February 10, 2016

Consolidated Financial Results for the Third Quarter Ended December 31, 2015 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 filing quarterly report (Japanese version only)		February 12, 2016

1. Consolidated Operating Results and Financial Position as of and for the nine months ended December 31, 2015 (April 1, 2015 to December 31, 2015)

(1) Consolidated Operating Results

Third Quarter Ended December 31 (Millions of Yen)	Net Sales		Operating Income		Ordinary Income		Net Income attributable to shareholders of THK Co., Ltd.	
2015	¥172,733	7.8%	¥18,293	(13.8) %	¥17,210	(34.9) %	¥11,322	(38.0) %
2014	160,299	17.2	21,226	73.9	26,445	45.9	18,254	56.9

(Note) Comprehensive income *Third quarter ended December 31, 2015:* *¥5,480 million* *(68.1)%*
Third quarter ended December 31, 2014: *17,160 million* *(22.4)*

Third Quarter Ended December 31 (Yen)	Net Income Per Share-Basic	Net Income Per Share-Diluted
2015	¥89.44	¥ —
2014	144.20	—

(Note) THK acquired the linkage and suspension business of TRW Automotive Inc. (now part of ZF Friedrichshafen AG) in Europe and North America through a business transfer (including purchase of shares of a TRW subsidiary) on August 31, 2015. The operating results of the acquired companies and the transferred business for the third quarter period (from September 1, 2015 to September 30, 2015) have been included in the consolidated statements of income.

(2) Consolidated Financial Position

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Net Worth Ratio (%)	Net Assets Per Share (Yen)
December 31, 2015	¥403,001	¥250,023	61.2 %	¥1,948.86
March 31, 2015	373,610	250,498	66.3	1,957.48

(Note) Net worth *As of December 31, 2015:* *¥246,702 million*
As of March 31, 2015: *247,797 million*

(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.

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	—	n/a	n/a
2016 (Projected)	n/a	n/a	n/a	25.00	50.00

(Note) Change in dividend projection: None

3. Forecasts for the year ending March 31, 2016 (April 1, 2015 to March 31, 2016)

	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, 2016					
(amount)	¥234,500	¥21,800	¥20,100	¥13,700	¥108.23
(percentage)	9.1%	3.8%	2.6%	3.0%	n/a

(Note 1) Change in forecasts: none

(Note 2) 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:

(a) In association with the business transfer from TRW Automotive Inc., THK RHYTHM AUTOMOTIVE MICHIGAN CORPORATION ("RHYTHM MICHIGAN") and THK RHYTHM AUTOMOTIVE CANADA LIMITED ("RHYTHM CANADA") were established on August 31, 2015. They have been included in the scope of consolidation since the second quarter period.

(b) THK acquired shares of THK RHYTHM AUTOMOTIVE GmbH ("RHYTHM GmbH") and THK RHYTHM AUTOMOTIVE CZECH a. s. ("RHYTHM CZECH") on August 31, 2015 and converted them into consolidated subsidiaries of THK. They have been included in the scope of consolidation since the second quarter period.

(2) Simplified or particular accounting treatment for quarterly financial statements:

(Income taxes)

Certain consolidated subsidiaries determine their income tax expenses by multiplying net income for the quarter period by the estimated effective tax rate applicable to the fiscal year.

(3) Changes in accounting policy and estimates, and restatement due to:

a. Changes in accounting standard — Please refer to “5. Accounting Changes”
b. Other changes — None

(4) Number of shares

			(shares)
a.	Common stock issued, including treasury stock, as of:	December 31, 2015	133,856,903
		March 31, 2015	133,856,903
b.	Treasury stock as of:	December 31, 2015	7,268,901
		March 31, 2015	7,266,746
c.	Average number of common stock for the nine months ended:	December 31, 2015	126,589,084
		December 31, 2014	126,592,400

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 the beginning of the three months ended June 30, 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 quarter period 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 nine months ended December 31, 2014 and for the year ended March 31, 2015.

THK applied the new standards prospectively from the beginning of the three-month period ended June 30, 2015 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 nine months ended December 31, 2015 each by ¥1,262 million.

Management's Discussion and Analysis

1. Operating results (April 1, 2015 to December 31, 2015)

During this nine-month period, 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. 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 the nine-month period, 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 nine-month period amounted to ¥172,733 million, up ¥12,433 million, or 7.8%, compared to the figure a year earlier.

On the cost front, the cost of sales to sales ratio worsened by 1.2% from a year earlier to 70.4% 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 1.4% from a year earlier to 19.0% due to ¥ 1,262 million of the related costs of the aforementioned business transfer.

As a result, operating income decreased from a year earlier by ¥2,932 million, or 13.8%, to ¥18,293 million.

Ratio to net sales dropped by 2.6% to 10.6%.

Total non-operating income was ¥1,831 million. Major components of non-operating income were ¥571 million of equity earnings of affiliates and ¥311 million of interest income. Total non-operating expense was ¥2,915 million. The major components of non-operating expenses were ¥2,266 million of foreign exchange loss (net) and ¥314 million of interest expenses. As a result, ordinary income decreased from a year earlier by ¥9,235 million, or 34.9%, to ¥17,210 million. Net income attributable to owners of the parent for the nine-month period also decreased from a year earlier by ¥6,931 million, or 38.0%, to ¥11,322 million.

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 ¥2,150 million, or 2.4%, to ¥88,076 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 ¥15,463 million, down ¥2,137 million, or 12.1%, from the figure a year earlier due mainly to the decreased sales.

(The Americas)

In the Americas, despite the strong consumer spending, there were some weaknesses particularly in exports. 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 consolidated since the third quarter period and the favorable effect of the weaker yen as compared to the level a year earlier, net sales for the nine-month period amounted to ¥33,049 million, up ¥7,817 million, or 31.0%, from the figure a year earlier. Operating income (segment income) amounted to ¥1,956 million, up ¥785 million, or 67.1%, 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 consolidated since the third quarter period, sales in Europe amounted to ¥19,527 million, up ¥4,099 million, or 26.6%, from the figure a year earlier. Operating income (segment income) dropped to ¥856 million, down ¥584 million, or 40.6%, due mainly to proactive measures implemented for the future growth..

(China)

In China, while the economic growth slowed down, 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 China. In such a situation, the THK Group implemented aggressive business activities with its strengthened sales channels. Along with the favorable effect of the weaker yen as compared to the level a year earlier, sales amounted to ¥22,168 million, up ¥2,103 million, or 10.5%, from the figure a year earlier. However, the THK Group recorded ¥530 million of operating loss (segment loss), a turnaround of ¥1,053 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. Along with the favorable effect of the weaker yen as compared to the level a year earlier, net sales for the nine-month period amounted to ¥9,911 million, up ¥564 million, or 6.0%, from the figure a year earlier. Operating income (segment income) amounted to ¥1,073 million, up ¥115 million, or 12.1%, from the figure a year earlier.

2. Financial position (As of December 31, 2015)

Total assets stood at ¥403,001 million, ¥29,390 million more than the previous fiscal year-end, due mainly to a combined effect of increase in accounts and notes receivable by ¥8,856 million, increase in merchandise and finished goods by ¥3,267 million, increase in work in process by ¥1,393 million, increase in raw materials and supplies by ¥3,151 million, increase in machinery and equipment (net) by ¥5,579 million, increase in goodwill by ¥32,664 million, and decrease in cash and cash equivalents by ¥31,771 million.

THK recorded goodwill that arose in relation to the business transfer of the linkage and suspension business of TRW in Europe and North America and purchase of shares of TRW subsidiary. Because allocation of the acquisition costs was not completed at the end of the third quarter period, the amount of the goodwill has been provisionally determined.

Total liabilities stood at ¥152,978 million, ¥29,866 million more than the previous fiscal year-end, due mainly to a combined effect of increase in accounts and notes payable by ¥7,151 million, increase in short-term bank loans by ¥24,097 million, increase in bonds by ¥10,000 million, decrease in current portion of long-term bonds by ¥7,000 million, and decrease in income taxes payable by ¥5,903 million.

Net assets stood at ¥250,023 million, ¥475 million less than the previous fiscal year-end, due mainly to a combined effect of increase in retained earnings by ¥4,360 million and decrease in foreign currency translation adjustments by ¥5,190 million.

3. Forecast for the fiscal year ending March 31, 2016

For details of the financial forecasts for the year ending March 31, 2016, please refer to “Notice Regarding the Amendments in Financial Forecasts” announced on February 10, 2016.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Yen)

	Year End -Previous Year As of March 31, 2015	Third Quarter End -Current Year As of December 31, 2015
Assets		
Current Assets:		
Cash and bank deposits	¥155,239	¥123,468
Accounts and notes receivable	58,276	67,132
Electronically recorded monetary claims	5,174	5,124
Merchandise and finished goods	13,738	17,005
Work in process	6,184	7,577
Raw materials and supplies	13,051	16,203
Other current assets	8,895	11,464
Less: Allowance for bad debts	(145)	(114)
Total current assets	260,414	247,861
Fixed Assets:		
Property, plant and equipment -net:		
Buildings and structures	32,473	32,729
Machinery and equipment	44,307	49,887
Other	20,952	24,776
Total property, plant and equipment −net	97,732	107,392
Intangibles		
Goodwill	580	33,244
Other	3,821	3,826
Total intangibles	4,401	37,071
Investments and Other		
Long-term investments in securities	8,096	7,612
Other	3,012	3,164
Less: Allowance for bad debts	(47)	(101)
Total investments and other	11,062	10,675
Total fixed assets	113,196	155,140
Total assets	373,610	403,001

(Millions of Yen)

	Year End -Previous Year As of March 31, 2015	Third Quarter End -Current Year As of December 31, 2015
Liabilities		
Current Liabilities:		
Accounts and notes payable	¥14,298	¥21,449
Electronically recorded obligations	15,255	16,520
Short-term bank loans	149	24,247
Current portion of long-term bonds	7,000	―
Income taxes payable	7,413	1,509
Accrued bonuses	3,225	2,131
Other	12,828	13,970
Total current liabilities	60,171	79,829
Long-term Liabilities:		
Bonds	43,000	53,000
Long-term bank loans	10,000	10,000
Reserve for retirement benefits for directors and corporate auditors	110	124
Reserve for product warranty	156	139
Net defined benefit liability	4,964	4,867
Other	4,708	5,018
Total long-term liabilities	62,940	73,149
Total liabilities	123,112	152,978
Net Assets		
Shareholders' equity：		
Common stock	34,606	34,606
Additional paid-in capital	44,584	44,584
Retained earnings	158,463	162,824
Treasury stock	(13,943)	(13,949)
Total shareholders’ equity	223,711	228,065
Accumulated other comprehensive income：		
Net unrealized gain on available-for-sale securities	1,312	1,061
Foreign currency translation adjustments	22,940	17,750
Remeasurements of defined benefit plans	(166)	(174)
Total accumulated other comprehensive income	24,086	18,636
Non-controlling interests	2,701	3,320
Total net assets	250,498	250,023
Total liabilities and net assets	373,610	403,001

Consolidated Statements of Income

(Millions of Yen)

	Third Quarter Ended December 31, 2014 (From April 1, 2014 to December 31, 2014)	Third Quarter Ended December 31, 2015 (From April 1, 2015 to December 31, 2015)
Net sales	¥160,299	¥172,733
Cost of sales	110,859	121,569
Gross profit	49,440	51,163
Selling, general and administrative expenses	28,213	32,870
Operating income	21,226	18,293
Non-operating income:		
Interest income	352	311
Equity earnings of affiliates	444	571
Foreign exchange gain, net	4,154	―
Other	857	948
Total non-operating income	5,809	1,831
Non-operating expense:		
Interest expenses	266	314
Foreign exchange loss, net	―	2,266
Other	323	333
Total non-operating expenses	590	2,915
Ordinary income	26,445	17,210
Extraordinary gains:		
Gain on sales of property, plant and equipment	20	32
Total extraordinary gains	20	32
Extraordinary losses:		
Loss on sales and disposal of property, plant and equipment	86	324
Other	―	0
Total extraordinary losses	86	324
Income before income taxes	26,379	16,918
Income taxes-current	8,386	4,979
Income taxes-deferred	(319)	911
Total income taxes	8,066	5,890
Net income	18,313	11,027
Net income (loss) attributable to non-controlling interests	59	(295)
Net income attributable to owners of the parent	18,254	11,322

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Third Quarter Ended December 31, 2014 (From April 1, 2014 to December 31, 2014)	Third Quarter Ended December 31, 2015 (From April 1, 2015 to December 31, 2015)
Net income	¥18,313	¥11,027
Other comprehensive income:		
Net unrealized gain (loss) on available-for-sale securities	329	(247)
Foreign currency translation adjustments	(1,521)	(4,598)
Remeasurements of defined benefit plans	66	(3)
Share of other comprehensive loss of affiliates accounted under the equity method	(27)	(697)
Total other comprehensive loss	(1,153)	(5,546)
Comprehensive income	17,160	5,480
Attributable to:		
Owners of the parent	17,013	5,873
Non-controlling interests	146	(392)

Segment Information

For the nine months ended December 31, 2014 (April 1, 2014 to December 31, 2014)

(Millions of Yen)

	Japan	The Americas	Europe	China	Other	Adjust-ments	Consoli-dated
Sales to customers	¥90,226	¥25,232	¥15,428	¥20,065	¥9,346	¥—	¥160,299
Inter-segment	33,193	22	21	2,991	901	(37,129)	—
Total	123,420	25,254	15,449	23,056	10,247	(37,129)	160,299
Operating income	17,600	1,170	1,441	523	957	(468)	21,226

(Note) All adjustments are intercompany elimination.

For the nine months ended December 31, 2015 (April 1, 2015 to December 31, 2015)

(Millions of Yen)

	Japan	The Americas	Europe	China	Other	Adjust-ments	Consoli-dated
Sales to customers	¥88,076	¥33,049	¥19,527	¥22,168	¥9,911	¥—	¥172,733
Inter-segment	31,917	13	10	4,707	1,010	(37,658)	—
Total	119,993	33,063	19,537	26,875	10,921	(37,658)	172,733
Operating income (loss)	15,463	1,956	856	(530)	1,073	(525)	18,293

(Note) Adjustments of operating income (loss) of ¥(525) million consist of ¥736 million of intercompany elimination and ¥(1,262) million of corporate expenses not allocable to a specific segment. Such expenses are mainly comprised of selling, general and administrative expenses.

Additional notes:

(1) Going concern issues: Not applicable.

(2) Significant change in shareholders' equity: 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.