

## Consolidated Financial Results for the Year Ended March 31, 2016 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 : Kenji Nakane, General Manager of Finance and Accounting Department, Corporate Strategy Division  
 Scheduled date of the general shareholders' meeting : June 18, 2016  
 Scheduled starting date of dividend payment : June 20, 2016  
 Scheduled date of filing the Securities Report (Japanese version only) : June 20, 2016

### 1. Consolidated Operating Results and Financial Position as of and for the year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

#### (1) Consolidated Operating Results

Year ended March 31 (Millions of Yen)	Net Sales		Operating Income		Ordinary Income		Net Income attributable to shareholders of THK Co., Ltd.	
2016	¥240,478	10.5 %	¥23,169	(18.4) %	¥19,140	(43.8) %	¥13,575	(40.2) %
2015	217,678	17.4	28,388	63.4	34,031	44.1	22,705	45.6

(Note) Comprehensive income For the year ended March 31, 2016: ¥5,999 million (82.4) %  
 For the year ended March 31, 2015: 34,085 million (6.0)

Year ended March 31 (Yen)	Net Income Per Share-Basic	Net Income Per Share-Diluted
2016	¥107.24	¥ —
2015	179.36	—

Year ended March 31	Return on Equity (Net income / Shareholders' equity)	Return on Assets (Ordinary income / Total assets)	Operating Income / Net Sales
2016	5.5%	4.9 %	9.6 %
2015	9.7	9.6	13.0

(Note) Equity earnings of affiliates For the year ended March 31, 2016: ¥644 million  
 For the year ended March 31, 2015: 599 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, 2016	¥407,808	¥250,540	60.7 %	¥1,953.97
As of March 31, 2015	373,610	250,498	66.3	1,957.48

(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, 2016: ¥247,348 million  
As of March 31, 2015: 247,797 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
2016	¥19,753	¥(62,685)	¥19,252	¥126,964
2015	23,384	(8,714)	(4,742)	155,239

## 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
2015 (Actual)	—	20.00	—	30.00	50.00
2016 (Actual)	—	25.00	—	25.00	50.00
2017 (Projected)	—	—	—	—	—

  

	Total Amount of Dividends for the year (Millions of Yen)	Payout Ratio (Consolidated)	Cash Dividends / Net Assets (Consolidated)
2015 (Actual)	6,329	27.9%	2.7%
2016 (Actual)	6,329	46.6%	2.6%
2017 (Projected)	n/a	—	n/a

The amounts of dividends for the year ending March 31, 2017 are planned to be determined in accordance with the targeted payout ratio of 30% on a consolidated basis and will be announced as soon as they are determined.

### 3. Forecasts for the year ending March 31, 2017 (April 1, 2016 to March 31, 2017)

	Net Sales (Millions of Yen)	Operating Income (Millions of Yen)	Ordinary Income (Millions of Yen)	Net Income attributable to shareholders of THK Co., Ltd. (Millions of Yen)	Net Income per Share (Yen)
Second Quarter ending September 30, 2016 (amount)	¥132,000	¥10,200	¥8,500	¥6,000	¥47.40
(percentage)	17.7%	(18.3)%	(27.3)%	(22.2)%	n/a
	Net Sales (Millions of Yen)	Operating Income (Millions of Yen)	Ordinary Income (Millions of Yen)	Net Income attributable to shareholders of THK Co., Ltd. (Millions of Yen)	Net Income per Share (Yen)
Year ending March 31, 2017 (amount)	¥262,000	¥21,000	¥19,600	¥14,000	¥110.60
(percentage)	8.9%	(9.4)%	2.4%	3.1%	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.

#### 4. Other Financial Information

(1) Significant change in scope of consolidation:

(Newly consolidated subsidiaries)

- THK RHYTHM AUTOMOTIVE MICHIGAN CORPORATION
- THK RHYTHM AUTOMOTIVE CANADA LIMITED
- THK RHYTHM AUTOMOTIVE GmbH
- THK RHYTHM AUTOMOTIVE CZECH a. s.

(2) Changes in accounting policy and estimates, and restatement 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, 2016	133,856,903
	March 31, 2015	133,856,903
b. Treasury stock as of:		
	March 31, 2016	7,269,394
	March 31, 2015	7,266,746
c. Average number of common stock for the year ended:		
	March 31, 2016	126,588,762
	March 31, 2015	126,591,939

## 5. Accounting Changes

Effective April 1, 2015, THK applied "Revised Accounting Standard for Business combinations" (Statement No. 21, issued by Accounting Standards Board of Japan ("ASBJ") on September 13, 2013), "Revised Accounting Standard for Consolidated Financial Statements" (Statement No. 22, issued by ASBJ on September 13, 2013) and "Revised Accounting Standard for Business Divestitures" (Statement No. 7, issued by ASBJ on September 13, 2013). In applying the new standards, THK recognized the difference associated with changes in equity in subsidiaries remaining under the control of THK as additional paid-in capital, and changed the accounting treatment of acquisition-related costs to the method under which such costs are recorded as expenses for the fiscal year they are incurred. For business combinations implemented on or after April 1, 2015, the accounting method has been changed to reflect the adjustments to the allocated amount of acquisition costs on the finalization of the provisional accounting treatment in the consolidated financial statements for the year containing the date of the business combinations. In addition, THK changed the presentation manner of net income and other items. In the new presentation manner, minority interests are presented as non-controlling interests. To reflect these changes, certain reclassifications have been made to the consolidated financial statements for the year ended March 31, 2015.

THK applied the new standards prospectively from the beginning of the year ended March 31, 2016 in accordance with the transitional treatments as prescribed in article 58-2 (4) of Revised Accounting Standard for Business combinations, article 44-5 (4) of Revised Accounting Standard for Consolidated Financial Statements, and article 57-4 (4) of Revised Accounting Standard for Business Divestitures.

As a result, the effect of applying the new standard was to decrease operating income, ordinary income and income before income taxes for the year ended March 31, 2016 each by ¥1,487 million.

In the consolidated statements of cash flows for the year ended March 31, 2016, cash flows from additional purchase or partial sale of a subsidiary's shares are included in cash flows from financing activities, whereas cash flows from related costs of acquisition of a new subsidiary or related costs of additional purchase or partial sale of a subsidiary's shares are included in cash flows from operating activities.

## 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, 2016 (April 1, 2015 to March 31, 2016)

#### (1) Operating Results

Year Ended March 31 (Millions of Yen)	Net Sales		Operating Income		Ordinary Income		Net Income	
2016	¥126,127	(5.0) %	¥17,925	(18.1) %	¥16,068	(41.3) %	¥11,855	(32.6) %
2015	132,786	18.7	21,899	58.6	27,378	45.7	17,585	43.5
Year Ended March 31 (Yen)	Net Income Per Share-Basic		Net Income Per Share-Diluted					
2016	¥93.65		¥ —					
2015	138.91		—					

#### (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, 2016	¥317,754	¥197,965	62.3 %	¥1,563.82
As of March 31, 2015	296,140	193,719	65.4	1,530.25

(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, 2016: ¥197,965 million  
As of March 31, 2015: 193,719 million

### 2. Non-Consolidated forecasts for the year ending March 31, 2017 (April 1, 2016 to March 31, 2017)

	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, 2016 (amount)	¥57,100	¥5,400	¥4,100	¥3,000	¥23.70
(percentage)	(11.2)%	(42.3)%	(56.2)%	(56.2)%	n/a
Year ending March 31, 2017 (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, 2017 (amount)	¥115,800	¥11,600	¥11,000	¥7,900	¥62.41
(percentage)	(8.2)%	(35.3)%	(31.5)%	(33.4)%	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

### 1, Operating results (From April 1, 2015 to March 31, 2016)

#### (1) Summary of overall performance

During this fiscal year, the economic growth in emerging countries such as China slowed down; however, the world economy continued the modest recovery trend which was mainly led by Europe and the United States of America. In Japan, the economy made a mild recovery; however, there were some weaknesses particularly in production and exports.

The THK Group has identified "Full-Scale Globalization" and the "Development of New Business Areas" as cornerstones of its growth strategy to expand the markets of its products such as LM Guide (Linear Motion Guide). As to Full-Scale Globalization, while the markets in emerging countries such as China are growing by dint of the factory automation progress, which is also spreading to developed-country users, the THK Group endeavors to expand its global sales network to meet such demand. Regarding Development of New Business Areas, while the THK Group's products are getting widely adopted in new business fields such as medical equipment, aircraft, robot, and renewable energy, the THK Group is working on expanding sales of not only existing products but also new developed products. The THK Group is also committed to increase its sales by strengthening its sales structure and marketing strategy functions.

In this fiscal year, the THK Group operated proactively to expand its sales with its strengthened operating structure on a global scale. Moreover, in order to further expand its transportation equipment business, THK acquired the linkage and suspension business of TRW Automotive Inc. in Europe and North America through a business transfer on August 31, 2015. In relation to this business transfer, THK has included four subsidiaries into the scope of consolidation as THK RHYTHM AUTOMOTIVE ("TRA"). Along with the favorable effect of the weaker yen as compared to the level a year earlier, net sales for the year amounted to ¥240,478 million, up ¥22,799 million, or 10.5%, compared to the figure a year earlier.

On the cost front, the cost of sales to sales ratio worsened by 2.6% from a year earlier to 71.8% because of increased fixed costs in conjunction with the investments for the future growth.

As to selling, general and administrative expenses, the THK Group made endeavors to contain costs and improve operating efficiency while sales were increasing. However, ratio to net sales worsened by 0.8% from a year earlier to 18.5% due to ¥ 1,487 million of the related costs of the aforementioned business transfer.

As a result, operating income decreased from a year earlier by ¥5,218 million, or 18.4%, to ¥23,169 million. Ratio to net sales dropped by 3.4% to 9.6%.

Total non-operating income was ¥2,766 million. Major components of non-operating income were ¥644 million of equity earnings of affiliates and ¥407 million of interest income. Total non-operating expense was ¥6,795 million. The major components of non-operating expenses were ¥5,716 million of foreign exchange loss (net) due to the rise of the yen around the end of the year and ¥426 million of interest expenses. As a result, ordinary income decreased from a year earlier by ¥14,890 million, or 43.8%, to ¥19,140 million. Net income attributable to owners of the parent for the year also decreased from a year earlier by ¥9,130 million, or 40.2%, to ¥13,575 million.

## **(2) Segment Information**

(Japan)

In Japan, the economy made a mild recovery; however, there were some weaknesses particularly in production and exports. In such a situation, the THK Group operated proactively and cultivated new business fields such as seismic isolation and damping systems; however, sales dropped by ¥3,006 million, or 2.5%, to ¥118,851 million, compared to the figure a year earlier. This was mainly attributable to the decreased demand for small machine tool products and electronics-related products that had been driven by the investments related to smart phones. Operating income (segment income) amounted to ¥19,719 million, down ¥5,391 million, or 21.5%, from the figure a year earlier due mainly to the decreased sales and increases in various costs in conjunction with the measures implemented for the future growth.

(The Americas)

In the Americas, while there were some weaknesses particularly in exports and capital investments, the economy continuously recovered owing to the robust consumer spending. In such a situation, the production and sales sections worked in unison to expand and deepen transactions with existing customers and to cultivate new business fields such as medical equipment, aircraft, and energy-related business. Because of these endeavors, the THK Group successfully increased its sales to the general machine industry and the transportation equipment industry. Along with the impact of two TRA subsidiaries in the Americas newly consolidated and the favorable effect of the weaker yen as compared to the level a year earlier, net sales for the year amounted to ¥49,491 million, up ¥14,848 million, or 42.9%, from the figure a year earlier. Operating income (segment income) amounted to ¥2,096 million, up ¥562 million, or 36.7%, from the figure a year earlier.

(Europe)

In Europe, the signs of recovery were continuously seen. In such a situation, the production and sales sections proactively worked in unison to expand transactions with existing customers and to cultivate new business fields such as aircraft, railway vehicle-related, household goods, and space-defense business. Consequently, the THK Group successfully increased its sales, especially to the machine tool industry. Along with the impact of two TRA subsidiaries in Europe newly consolidated, sales in Europe amounted to ¥31,223 million, up ¥11,031 million, or 54.6%, from the figure a year earlier. Operating income (segment income) dropped to ¥632 million, down ¥718 million, or 53.2%, due mainly to proactive measures implemented for the future growth.

(China)

In China, the THK Group's products were getting widely adopted because of the factory automation progress brought by the shortage in labor and the hike in personnel expenses. In such a situation, the THK Group implemented aggressive business activities with its strengthened sales channels; however, sales amounted to ¥28,173 million, down ¥102 million, or 0.4%, from the figure a year earlier. This was mainly attributable to overall decreases in demand because of the economic slowdown in China and less demand for small machine tool products related to smart phones, despite the favorable effect of the weaker yen as compared to the level a year earlier. The THK Group recorded ¥1,344 million of operating loss (segment loss), a turnaround of ¥1,801 million from operating income (segment income) recorded in a year earlier, due mainly to proactive investments for the future growth.

(Other)

In other countries and regions, the THK Group continued to expand and deepen transactions with existing customers and to cultivate new customers while expanding its sales channels by setting up a new business hub in India and customer support centers in the ASEAN countries. However, the economic slowdown of China influenced in some areas of Other segment. As a result, net sales for the year amounted to ¥12,738 million, up ¥28 million, or 0.2%, from the figure a year earlier. Operating income (segment income) amounted to ¥1,267 million, down ¥25 million, or 2.0%, from the figure a year earlier.



### (3) Forecasts for the fiscal year ending March 31, 2017

Although the latest demand situation has been weaker and the yen has been stronger than those in the previous year, we expect ¥262,000 million of net sales for the year ending March 31, 2017, considering the consolidation of the four TRA subsidiaries. However, we expect ¥21,000 million of operating income, ¥19,600 million of ordinary income, and ¥14,000 million of net income attributable to the owners of the parent, considering less sales mainly to the industrial equipment industry and the effect of foreign exchange.

-Consolidated

	Net Sales	Operating Income	Ordinary Income	Net Income
Millions of Yen	¥262,000	¥21,000	¥19,600	¥14,000
Component ratio (%)	100.0%	8.0%	7.5%	5.3%
Fluctuation (%)	8.9%	(9.4)%	2.4%	3.1%

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

U.S. dollar 1=¥105.00      Euro 1=¥120.00

## 2, Financial position (As of March 31, 2016)

Total assets stood at ¥407,808 million, ¥34,197 million more than the previous fiscal year-end, due mainly to a combined effect of increase in (a) accounts and notes receivable by ¥7,701 million, (b) merchandise and finished goods by ¥2,881 million, (c) work in process by ¥1,167 million, (d) raw materials and supplies by ¥2,218 million, (e) buildings and structures (net) by ¥1,069 million, (f) machinery, equipment and vehicles by ¥5,793 million, (g) land by ¥1,138 million, (h) construction in progress by ¥3,852 million and (i) goodwill by ¥12,200 million, and decrease in cash and cash equivalents by ¥28,275 million,

Total liabilities stood at ¥157,268 million, ¥34,156 million more than the previous fiscal year-end, due mainly to a combined effect of increase in (a) accounts and notes payable by ¥5,831 million, (b) bonds by ¥10,000 million, (c) long-term loans payable by ¥20,280 million, (d) deferred tax liabilities by ¥2,141 million and (e) net defined benefit liability by ¥2,230 million, and decrease in (a) current portion of long-term bonds by ¥7,000 million and (b) income taxes payable by ¥6,607 million.

Net assets stood at ¥250,504 million, ¥41 million more than the previous fiscal year-end, due mainly to a combined effect of increase in retained earnings by ¥6,612 million and decrease in (a) foreign currency translation adjustments by ¥5,181 million and (b) remeasurements of defined benefit plans by ¥1,227 million.

### For reference: Cash Flow Indices

Year ended March 31	2012	2013	2014	2015	2016
Net Worth / Total Assets (%)	60.3	63.9	65.3	66.3	60.7
Market Capitalization / Total Assets (%)	78.1	83.0	92.2	109.6	68.1
Interest-bearing Debt / Operating Cash Flow (years)	3.6	2.9	2.5	2.6	4.3
Operating Cash Flow / Interest Paid (times)	25.3	28.7	29.5	57.8	46.3

*(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 also 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 it to research and development activities, production facilities, and IT systems, to respond globalization.

In accordance with these policies, the Company plans ¥25.00 per share for the year-end dividends. As a result, cash dividends applicable for the year ended March 31, 2016 will be ¥50.00 per share, including the interim dividends of ¥25.00 per share.

The amounts of dividends for the year ending March 31, 2017 are planned to be determined in accordance with the targeted payout ratio of 30% on a consolidated basis.

## Consolidated Financial Statements

### Consolidated Balance Sheets

(Millions of Yen)

	Year End -Previous Year As of March 31, 2015	Year End -Current Year As of March 31, 2016
<b>Assets</b>		
Current assets:		
Cash and bank deposits	¥155,239	¥126,964
Accounts and notes receivable	58,276	65,977
Electronically recorded monetary claims	5,174	5,523
Merchandise and finished goods	13,738	16,619
Work in process	6,184	7,352
Raw materials and supplies	13,051	15,270
Deferred tax assets	3,968	2,573
Short-term loans receivable	2	4
Other current assets	4,924	8,735
Less: Allowance for bad debts	(145)	(162)
Total current assets	260,414	248,858
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	68,323	70,389
Accumulated depreciation	(35,811)	(36,846)
Accumulated impairment losses	(38)	—
Buildings and structures-net	32,473	33,543
Machinery, equipment and vehicles	162,680	174,814
Accumulated depreciation	(118,373)	(124,713)
Machinery, equipment and vehicles-net	44,307	50,101
Land	12,859	13,998
Construction in progress	5,001	8,854
Other	19,119	19,569
Accumulated depreciation	(16,028)	(16,638)
Other-net	3,090	2,931
Total property, plant and equipment –net	97,732	109,428
Intangibles		
Goodwill	580	12,780
Other	3,821	23,688
Total intangibles	4,401	36,468
Investments and other		
Long-term investments in securities	8,096	7,052
Net defined benefit asset	67	1,493
Deferred tax assets	1,171	2,060
Other	1,774	2,545
Less: Allowance for bad debts	(47)	(99)
Total investments and other	11,062	13,052
Total fixed assets	113,196	158,950
Total assets	373,610	407,808

(Millions of Yen)

	Year End -Previous Year As of March 31, 2015	Year End -Current Year As of March 31, 2016
<b>Liabilities</b>		
Current liabilities:		
Accounts and notes payable	¥14,298	¥20,129
Electronically recorded obligations	15,255	16,544
Current portion of long-term bonds	7,000	—
Lease obligation	299	190
Income taxes payable	7,413	806
Accrued bonuses to employees	3,225	3,193
Other	12,678	18,707
Total current liabilities	60,171	59,572
Long-term liabilities:		
Bonds	43,000	53,000
Long-term loans payable	10,000	30,280
Lease obligation	330	234
Deferred tax liabilities	3,347	5,488
Reserve for retirement benefits for directors and corporate auditors	110	129
Reserve for product warranty	156	142
Net defined benefit liability	4,964	7,195
Other	1,030	1,224
Total long-term liabilities	62,940	97,695
Total liabilities	123,112	157,268
<b>Net assets</b>		
Shareholders' equity:		
Common stock	34,606	34,606
Additional paid-in capital	44,584	44,584
Retained earnings	158,463	165,076
Treasury stock	(13,943)	(13,950)
Total shareholders' equity	223,711	230,317
Accumulated other comprehensive income:		
Net unrealized gain on available-for-sale securities	1,312	665
Foreign currency translation adjustments	22,940	17,759
Remeasurements of defined benefit plans	(166)	(1,394)
Total accumulated other comprehensive income	24,086	17,030
Non-controlling Interests	2,701	3,192
Total net assets	250,498	250,540
Total liabilities and net assets	373,610	407,808

## Consolidated Statements of Income

(Millions of Yen)

	Year Ended March 31, 2015 (From April 1, 2014 to March 31, 2015)	Year Ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
Net sales	¥217,678	¥240,478
Cost of sales	150,653	172,711
Gross profit	67,024	67,766
Selling, general and administrative expenses:		
Freight expenses	3,820	4,000
Advertisement expenses	1,151	1,308
Salaries and benefits	12,530	13,723
Accrual for bonuses	1,122	1,075
Net periodic retirement costs	438	404
Rent expenses	1,719	1,789
Depreciation and amortization	1,233	1,836
Research and development	4,498	4,602
Amortization of goodwill	360	664
Other	11,762	15,191
Total selling, general and administrative expenses	38,636	44,597
Operating income	28,388	23,169
Non-operating income:		
Interest income	477	407
Dividend income	71	78
Foreign exchange gain, net	4,089	—
Equity earnings of affiliates	599	644
Rent income	363	387
Other	777	1,248
Total non-operating income	6,378	2,766
Non-operating expenses:		
Interest expenses	404	426
Foreign exchange loss, net	—	5,716
Other	331	651
Total non-operating expenses	735	6,795
Ordinary income	34,031	19,140

	Year Ended March 31, 2015 (From April 1, 2014 to March 31, 2015)	Year Ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
Extraordinary gain:		
Gain on sales of property, plant and equipment	¥22	¥864
Total extraordinary gain	22	864
Extraordinary losses:		
Loss on sales of property, plant and equipment	10	73
Loss on disposal of property, plant and equipment	109	318
Impairment losses	432	—
Other	—	0
Total extraordinary losses	553	392
Income before income taxes	33,501	19,612
Income taxes-current	11,595	5,289
Income taxes-deferred	(899)	1,073
Total income taxes	10,695	6,363
Net income	22,805	13,249
Net income (loss) attributable to non-controlling interests	99	(325)
Net income attributable to owners of the parent	22,705	13,575

## Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Year Ended March 31, 2015 (From April 1, 2014 to March 31, 2015)	Year Ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
Net income	¥22,805	¥13,249
Other comprehensive income:		
Net unrealized gain (loss) on available-for-sale securities	516	(643)
Foreign currency translation adjustments	10,045	(4,818)
Remeasurements of defined benefit plans	529	(1,223)
Share of other comprehensive income (loss) of affiliates accounted under the equity method	187	(565)
Total other comprehensive income (loss)	11,280	(7,250)
Comprehensive income	34,085	5,999
Attributable to:		
Owners of the parent	33,701	6,519
Non-controlling interests	383	(520)

## Consolidated Statements of Changes in Net Assets

(Millions of Yen)

	Year Ended March 31, 2015 (From April 1, 2014 to March 31, 2015)	Year Ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
<b>Shareholders' equity</b>		
Common stock		
Beginning balance	¥34,606	¥34,606
Ending balance	34,606	34,606
Additional paid-in capital		
Beginning balance	44,584	44,584
Ending balance	44,584	44,584
Retained earnings		
Beginning balance	141,474	158,463
Cumulative effect of accounting change	(1,285)	—
Adjusted beginning balance	140,189	158,463
Change in the year:		
Dividends paid	(4,430)	(6,962)
Net income	22,705	13,575
Total change in the year	18,274	6,612
Ending balance	158,463	165,076
Treasury stock		
Beginning balance	(13,934)	(13,943)
Change in the year:		
Purchase of treasury stocks	(9)	(6)
Total change in the year	(9)	(6)
Ending balance	(13,943)	(13,950)
Total shareholders' equity		
Beginning balance	206,731	223,711
Cumulative effect of accounting change	(1,285)	—
Adjusted beginning balance	205,445	223,711
Change in the year:		
Dividends paid	(4,430)	(6,962)
Net income	22,705	13,575
Purchase of treasury stocks	(9)	(6)
Total change in the year	18,265	6,606
Ending balance	223,711	230,317



	Year Ended March 31, 2015 (From April 1, 2014 to March 31, 2015)	Year Ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
<b>Other comprehensive income</b>		
Net unrealized gain on available-for-sale securities		
Beginning balance	¥801	¥1,312
Net change in the year		
Net changes in the items other than shareholders' equity	510	(646)
Total change in the year	510	(646)
Ending balance	1,312	665
Foreign currency translation adjustments		
Beginning balance	12,930	22,940
Net change in the year		
Net changes in the items other than shareholders' equity	10,010	(5,181)
Total change in the year	10,010	(5,181)
Ending balance	22,940	17,759
Remeasurements of defined benefit plans		
Beginning balance	(632)	(166)
Net change in the year		
Net changes in the items other than shareholders' equity	466	(1,227)
Total change in the year	466	(1,227)
Ending balance	(166)	(1,394)
Total other comprehensive income		
Beginning balance	13,099	24,086
Net change in the year		
Net changes in the items other than shareholders' equity	10,986	(7,055)
Total change in the year	10,986	(7,055)
Ending balance	24,086	17,030
<b>Non-controlling interests</b>		
Beginning balance	2,317	2,701
Net change in the year		
Net changes in the items other than shareholders' equity	383	490
Total change in the year	383	490
Ending balance	2,701	3,192

	Year Ended March 31, 2015 (From April 1, 2014 to March 31, 2015)	Year Ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
<b>Total net assets</b>		
Beginning balance	222,148	250,498
Cumulative effect of accounting change	(1,285)	—
Adjusted beginning balance	220,862	250,498
Change in the year:		
Dividends paid	(4,430)	(6,962)
Net income	22,705	13,575
Purchase of treasury stocks	(9)	(6)
Net changes in the items other than shareholders' equity	11,370	(6,565)
Total change in the year	29,636	41
Ending balance	250,498	250,540

## Consolidated Statements of Cash Flows

(Millions of Yen)

	Year Ended March 31, 2015 (From April 1, 2014 to March 31, 2015)	Year Ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
Cash flows from operating activities :		
Income before income taxes	¥33,501	¥19,612
Depreciation and amortization	11,567	13,643
Impairment losses	432	—
Loss (gain) on sale/disposal of property, plant and equipment	104	(472)
Increase in provisions	242	13
Increase in net defined benefit liability	99	75
Interest and dividend income	(548)	(485)
Interest expenses	404	426
Foreign exchange loss (gain)	(4,460)	2,659
Equity in earnings of affiliates	(599)	(644)
Amortization of goodwill	360	664
Increase in trade receivables	(8,491)	(1,318)
Increase in inventories	(2,430)	(3,386)
Increase in trade payables	2,643	1,094
Other	491	992
Subtotal	33,317	32,875
Interest and dividend received	524	504
Interest paid	(447)	(508)
Income taxes paid	(10,009)	(13,117)
Net cash provided by operating activities	23,384	19,753
Cash flows from investing activities :		
Purchase of property, plant and equipment	(9,445)	(15,522)
Proceeds from sale of property, plant and equipment	198	1,743
Purchase of investments in securities	(427)	(67)
Increase in loans receivable	(7)	(11)
Collection on loans	1,026	—
Purchase of a newly consolidated subsidiary's shares	—	(24,379)
Payment for a business transfer	—	(24,161)
Payment for insurance reserves	—	(671)
Other	(58)	385
Cash flows used in investing activities	(8,714)	(62,685)

	Year Ended March 31, 2015 (From April 1, 2014 to March 31, 2015)	Year Ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
Cash flows from financing activities:		
Proceeds from long-term bank loans	¥10,000	¥22,534
Redemption of bonds	(10,000)	(7,000)
Proceeds from issuance of bonds	—	10,000
Dividends paid	(4,425)	(6,953)
Proceeds from non-controlling shareholders	—	1,011
Dividends paid to non-controlling shareholders	(24)	—
Purchase of treasury stocks	(9)	(6)
Proceeds from sale of treasury stocks	—	0
Repayments of lease obligations	(283)	(321)
Payment for additional purchases of a subsidiary shares	—	(10)
Net cash provided by (used in) financing activities	(4,742)	19,252
Foreign currency translation adjustments on cash and cash equivalents	6,968	(4,596)
Net increase (decrease) in cash and cash equivalents	16,896	(28,275)
Cash and cash equivalents, beginning of the year	138,343	155,239
Cash and cash equivalents, end of the year	155,239	126,964

## 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, 2015 (April 1, 2014 to March 31, 2015)

	(Millions of Yen)						
	Japan	The Americas	Europe	China	Other	Adjust-ments	Consoli-dated
Sales to customers	¥121,857	¥34,642	¥20,191	¥28,275	¥12,710	¥-	¥217,678
Inter-segment	46,249	30	33	4,248	1,153	(51,714)	-
Total	168,106	34,673	20,225	32,523	13,864	(51,714)	217,678
Operating income	25,111	1,534	1,350	456	1,293	(1,358)	28,388
Assets	325,681	60,018	25,929	73,389	20,160	(131,567)	373,610
Other items							
Depreciation and amortization	5,274	1,381	499	3,820	387	205	11,567
Amortization of goodwill	61	-	-	-	298	-	360
Investments to affiliates accounted under the equity method	4,442	-	-	-	-	-	4,442
Capital expenditures	3,695	1,639	144	4,047	630	(302)	9,855

(Note) All adjustments are intercompany elimination.

**For the year ended March 31, 2016 (April 1, 2015 to March 31, 2016)**

	(Millions of Yen)						
	Japan	The Americas	Europe	China	Other	Adjustments	Consolidated
Sales to customers	¥118,851	¥49,491	¥31,223	¥28,173	¥12,738	¥—	¥240,478
Inter-segment	41,287	17	26	5,831	1,352	(48,516)	—
<b>Total</b>	<b>160,138</b>	<b>49,509</b>	<b>31,249</b>	<b>34,005</b>	<b>14,091</b>	<b>(48,516)</b>	<b>240,478</b>
Operating income (loss)	19,719	2,096	632	(1,344)	1,267	797	23,169
Assets	348,106	88,686	65,047	65,747	14,502	(174,281)	407,808
Other items							
Depreciation and amortization	5,644	2,272	1,019	4,437	447	(177)	13,643
Amortization of goodwill	61	58	231	—	312	—	664
Investments to affiliates accounted under the equity method	4,312	—	—	—	—	—	4,312
Capital expenditures	10,686	18,383	5,319	3,272	496	522	38,680

*(Note) Adjustments of operating income (loss) of ¥797 million consist of ¥2,285 million of intercompany elimination and ¥(1,487) million of corporate expenses not allocable to a specific segment. Such expenses are mainly comprised of selling, general and administrative expenses.*

## Business combinations

(Business combination through acquisition)

### 1. Outline of the business combination

#### (1) Name of acquiree and nature of acquired business

- Name of acquiree: TRW-DAS. a. s.
- Transferred from: TRW Automotive Inc.
- Nature of business: The L&S (linkage and suspension) business

#### (2) Reasons of the business combination

To establish global-level business foundations including Asia and Pacific regions by expanding operating functions of development, production and sales in Europe and North America

#### (3) Date of the business combination

August 31, 2015

#### (4) Legal form of the business combination

Stock acquisition and business transfer for cash

#### (5) Name of the companies after the business combination

- THK RHYTHM AUTOMOTIVE MICHIGAN CORPORATION
- THK RHYTHM AUTOMOTIVE CANADA LIMITED
- THK RHYTHM AUTOMOTIVE GmbH
- THK RHYTHM AUTOMOTIVE CZECH a. s.

#### (6) Ratio of voting rights acquired

100%

#### (7) Main reason to determine the acquirees

Because THK paid cash consideration to acquire the subsidiary shares and the transferred business

### 2. Period of the acquired business incorporated in the consolidated financial statements

From September 1, 2015 to December 31, 2015

### 3. Acquisition cost of the acquiree and the transferred business and its breakdown

Consideration: cash and bank deposits	¥49,330 million
Acquisition cost	49,330 million

#### 4. Amount of goodwill recognized, basis for recognition, method and period of amortization

##### (1) Amount of goodwill recognized

¥13,235 million

##### (2) Basis for recognition

The goodwill mainly represents the excess earning power anticipated through the future business development.

##### (3) Method and period of amortization

Straight-line method over 15 years

#### 5. Assets acquired and liabilities assumed

Current assets	¥12,644 million
Fixed assets	34,988 million
<u>Total assets</u>	<u>47,632 million</u>
Current liabilities	8,833 million
Non-current liabilities	2,702 million
<u>Total liabilities</u>	<u>11,536 million</u>

#### 6. Amount allocated to intangible assets other than goodwill and its breakdown including weighted-average amortization periods

<u>Nature of assets</u>	<u>Amount</u>	<u>Amortization period</u>
Customer relationships-related assets	¥20,097 million	13 years
Technology-related assets	683 million	10 years



## Appointment/resignation of directors

### 1、 Appointment/resignation of representative(as of June 18,2016)

Not applicable

### 2、 New nominees of Directors and retiring Auditors

#### ① Directors and Audit and Supervisory Committee Members

<u>Name</u>	<u>Current position</u>	<u>Scheduled position in the THK Group</u>
Masaaki Kainosho	Outside Director of THK CO., LTD.	Outside Director who is Audit and Supervisory Committee Member
Masakatsu Hioki	Outside Director of THK CO., LTD.	Outside Director who is Audit and Supervisory Committee Member
Tomitoshi Omura	Certified Public Accountant	Outside Director who is Audit and Supervisory Committee Member

#### ② Substitute of Outside Director who is Audit and Supervisory Committee Member

<u>Name</u>	<u>Current position</u>	<u>Scheduled position in the THK Group</u>
Tetsuro Toriumi	Lawyer	Substitute of Outside Director who is Audit and Supervisory Committee Member

#### ③ Retiring auditors

<u>Name</u>	<u>Current position</u>	<u>Scheduled position in the THK Group</u>
Hideyuki Kiuchi	Standing Auditor	Audit and Supervisory Committee Secretary
Kazunori Igarashi	Standing Auditor	Audit and Supervisory Committee Secretary
Shizuo Watanabe	Outside Auditor	—
Masatake Yone	Outside Auditor	—

Both H,Kiuchi and K,Igarashi will continue to serve as Audit and Supervisory Committee secretaries

**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.