	18.00	36.00

	Total Amount of Dividends for the year (Millions of Yen)	Payment Ratio (Consolidated)	Cash Dividends / Net Assets (Consolidated)
2013 (Actual)	2,278	23.4%	1.3%
2014 (Actual)	3,291	21.1%	1.6%
2015 (Projected)	n/a	24.0%	n/a

3. Forecasts for the year ending March 31, 2015 (April 1, 2014 to March 31, 2015)

	Net Sales (Millions of Yen)	Operating Income (Millions of Yen)	Ordinary Income (Millions of Yen)	Net Income (Millions of Yen)	Net Income per Share (Yen)
Second Quarter ending September 30, 2014					
(amount)	¥105,000	¥13,600	¥13,700	¥9,300	¥73.46
(percentage)	17.8%	81.7%	25.7%	30.5%	n/a
Year ending March 31, 2015					
(amount)	¥210,000	¥27,000	¥28,000	¥19,000	¥150.09
(percentage)	13.2%	55.4%	18.5%	21.9%	n/a

(Note) The above forecasts are based upon the information currently available at the time of the announcement of this report. Actual performance may differ from the estimates due to various unforeseen factors.

4. Other Financial Information

(1) Significant change in scope of consolidation: None

(2) Changes in accounting policy/treatment/presentation manner due to:

- a. Changes in accounting standards Please refer to "5. Accounting Changes"
- b. Other changes None

(3) Number of shares

		(shares)
a. Common stock issued, including treasury stock, as of:	March 31, 2014	133,856,903
	March 31, 2013	133,856,903
b. Treasury stock as of:	March 31, 2014	7,263,269
	March 31, 2013	7,260,392
c. Average number of common stock for the year ended:	March 31, 2014	126,595,193
	March 31, 2013	127,444,402

5. Accounting Changes

New Accounting Standard for Retirement Benefits—Effective March 31, 2014, the THK Group applied ASBJ Statement No. 26 “Accounting Standard for Retirement Benefits” (issued on May 17, 2012) and its implementation guidance “Guidance on Accounting Standard for Retirement Benefits” (issued on May 17, 2012), except for certain provisions described in Section 35 of the new standard as well as those in Section 67 of the new guidance. Under the new standard, net defined benefit liability (asset) is determined by deducting pension assets from retirement benefit obligations. Amounts of unrecognized actuarial differences and unrealized prior service costs at March 31, 2014 were included in the net defined benefit liability (asset).

In applying the new accounting standard, the effects of this accounting change were included in remeasurements of defined benefit plans in accumulated other comprehensive income. This treatment was made in accordance with the transitional measures stipulated in Section 37 of the new accounting standard.

The effects of this accounting change were (1) to record ¥4,083 million of net defined benefit liability, (2) to record ¥32 million of net defined benefit asset, and (3) to decrease accumulated other comprehensive income by ¥632 million.

For Reference: Outline of Non-consolidated Financial Statements

1. Non-Consolidated Operating Results and Financial Position as of and for the year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(1) Operating Results

Year Ended March 31 (Millions of Yen)	Net Sales		Operating Income		Ordinary Income		Net Income	
2014	¥111,913	7.0 %	¥13,808	40.5 %	¥18,790	55.9 %	¥12,255	52.8 %
2013	104,567	(19.6)	9,825	(32.2)	12,053	(10.1)	8,018	0.8
Year Ended March 31 (Yen)	Net Income Per Share-Basic		Net Income Per Share-Diluted					
2014	¥96.81		¥ —					
2013	62.92		—					

(2) Financial Position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Net Worth Ratio (%)	Net Assets Per Share (Yen)
As of March 31, 2014	¥275,240	¥180,727	65.7 %	¥1,427.58
As of March 31, 2013	259,835	170,954	65.8	1,350.36

(Note) Net worth ratio is defined as net worth divided by total assets. Net worth consists of shareholders' equity and adjustment/valuation items in net assets.

Net worth
As of March 31, 2014: ¥180,727 million
As of March 31, 2013: 170,954 million

2. Non-Consolidated forecasts for the year ending March 31, 2015 (April 1, 2014 to March 31, 2015)

	Net Sales (Millions of Yen)	Operating Income (Millions of Yen)	Ordinary Income (Millions of Yen)	Net Income (Millions of Yen)	Net Income per Share (Yen)
Second Quarter ending September 30, 2014 (amount)	¥64,000	¥9,900	¥10,000	¥6,800	¥53.71
(percentage)	16.6%	79.4%	15.8%	17.3%	n/a
Year ending March 31, 2015 (amount)	Net Sales (Millions of Yen)	Operating Income (Millions of Yen)	Ordinary Income (Millions of Yen)	Net Income (Millions of Yen)	Net Income per Share (Yen)
Year ending March 31, 2015 (amount)	¥125,000	¥18,400	¥19,200	¥13,000	¥102.69
(percentage)	11.7%	33.3%	2.2%	6.1%	n/a

(Note) The above forecasts are based upon the information currently available at the time of the announcement of this report. Actual performance may differ from the estimates due to various unforeseen factors.

Management's Discussion and Analysis

Operating results (From April 1, 2013 to March 31, 2014)

(1) Summary of Overall Performance

During this fiscal year, while economic growths in emerging countries slowed down and recovery trends were seen in developed countries, the world economy recovered moderately. In Japan, while consumer spending was increasing by dint of high stock prices that improved consumer sentiment, the Japanese economy recuperated with signs of recovery in capital investments. In the overseas economy, while the economy in the United States of America was recovering buoyed by strong consumer spending and the European economy showed a trend of recovery from the recession phase, the tempo of economic growths in emerging countries such as China slowed down with slumping domestic demand.

The THK Group has identified "Full-Scale Globalization" and the "Development of New Business Areas" as cornerstones of its growth strategy to actualize the latent demand for its products such as LM Guide. In addition, while new drivers of economic growths see the light after the failure of Lehman Brothers, the THK Group accelerates the growth strategy to capture the demand. Along with economic growths higher than developed countries, increase in demand for machinery and development in factory automation is anticipated particularly in emerging countries. In such a situation, the THK Group made proactive investments for future growths by strengthening its sales, productivity and development in China and by expanding sales channels in India and ASEAN countries. In developed countries, demand for the THK Group's products in consumer goods domain is anticipated to expand because of the growing awareness of disaster countermeasures and progress of motorization. At the same time, the THK Group is focusing on exploitation of new markets to achieve widespread adoption of its products such as linear motion systems. In this fiscal year, while demand in the electronics industry showed a moderate recovery, the THK Group operated proactively to expand its sales with its strengthened operating structure. In addition, yen remained weak as compared to the level one year earlier and it resulted in increase in revenue generated in various areas. As a result, net sales for the year amounted to ¥185,466 million, up ¥17,099 million, or 10.2%, compared to the figure one year earlier.

On the cost front, the THK Group implemented various activities to improve its productivity. Those activities include an across-the-division project to reinforce the operating foundations, namely, P25 Project. Such activities successfully streamlined fixed costs and lowered the variable cost ratio. As a result, the cost of sales to sales ratio improved by 2.2% from a year earlier to 71.5%.

Selling, general and administrative expenses (SG&A) increased from a year earlier by ¥2,927 million, or 9.0%, to ¥35,533 million due to higher sales and increased research and development costs of enhanced research activities for the future. Ratio to net sales, however, improved by 0.2% from a year earlier to 19.2 % because of the endeavors to contain costs and to improve operating efficiency.

As a result, operating income increased from a year earlier by ¥5,677 million, or 48.6%, to ¥17,370 million. The operating income to net sales ratio was 9.4%

Total non-operating income was ¥7,611 million. Major components of non-operating income were ¥5,193 million of net foreign exchange gain and ¥522 million of equity earnings of affiliates. Total non-operating expense was ¥1,362 million. Major component of non-operating expense was ¥801 million of interest expenses. As a result, ordinary income increased from a year earlier by ¥8,853 million, or 60.0%, to ¥23,618 million. Net income for the year also increased from a year earlier by ¥5,782 million, or 59.0%, to ¥15,590 million.

(2) Segment Information

(Japan)

In Japan, while consumer spending was increasing by dint of high stock prices that improved consumer sentiment, the Japanese economy recuperated with signs of recovery in capital investments. In the first half of this year, demand in the electronics industry was in an adjustment phase in summer and in other industries it also remained at a level lower than a year earlier. In the latter half, however, it showed a positive trend toward recovery of overall demand in the machine tool industry and the electronics industry. In such a situation, the THK Group operated proactively and cultivated new business fields such as seismic isolation and damping systems. As a result, net sales for the year amounted to ¥107,436 million, up ¥430 million, or 0.4%, compared to the figure one year earlier. Operating income (segment income) amounted to ¥16,434 million, up ¥4,858 million, or 42.0%, from the figure one year earlier due to various operating activities such as our across-the-division project, namely, P25 Project. Such activities successfully streamlined fixed costs and lowered the variable cost ratio. In addition, the weaker yen during the period was favorable to the operating result.

(The Americas)

In the Americas, while consumer spending was strong, and automobile production was increasing, an upswing of capital investments continued. In such a situation, production and sales worked in unison to expand transactions with existing customers and to cultivate new business fields such as medical equipment, aircraft, and energy-related business. Because of these endeavors, along with the favorable effect of the weaker yen, sales were robust to the electronics industry and the transportation equipment industry in particular, amounting to ¥28,618 million, up ¥6,309 million, or 28.3%, from the figure one year earlier. Operating income (segment income) amounted to ¥1,166 million, up ¥155 million, or 15.4%, from the figure one year earlier.

(Europe)

In Europe, while there were signs of recovery from the recession phase prolonged by the governmental debt problem, production and sales worked in unison to expand transactions with existing customers and to cultivate new business fields such as medical equipment, aircraft, and energy-related business. As a result, sales in Europe amounted to ¥18,292 million, up ¥3,229 million, or 21.4%, from the figure one year earlier, with the favorable effect of the weaker yen during the period. The THK Group recorded ¥180 million of operating income (segment income), a turnaround from ¥378 million of operating loss (segment loss) recorded in a year earlier.

(China)

In China, automobile production was still robust, however, the rapid economic growth slowed down. Driven by investments in smart phones and tablet computers market, there were signs of recovery in the demand situation in small-type products. In such a situation, the THK Group implemented aggressive business activities with its strengthened sales channels and successfully increased its sales to various industries such as the general machine industry and the transportation equipment industry. As a result, sales amounted to ¥19,857 million, up ¥6,430 million, or 47.9%, from the figure one year earlier. However, the THK Group recorded ¥614 million of operating loss (segment loss), ¥279 million more than the figure one year earlier. This was due mainly to proactive investments for the future growth.

(Other)

In other countries and regions including Taiwan, India and ASEAN countries, while there were signs of recovery in the demand situation especially for small-type products driven by investments in smart phones and tablet computers market, the THK Group continues to expand transactions with existing customers and to cultivate new customers. In addition, the yen remained weak during the year. As a result, sales amounted to ¥11,261 million, up ¥700 million, or 6.6%, from the figure one year earlier. Operating income (segment income) amounted to ¥676 million, up ¥385 million, or 132.5%, from the figure one year earlier.

Forecasts for the fiscal year ending March 31, 2015

Considering the latest recovering demand situation, we expect ¥210,000 million of net sales for the year ending March 31, 2015. We also expect ¥27,000 million of operating income, ¥28,000 million of ordinary income, and ¥19,000 million of net income that would be derived by the increase in sales and implementing more effective cost control.

-Consolidated

	Net Sales	Operating Income	Ordinary Income	Net Income
Millions of Yen	¥210,000	¥27,000	¥28,000	¥19,000
Component ratio (%)	100.0%	12.9%	13.3%	9.0%
Fluctuation (%)	13.2%	55.4%	18.5%	21.9%

-Non consolidated

	Net Sales	Operating Income	Ordinary Income	Net Income
Millions of Yen	¥125,000	¥18,400	¥19,200	¥13,000
Component ratio (%)	100.0%	14.7%	15.4%	10.4%
Fluctuation (%)	11.7%	33.3%	2.2%	6.1%

(Note) Average exchange rates assumed and used for above forecasts are as follows:

U.S.dollar 1=¥100.00 Euro 1=¥140.00

Financial position (As of March 31, 2014)

Total assets stood at ¥336,416 million, ¥43,270 million more than the previous fiscal year-end, due mainly to increase in (a) cash and bank deposits by ¥22,375 million, (b) accounts and notes receivable by ¥6,440 million, (c) merchandise and finished goods by ¥2,894 million, (d) buildings and structures by ¥2,671 million, (e) machinery, equipment and vehicles by ¥4,359 million, and (f) long-term investments in securities by ¥1,180 million.

Total liabilities stood at ¥114,267 million, ¥10,180 million more than the previous fiscal year-end, due mainly to a combined effect of (a) increase in accounts and notes payable by ¥4,565 million, (b) increase in income taxes payable by ¥3,631 million, (c) increase in bonds by ¥20,000 million, and (d) decrease in current portion of long-term bank loans by ¥20,000 million.

Net assets stood at ¥222,148 million, ¥33,090 million more than the previous fiscal year-end, due mainly to increase in (a) retained earnings by ¥13,058 million and (b) foreign currency translation adjustments by ¥20,061 million.

For reference: Cash Flow Indices

Year ended March 31	2010	2011	2012	2013	2014
Net Worth / Total Assets (%)	68.2	59.6	60.3	63.9	65.3
Market Capitalization / Total Assets (%)	115.5	100.1	78.1	83.0	92.2
Interest-bearing Debt / Operating Cash Flow (years)	6.8	2.3	3.6	2.9	2.5
Operating Cash Flow / Interest Paid (times)	9.0	37.1	25.3	28.7	29.5

(Note 1) All indices are computed based on consolidated data.

(Note 2) Market capitalization equals the stock price at the end of year multiplied by the number of issued shares at the end of year.

Basic Policies Regarding Distribution of Profits and Dividends

Not only its basic policy which is to provide shareholders with stable and continuous dividends, THK places priority on providing shareholders with proactive distribution of profit befitting operating results, simultaneously strengthening its financial soundness by securing internal reserve. THK plans to make effective use of internal reserve by investing research and development activities, production facilities, and IT systems, to respond globalization.

In accordance with these policies, the Company plans ¥15.00 per share for the year-end dividends. As a result, cash dividends applicable for the year ended March 31, 2014 will be ¥26.00 per share, with the interim dividends of ¥11.00 per share. The Company also plans ¥36.00 per share in total (¥18.00 per share at the semiannual-end) for the year ending March 31, 2015.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Yen)

	Year End -Previous Year As of March 31, 2013	Year End -Current Year As of March 31, 2014
Assets		
Current assets:		
Cash and bank deposits	¥115,967	¥138,343
Accounts and notes receivable	46,116	52,557
Merchandise and finished goods	9,125	12,019
Work in process	4,288	5,185
Raw materials and supplies	10,685	11,561
Deferred tax assets	3,245	3,554
Short-term loans receivable	1,002	1,002
Other current assets	3,629	3,799
Less: Allowance for bad debts	(120)	(131)
Total current assets	193,940	227,890
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	56,419	62,037
Accumulated depreciation	(30,352)	(33,298)
Buildings and structures-net	26,066	28,738
Machinery, equipment and vehicles	139,215	151,982
Accumulated depreciation	(100,396)	(108,805)
Machinery, equipment and vehicles-net	38,818	43,177
Land	13,094	13,194
Construction in progress	6,749	6,676
Other	16,639	18,107
Accumulated depreciation	(13,670)	(15,055)
Other-net	2,968	3,051
Total property, plant and equipment –net	87,697	94,838
Intangibles		
Goodwill	1,170	893
Other	1,597	3,320
Total intangibles	2,767	4,213
Investments and other		
Long-term investments in securities	5,258	6,438
Net defined benefit asset	–	32
Deferred tax assets	848	1,367
Other	2,691	1,681
Less: Allowance for bad debts	(57)	(46)
Total investments and other	8,740	9,474
Total fixed assets	99,205	108,526
Total assets	293,145	336,416

(Millions of Yen)

	Year End -Previous Year As of March 31, 2013	Year End -Current Year As of March 31, 2014
Liabilities		
Current liabilities :		
Accounts and notes payable	¥20,846	¥25,411
Current portion of long-term bank loans	20,000	—
Current portion of long-term bonds	—	10,000
Lease obligation	237	279
Income taxes payable	2,177	5,808
Accrued bonuses to employees	2,571	2,957
Other	9,824	10,032
Total current liabilities	55,656	54,490
Long-term liabilities :		
Bonds	40,000	50,000
Lease obligation	534	523
Deferred tax liabilities	3,659	3,861
Reserve for employees' retirement benefits	3,008	—
Reserve for retirement benefits for directors and corporate auditors	114	127
Reserve for product warranty	132	149
Net defined benefit liability	—	4,083
Other	981	1,031
Total long-term liabilities	48,430	59,777
Total liabilities	104,087	114,267
Net assets		
Shareholders' equity :		
Common stock	34,606	34,606
Additional paid-in capital	44,584	44,584
Retained earnings	128,416	141,474
Treasury stock	(13,928)	(13,934)
Total shareholders' equity	193,678	206,731
Accumulated other comprehensive income :		
Net unrealized gain on available-for-sale securities	740	801
Foreign currency translation adjustments	(7,131)	12,930
Remeasurements of defined benefit plans	—	(632)
Total accumulated other comprehensive income	(6,390)	13,099
Minority Interests	1,769	2,317
Total net assets	189,058	222,148
Total liabilities and net assets	293,145	336,416

Consolidated Statements of Income

(Millions of Yen)

	Year Ended March 31, 2013 (From April 1, 2012 to March 31, 2013)	Year Ended March 31, 2014 (From April 1, 2013 to March 31, 2014)
Net sales	¥168,366	¥185,466
Cost of sales	124,067	132,562
Gross profit	44,298	52,903
Selling, general and administrative expenses:		
Freight expenses	3,139	3,323
Advertisement expenses	798	884
Salaries and benefits	10,365	11,650
Accrual for bonuses	882	1,039
Net periodic retirement costs	540	507
Rent expenses	1,706	1,739
Depreciation and amortization	909	973
Research and development	3,932	4,377
Amortization of goodwill	430	355
Other	9,898	10,681
Total selling, general and administrative expenses	32,605	35,533
Operating income	11,692	17,370
Non-operating income:		
Interest income	363	420
Dividend income	52	55
Gain on sales of investments in securities	9	1
Foreign exchange gain, net	2,651	5,193
Equity earnings of affiliates	199	522
Rent income	312	331
Other	679	1,086
Total non-operating income	4,268	7,611
Non-operating expenses:		
Interest expenses	711	801
Other	484	560
Total non-operating expenses	1,196	1,362
Ordinary income	14,765	23,618

	Year Ended March 31, 2013 (From April 1, 2012 to March 31, 2013)	Year Ended March 31, 2014 (From April 1, 2013 to March 31, 2014)
Extraordinary gain :		
Gain on sales of property, plant and equipment	¥20	¥17
Subsidy income	19	591
Total extraordinary gain	40	608
Extraordinary losses :		
Loss on sales of property, plant and equipment	4	9
Loss on disposal of property, plant and equipment	64	213
Other	0	—
Total extraordinary losses	69	222
Income before income tax and minority interests	14,737	24,004
Income taxes-current	4,689	8,493
Income taxes-deferred	185	(246)
Total income taxes	4,874	8,246
Income before minority interests	9,862	15,758
Minority interests	54	167
Net income	9,808	15,590

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Year Ended March 31, 2013 (From April 1, 2012 to March 31, 2013)	Year Ended March 31, 2014 (From April 1, 2013 to March 31, 2014)
Income before minority interests	¥9,862	¥15,758
Other comprehensive income:		
Net unrealized gain (loss) on available-for-sale securities	(39)	53
Foreign currency translation adjustments	8,427	19,662
Share of other comprehensive income of affiliates accounted under the equity method	547	803
Total other comprehensive income	8,935	20,519
Comprehensive income	18,798	36,277
Attributable to:		
Shareholders of THK Co., Ltd.	18,547	35,729
Minority interests	251	548

Consolidated Statements of Changes in Net Assets

(Millions of Yen)

	Year Ended March 31, 2013 (From April 1, 2012 to March 31, 2013)	Year Ended March 31, 2014 (From April 1, 2013 to March 31, 2014)
Shareholders' equity		
Common stock		
Beginning balance	¥34,606	¥34,606
Ending balance	34,606	34,606
Additional paid-in capital		
Beginning balance	44,584	44,584
Change in the year:		
Disposal of treasury stocks	—	0
Total change in the year	—	0
Ending balance	44,584	44,584
Retained earnings		
Beginning balance	121,161	128,416
Change in the year:		
Dividends paid	(2,554)	(2,532)
Net income	9,808	15,590
Total change in the year	7,254	13,058
Ending balance	128,416	141,474
Treasury stock		
Beginning balance	(11,362)	(13,928)
Change in the year:		
Purchase of treasury stocks	(2,565)	(6)
Disposal of treasury stocks	—	0
Total change in the year	(2,565)	(6)
Ending balance	(13,928)	(13,934)
Total shareholders' equity		
Beginning balance	188,990	193,678
Change in the year:		
Dividends paid	(2,554)	(2,532)
Net income	9,808	15,590
Purchase of treasury stocks	(2,565)	(6)
Disposal of treasury stocks	—	0
Total change in the year	4,688	13,052
Ending balance	193,678	206,731

	Year Ended March 31, 2013 (From April 1, 2012 to March 31, 2013)	Year Ended March 31, 2014 (From April 1, 2013 to March 31, 2014)
Other comprehensive income		
Net unrealized gain on available-for-sale securities		
Beginning balance	¥777	¥740
Net change in the year		
Net changes in the items other than shareholders' equity	(36)	61
Total change in the year	(36)	61
Ending balance	740	801
Foreign currency translation adjustments		
Beginning balance	(15,903)	(7,131)
Net change in the year		
Net changes in the items other than shareholders' equity	8,772	20,061
Total change in the year	8,772	20,061
Ending balance	(7,131)	12,930
Remeasurements of defined benefit plans		
Beginning balance	—	—
Net change in the year		
Net changes in the items other than shareholders' equity	—	(632)
Total change in the year	—	(632)
Ending balance	—	(632)
Total other comprehensive income		
Beginning balance	(15,126)	(6,390)
Net change in the year		
Net changes in the items other than shareholders' equity	8,735	19,489
Total change in the year	8,735	19,489
Ending balance	(6,390)	13,099
Minority interests		
Beginning balance	1,652	1,769
Net change in the year		
Net changes in the items other than shareholders' equity	116	548
Total change in the year	116	548
Ending balance	1,769	2,317

	Year Ended March 31, 2013 (From April 1, 2012 to March 31, 2013)	Year Ended March 31, 2014 (From April 1, 2013 to March 31, 2014)
Total net assets		
Beginning balance	175,516	189,058
Change in the year:		
Dividends paid	(2,554)	(2,532)
Net income	9,808	15,590
Purchase of treasury stocks	(2,565)	(6)
Disposal of treasury stocks	—	0
Net changes in the items other than shareholders' equity	8,852	20,038
Total change in the year	13,541	33,090
Ending balance	189,058	222,148

Consolidated Statements of Cash Flows

(Millions of Yen)

	Year Ended March 31, 2013 (From April 1, 2012 to March 31, 2013)	Year Ended March 31, 2014 (From April 1, 2013 to March 31, 2014)
Cash flows from operating activities:		
Income before income taxes and minority interests	¥14,737	¥24,004
Depreciation and amortization	9,973	11,101
Loss on sale/disposal of property, plant and equipment	48	205
Increase (decrease) in provisions	(614)	345
Increase in net defined benefit liability	—	38
Interest and dividend income	(416)	(475)
Interest expenses	711	801
Foreign exchange gain	(3,285)	(4,744)
Equity in earnings of affiliates	(199)	(522)
Loss on write-down of investments in securities	0	—
Amortization of goodwill	430	355
Decrease (increase) in trade receivables	8,329	(3,810)
Decrease (increase) in inventories	3,652	(1,478)
Increase (decrease) in trade payables	(8,096)	1,975
Other	(21)	859
Subtotal	25,250	28,656
Interest and dividend received	566	626
Interest paid	(706)	(765)
Income taxes refund (paid)	(4,714)	(4,852)
Net cash provided by operating activities	20,395	23,664
Cash flows from investing activities:		
Purchase of property, plant and equipment	(15,282)	(10,797)
Proceeds from sale of property, plant and equipment	123	260
Purchase of investments in securities	(16)	(16)
Increase in loans receivable	(3)	(7)
Collection on loans	3	1,007
Other	(109)	0
Cash flows used in investing activities	(15,284)	(9,553)

	Year Ended March 31, 2013 (From April 1, 2012 to March 31, 2013)	Year Ended March 31, 2014 (From April 1, 2013 to March 31, 2014)
Cash flows from financing activities:		
Repayments of long-term bank loans	¥—	¥(20,000)
Proceeds from issuance of bonds	—	20,000
Dividends paid	(2,548)	(2,525)
Dividends paid to minority shareholders	(59)	(3)
Purchase of treasury stocks	(2,565)	(6)
Proceeds from sale of treasury stocks	—	0
Repayments of lease obligations	(214)	(254)
Net cash used in financing activities	<u>(5,387)</u>	<u>(2,790)</u>
Foreign currency translation adjustments on cash and cash equivalents	<u>5,456</u>	<u>11,054</u>
Net increase in cash and cash equivalents	<u>5,179</u>	<u>22,375</u>
Cash and cash equivalents, beginning of the year	<u>110,788</u>	<u>115,967</u>
Cash and cash equivalents, end of the year	<u>115,967</u>	<u>138,343</u>

Segment Information

THK's reportable segments are components of THK Group for which respective financial information is separately available. Operating results of each segment is reviewed periodically by the Board of Directors to determine allocation of operating resources and evaluate its performance.

THK 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 their business activities in a similar way that THK 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, the United Kingdom, Netherlands, 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 those used in consolidation. Inter-segment sales and transfer are stated at amounts based on their fair market values. All adjustments in the following tables are intersegment elimination on consolidation.

For the year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

	(Millions of Yen)						
	Japan	The Americas	Europe	China	Other	Adjust-ments	Consoli-dated
Sales to customers	¥107,436	¥28,618	¥18,292	¥19,857	¥11,261	¥-	¥185,466
Inter-segment	39,628	13	40	3,791	709	(44,182)	-
Total	147,064	28,631	18,332	23,649	11,971	(44,182)	185,466
Operating income (loss)	16,434	1,166	180	(614)	676	(472)	17,370
Assets	300,545	44,939	25,072	62,266	18,246	(114,653)	336,416
Other items							
Depreciation and amortization	5,663	1,152	469	3,366	304	144	11,101
Amortization of goodwill	61	-	-	-	294	-	355
Investments to affiliates accounted under the equity method	3,896	-	-	-	-	-	3,896
Capital expenditures	3,102	1,950	256	4,957	825	(642)	10,449

(Note) All adjustments are intercompany elimination.

For the year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

	(Millions of Yen)						
	Japan	The Americas	Europe	China	Other	Adjustments	Consolidated
Sales to customers	¥107,005	¥22,308	¥15,062	¥13,427	¥10,561	¥—	¥168,366
Inter-segment	32,720	39	11	4,241	323	(37,336)	—
Total	139,726	22,348	15,074	17,668	10,885	(37,336)	168,366
Operating income (loss)	11,575	1,010	(378)	(335)	291	(471)	11,692
Assets	282,065	36,175	19,176	47,389	15,585	(107,246)	293,145
Other items							
Depreciation and amortization	6,177	809	505	2,275	240	(35)	9,973
Amortization of goodwill	61	—	—	—	369	—	430
Investments to affiliates accounted under the equity method	2,810	—	—	—	—	—	2,810
Capital expenditures	4,383	2,404	641	7,414	334	(972)	14,206

(Note) All adjustments are intercompany elimination.

Subsequent events

Not applicable.

Additional notes:

Going concern issues: Not applicable.

Other Information

All the figures in this report except per share information are rounded down to the nearest million.

This information is summarized and translated from the original Japanese version submitted to the Tokyo Securities Exchange in accordance with its disclosure rules and presentation manners, which are different from those applied in the annual reports of the Company due to reclassification and rearrangement made therein. This English translation is intended solely for the convenience of readers, and not intended in any way to substitute or replace the original Japanese version. If there is any discrepancy between the original Japanese version and this translation, the original Japanese version shall supersede all information in this translation. All the figures in this report are unaudited.