



# **Consolidated Financial Summary**

## **FY2013**

(April 1, 2012 – March 31, 2013)

**TS TECH Co.,Ltd.**

This document is an English translation of the Japanese language version of the consolidated financial summary that TS TECH Co., Ltd. has produced as reference purpose.

In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

## Consolidated Financial Summary for FY2013 (based on Japanese accounting standards)

April 26, 2013

Company name: TS TECH CO., LTD. Stock exchange listing: Tokyo Stock Exchange  
 Stock code: 7313 URL: <http://www.tstech.co.jp>  
 Representative: Michio Inoue, President  
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 Scheduled date of general meeting of shareholders: June 21, 2013  
 Scheduled date of commencement of dividend payment: June 24, 2013  
 Scheduled date for filing of securities report: June 24, 2013  
 Preparation of supplementary explanatory material: Yes Results briefing: Yes

(Amounts of less than one million yen are rounded down to the nearest million yen.)

### 1. Consolidated Financial Results for FY2013 (April 1, 2012 - March 31, 2013)

#### (1) Consolidated Financial Results (% of change from previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2013	359,331	17.6	24,219	157.6	27,209	149.0	15,741	234.0
FY2012	305,482	-14.5	9,401	-53.4	10,927	-49.2	4,712	-59.9

(Note) Comprehensive income FY2013 28,782 million yen (530.3%) FY2012 4,566 million yen (-58.4%)

	Net income per share	Diluted net income per share	Return on equity	Ratio on ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY2013	231.50	—	14.1	13.7	6.7
FY2012	69.31	—	4.7	5.9	3.1

(Reference) Investment profit and loss on equity method FY2013 306 million yen FY2012 401 million yen

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2013	207,700	137,523	59.2	1,808.75
FY2012	189,343	112,247	53.3	1,484.55

(Reference) Shareholders' equity: FY2013 122,992 million yen FY2012 100,946 million yen

#### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
FY2013	23,772	-10,976	-7,304	53,348
FY2012	18,599	-5,410	-1,930	43,394

### 2. Cash Dividends

	Annual cash dividends per share					Total cash dividends (annual)	Dividends payout ratio (consolidated)	Net assets dividend ratio (consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of year	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2012	—	12.00	—	12.00	24.00	1,631	34.6	1.6
FY2013	—	14.00	—	20.00	34.00	2,311	14.7	2.1
FY2014 (Forecasts)	—	20.00	—	20.00	40.00		15.5	

### 3. Consolidated Forecasts for FY2014 (April 1, 2013 - March 31, 2014)

(% of change from the same period of previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half of FY2014	200,000	11.7	13,800	25.5	15,000	29.3	8,400	19.7	123.53
FY2014	417,000	16.0	28,500	17.7	30,500	12.1	17,500	11.2	257.35

\* Notes

(1) Changes in important subsidiaries during the term : None  
 (Changes in significant subsidiaries affecting the scope of consolidation during this period)  
 New subsidiaries — companies ( ) Excluded subsidiaries — companies ( )  
 (Note) Please refer to “Group status” on Page 11 for details.

(2) Changes in accounting principles and procedures and the presentation method  
 1) Changes in accounting policies associated with the revision of accounting standards, etc. : None  
 2) Changes other than 1) : Yes  
 3) Changes in accounting estimates : Yes  
 4) Re-statement None  
 (Notes) (Note) For details, please refer to “Basic Important Matters for Preparation of Consolidated Financial Statements” on page 25

(3) Number of shares issued (common stock)

1) Number of shares issued at the end of the term including treasury stock	FY2013	68,000,000 shares	FY2012	68,000,000 shares
2) Number of treasury stock at the end of the term	FY2013	1,709 shares	FY2012	1,645 shares
3) Average number of shares during the term (cumulative)	FY2013	67,998,336 shares	FY2012	67,998,361 shares

(Note) For the number of shares that is the basis for the calculation of consolidated net income per share, please see Page 53, “Per Share Information.”

(Reference) Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for FY2013 (April 1, 2012 - March 31, 2013)

(1) Non-Consolidated Financial Results (% of change from previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2013	85,800	-12.9	817	—	5,605	5.8	4,355	-4.1
FY2012	98,465	-11.6	-872	—	5,297	-19.8	4,542	-12.4

	Net income per share	Diluted net income per share
	Yen	Yen
FY2013	64.05	—
FY2012	66.81	—

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2013	90,532	72,569	80.2	1,067.23
FY2012	91,775	68,893	75.1	1,013.17

(Reference) Shareholders' equity: FY2013 72,569 million yen FY2012 68,893million yen

(\*Representation regarding implementation status of auditing procedures)

Auditing procedures based on the Financial Instruments and Exchange Act are not undertaken for financial statements at the time this financial summary is disclosed.

\* Explanation regarding the appropriate use of forecasts of financial results and other notes

- The consolidated forecasts presented above are projections made by managers of TS TECH Co., Ltd. (hereinafter the “Company”) on the basis of information available at the time of preparation. For that reason, they involve risks and uncertainties. Accordingly, we request readers of this document to avoid making investment decisions based exclusively on these forecasts. Please bear in mind the possibility for actual results may differ materially from these forecasts, due to various important factors. Readers are asked to proceed to “1. Operating Performance (1) Analysis of Financial Results” on page 2 for assumptions and other information that form the premise for the operating results forecast above.
- Please refer to the earnings announcement and a supplementary document that will be distributed at the briefing to be held on April 26, 2013 at the following URL of the Company.  
 (IR Library) :<http://www.tstech.co.jp/english/ir/index.html>

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## 1. Operating Performance

### (1) Analysis of Financial Results

#### [1] Financial Results in FY2013

During FY2013, the global economy generally continued to gradually recover, despite the downside risks from the sovereign-debt crisis in Europe and other negative factors. Meanwhile, while production for the TS TECH Group was adversely affected by changes in China, overall performance was solid, as the Group recovered from the damage caused by the series of large natural disasters in the previous fiscal years and demand for automobiles increased, especially in North America.

Against this backdrop, under its vision for 2020, “Innovative Quality Company,” the Group continued to work on its 11th Medium-Term Management Plan (April 1, 2011–March 31, 2014) with the goal of “Evolution as a global company.”

In FY2013, the second year of the Group’s 11th Medium-Term Management Plan, the Group significantly improved its profitability in the Americas, thanks to the market recovery and the effects of measures to improve its profit structure. In other areas, the Group increased production and steadily launched new models while maintaining high quality. In J.D. Power and Associates’ U.S. Seat Quality and Satisfaction Study, the Group was ranked number one for the first time. A number of the steps the Group had taken in past years produced results in FY2013.

Net sales for FY2013 amounted to 359,331 million yen on a consolidated basis, an increase of 53,848 million yen (17.6%) from the previous fiscal year, primarily reflecting an increase in orders from major customers, chiefly in North America, and the positive impact of exchange rates. Looking at profits, operating income stood at 24,219 million yen, an increase of 14,818 million yen (157.6%) year on year, mainly due to a rise in net sales and cost-reduction effects. Ordinary income was 27,209 million yen, an increase of 16,282 million yen (149.0%) from the previous fiscal year. Net income stood at 15,741 million yen, rising 11,028 million yen (234.0%) year on year.

Operating performance by geographic segment is as follows:

(Japan)

The Group continued to face a challenging business environment. Sales of light automobiles for its main customers were strong, but sales volume for the models the Group received orders for declined. Under these circumstances, the Group began operating a new seat production plant on the site of its Saitama plant. The new plant improves production efficiency by 30% and reduces CO2 emissions by 50% by cutting electricity use. Meanwhile, the Group decided to consolidate and restructure its interior product business and build a new interior product production plant on the site of the Saitama plant to further improve production efficiency and cut logistics costs. The Group also took steps in anticipation of future business deployment. It has built an organizational structure in accordance with the prospective customers it expects to place orders for seats and interior products for light automobiles.

The operating performance of the Japanese segment is as follows:

(Unit: Million yen)

	FY2012	FY2013	Year-on-year	Changes
Net sales	107,571	93,862	-13,709	-12.7%
Operating income	2,971	5,323	2,352	79.2%

Main factors for year on year changes

Net sales Net sales declined due to a drop in orders from major customers, which offset increased royalties, reflecting a rise in overseas production.

Operating income Operating income increased, given the effects of increased royalties and changes in the depreciation method, despite a decline in sales.

(Americas)

The Group began manufacturing seats for the new Acura RDX in April 2012 and seats for the new ILX in May. It also started manufacturing seats and interior products in September for Honda's new Accord. As demand for automobiles recovered in North America, orders were strong. Profitability improved significantly thanks to the effects of the measures to improve earnings that the Group took in its 9th Medium-Term Management Plan (April 1, 2005–March 31, 2008). The Group also took steps to increase its competitiveness in North America, where competition is intensifying. It decided to establish a new company in Mexico to consolidate its production bases that manufacture parts for automobile seats in North America.

The operating performance of the Americas segment is as follows:

(Unit: Million yen)

	FY2012	FY2013	Year-on-year	Changes
Net sales	121,737	172,063	50,325	41.3%
Operating income	2,494	10,212	7,717	309.4%

Main factors for year on year changes

Net sales An increase in net sales, compared with FY2012, when business was affected by the Great East Japan Earthquake, reflected an increase in orders with recovering demand in North America, in addition to the normalization of the operations of major customers.

Operating income Operating income increased, given higher sales, despite an increase in expenses associated with a rise in orders.

(China)

The Group started producing seats and interior products for Honda's new CR-V in February 2012 and seats for the new Elysion in June. Following the production of the Li Nian S1 last year, the Group commenced the production of seats and interior products for CIIMO, a Dongfeng Honda\* brand. In the Chinese market, the Group will need to respond to locally developed vehicles and the local optimal specifications. In consideration of this, the Group endeavored to strengthen its local development capabilities by enhancing its regional control and management structure. Meanwhile, the Group strove to cut costs, primarily by developing new local business partners.

\*Dongfeng Honda: Dongfeng Honda Automobile Co., Ltd.

The operating performance of the Chinese segment is as follows:

(Unit: Million yen)

	FY2012	FY2013	Year-on-year	Changes
Net sales	67,752	71,911	4,159	6.1%
Operating income	5,795	8,190	2,394	41.3%

Main factors for year on year changes

- Net sales An increase in net sales, compared with FY2012, when business was affected by the Great East Japan Earthquake, reflected changes in the makeup of models and the positive impact of exchange rates, despite lower production as a result of changing conditions in China.
- Operating income Operating income improved due to the positive impact of exchange rates, as well as changes in the makeup of models and the effects of cost reductions, which outweighed higher labor costs and other negative factors.

\*Dongfeng Honda: Dongfeng Honda Automobile Co., Ltd.  
(Asia and the Europe)

In Thailand, a subsidiary affected by the flooding resumed production in March 2012 to make up for the lost production. The Group started manufacturing seats and interior products in Thailand for Honda's new Civic, seats and interior products for the new CR-V, and seats for the new Brio Amaze. To avoid the risk of flooding in the future, the Group decided to move its production. Meanwhile, the Group established a regional headquarters for operations in Asia and Europe to enhance its sales and development capabilities in these areas and its regional control and management structure for globalization.

The operating performance of Asia and the Europe segment is as follows:.

(Unit: Million yen)

	FY2012	FY2013	Year-on-year	Changes
Net sales	31,939	50,207	18,267	57.2%
Operating income	1,735	4,878	3,143	181.1%

Main factors for year on year changes

- Net sales An increase in net sales, compared with FY2012, when business was affected by the Great East Japan Earthquake, reflected an increase in orders from major customers, offsetting the effects of the suspension of operations due to the flooding in Thailand.
- Operating income Operating income rose thanks to an increase in net sales, which outweighed higher expenses due to the flooding in Thailand.

Sales by business segment are as follows:

(Unit: Million yen)

	FY2012		FY2013		Year-on-year	Changes
		Sales ratio		Sales ratio		
Motorcycles	6,763	2.2%	6,800	1.9%	36	0.5%
Automobiles	295,297	96.7%	349,003	97.1%	53,705	18.2%
(Seats)	258,467	84.6%	308,476	85.8%	50,008	19.3%
(Interior products)	36,829	12.1%	40,526	11.3%	3,697	10.0%
Other businesses	3,422	1.1%	3,527	1.0%	105	3.1%
Total	305,482	100.0%	359,331	100.0%	53,848	17.6%

Main factors for year on year changes

Motorcycle business	Net sales increased due to an increase in orders from major customers in India.
Automobile business	Sales increased from FY2012, when business was affected by the Great East Japan Earthquake. The rise in sales was driven by an increase in orders from major customers, buoyed by a recovery in automobile demand centering on North America.

[2] Forecasts for FY2013

The Group's consolidated forecasts for the FY2014 are as follows:

Consolidated net sales	417.0 billion yen	(Year-on-year Up 16.0%)
Consolidated operating income	28.5 billion yen	(Year-on-year Up 17.7%)
Consolidated ordinary income	30.5 billion yen	(Year-on-year Up 12.1%)
Consolidated net income	17.5 billion yen	(Year-on-year Up 11.2%)

The Group's forecasts by segment are as follows:

(Japan)

(Unit: Million yen)

	FY2013	FY2014 Forecasts	Year-on-year	Changes
Net sales	93,862	104,970	11,107	11.8%
Operating income	5,323	7,140	1,816	34.1%

Main factors for year on year changes

Net sales Net sales are expected to rise, reflecting increased orders from major customers.

Operating income Operating income is expected to increase, given the effects of higher sales.

(Americas)

(Unit: Million yen)

	FY2013	FY2014 Forecasts	Year-on-year	Changes
Net sales	172,063	188,470	16,406	9.5%
Operating income	10,212	10,230	17	0.2%

Main factors for year on year changes

Net sales Net sales are expected to increase, reflecting increases in orders from major customers and the positive impact of exchange rates, offsetting a fall in sales due to changes in the makeup of models.

Operating income Operating income is expected to rise, given the effects of higher sales and the positive impact of exchange rates, despite a decline in income as a result of changes in the makeup of models.

(China)

(Unit: Million yen)

	FY2013	FY2014 Forecasts	Year-on-year	Changes
Net sales	71,911	82,360	10,448	14.5%
Operating income	8,190	9,980	1,789	21.9%

Main factors for year on year changes

Net sales	Net sales are expected to increase, reflecting increases in orders from major customers and the positive impact of exchange rates, offsetting a fall in sales due to changes in the makeup of models.
Operating income	Operating income is expected to rise, given the effects of higher sales and the positive impact of exchange rates, despite a decline in income as a result of changes in the makeup of models.

(Asia and Europe) \*

(Unit: Million yen)

	FY2013	FY2014 Forecasts	Year-on-year	Changes
Net sales	50,207	61,680	11,472	22.8%
Operating income	4,878	6,040	1,161	23.8%

Main factors for year on year changes

Net sales	Sales are expected to rise, reflecting a early recovery in production, which was disrupted by flooding in Thailand, and an increase in orders from the Group's main customers.
Operating income	Operating income is expected to rise, given the effects of higher sales and the positive impact of exchange rates.

\*TS TECH has changed "Asia and the U.K." segment to "Asia and Europe" since April 1, 2012

The Group also plans a capital investment of 181 billion yen, up 59.1% year on year.

Regarding full-year average exchange rates, the Group has assumed 1 USD = 90.0 yen and 1 CNY= 14.2 yen.

## (2) Analysis of Financial Position

### [1] Assets, liabilities, and net assets

#### (Total assets)

Total assets as of March 31, 2013, the end of FY2013, stood at 207,700 million yen, increasing 18,357 million yen from the end of FY2012. The main factors for the increase were a rise in cash and deposits and an increase in property, plant and equipment, reflecting investments in new models and the construction of new facilities for manufacturing automobile seats at the Saitama Plant, in addition to the impact of exchange rates.

#### (Liabilities)

Total liabilities at the end of FY2013 amounted to 70,176 million yen, declining 6,918 million yen from the end of FY2012. The decrease resulted primarily from a decline in notes and accounts payable-trade and a fall in short-term loans payable, chiefly due to an improvement in financing associated with an increase in income, offsetting the impact of exchange rates.

#### (Net assets)

Net assets at the end of FY2013 totaled 137,523 million yen, rising 25,276 million yen from the end of FY2012, chiefly attributable to an increase in retained earnings, in addition to a decrease in the negative

balance for foreign currency translation adjustments.

[2] Cash flow

Cash and cash equivalents (hereinafter “cash”) at the end of FY2013 amounted to 53,348 million yen, up 9,953 million yen from the end of the previous fiscal year.

(Net cash provided by (used in) operating activities)

Net cash provided by operating activities amounted to 23,772 million yen, a rise of 5,173 million yen year on year. This result reflects, among other factors, a year-on-year increase in income before income taxes of 15,883 million yen, to 26,447 million yen, and a shift to an increase of 8,458 million yen in notes and accounts receivable-trade from a 3,307 million yen decrease in notes and accounts receivable-trade in the previous fiscal year, which offset a change to a 12,898 million yen decrease in notes and accounts payable-trade from a 5,259 million yen increase in notes and accounts payable-trade in the previous fiscal year.

(Net cash provided by (used in) from investing activities)

Net cash used in investing activities came to 10,976 million yen, a rise of 5,566 million yen from the previous fiscal year, primarily reflecting the fact that a net change in time deposits deriving from payments into time deposits and proceeds from the withdrawal of time deposits came to a net outlay of 126 million yen compared with a net increase of 2,667 million yen in the previous fiscal year, as well as a purchase of property, plant and equipment of 9,342 million yen, rising 2,323 million yen compared with the previous fiscal year.

(Net cash provided by (used in) financial activities)

Net cash used in financing activities was 7,304 million yen, a rise of 5,374 million yen year on year. This reflects, among other things, a net outlay in short-term loans payable of 2,329 million yen compared with a net increase of 2,596 million yen in the previous fiscal year.

(Reference) Changes in Cash Flow-related Indexes

	FY2008	FY2009	FY2010	FY2011	FY2012
Equity ratio (%)	53.8	52.8	55.1	53.3	59.2
Equity ratio on actual cash value basis (%)	30.1	66.8	54.9	58.3	87.6
Ratio of cash flow to interest-bearing liabilities (%)	67.1	59.8	14.3	37.7	20.3
Interest coverage ratio	48.2	74.8	205.0	82.1	124.5

(Note 1) Each index is calculated by financial figures on a consolidated basis.

(Note 2) For cash flow from operating activities, cash flow from operating activities in the consolidated cash flow statement is used. Interest-bearing liabilities cover all interest-bearing liabilities posted in the consolidated balance sheet. With respect to the payment of interest, the amount of interest paid in the consolidated cash flow statement is used.

(Note 3) The amount of market capitalization is calculated on the basis of the number of outstanding shares issued, excluding treasury stock. Incidentally, because of the effects of ex-rights deriving from a stock split in FY2008, stock market capitalization is calculated by the following calculation method:

Closing stock price at fiscal year-end × (outstanding shares at fiscal year-end + the number of increased shares by stock split)

### (3) Basic Policy Concerning the Distribution of Profits and Dividends for FY2012 and FY2013

We have identified the return of profits to shareholders as a top priority for management, while striving to improve corporate value through the development of businesses based on long-term, global perspectives. Our basic policy is to continue to deliver stable dividends in general consideration of consolidated results and payout ratios.

We plan to pay a year-end dividend of 20 yen per share for FY2013 (the year ended on March 31, 2013). Combined with the interim dividend of 14 yen, the dividend for FY2013 will be 34 yen per share.

We will use retained earnings for development of new technologies, investments in future business expansion, and other purposes to further improve operating performance and strengthen our financial position.

With respect to dividends for FY2014, we plan to pay 40 yen per share (an interim dividend of 20 yen and a year-end dividend of 20 yen) in consideration of trends in consolidated operating performance and the need for retained earnings to strengthen the consolidated corporate structure.

### (4) Business and Other Risks

#### [1] Changes in the market environment

The TS TECH Group operates in regions around the world, including Japan, North America, South America, China and other countries in Asia, and Europe. The decline in the economies of these regions and reduced consumer spending resulting from trends in the costs of goods that has led to reduced sales of motorcycles and automobiles may have an adverse effect on the Group's operating performance.

#### [2] Level of dependence on sales to Honda Motor Co., Ltd., and Honda Group

Since its founding, the TS TECH Group has worked to quickly and flexibly develop business locations and pursue a development and production system to meet the needs of Honda Motor Co., Ltd. and its affiliates (the Honda Group). As a result, sales to the Honda Group accounted for a high percentage of consolidated net sales in FY2013, at 92.4%. (Including indirect sales to the Honda Group via other Honda Group partners, the Honda Group was the final customer for 95.0% of sales.)

The TS TECH Group participates in new vehicle model projects from the planning and development stages, and strives to carry out product development that meets customer needs by providing plans and proposals. However, the pursuit of such a strategy does not guarantee that the Group will receive ongoing orders for each model. If the Group were to unexpectedly fail to win an order with the Honda Group, the Group's operating performance may be affected.

In addition, the TS TECH Group has regular opportunities to communicate with the Honda Group through which it reaffirms the business direction being pursued by both groups. However, the business performance of the Group may be affected by such factors as (1) changes in the Honda Group's business strategies or purchasing policies; (2) adjustments in the Honda Group's production; (3) transfer of the production location of special models produced by the Honda Group; (4) reorganization of the Honda Group's production locations; and (5) the marketing launch date and marketing trends of Honda Group models that incorporate the Group's products.

#### [3] Competition

The appearance of new competitors or cooperation among existing competitors may result in such companies, or alliances, rapidly gaining market share.

The TS TECH Group aims continually for technical innovation to reinforce its position as a manufacturer specializing in automobile seats and interiors. The Group focuses on the development of high-quality, high-value-added automobile seats and interiors as a means of enhancing its competitiveness. However, there is no guarantee that the Group will be able to maintain or expand its market share in the future.

[4] Latent risks inherent in international operations and overseas expansion

In an operating environment in which automobile manufacturers are focusing increasingly on the optimization of their procurement systems on a global level, automobile component manufacturers are also facing expanding requirements related to optimum global procurement, where local production and local parts procurement comprise a fundamental part of the business model. Responding successfully to this globalization is an essential prerequisite to survival in the current competitive environment.

Reinforcing local production capabilities is a core strategy for the TS TECH Group. In North America, South America, China, other countries in Asia, and Europe, the Group has established local manufacturing subsidiaries and is pursuing an aggressive strategy of overseas business development. We expect this trend to continue. In FY2013, sales in Americas accounted for 47.9% of consolidated sales, China 18.9%, and Asia and Europe 14.0%.

As a result of this overseas business development, the management results and financial condition of the Group may be influenced by factors such as the unexpected establishment of or changes to overseas laws and regulations, the positions of tax authorities regarding transfer pricing taxation, changes in the politics and economies of different countries, changes to the management policies and business environments of joint ventures, difficulty in acquiring human resources and insufficient infrastructure.

[5] Exposure to the credit risk of business partners

As a manufacturer of automotive parts, the TS TECH Group has many business partners. While we regularly verify the management status of our business partners, in the event of an unexpected deterioration in the credit or failure of a partner, the Group's operating performance may be adversely affected.

[6] Impact of fluctuations in raw material markets

The TS TECH Group's main product, automobile seats, is made of steel, resin, polyurethane, and covering materials. The Group takes steps to ensure the stable procurement of these materials by concluding basic purchase contracts with our suppliers of raw materials and parts.

However, in the event of an insufficient supply of raw materials that cannot be addressed or absorbed by the Group, or sharp price increases induced by changes in the regulations surrounding raw materials, reduced production by raw materials manufacturers, and changes in raw materials markets, the Group's operating performance may be negatively affected.

[7] Impact of foreign exchange fluctuations

The TS TECH Group operates globally and is susceptible to foreign exchange fluctuations in its foreign currency-denominated transactions. While the Group conducts exchange hedging transactions for major currencies to minimize the risk of foreign exchange fluctuations, as it is impossible to hedge against all exchange risk, the Group's operating performance may be affected by changes in the foreign exchange market.

The Group's operating performance may also be affected by changes in management results following the conversion to yen based on the conversion rate used in the consolidated financial statements.

[8] Impact of disasters, accidents and other incidents on the Group's production lines

To minimize the latent risk of disruptions to its production lines, the TS TECH Group carries out regular accident prevention and safety inspections as well as equipment maintenance inspections on all equipment at its plants.

However, there is no guarantee that the Group will be able to completely prevent or mitigate the effect of disruptions to its production lines.

In addition, although the Group endeavors to enhance its manufacturing capacity by undertaking measures

to improve processes on its production lines, making its equipment more versatile, and installing production equipment that enables the flexible transfer of production between different plants, among other measures, if an earthquake, contagious disease, or other large-scale natural disaster were to occur, or some other situation arose that caused the suspension of operations, it is possible that production capacity would be severely constrained. This event may have an adverse effect on the Group's operating performance.

[9] Protection of intellectual property rights

Although the TS TECH Group has accumulated significant technology and expertise related to the manufacture of its products, in the future it is possible that these intellectual property rights would not be comprehensively protected. Moreover, the Group's operations could be adversely affected if its intellectual property rights were to be illegally infringed on a large scale.

In addition to the situations outlined above, although the Group develops products and technologies while taking full and appropriate care to ensure that it does not infringe the intellectual property rights of other companies, it is possible that products and technologies developed by the Group could be deemed to infringe on the intellectual property rights of third parties.

[10] Response to legal procedures

Investigations of the TS TECH Group in lawsuits under related laws and regulations or decisions against the Group in ongoing legal procedures may adversely affect the operating performance and financial condition of the Group.

[11] Response in case of a product defect

The TS TECH Group's manufacturing plants take steps to prevent the occurrence of product defects by constructing a quality assurance system for manufacturing processes and operating ISO 9001 international standard for quality management systems.

Moreover, the Group hedges the risk of product liability claims for product defects through insurance coverage, construction of a system of traceability (tracing of manufacturing history) and other means. However, a product recall or similar event that incurred substantial cost and led to a decline in confidence in the Group might have an adverse effect on the Group's business performance and financial condition.

[12] Response to laws and regulations

In its business activities, which extend across many countries, the TS TECH Group is subject to a wide range of legal restrictions, such as safety and environmental regulations and laws. The Group operates in compliance with the relevant laws and regulations. In particular, in response to legal requirements in Europe and the United States relating to automobile safety, the Group has prepared a research and development system that enables it to adequately respond to future changes in the regulatory framework in this area.

However, in response to any future strengthening of regulations or the introduction of new regulations in a wide range of areas, if the Group is unable to fully comply with new legal requirements, its business activities may be restricted.

Moreover, any strengthening of regulations or introduction of new regulations may lead to increased costs for the Group. This scenario could adversely affect the Group's operating performance and financial position.

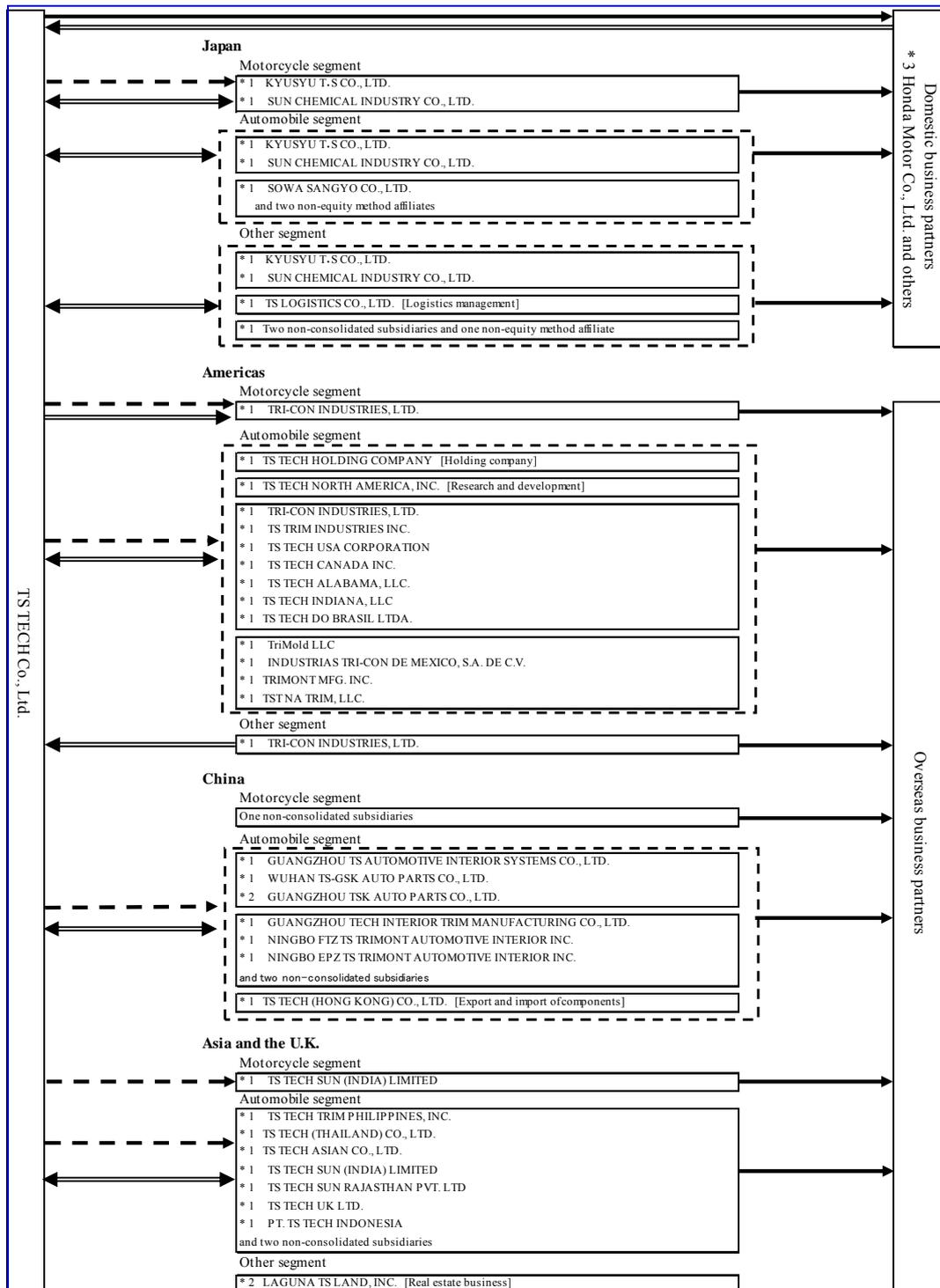
[13] Retirement benefit liabilities

The retirement benefit costs and liabilities of the TS TECH Group are calculated based on assumptions such as the discount rate and expected rate of investment income. As a result, should actual results differ from these assumptions or should these assumptions change, the Group's operating performance and financial condition may be affected.

## 2. Group Status

### Flowchart of Business Activities

The TS TECH Group consists of TS TECH Co., Ltd. and 41 related companies in Japan and abroad. By segment, the Group consists of four regions including Japan, Americas, China and Asia and the U.K.. In addition, the Group maintains a close, ongoing relationship with Honda Motor Co., Ltd., one of its major business partners, on business. The following chart shows business organization of the TS TECH Group:



## Status of affiliated companies

Name	Location	Capital stock or investments in capital	Content of principal businesses	Ownership of voting rights or percentage of holding		Nature of relationship				
				Percentage of ownership (%)	Percentage of holding (%)	Sharing of directors	Fund assistance	Operational transactions	Lease of facilities	
(Consolidated subsidiaries)										
KYUSYU T·S CO., LTD.	Kikuchi, Kumamoto	110 million yen	Motorcycle business Automobile business Other business	100.0	—	Concurrent appointment: 1 External transfer: 1	Loans	From TS TECH Co., Ltd.: technical support, component supply, sale of lease of properties; From Kyusyu T·S Co., Ltd.: sale of products	Yes	
SUN CHEMICAL INDUSTRY CO., LTD.	Hamamatsu, Shizuoka	99 million yen	Motorcycle business Automobile business Other business	58.8	—	External transfer: 2	—	From TS TECH Co., Ltd.: lease of properties; From Sun Chemical Industry Co., Ltd.: sale of products	Yes	
TS LOGISTICS CO., LTD.	Kawagoe, Saitama	99 million yen	Other business	100.0	—	External transfer: 6	—	From TS TECH Co., Ltd.: lease of properties; From TS Logistics Co., Ltd.: property lease, logistics support, manufacturing of TS TECH products, packing and transportation of TS TECH products and components	—	
SOWA SANGYO CO., LTD.	Saitama, Kazo	40 million yen	Automobile business	100.0	—	External transfer: 3	—	From TS TECH Co., Ltd.: component supply, From Sowa Sangyo Co., Ltd.: sale of products	Yes	
TS TECH HOLDING COMPANY	Delaware, the United States	46.1 million US dollars	Automobile business	100.0	—	Concurrent appointment: 2 External transfer: 4	Guarantees	—	—	
TRI-CON INDUSTRIES, LTD.	Nebraska, the United States	5.1 million US dollars	Motorcycle business Automobile business Other business	100.0 (100.0)	—	External transfer: 2	—	From TS TECH Co., Ltd.: technical support, component supply, sale of equipment	—	
TS TRIM INDUSTRIES INC.	Ohio, the United States	23 million US dollars	Automobile business	100.0 (100.0)	—	External transfer: 2	—	From TS TECH Co., Ltd.: technical support, component supply, sale of equipment	—	
TS TECH USA CORPORATION	Ohio, the United States	15 million US dollars	Automobile business	100.0 (100.0)	—	External transfer: 3	—	From TS TECH Co., Ltd.: technical support, component supply, sale of equipment From TS TECH USA Corporation: sale of products	—	
TS TECH NORTH AMERICA, INC.	Ohio, the United States	3 million US dollars	Automobile business	100.0 (100.0)	—	Concurrent appointment: 2 External transfer: 16	—	From TS TECH Co., Ltd.: technical support, component supply From TS TECH North America, Inc.: sale of products	—	
TS TECH ALABAMA, LLC.	Alabama, the United States	10 million US dollars	Automobile business	100.0 (100.0)	—	Concurrent appointment: 1 External transfer: 1	—	From TS TECH Co., Ltd.: technical support, component supply	—	
TriMold LLC	Ohio, the United States	3 million US dollars	Automobile business	100.0 (100.0)	—	External transfer: 2	—	From TS TECH Co., Ltd.: technical support,	—	
TS TECH INDIANA, LLC	Indiana, the United States	10 million US dollars	Automobile business	100.0 (100.0)	—	External transfer: 2	—	From TS TECH Co., Ltd.: technical support, component supply, sale of equipment	—	
TST NA TRIM, LLC.	Texas, the United States	2 million US dollars	Automobile business	100.0 (100.0)	—	Concurrent appointment: 1 External transfer: 2	—	From TS TECH Co., Ltd.: technical support, component supply; ; From TST NA TRIM, LLC.: sale of products	—	
TS TECH CANADA INC.	Ontario, Canada	6 million Canadian dollars	Automobile business	100.0 (100.0)	—	External transfer: 2	—	From TS TECH Co., Ltd.: technical support, component supply, sale of equipment From TS TECH Canada Inc.: sale of products	—	
TRIMONT MFG. INC.	Ontario, Canada	2 million Canadian dollars	Automobile business	100.0 (100.0)	—	External transfer: 1	—	From TS TECH Co., Ltd.: technical support, component supply	—	
INDUSTRIAS TRI-CON DE MEXICO, S.A. DE C.V.	Tamaulipas, Mexico	1 thousand US dollars	Automobile business	100.0 (100.0)	—	External transfer: 1	—	—	—	
TS TECH DO BRASIL LTDA.	São Paulo, Brazil	8.57 million Brazilian real	Automobile business	82.5 (11.1)	—	External transfer: 2	—	From TS TECH Co., Ltd.: technical support	—	
GUANGZHOU TS AUTOMOTIVE INTERIOR SYSTEMS CO., LTD.	Guangdong, China	3.86 million US dollars	Automobile business	52.0	—	External transfer: 3	—	From TS TECH Co., Ltd.: technical support,	—	
GUANGZHOU TECH INTERIOR TRIM MANUFACTURING CO., LTD.	Guangdong, China	3.3 million US dollars	Automobile business	52.0	—	External transfer: 3	—	—	—	
NINGBO FTZ TS TRIMONT AUTOMOTIVE INTERIOR INC.	Zhejiang, China	5 million US dollars	Automobile business	100.0 (40.0)	—	Concurrent appointment: 2 External transfer: 4	—	From TS TECH Co., Ltd.: component supply	—	
NINGBO EPZ TS TRIMONT AUTOMOTIVE INTERIOR INC.	Zhejiang, China	5 million US dollars	Automobile business	100.0 (40.0)	—	Concurrent appointment: 2 External transfer: 4	—	From TS TECH Co., Ltd.: technical support, component supply. From Ningbo EPZ TS Trimont Automotive Interior Inc.: sale of products	—	
WUHAN TS-GSK AUTO PARTS CO., LTD.	Hubei, China	9 million US dollars	Automobile business	60.0	—	External transfer: 3	—	From TS TECH Co., Ltd.: technical support, sale of equipment	—	
TS TECH (HONG KONG) CO., LTD.	Hong Kong, China	600 thousand Hong Kong dollars	Automobile business	100.0 (1.0)	—	External transfer: 3	—	From TS TECH Co., Ltd.: product supply From TS TECH (Hong Kong) Co., Ltd.: sale of products	—	

Name	Location	Capital stock or investments in capital	Content of principal businesses	Ownership of voting rights or percentage of holding		Nature of relationship			
				Percentage of ownership (%)	Percentage of holding (%)	Sharing of directors	Fund assistance	Operational transactions	Lease of facilities
TS TECH TRIM PHILIPPINES, INC.	Laguna, the Philippines	125 million Philippine pesos	Automobile business	100.0	—	Concurrent appointment: 1 External transfer: 3	—	From TS TECH Co., Ltd.: technical support, component supply From TS TECH Trim Philippines, Inc.: sale of products	—
PT. TS TECH INDONESIA	West Java Province, Indonesia	7 million US dollars	Automobile business	90.0	—	External transfer: 4	—	From TS TECH Co., Ltd.: technical support, component supply, sale of equipment From PT. TS TECH Indonesia: sale of products	—
TS TECH (THAILAND) CO., LTD.	Ayutthaya, Thailand	150 million Thai baht	Automobile business	64.5	—	External transfer: 3	—	From TS TECH Co., Ltd.: technical support, component supply, sale of equipment From TS TECH (Thailand) Co., Ltd.: sale of products	—
TS TECH ASIAN CO., LTD.	Bangkok, Thailand	150 million Thai baht	Automobile business	100.0	—	Concurrent appointment: 1 External transfer: 3	—	—	—
TS TECH SUN (INDIA) LIMITED	Uttar Pradesh, India	154.8 million Indian rupee	Motorcycle business Automobile business	74.0 (0.0)	—	Concurrent appointment: 1 External transfer: 2	—	From TS TECH Co., Ltd.: technical support	—
TS TECH SUN RAJASTHAN PVT. LTD	Rajasthan, India	999,999 million Indian rupee	Automobile business	98.4 (2.7)	—	Concurrent appointment: 1 External transfer: 2	—	From TS TECH Co., Ltd.: technical and personnel support	—
TS TECH UK LTD.	Wilshire, the United Kingdom	12 million British pounds	Automobile business	100.0	—	Concurrent appointment: 1 External transfer: 1	—	From TS TECH Co., Ltd.: technical support, component supply, sale of equipment From TS TECH UK Ltd.: sale of products	—
(Equity method affiliates)									
GUANGZHOU TSK AUTO PARTS CO., LTD.	Guangdong, China	5 million US dollars	Automobile business	36.0	—	External transfer: 2	—	From TS TECH Co., Ltd.: technical support	—
LAGUNA TS LAND, INC.	Laguna, the Philippines	2.7 million Philippine pesos	Other business	40.0 (40.0)	—	External transfer: 2	—	—	—
(Other affiliates)									
Honda Motor Co., Ltd.	Minato-ku, Tokyo	86,067 million yen	Manufacturing and sale of automobiles	0.2	22.6	—	—	From TS TECH Co., Ltd.: component supply From Honda Motor Co., Ltd.: sale of components	—

(Note 1) In the Content of principal businesses column, names of businesses categories are listed.

(Note 2) The subcategories of “Ownership of voting rights or percentage of holding” indicate the percentage of indirect ownership.

(Note 3) The following companies are significant subsidiaries of TS TECH Co., Ltd: TS TECH Holding Company, TS TECH do Brasil Ltda., Guangzhou TS Automotive Interior Systems Co., Ltd., Ningbo FTZ TS Trimont Automotive Interior Inc., Ningbo EPZ TS Trimont Automotive Interior Inc., Wuhan TS-GSK Auto Parts Co., Ltd., PT. TS TECH Indonesia, TS TECH (Thailand) Co., TS TECH Sun (India) limited, and TS TECH Sun Rajasthan PVT. Ltd, Ltd., TS TECH UK Ltd..

(Note 4) Honda Motor Co., Ltd. submits securities reports to the Japanese government.

(Note 5) The percentage of sales (excluding internally generated sales among consolidated companies) generated by TS TECH Holding Company and Wuhan TS-GSK Auto Parts Co., Ltd. exceeded 10% of net consolidated sales.

TS TECH Holding Company		WUHAN TS-GSK AUTO PARTS CO., LTD.	
Net sales	160,361 million yen	Net sales	45,695 million yen
Ordinary income	9,445	Ordinary income	4,992
Net income	6,525	Net income	3,738
Net assets	25,633	Net assets	6,545
Total assets	56,025	Total assets	15,310

(Note 6) TS TECH Holding Company, as a surviving company, merged with TS TECH NORTH AMERICA, INC. on April 2, 2013, and TS TECH Holding Company changed its name to TS TECH AMERICAS, INC.

(Note 7) TST MANUFACTURING de México S de RL de CV., a company newly established on April 2, 2013, is expected to become a consolidated subsidiary in the fiscal year ending March 2014.

### 3. Management Policies

#### (1) Basic Policies for Company Management

The TS TECH Group maintains a management philosophy that places priority on “due regard for human resources” and on being “a company welcomed with joy” that brings pleasure to all its stakeholders.

“Due regard for human resources” is a philosophy in which we see people as the key to our growth and strive to provide a working environment in which the Group’s employees can pursue their dreams with passion. Being “a company welcomed with joy” is a philosophy whereby we offer to the world products that bring comfort and emotional joy in striving to become an independent and international supplier of automotive interior systems, and to conduct business in harmony with society so that we can bring pleasure to all stakeholders who have high expectations from our existence.

Based on this management philosophy, we will continue to practice our company principle, namely “We will always provide comfortable, high-quality products at a competitive price for customers all over the world, pursuing our dreams through creating products and challenging infinite possibilities,” to further enhance our corporate value.

#### (2) Target Management Indexes

TS TECH Co., Ltd. places particular emphasis on the results of consolidated corporate activities, and has set a management target of striving to achieve a better ratio of operating income to consolidated net sales. Under the 11th Medium-Term Management Plan, which started in April 2011 (from April 1, 2011 to March 31, 2014), it has been striving to achieve a ratio of operating income to consolidated net sales of at least 6%, its management target. Accordingly, the Company has steadily pursued a range of initiatives. As a result, it achieved this target in the fiscal year ended March 31, 2013, the second year of the Medium-Term Management Plan. The Company will continue to strive to achieve and maintain a ratio of operating income to consolidated net sales of at least 6.0% in the future.

#### (3) Medium- to Long-Term Management Strategy of the TS TECH Group

The TS TECH Group has positioned the ten years from the fiscal year under review through 2020 as a decade to lay the groundwork to become a top ranking interior system supplier with the aim of expanding its corporate scale and enhancing corporate value. The Group has developed a vision “Innovative Quality Company” for 2020.

The competitive environment of the Group is changing from the existing framework to a stage of fierce competition with competitors of the world. To expand its corporate scale and enhance its corporate value in a changing environment, we need not only to deal with existing major customers but also to address the challenge of steadily developing new customers and acquiring new trade rights.

In response to this environment, the 11th Medium-Term Management Plan, which started in April 2011 (from April 1, 2011 to March 31, 2014), constitutes the first three years of the decade for our 2020 vision, and we are positioning these three years as the medium term for laying the groundwork to survive in a fiercely competitive environment. The qualitative goal of the plan is “Evolution as a global company,” and the Group will pursue three key policies: “Strengthening QCDDM\* competitiveness,” “Building a corporate structure with advanced CSR characteristics,” and “Building an infrastructure of ‘people’ who can strive globally.

\*\*\*QCDDM stands for quality, cost, development, delivery, and management.

[Three key management policies]

##### [1] Strengthening QCDDM competitiveness

To prevail in a fiercely competitive environment, the TS TECH Group will enhance competitiveness in all aspects of corporate activities (QCDDM). To this end, the Group will build a foundation for achieving the 2020 vision.

[2] Build a corporate structure with advanced CSR characteristics

The TS TECH Group positions CSR activities as an important factor for pursuing and realizing “a company welcomed with joy” in accordance with its management philosophy. In addition to fulfilling our social responsibility in our business activities, we will continue to provide safe and comfortable products and will build a basis for unique CSR activities.

[3] Build an infrastructure of "people" who can strive globally

Under our management philosophy, which includes “careful consideration of human resources,” the TS TECH Group, as a truly global company, will lay foundations for cultivating human resources who will be able to work in the international arena.

(4) Issues Requiring a Response from the TS TECH Group

In the automobile market, demand for low-priced cars is increasing in association with growth in emerging economies, and users are increasingly preferring compact, eco-friendly vehicles. It has become necessary to strengthen the ability to propose products and specifications that are tailored to each region around the world. The Group is facing intensifying competition not only with global manufacturers but also with local manufacturers.

In this environment, the Group will increase the competitiveness of its products and will expand operations by bolstering its regional control and management structure in Japan, the Americas, China, Asia, and Europe and enhancing collaboration among different regions and divisions, including sales, development, purchasing, and manufacturing divisions.

To achieve further growth, the Group needs to develop as a global partner of its main customers and at the same time to expand sales to new automakers. To that end the Group is enhancing its structure for achieving new customers, is creating a Business Development Department that focuses on sales to customers other than mainstay customers and is appointing a full-time director in charge of new business development.

Meanwhile, the Group is seeking to help reduce the burden on the environment in all of its businesses. In particular, it is reducing the weight of products to improve fuel consumption. The Group is advancing safety technologies that protect drivers and passengers, a core mission. To provide comfortable seats for drivers and passengers around the world, the Group will carry out research and development from a range of perspectives and will fulfill its social responsibility as a manufacturer of automotive interior systems.

(Japan)

In Japan, a mature market, the Group will endeavor to secure orders from both its mainstay customers and its new customers by conducting research and development on products that respond to the needs of automobile users for eco-friendly and compact vehicles as well as for vehicles for elderly drivers.

Meanwhile, with the automobile market becoming multipolar, Japan will need to play a role as a global base. In response, the Group will strengthen its function as a global innovation base, promoting the horizontal transfer of the production technologies that the Group has accumulated through production in Japan to other regions of the world. Meanwhile, the Group will support self-sustaining operations in each region from a range of perspectives.

(Americas)

In North America, as the market recovered, the Group’s profitability improved significantly. To continue to grow in the North American market, where automobile and auto parts manufacturers face severe competition, the Group will launch products that harness the Group’s technical capabilities and will further strengthen its earnings base, making better use of its base in Mexico. The Group will carefully monitor trends in Brazil and Mexico and will develop operations aggressively in these markets.

(China)

In the Chinese market, we expect that with the expansion of the market, demand will increase not only for high-end models but also for entry-level products. Considering the market change, the Group will strengthen its sales capabilities to bolster its ability to propose products and specifications that meet local needs and to increase sales to local automakers. It will also seek to find new local business partners to cut costs. To execute these initiatives, it will enhance its sales, development, and purchasing functions. The Group believes that despite the risk of production cutbacks associated with changing situations, the Chinese market will grow steadily. Responding rapidly to changes in the business environment, the Group will continue to develop operations in China.

(Asia and Europe)\*

The Asian market should continue to expand, mainly on the back of strong demand for entry-level models as the regional economy continues to grow. To respond to the expansion of the market, the Group will seek to supply products that meet local needs by strengthening sales, development, and purchasing functions.

In Europe, a mature market, the Group will seek to secure orders from its main customers, with a production system tailored to orders. The Group will be proactive in selling to automakers in Europe, mainly through its subsidiary in Germany. Meanwhile, the Group will do its best to prepare for the production of seats for which it has received orders.

\* The “Asia and the UK” segment was renamed “Asia and Europe” on April 1, 2012..

(5) Other Important Matters Concerning the Group’s Management

Not applicable

4. Consolidated Financial Statements  
 (1) Consolidated Balance Sheets

(Unit: Million yen)

	FY2012 (As of March 31, 2012)	FY2013 (As of March 31, 2013)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	47,434	58,269
Notes and accounts receivable—trade	※ 3 52,416	※ 3 48,806
Merchandise and finished goods	2,251	2,251
Work in process	1,900	1,978
Raw materials and supplies	15,790	18,256
Income taxes receivable	190	186
Deferred tax assets	2,195	2,388
Other	4,445	4,470
Allowance for doubtful accounts	-23	-21
<b>Total current assets</b>	<b>126,602</b>	<b>136,587</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	15,899	18,317
Machinery, equipment and vehicles, net	11,451	12,430
Tools, furniture and fixtures, net	3,738	4,830
Land	9,148	9,682
Lease assets, net	710	580
Construction in progress	2,046	3,027
<b>Total property, plant and equipment</b>	※ 2 42,994	※ 2 48,869
<b>Intangible assets</b>	1,173	1,259
<b>Investments and other assets</b>		
Investment securities	※ 1 13,128	※ 1 15,371
Investments in capital of subsidiaries and affiliates	2,269	2,636
Long-term loans receivable	655	691
Deferred tax assets	843	1,165
Other	1,845	1,457
Allowance for doubtful accounts	-169	-337
<b>Total investments and other assets</b>	<b>18,572</b>	<b>20,984</b>
<b>Total noncurrent assets</b>	<b>62,740</b>	<b>71,113</b>
<b>Total assets</b>	<b>189,343</b>	<b>207,700</b>

(Unit: Million yen)

	FY2012 (As of March 31, 2012)		FY2013 (As of March 31, 2013)	
<b>Liabilities</b>				
<b>Current liabilities</b>				
Notes and accounts payable–trade	※3	47,961	※3	40,330
Short-term loans payable		4,298		2,049
Long-term loans scheduled for payment within one year		221		2,572
Lease obligations		456		419
Income taxes payable		933		1,716
Provision for bonuses		1,922		2,366
Provision for directors' bonuses		86		110
Deferred tax liabilities		173		151
Other	※3	11,314	※3	12,471
<b>Total current liabilities</b>		<b>67,368</b>		<b>62,188</b>
<b>Noncurrent liabilities</b>				
Long-term loans payable		2,486		210
Lease obligations		300		247
Deferred tax liabilities		4,888		5,099
Provision for directors' retirement benefits		87		58
Provision for retirement benefits		594		562
Other		1,369		1,810
<b>Total noncurrent liabilities</b>		<b>9,727</b>		<b>7,988</b>
<b>Total liabilities</b>		<b>77,095</b>		<b>70,176</b>
<b>Net assets</b>				
<b>Shareholders' equity</b>				
Capital stock		4,700		4,700
Capital surplus		5,163		5,163
Retained earnings		99,213		113,122
Treasury stock		Δ3		Δ3
<b>Total shareholders' equity</b>		<b>109,073</b>		<b>122,982</b>
<b>Valuation and translation adjustments</b>				
Valuation difference on available-for-sale securities		7,089		8,191
Foreign currency translation adjustment		-15,216		-8,181
<b>Total valuation and translation adjustments</b>		<b>-8,126</b>		<b>9</b>
<b>Minority interests</b>		<b>11,300</b>		<b>14,531</b>
<b>Total net assets</b>		<b>112,247</b>		<b>137,523</b>
<b>Total liabilities and net assets</b>		<b>189,343</b>		<b>207,700</b>

## (2) Consolidated Statements of Income and Comprehensive Income

## Consolidated Statements of Income

(Unit: Million yen)

	FY2012 (April 1, 2011 - March 31, 2012)		FY2013 (April 1, 2012 - March 31, 2013)	
<b>Net sales</b>		305,482		359,331
<b>Cost of sales</b>	※ 1	273,813	※ 1	309,929
<b>Gross profit</b>		31,669		49,401
<b>Selling, general and administrative expenses</b>				
Packing and transportation expenses		3,131		3,753
Directors' compensations		625		604
Salaries and allowances		9,535		10,193
Depreciation		926		892
Research and development expenses		1,280		1,271
Other		6,768		8,465
<b>Total selling, general and administrative expenses</b>	※ 1	22,268	※ 1	25,182
<b>Operating income</b>		9,401		24,219
<b>Non-operating income</b>				
Interest income		894		801
Dividends income		345		612
Land and house rent received		236		196
Foreign exchange gains		—		1,075
Equity in earnings of affiliates		401		306
Other		365		352
<b>Total non-operating income</b>		2,241		3,345
<b>Non-operating expenses</b>				
Interest expenses				
Foreign exchange losses		227		189
Provision of allowance for doubtful accounts		286		—
Other		131		154
<b>Total non-operating expenses</b>		69		11
<b>Ordinary income</b>		715		355
<b>Extraordinary income</b>		10,927		27,209
Gain on sales of noncurrent assets				
Reversal of allowance for doubtful accounts	※ 2	204	※ 2	50
Insurance income		—		9
Gain on translation of negative goodwill		986		272
Compensation income		—		19
Other		13		5
<b>Total extraordinary income</b>		1,204		359

(Unit: Million yen)

	FY2012		FY2013	
	(April 1, 2011 - March 31, 2012)		(April 1, 2012 - March 31, 2013)	
<b>Extraordinary loss</b>				
Loss on sales of noncurrent assets	※ 3	70	※ 3	36
Loss on retirement of noncurrent assets	※ 4	247	※ 4	245
Impairment loss	※ 5	6	※ 5	325
Loss on disaster	※ 6	975	※ 6	420
Retirement benefit expenses		177		—
Loss on transfer of equity of subsidiaries and affiliates		86		—
Other		4		95
<b>Total extraordinary loss</b>		<u>1,568</u>		<u>1,121</u>
<b>Income before income taxes</b>		<u>10,563</u>		<u>26,447</u>
<b>Income taxes-current</b>		<u>3,833</u>		<u>8,539</u>
<b>Income taxes-deferred</b>		<u>△143</u>		<u>△976</u>
<b>Total Income taxes</b>		<u>3,689</u>		<u>7,562</u>
<b>Income before minority interests</b>		<u>6,873</u>		<u>18,884</u>
<b>Minority interests in income</b>		<u>2,160</u>		<u>3,142</u>
<b>Net income</b>		<u>4,712</u>		<u>15,741</u>

Consolidated Comprehensive Income

(Unit: Million yen)

	FY2012 (April 1, 2011 - March 31, 2012)	FY2013 (April 1, 2012 - March 31, 2013)
<b>Income before minority interests</b>	6,873	18,884
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	649	1,109
Foreign currency translation adjustment	Δ2,974	8,683
Share of other comprehensive income of associates accounted for using equity method	18	104
Other comprehensive income	※ 1 Δ2,306	※ 1 9,898
<b>Comprehensive income</b>	4,566	28,782
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,090	23,878
Comprehensive income attributable to minority interests	1,476	4,903

## (3) Consolidated Statements of Changes in Net Assets

(Unit: Million yen)

	FY2012 (April 1, 2011 - March 31, 2012)	FY2013 (April 1, 2012 - March 31, 2013)
<b>Shareholders' equity</b>		
<b>Capital stock</b>		
Balance as at the end of the previous fiscal year	4,700	4,700
Changes of items		
Total changes in items	—	—
Ending balance as at the end of the fiscal year	4,700	4,700
<b>Capital surplus</b>		
Balance as at the end of the previous fiscal year	5,163	5,163
Changes of items		
Total changes in items	—	—
Ending balance as at the end of the fiscal year	5,163	5,163
<b>Retained earnings</b>		
Balance as at the end of the previous fiscal year	96,215	99,213
Changes of items		
Dividends from surplus	Δ1,699	Δ1,767
Employee welfare fund	Δ92	Δ65
Net income	4,712	15,741
Increase by merger with unconsolidated subsidiaries	77	—
Total changes in items	2,997	13,908
Ending balance as at the end of the fiscal year	99,213	113,122
<b>Treasury stock</b>		
Balance as at the end of the previous fiscal year	Δ3	Δ3
Changes of items		
Acquisition of treasury stock	Δ0	Δ0
Total changes in items	Δ0	Δ0
Ending balance as at the end of the fiscal year	Δ3	Δ3
<b>Total shareholders' equity</b>		
Balance as at the end of the previous fiscal year	106,075	109,073
Changes of items		
Dividends from surplus	Δ1,699	Δ1,767
Contribution to employee welfare fund	Δ92	Δ65
Net income	4,712	15,741
Acquisition of treasury stock	Δ0	Δ0
Increase by merger with unconsolidated subsidiaries	77	—
Total changes in items	2,997	13,908
Ending balance as at the end of the fiscal year	109,073	122,982

(Unit: Million yen)

	FY2012 (April 1, 2011 - March 31, 2012)	FY2013 (April 1, 2012 - March 31, 2013)
<b>Valuation and translation adjustments</b>		
<b>Valuation difference on available-for-sale securities</b>		
Balance as at the end of the previous fiscal year	6,439	7,089
Changes of items		
(Net) changes in items other than shareholders' equity	649	1,101
Total changes in items	649	1,101
Ending balance as at the end of the fiscal year	7,089	8,191
<b>Foreign currency translation adjustment</b>		
Balance as at the end of the previous fiscal year	△12,943	△15,216
Changes of items		
(Net) changes in items other than shareholders' equity	△2,272	7,034
Total changes in items	△2,272	7,034
Ending balance as at the end of the fiscal year	△15,216	△8,181
<b>Total valuation and translation adjustments</b>		
Balance as at the end of the previous fiscal year	△6,504	△8,126
Changes of items		
(Net) changes in items other than shareholders' equity	△1,622	8,136
Total changes in items	△1,622	8,136
Ending balance as at the end of the fiscal year	△8,126	9
<b>Minority interests</b>		
Balance as at the end of the previous fiscal year	12,323	11,300
Changes of items		
(Net) changes in items other than shareholders' equity	△1,022	3,231
Total changes in items	△1,022	3,231
Ending balance as at the end of the fiscal year	11,300	14,531
<b>Total net assets</b>		
Balance as at the end of the previous fiscal year	111,894	112,247
Changes of items		
Dividends from surplus	△1,699	△1,767
Contribution to employee welfare fund	△92	△65
Net income	4,712	15,741
Acquisition of treasury stock	△0	△0
Increase by merger with unconsolidated subsidiaries	77	—
(Net) changes in items other than shareholders' equity	△2,645	11,367
Total changes in items	352	25,276
Ending balance as at the end of the fiscal year	112,247	137,523

## (4) Consolidated Statements of Cash Flows

(Unit: Million yen)

	FY2012 (April 1, 2011 - March 31, 2012)	FY2013 (April 1, 2012 - March 31, 2013)
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes	10,563	26,447
Depreciation and amortization	8,625	7,332
Impairment loss	6	325
Amortization of goodwill	1	1
Amortization of negative goodwill	△49	△43
Increase (decrease) in allowance for doubtful accounts	94	178
Increase (decrease) in provision for bonuses	16	434
Increase (decrease) in provision for directors' bonuses	△5	23
Increase (decrease) in provision for retirement benefits	227	△84
Interest and dividends income	△1,239	△1,414
Interest expenses	227	189
Equity in (earnings) losses of affiliates	△401	△306
Foreign exchange losses (gains)	212	△398
Loss (gain) on sales of property, plant and equipment	△134	△14
Loss on retirement of property, plant and equipment	247	245
Loss on transfer of equity of subsidiaries and affiliates	86	—
Gain on translation of negative goodwill	—	△9
Insurance income	△986	△272
Loss on disaster	—	△19
Decrease (increase) in notes and accounts receivable-trade	975	420
Compensation income	△3,307	8,458
Decrease (increase) in inventories	△2,259	△499
Increase (decrease) in notes and accounts payable-trade	5,259	△12,898
Other	2,755	2,011
<b>Subtotal</b>	<b>20,914</b>	<b>30,106</b>
Interest and dividends income received	1,224	1,422
Interest expenses paid	△226	△191
Income taxes paid	△3,809	△7,734
Proceeds from insurance income	722	272
Payments for loss on disaster	—	19
Proceeds from compensation	△225	△123
<b>Net cash provided by (used in) operating activities</b>	<b>18,599</b>	<b>23,772</b>

(Unit: Million yen)

	FY2012 (April 1, 2011 - March 31, 2012)	FY2013 (April 1, 2012 - March 31, 2013)
<b>Net cash provided by (used in) investing activities</b>		
Payments into time deposits	Δ4,249	Δ6,132
Proceeds from withdrawal of time deposits	6,916	6,005
Purchase of property, plant and equipment	Δ7,018	Δ9,342
Proceeds from sales of property, plant and equipment	596	145
Purchase of investment securities	Δ46	Δ559
Purchase of investments in subsidiaries	Δ1,158	Δ375
Payments of loans receivable	Δ641	Δ187
Collection of loans receivable	418	384
Other	Δ225	Δ914
<b>Net cash provided by (used in) investing activities</b>	<b>Δ5,410</b>	<b>Δ10,976</b>
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	2,596	Δ2,329
Repayment of long-term loans payable	Δ218	Δ221
Repayments of finance lease obligations	Δ454	Δ580
Purchase of treasury stock	Δ0	Δ0
Cash dividends paid	Δ1,699	Δ1,767
Cash dividends paid to minority shareholders	Δ2,154	Δ2,405
<b>Net cash provided by (used in) financing activities</b>	<b>Δ1,930</b>	<b>Δ7,304</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>Δ1,274</b>	<b>4,462</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>9,984</b>	<b>9,953</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>33,287</b>	<b>43,394</b>
<b>Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries</b>	<b>122</b>	<b>—</b>
<b>Cash and cash equivalents at end of period</b>	<b>※ 1 43,394</b>	<b>※ 1 53,348</b>

(5) Notes Concerning Consolidated Financial Statements

( Notes Concerning Going Concern)

Not applicable.

(6) Basic Important Matters for Preparation of Consolidated Financial Statements

① Items concerning the scope of consolidation

I The number of consolidated subsidiaries: 30 companies

II Names of the consolidated subsidiaries

The names of consolidated subsidiaries are listed in “2. Group Status, Status of affiliated companies” and are therefore omitted.

The Company decided to include TS TECH Asian Co., Ltd., a company established during the fiscal year under review, in the scope of consolidation from the fiscal year under review.

III Names of non-consolidated subsidiaries

TS Corporation Inc., TS Insurance Service Co., Ltd., Chongqing TS Plastic Products Co., Ltd., Wuhan Sowa Auto Parts Co., Ltd., TS TECH Deutschland GmbH ,TS TECH Hungary Kft.

IV The six non-consolidated companies are outside the scope of consolidation, because all these companies are small in size, and their total net assets, net sales, net income/loss (in proportion to equity holding) and retained earnings (in proportion to equity holding), among other items, do not significantly impact consolidated financial statements.

② Items concerning application of the equity method

I The number of equity method affiliates: 2 companies

II Names of equity method affiliates

Guangzhou TSK Auto Parts Co., Ltd., Laguna TS Land, Inc.

III Names of non-consolidated subsidiaries and affiliates on which the equity method is not applied

TS Corporation Inc., TS Insurance Service Co., Ltd., Chongqing TS Plastic Products Co., Ltd., Wuhan Sowa Auto Parts Co., Ltd., TS TECH Deutschland GmbH, TS TECH Hungary Kft., TS Puppy Honda Co., Ltd., Tech Toei Co., Ltd., Daiyu Co.,Ltd and three other companies.

IV The twelve companies to which the equity method is not applied have little influence on net income/loss (in proportion to equity holding) and retained earnings (in proportion to equity holding), among other items, and are of little importance overall. Therefore, the equity method is not applied to these companies.

③ Items concerning the business year of consolidated

Of the consolidated subsidiaries of TS TECH Co., Ltd., the following companies have a settlement date of December 31:

TS TECH do Brasil Ltda., Guangzhou TS Automotive Interior Systems Co., Ltd., Guangzhou Tech Interior Trim Manufacturing Co., Ltd., Ningbo FTZ TS Trimont Automotive Interior Inc., Ningbo EPZ TS Trimont Automotive Interior Inc., Wuhan TS-GSK Auto Parts Co., Ltd., TS TECH (Hong Kong) Co., Ltd., TS TECH Trim Philippines, Inc., PT. TS TECH Indonesia, TS TECH (Thailand) Co., Ltd., TS TECH Asian Co., Ltd., TS TECH UK Ltd. Consolidated financial statements use the financial statements of the above companies dated December 31. Necessary adjustments for consolidation are made concerning important transactions that occurred between December 31 and the consolidated settlement date of March 31.

④ Items concerning accounting standards

I Items concerning accounting standards

(a) Securities

Other securities

Securities with fair market value

Fair value method based on the market price at the closing date (Valuation differences are included in shareholders' equity, and sales costs when sold are determined using the moving-average method.)

Securities without fair market value

Cost accounting method calculated using the moving-average method

(b) Inventories

Inventories held for normal sale purposes

The evaluation standard uses the cost accounting method (the method of reducing book value due to lower profitability)

Raw materials, work in process and products

Cost accounting method calculated using the first-in, first-out method

However, cost accounting method for certain raw materials, work in process and products calculated using the identified cost method

Supplies

Cost accounting method calculated using the last purchased price method

II Depreciation method for significant depreciable assets

(a) Property, plant and equipment (excluding lease assets)

At the Company and its domestic consolidated subsidiaries, property, plant and equipment are depreciated using the age-life method. At overseas consolidated subsidiaries, the straight-line method based on estimated life of property, plant and equipment is used.

The useful lives for such main buildings, machinery, and equipment range as follows:

Buildings and structures: 2 to 50 years

Machinery, equipment and vehicles: 2 to 20 years

Tools, furniture and fixtures: 2 to 20 years

(Change in accounting policy which is difficult to distinguish from change in accounting estimate)

Previously, the Company and its domestic consolidated subsidiaries applied the declining balance method for depreciation (except for any buildings (excluding annexed structures) acquired on or after April 1, 1998, for which the straight line method was adopted). However, from the first quarter of FY2013, the Company and its consolidated domestic subsidiaries adopted the straight-line method of depreciation.

This change was made because it was judged more appropriate to spread depreciation cost equally, given that the Group has made effective, flexible reforms for production structure and that the Group forecasts stable utilization of capital over the medium- and long-term.

This change had the effect of increasing each of operating income, ordinary income and income before income taxes for the first three quarters of FY2013 by 664 million yen.

The impact on segment information is indicated in the applicable section.

(b) Intangible assets (excluding lease assets)

At the Company and its domestic consolidated subsidiaries, intangible assets are depreciated using the straight-line method (3-20 years). At overseas consolidated subsidiaries, the straight-line method based on the estimated life of intangible assets is used.

(c) Lease assets

Lease assets concerning finance lease transactions that do not involve ownership transfer

For assets leased by finance lease transactions that do not involve a transfer of ownership, the lease period is used as the useful lives, with the straight-line method that sets the residual value as zero.

Of the finance lease transactions that do not involve a transfer of ownership, the accounting

standard for normal lease transactions is used for those finance lease transactions with transaction start dates on or before March 31, 2008.

### III Accounting standards for significant allowances

#### (a) Allowance for doubtful accounts

To reserve for a loss on doubtful accounts such as trade receivables and loans, general allowances are provided using a rate determined by past experience with bad debts. Specific allowances are provided for the estimated amounts considered to be uncollectible after reviewing the individual collectibility of certain doubtful accounts.

#### (b) Provision for bonuses

In preparation for the payment of employees' bonuses, the Company provides accrued bonuses based on the projected amount for payment.

#### (c) Provision for directors' bonuses

In preparation for the payment of directors' bonuses, the Company provides accrued bonuses for directors based on the projected amount for the FY2012.

#### (d) Provision for directors' retirement benefits

The Company's consolidated subsidiaries recorded an allowance for retirement benefits for directors, equivalent to 100% of the amount payable at the end of FY2012, in accordance with the established bylaws at each subsidiary.

#### (e) Provision for retirement benefits

To prepare for the payment of employee retirement benefits, the Company provides accrued retirement benefits based on projected benefits obligations and the fair value of pension assets at the current consolidated fiscal year-end.

Past liabilities are accounted for as they are incurred for a certain number of years (17 years) within the average remaining years of service of employees at the time they are incurred.

Actuarial differences are charged to expenses from the next consolidated fiscal year based on determined years (17 years) within the average remaining years of service of employees when they are incurred.

Certain consolidated subsidiaries employ defined-contribution pension and other systems.

### IV Important hedge accounting method

#### (a) Hedge accounting method

Deferred hedge accounting is used, in principle. A special accounting method is used for interest swap contracts that satisfy the requirements of the accounting method.

#### (b) Hedging methods and risks hedged

##### Hedging methods

Interest swap, forward foreign exchange contracts, and others

##### Risks hedged

Foreign currency denominated monetary accounts receivables and payables and interest on loans

#### (c) Hedging policy

Cash flows are fixed for the collection of monetary accounts receivables and payables as well as certain payments in order to hedge exchange fluctuation risks. In addition, to hedge the risk of changes in interest rates on loans, interest swap transactions are used.

#### (d) Assessing the effectiveness of a hedge

The cumulative rate of changes in the cash flows from hedging instruments methods and the cumulated rate of changes for the hedging method's cash flows are compared to determine the effectiveness of the hedge based on the rates of changes in both. However, an assessment of effectiveness for interest swaps calculated according to a special accounting method is omitted.

### V Goodwill amortization method and period

The amortization of goodwill and negative goodwill incurred before March 31, 2010, is calculated by distributing such goodwill equally over five years.

### VI Scope of cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents in the consolidated statement of cash flows include cash on hand, demand deposits, and liquid short-term investments with maturities of three months or less that are readily convertible to cash and have only minor risks of changes in fair value.

### VII Other important matters concerning the creation of consolidated financial statements

Accounting method for consumption taxes.

The tax-exclusion method is used for the calculation of consumption tax and local consumption tax.

(Accounting standards and relevant regulations that have not yet been adopted)

The “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012) and the “Guidance on the Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012)

(1) Overview

The accounting standard and guidance mainly include revisions to accounting methods pertaining to unrecognized accounting expenses for actuarial differences and unrecognized accounting expenses for past service liabilities, calculation methods for retirement benefits obligations and service costs, and the expansion of the scope of disclosure, in light of improving financial reports and global trends.

(2) Scheduled date for adoption

The Company expects to adopt the accounting standard and guidance from the end of the fiscal year ending March 31, 2014. However, it expects to adopt the revised calculation methods for retirement benefits obligations and service costs in the beginning of the fiscal year ending March 31, 2015.

(3) Effects of the adoption of the accounting standard and guidance

The effects of the adoption of the accounting standard and guidance at the time consolidated financial statements are prepared are currently being assessed.

(7) Changes in Basic Important Matters for Preparation of Consolidated Financial Statements  
Not applicable.

Additional Information

The Company has applied the "Accounting Standards for Accounting Changes and Error Corrections" (ASBJ Statement No. 24; December 4, 2009) and the "Guidance on Accounting Standards for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24; December 4, 2009) with respect to accounting changes and corrections of past errors implemented on or after the first day of the FY2012.

(8) Notes Concerning Consolidated Financial Statements

(Consolidated Balance sheets)

\* 1 The following is applicable to non-consolidated subsidiaries and affiliates:

	(Unit: Million yen)	
	FY2011 (As of March 31, 2012)	FY2012 (As of March 31, 2013)
Investment securities	88	579

\* 2 Cumulated amount of amortization of property, plant, and equipment

	(Unit : Million yen)	
	FY2011 (As of March 31, 2012)	FY2012 (As of March 31, 2013)
Cumulated amount of amortization of property, plant and equipment	87,385	93,050

\* 3 Notes maturing on the last day of the consolidated fiscal year

Settlements of notes maturing on the last day of the consolidated fiscal year are recorded based on the clearing date. Because the last day of the consolidated FY2012 fell on a bank holiday, the following notes that matured on the last day of the consolidated fiscal year are included in the outstanding balance as of the end of the consolidated FY2012.

	(Unit : Million yen)	
	FY2012 (As of March 31, 2012)	FY2013 (As of March 31, 2013)
Notes receivable-trade	22	16
Notes payable-trade	69	38
Other (Notes payable-facilities)	12	6

4 Contingency liabilities

The Company extends loan guarantees for its employees' loans from financial institutions.

	(Unit : Million yen)	
	FY2012 (As of March 31, 2012)	FY2013 (As of March 31, 2013)
Employees (TS TECH Employee Housing Loan)	147	123

5 Notes receivable-trade discount and endorsement transfer amount

	(Unit : Million yen)	
	FY2012 (As of March 31, 2012)	FY2013 (As of March 31, 2013)
Notes receivable-trade endorsement transfer amount	36	28

(Consolidated Statements of Income)

- \* 1 Research and development expenses included in selling, general and administrative expenses and manufacturing expenses in FY2012 are as follows:

	(Unit : Million yen)	
	FY2012	FY2013
	(April 1, 2011 - March 31, 2012)	(April 1, 2012 - March 31, 2013)
Research and development expenses	9,641	11,221

- \* 2 A breakdown of the gain on sales of noncurrent assets is as follows:

	(Unit : Million yen)	
	FY2012	FY2013
	(April 1, 2011 - March 31, 2012)	(April 1, 2012 - March 31, 2013)
Buildings and structures	116	0
Machinery, equipment and vehicles	27	44
Tools, furniture and fixtures	3	2
Land	57	2
Intangible assets	0	0
Total	204	50

- \* 3 A breakdown of the loss on sales of noncurrent assets is as follows:

	(Unit : Million yen)	
	FY2012	FY2013
	(April 1, 2011 - March 31, 2012)	(April 1, 2012 - March 31, 2013)
Buildings and structures	2	22
Machinery, equipment and vehicles	25	12
Tools, furniture and fixtures	0	1
Land	42	—
Total	70	36

- \* 4 A breakdown of the loss on retirement of noncurrent assets is as follows:

	(Unit : Million yen)	
	FY2012	FY2013
	(April 1, 2011 - March 31, 2012)	(April 1, 2012 - March 31, 2013)
Buildings and structures	102	119
Machinery, equipment and vehicles	117	108
Tools, furniture and fixtures	26	15
Intangible assets	1	1
Total	247	245

\* 5 Impairment loss

FY2012 (April 1, 2011 - March 31, 2012)

The Group has incurred the following impairment losses for the following asset groups:

Place	Purpose	Category	Amount
United States Alabama	Dormant assets	Machinery equipment	6 million yen

The TS TECH Group uses product categories as the basis for asset grouping, and categorizes its assets into the following: operational assets, joint assets, and dormant assets. The dormant assets in Alabama, the United States, are not expected to be used in the near future, and are also difficult to sell. For these reasons, the entire amount of the book value was written down, and the written-down amount of 6 million yen was recorded as impairment losses of property, plant and equipment in the extraordinary loss category.

FY2013 (April 1, 2012 - March 31, 2012)

The Group has incurred the following impairment losses for the following asset groups:

Place	Purpose	Category	Amount
Saitama Plant Gyoda City, Saitama Prefecture (Note 1)	Operational assets	Building, structures, etc.	250 million yen
United States Ohio (Note 2)	Operational assets	Building, structures, etc.	66 million yen
United States Alabama	Dormant assets	Machinery equipment, etc.	8 million yen

The TS TECH Group uses product categories as the basis for asset grouping, and categorizes its assets into the following: operational assets, joint assets, and dormant assets. The operational assets and dormant assets of the Group are not expected to be used in the near future, and are also difficult to sell. For these reasons, the entire amount of the book value was written down, and the written-down amount of 325 million yen was recorded as impairment losses in the extraordinary loss category.

(Note 1) Following the decision made at the meeting of the Board of Directors on the disposal of operational assets in Gyoda City, Saitama Prefecture, the entire amount of the book value of the relevant assets was written down.

(Note 2) Regarding operational assets in Ohio, the United States, the book value of 31 million yen was written down to a recoverable value. The recoverable value was measured based on the net salable value and assessed through a method in which expected sales expenses were deducted from the expected sale price.

\* 6 Loss on disaster

The Group recorded a loss on disaster from the flooding in Thailand that took place in October 2011 as follows:

	(Unit: Million yen)	
	FY2012	FY2013
	(April 1, 2011 - March 31, 2012)	(April 1, 2012 - March 31, 2013)
Loss on retirement of noncurrent assets	363	—
Loss on retirement of inventories	228	0
Fixed costs incurred during the suspension of operations	144	83
Costs for production equipments, molds and repairing buildings	135	273
Other	103	63
Total	975	420

## (Consolidated Comprehensive Income)

\* 1 Reclassification adjustments related to other comprehensive income are as follows:

(Unit : Million yen)

	FY2012 (April 1, 2011 - March 31, 2012)	FY2013 (April 1, 2012 - March 31, 2013)
Valuation difference on available-for-sale securities		
Amount incurred	174	1,703
Reclassification adjustments	—	—
Before tax effect adjustments	174	1,703
Tax effect amount	475	-593
Valuation difference on available-for-sale securities	649	1,109
Foreign currency translation adjustment		
Amount incurred	-2,974	8,683
Share of other comprehensive income of associates accounted for using equity method		
Amount incurred	18	104
Total other comprehensive income	-2,306	9,898

## (Consolidated Statements of Changes in Net Assets)

FY2012 (April 1, 2011 - March 31, 2012)

## 1 Matters concerning outstanding shares

Type of shares	Beginning of FY2012	Increase	Decrease	End of FY2012
Common stock (shares)	68,000,000	—	—	68,000,000

## 2 Matters concerning treasury stock

Type of shares	Beginning of FY2012	Increase	Decrease	End of FY2012
Common stock (shares)	1,630	15	—	1,645

(Overview of the change)

The primary reasons for the change are as follows:

Increase due to the purchase of fractional shares: 15 shares

## 3 Matters concerning cash dividends

## (1) Payment of cash dividends

Resolution	Type of shares	Total amount of cash dividends (million yen)	Cash dividend per share (yen)	Record date	Payment date
Regular general meeting of shareholders, June 21, 2011	Common stock	883	(Note) 11	March 31, 2011	June 22, 2011
Meeting of the Board of Directors, October 28, 2011	Common stock	815	11	September 30, 2011	November 28, 2011

(Note) Details of year-end dividend for FY2011 Ordinary dividend 11.00 yen Commemorative dividend 2.00 yen

## (2) Dividends recorded during FY2012 to be paid in FY2013

Resolution	Type of shares	Source of cash dividends	Total amount of cash dividends (million yen)	Cash dividend per share (yen)	Record date	Payment date
Regular general meeting of shareholders, June 22, 2012	Common stock	Retained earnings	815	12	March 31, 2012	June 25, 2012

FY2013 (April 1, 2012 - March 31, 2013)

1 Matters concerning outstanding shares

Type of shares	Beginning of FY2012	Increase	Decrease	End of FY2012
Common stock (shares)	68,000,000	—	—	68,000,000

2 Matters concerning treasury stock

Type of shares	Beginning of FY2012	Increase	Decrease	End of FY2012
Common stock (shares)	1,645	15	—	1,709

(Overview of the change)

The primary reasons for the change are as follows:

Increase due to the purchase of fractional shares: 64 shares

3 Matters concerning cash dividends

(1) Payment of cash dividends

Resolution	Type of shares	Total amount of cash dividends (million yen)	Cash dividend per share (yen)	Record date	Payment date
Regular general meeting of shareholders, June 22, 2012	Common stock	815	12	March 31, 2012	June 25, 2012
Meeting of the Board of Directors, October 30, 2012	Common stock	951	14	September 30, 2012	December 3, 2012

(2) Dividends recorded during FY2013 to be paid in FY2014

Resolution	Type of shares	Source of cash dividends	Total amount of cash dividends (million yen)	Cash dividend per share (yen)	Record date	Payment date
Regular general meeting of shareholders, June 21, 2013	Common stock	Retained earnings	1,359	20	March 31, 2013	June 25, 2013

(Consolidated Cash Flow Statements)

\* 1 The relationship between cash and cash equivalent and the amount of the items listed in the consolidated balance sheets is as follows:

(Unit : Million yen)

	FY2012 (April 1, 2011 - March 31, 2012)	FY2013 (April 1, 2012 - March 31, 2013)
Cash and deposit accounts	47,434	58,269
Time deposits with more than three months maturity period	-4,007	-4,890
Others	-32	-30
Cash and cash equivalents	43,394	53,348

(Segment information)

## 1. Overview of reporting segments

Reporting segments are component units of the Company able to provide financial information. These segments file monthly reports which the Board of Directors uses for deciding management resource allocation and evaluating results.

Positioning Japan as its global base, the Company has a control and management system for the three operating regions of “Americas,” which includes the U.S.A, Canada, Mexico and Brazil, “China” including China and Hong Kong and “Asia and the U.K.” comprising Thailand, Philippines, India, Indonesia and the U.K. The Company appoints an officer responsible for control and management in each region. Policies, plans, controls and other matters concerning general operations are discussed at regional management meetings attended by directors and the like in these regions for executing business activities.

Accordingly, the Company positions “Japan,” “Americas,” “China” and “Asia and the U.K.” as its four reporting segments.

In the reporting segments of “Japan,” “Americas,” and “Asia and the U.K.” the Company manufactures and sells products under their coverage that mainly consist of automobile seats, automobile interiors, motorcycle seats and resin-based products for motorcycles. In the reporting segment of “China,” the Company engages primarily in the manufacture and sale of automobile seats and automobile interiors.

Since the consolidated fiscal year under review, the title of the reporting segment “Asia and the U.K.” has been changed to “Asia and Europe.” This change is only a change of title, and involved no changes in the reporting of numerical figures. Segment information for the previous consolidated fiscal year was prepared based on the revised segment title.

(Change in the calculation method for profits or losses in the business segments)

As stated in “Changes in accounting policy that are difficult to distinguish from changes in accounting estimates,” the Company and its consolidated domestic subsidiaries previously applied the declining balance method for depreciation (except for any buildings [excluding annexed structures] acquired on or after April 1, 1998, for which the straight line method was adopted). However, in the consolidated fiscal year under review, the Company and its consolidated domestic subsidiaries adopted the straight-line method of depreciation. As a result of this change, segment profits for “Japan” for the consolidated fiscal year under review rose 907 million yen compared with the figure based on the previous method.

## 2. Accounting methods of net sales, profits or losses, assets, liabilities and other items for reporting segments

Accounting methods for reporting business segments are mostly same as the ones presented in “Changes to important matters that will be the basis for preparing consolidated financial statements.” The Company decides the price of transactions done among its segments by considering gross costs, and by price negotiations.

(Change in the calculation method for profits or losses in the business segments)

As stated in “Changes in accounting policy that are difficult to distinguish from changes in accounting estimates,” the Company and its consolidated domestic subsidiaries previously applied the declining balance method for depreciation (except for any buildings [excluding annexed structures] acquired on or after April 1, 1998, for which the straight line method was adopted). However, in the consolidated fiscal year under review, the Company and its consolidated domestic subsidiaries adopted the straight-line method of depreciation. As a result of this change, segment profits for “Japan” for the consolidated fiscal year under review rose 907 million yen compared with the figure based on the previous method.

3. Information about net sales, profits or losses, assets, liabilities and other items for reporting segments  
FY2012(April 1, 2011 - March 31, 2012)

(Unit: Million yen)

	Reporting Segments					Adjustments (Note) 1	Amounts stated in consolidated F/S (Note) 2
	Japan	Americas	China	Asia and Europe.	Total		
Net sales							
Sales to cusmomers	87,273	121,737	64,622	31,849	305,482	—	305,482
Interarea transfer	20,297	—	3,129	90	23,518	-23,518	—
Total	107,571	121,737	67,752	31,939	329,001	-23,518	305,482
Segment profits	2,971	2,494	5,795	1,735	12,996	-3,595	9,401
Segment assets	83,906	47,799	42,199	25,488	199,393	-10,050	189,343
Segment liabilities	27,579	27,500	27,411	5,955	88,446	-11,350	77,095
Other categories							
Depreciation	3,768	2,508	1,006	1,377	8,661	-35	8,625
Investments to equity method affiliates	763	—	—	4	767	—	767
Increase of proerty, plant and equipment and intangible assets	2,879	2,465	562	2,257	8,165	—	8,165

(Note) 1 Adjustments are as follows.

- (1) Adjustments of -3,595 million yen for segment profits included a deduction of 104 million yen for transactions among segments, and operating expenses of -3,925 million yen associated with the administration division of the headquarters of the parent company, which could not be allocated.
  - (2) Adjustment of -10,050 million yen for segment assets included the Company's investments in its subsidiaries of -12,887 million yen, offsetting elimination of liabilities of -11,459 million yen, and long-term investment securities held by the Company and its subsidiaries, which amounts to 13,128 million yen.
  - (3) Adjustment of -11,350 million yen for segment liabilities is deduction for transactions among segments.
  - (4) Adjustment of -35 million yen for depreciation is deduction for transactions among segments.
- 2 Operating income in consolidated statements of income is adjusted for segment profits.

FY2013(April 1, 2012 - March 31, 2013)

(Unit: Million yen)

	Reporting Segments					Adjustments (Note) 1	Amounts stated in consolidated F/S (Note) 2
	Japan	Americas	China	Asia and Europe.	Total		
Net sales							
Sales to cusmomers	69,697	172,063	67,470	50,100	359,331	—	359,331
Interarea transfer	24,164	—	4,441	107	28,713	Δ28,713	—
Total	93,862	172,063	71,911	50,207	388,044	Δ28,713	359,331
Segment profits	5,323	10,212	8,190	4,878	28,604	Δ4,384	24,219
Segment assets	78,971	61,587	37,749	38,257	216,565	Δ8,864	207,700
Segment liabilities	21,569	31,495	17,802	10,824	81,691	Δ11,514	70,176
Other categories							
Depreciation	2,587	2,597	858	1,316	7,360	Δ28	7,332
Investments to equity method affiliates	745	—	—	6	751	—	751

	Reporting Segments					Adjustments (Note) 1	Amounts stated in consolidated F/S (Note) 2
	Japan	Americas	China	Asia and Europe.	Total		
Increase of proerty, plant and equipment and intangible assets	5,082	2,857	658	2,778	11,377	—	11,377

(Note) 1 Adjustments are as follows.

- (1) Adjustments of -4,384 million yen for segment profits included a deduction of 430 million yen for transactions among segments, and operating expenses of -4,153 million yen associated with the administration division of the headquarters of the parent company, which could not be allocated.
  - (2) Adjustment of -8,864 million yen for segment assets included the Company's investments in its subsidiaries of -14,404 million yen, offsetting elimination of liabilities of -11,476 million yen, and long-term investment securities held by the Company and its subsidiaries, which amounts to 15,371 million yen.
  - (3) Adjustment of -11,514 million yen for segment liabilities is deduction for transactions among segments.
  - (4) Adjustment of -28 million yen for depreciation is deduction for transactions among segments.
- 2 Operating income in consolidated statements of income is adjusted for segment profits.

(Related information)

FY2012 (April 1, 2011 - March 31, 2012)

1. Information according to products and services

The percentage of sales of sole product or service to customers in consolidated statements of income exceed 90%, and for that reason segment information by products and services is omitted.

2. Information according to regions

(1) Net sales

(Unit: Million yen)

Japan	Americas	China	Asia and Europe.	Other regions	Total
86,419	121,931	65,014	31,893	223	305,482

(Note) Net sales are based on customers' locations, and are categorized into countries or regions.

(2) Property, plant and equipment

(Unit: Million yen)

Japan	Americas	China	Asia and Europe.	Total
19,941	13,465	3,695	5,891	42,994

3. Information according to customers

(Unit: Million yen)

Customers or individuals	Net sales	Related segments
Honda of America Mfg., Inc.	48,277	Americas
Honda Motor Co., Ltd.	62,052	Japan
Dongfeng Honda Automobile Co., Ltd.	29,291	China

FY2013 (April 1, 2012 - March 31, 2013)

1. Information according to products and services

The percentage of sales of sole product or service to customers in consolidated statements of income exceed 90%, and for that reason segment information by products and services is omitted.

2. Information according to regions

(1) Net sales

(Unit: Million yen)

Japan	Americas	China	Asia and Europe.	Other regions	Total
69,036	172,148	67,748	50,126	270	359,331

(Note) Net sales are based on customers' locations, and are categorized into countries or regions.

(2) Property, plant and equipment

(Unit: Million yen)

Japan	Americas	China	Asia and Europe.	Total
21,801	15,063	3,869	8,134	48,869

3. Information according to customers

(Unit: Million yen)

Customers or individuals	Net sales	Related segments
Honda of America Mfg., Inc.	62,733	Americas
Honda Motor Co., Ltd.	44,420	Japan
Dongfeng Honda Automobile Co., Ltd.	36,366	China

(Information regarding impairment loss of intangible assets according to reporting segments)

FY2011 (April 1, 2011 - March 31, 2012)

(Unit: Million yen)

	Reporting segments					Corporate/ Eliminations	Total
	Japan	Americas	China	Asia and Europe.	Total		
Impairment loss	—	6	—	—	6	—	6

FY2013 (April 1, 2012 - March 31, 2013)

(Unit: Million yen)

	Reporting segments					Corporate/ Eliminations	Total
	Japan	Americas	China	Asia and Europe.	Total		
Impairment loss	250	74	—	—	325	—	325

(Amortization of goodwill and amortized balance by reportable segment)

Because this is not significant, notes are omitted.

(Gain on negative goodwill by reportable segment)  
 FY2012 (April 1, 2011 – March 31, 2012)]

Not applicable

FY2013 (April 1, 2012 – March 31, 2013)

Not applicable.

(Unit: Million yen)

	Reporting segments					Corporate/ Eliminations	Total
	Japan	Americas	China	Asia and Europe.	Total		
Gain on translation of negative goodwill	—	—	—	9	9	—	9

The Company acquired additional shares in TS TECH SUN RAJASTHAN PVT. LTD, a consolidated subsidiary, on December 5, 2012. As a result, the Company posted a gain on negative goodwill of 9 million yen in the Asia and Europe segment.

(Lease Transactions)

1 Finance lease transactions

Finance lease transactions that do not involve ownership transfer

(1) Content of lease assets

Property, plant and equipment

Primarily die assemblies for seats and interior (tools, furniture and fixtures) at the parent company and its consolidated

(2) Depreciation method for lease assets

Depreciation method for lease assets is listed in “4. Items concerning accounting standards (2) Depreciation method for significant depreciable assets” in the Basic Important Matters for Preparation of Consolidated Financial Statements.

Of the finance lease transactions that do not involve a transfer of ownership, the accounting standard for normal lease transactions is used for those finance lease transactions with transaction start dates on or before March 31, 2008. However, because they are not significant, notes are omitted.

2 Operating lease transactions

Prepaid lease fees for operating lease transactions that cannot be cancelled

(Unit : Million yen)

	FY2012 (April 1, 2011 - March 31, 2012)	FY2013 (April 1, 2012 - March 31, 2013)
Without one year	491	496
Over one year	1,502	1,371
Total	1,993	1,867

(Information on Related Party Transactions)

1. Transactions with related parties

(1) Transactions between the company that submits consolidated financial statements and related parties

The parent company and major shareholders (corporations only) of the company that submits consolidated financial statements, etc.

FY2012 (April 1, 2011 - March 31, 2012)

Type	Name of the company	Location	Capital stock or investments in capital (million yen)	Content of business	Ownership of voting rights [or percentage of holding] (%)	Relationship with the related party	Content of transaction	Transaction amount (million yen)	Account	Year-end balance (million yen)
Other affiliate (including the parent company of the applicable and other affiliates)	Honda Motor Co., Ltd.	Minato-ku, Tokyo	86,067	Manufacturing and sales of automobiles	0.2 [direct 22.6]	Purchase of the Company's products	Sale of the Company's products	58,897	Accounts receivables-trade	10,498
							Purchase of materials for components	11,982	Accounts payables-trade	271

(Note) 1 The transaction amounts are not inclusive of consumption and other taxes, but the year-end balance includes consumption and other taxes.

2 Terms and conditions of transactions and decision-making policies for such terms and conditions

With respect to the sale of products, the Company makes decisions on pricing by individually submitting estimates and negotiating prices.

In terms of the purchase of materials for components, the Company makes decisions on purchase prices by negotiating with sellers based on their recommended prices.

FY2013 (April 1, 2012 - March 31, 2013)

Type	Name of the company	Location	Capital stock or investments in capital (million yen)	Content of business	Ownership of voting rights [or percentage of holding] (%)	Relationship with the related party	Content of transaction	Transaction amount (million yen)	Account	Year-end balance (million yen)
Other affiliate (including the parent company of the applicable and other affiliates)	Honda Motor Co., Ltd.	Minato-ku, Tokyo	86,067	Manufacturing and sales of automobiles	0.2 [direct 22.6]	Purchase of the Company's products	Sale of the Company's products	41,565	Accounts receivables-trade	3,043
							Purchase of materials for components	8,262	Accounts payables-trade	97

(Note) 1 The transaction amounts are not inclusive of consumption and other taxes, but the year-end balance includes consumption and other taxes.

2 Terms and conditions of transactions and decision-making policies for such terms and conditions

With respect to the sale of products, the Company makes decisions on pricing by individually submitting estimates and negotiating prices.

In terms of the purchase of materials for components, the Company makes decisions on purchase prices by negotiating with sellers based on their recommended prices.

(2) Transactions between consolidated subsidiaries of the company that submits consolidated financial statements and related parties

Companies that have the same parent company as the company that submits consolidated financial statements, and subsidiaries of other affiliates of the company that submits consolidated financial statements, etc.

[1] TS TECH USA CORPORATION

FY2012 (April 1, 2011 - March 31, 2012)

Type	Name of the company	Location	Capital stock or investments in capital	Content of business	Ownership of voting rights [or percentage of holding] (%)	Relationship with the related party	Content of transaction	Transaction amount (million yen)	Account	Year-end balance (million yen)
Subsidiaries of other affiliate	Honda of America Mfg., Inc.	Ohio, the United States	578 million US dollars	Manufacturing and sales of motorcycles and automobiles	—	Purchase of the Company's products	Sale of the Company's products	37,916	Accounts receivables-trade	3,908

- (Note) 1 The transaction amounts are not inclusive of consumption and other taxes, but the year-end balance includes consumption and other taxes.
- 2 Terms and conditions of transactions and decision-making policies for such terms and conditions  
In terms of the purchase of materials for components, the Company makes decisions on purchase prices by negotiating with sellers based on their recommended prices.

FY2013 (April 1, 2012 - March 31, 2013)

Type	Name of the company	Location	Capital stock or investments in capital	Content of business	Ownership of voting rights [or percentage of holding] (%)	Relationship with the related party	Content of transaction	Transaction amount (million yen)	Account	Year-end balance (million yen)
Subsidiaries of other affiliate	Honda of America Mfg., Inc.	Ohio, the United States	578 million US dollars	Manufacturing and sales of motorcycles and automobiles	—	Purchase of the Company's products	Sale of the Company's products	50,894	Accounts receivables-trade	4,294

- (Note) 1 The transaction amounts are not inclusive of consumption and other taxes, but the year-end balance includes consumption and other taxes.
- 2 Terms and conditions of transactions and decision-making policies for such terms and conditions  
In terms of the purchase of materials for components, the Company makes decisions on purchase prices by negotiating with sellers based on their recommended prices.

[2] TS TECH ALABAMA, LLC.

FY2012 (April 1, 2011 - March 31, 2012)

Type	Name of the company	Location	Capital stock or investments in capital	Content of business	Ownership of voting rights [or percentage of holding] (%)	Relationship with the related party	Content of transaction	Transaction amount (million yen)	Account	Year-end balance (million yen)
Subsidiaries of other affiliate	Honda Manufacturing of Alabama, LLC.	Alabama, the United States	400 million US dollars	Manufacturing and sales of automobiles	—	Purchase of the Company's products	Sale of the Company's products	29,608	Accounts receivables-trade	3,172

- (Note) 1 The transaction amounts are not inclusive of consumption and other taxes, but the year-end balance includes consumption and other taxes.
- 2 Terms and conditions of transactions and decision-making policies for such terms and conditions  
In terms of the purchase of materials for components, the Company makes decisions on purchase prices by negotiating with sellers based on their recommended prices.

FY2013 (April 1, 2012 - March 31, 2013)

Type	Name of the company	Location	Capital stock or investments in capital	Content of business	Ownership of voting rights [or percentage of holding] (%)	Relationship with the related party	Content of transaction	Transaction amount (million yen)	Account	Year-end balance (million yen)
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Subsidiaries of other affiliate	Honda Manufacturing of Alabama, LLC.	Alabama, the United States	400 million US dollars	Manufacturing and sales of automobiles	—	Purchase of the Company's products	Sale of the Company's products	34,700	Accounts receivables-trade	3,115
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- (Note) 1 The transaction amounts are not inclusive of consumption and other taxes, but the year-end balance includes consumption and other taxes.
- 2 Terms and conditions of transactions and decision-making policies for such terms and conditions  
In terms of the purchase of materials for components, the Company makes decisions on purchase prices by negotiating with sellers based on their recommended prices.

[3] TS TECH CANADA INC.

FY2012 (April 1, 2011 - March 31, 2012)

Type	Name of company	Location	Capital stock or investments in capital (million yen)	Description of business	Ownership of voting rights [or percentage of holding] (%)	Relationship to party	Description of transaction	Transaction amount (million yen)	Account	Year-end balance (million yen)
Subsidiaries of other affiliates	Honda Canada Inc.	Toronto, Canada	226,090 thousand Canadian dollars	Sales of motorcycles and general-purpose products, and manufacture and sales of automobiles	—	Purchase of the Company's products	Sale of the Company's products	17,544	Accounts receivables-trade	2,876

- (Note) 1 The transaction amounts are not inclusive of consumption and other taxes, but the year-end balance includes consumption and other taxes.
- 2 Terms and conditions of transactions and decision-making policies for such terms and conditions  
In terms of the purchase of materials for components, the Company makes decisions on purchase prices by negotiating with sellers based on their recommended prices.

FY2013 (April 1, 2012 - March 31, 2013)

Type	Name of company	Location	Capital stock or investments in capital (million yen)	Description of business	Ownership of voting rights [or percentage of holding] (%)	Relationship to party	Description of transaction	Transaction amount (million yen)	Account	Year-end balance (million yen)
Subsidiaries of other affiliates	Honda Canada Inc.	Toronto, Canada	226,090 thousand Canadian dollars	Sales of motorcycles and general-purpose products, and manufacture and sales of automobiles	—	Purchase of the Company's products	Sale of the Company's products	34,583	Accounts receivables-trade	3,545

- (Note) 1 The transaction amounts are not inclusive of consumption and other taxes, but the year-end balance includes consumption and other taxes.
- 2 Terms and conditions of transactions and decision-making policies for such terms and conditions  
In terms of the purchase of materials for components, the Company makes decisions on purchase prices by negotiating with sellers based on their recommended prices.

[4] TS TECH (THAILAND) CO., LTD.

FY2012 (April 1, 2011 - March 31, 2012)

Type	Name of the company	Location	Capital stock or investments in capital	Content of business	Ownership of voting rights [or percentage of holding] (%)	Relationship with the related party	Content of transaction	Transaction amount (million yen)	Account	Year-end balance (million yen)
Subsidiaries of other affiliate	Honda Automobile (Thailand) Co., Ltd.	Ayutthaya, Thailand	5.46 billion Thai baht	Manufacturing and sales of automobiles	—	Purchase of the Company's products	Sale of the Company's products	7,908	Accounts receivables-trade	46

- (Note) 1 The transaction amounts are not inclusive of consumption and other taxes, but the year-end balance includes consumption and other taxes.
- 2 Terms and conditions of transactions and decision-making policies for such terms and conditions  
In terms of the purchase of materials for components, the Company makes decisions on purchase prices by negotiating with sellers based on their recommended prices.

FY2013 (April 1, 2012 - March 31, 2013)

Type	Name of the company	Location	Capital stock or investments in capital	Content of business	Ownership of voting rights [or percentage of holding] (%)	Relationship with the related party	Content of transaction	Transaction amount (million yen)	Account	Year-end balance (million yen)
Subsidiaries of other affiliate	Honda Automobile (Thailand) Co., Ltd.	Ayutthaya, Thailand	5.46 billion Thai baht	Manufacturing and sales of automobiles	—	Purchase of the Company's products	Sale of the Company's products	1,5481	Accounts receivables-trade	4,950

- (Note) 1 The transaction amounts are not inclusive of consumption and other taxes, but the year-end balance includes consumption and other taxes.
- 2 Terms and conditions of transactions and decision-making policies for such terms and conditions  
In terms of the purchase of materials for components, the Company makes decisions on purchase prices by negotiating with sellers based on their recommended prices.

[5] TS TECH (THAILAND) CO., LTD.

FY2012 (April 1, 2011 - March 31, 2012)

Type	Name of the company	Location	Capital stock or investments in capital	Content of business	Ownership of voting rights [or percentage of holding] (%)	Relationship with the related party	Content of transaction	Transaction amount (million yen)	Account	Year-end balance (million yen)
Subsidiaries of other affiliate	Honda of the UK Manufacturing Ltd.	Wiltshire, UK	670 million British pounds	Manufacturing and sales of automobiles	—	Purchase of the Company's products	Sale of the Company's products	12,143	Accounts receivables-trade	627

- (Note) 1 The transaction amounts are not inclusive of consumption and other taxes, but the year-end balance includes consumption and other taxes.
- 2 Terms and conditions of transactions and decision-making policies for such terms and conditions  
In terms of the purchase of materials for components, the Company makes decisions on purchase prices by negotiating with sellers based on their recommended prices.

FY2013 (April 1, 2012 - March 31, 2013)

Type	Name of the company	Location	Capital stock or investments in capital	Content of business	Ownership of voting rights [or percentage of holding] (%)	Relationship with the related party	Content of transaction	Transaction amount (million yen)	Account	Year-end balance (million yen)
Subsidiaries of other affiliate	Honda of the UK Manufacturing Ltd.	Wiltshire, UK	670 million British pounds	Manufacturing and sales of automobiles	—	Purchase of the Company's products	Sale of the Company's products	34,583	Accounts receivables-trade	3,545

- (Note) 1 The transaction amounts are not inclusive of consumption and other taxes, but the year-end balance includes consumption and other taxes.

- 2 Terms and conditions of transactions and decision-making policies for such terms and conditions  
In terms of the purchase of materials for components, the Company makes decisions on purchase prices by negotiating with sellers based on their recommended prices.

2. Notes concerning the parent company or important affiliates

(1) Information concerning the parent company

Not applicable.

(2) Summary financial information of important affiliates

Not applicable.

## (Deferred Tax Accounting)

## 1 Breakdown of principal causes of deferred tax assets and deferred tax liabilities

	(Unit : Million yen)	
	FY2012 (As of March 31, 2012)	FY2013 (As of March 31, 2013)
<b>(Deferred tax assets)</b>		
Provision overbalance for bonuses	709	825
Accrued enterprise tax	8	70
Accrued expenses	828	866
Provision overbalance for directors' retirement benefits	220	197
Provision for retirement benefits	187	188
Allowance for doubtful accounts	61	153
Unrealized income in inventories	281	167
Inventory write-down	19	138
Overbalance for depreciation	460	537
Research and development expenses	904	1,361
Impairment loss	—	156
Deferred foreign tax credit	277	104
Amount of deficit carried forward	338	257
Others	601	760
Subtotal of deferred tax assets	4,900	5,785
Valuation reserve	-793	-815
Canceling out with deferred tax liabilities	-1,067	-1,416
Total of deferred tax assets	3,039	3,553
<b>(Deferred tax liabilities)</b>		
Depreciation cost at overseas subsidiaries	860	747
Valuation difference on other investment securities	3,790	4,383
Foreign currency translation adjustment	372	397
Retained earnings at overseas subsidiaries	382	420
Others	723	717
Subtotal of deferred tax liabilities	6,129	6,667
Canceling out with deferred tax assets	-1,067	-1,416
Total of deferred tax liabilities	5,062	5,250

## 2 Breakdown of principal causes of the difference between the normal effective statutory tax rate and the total of income taxes as a percentage after the application of the deferred tax accounting

	(Unit : %)	
	FY2012 (As of March 31, 2012)	FY2013 (As of March 31, 2013)
Normal effective statutory tax rate	39.8	37.2
<b>(Adjusted)</b>		
Items that are never posted as losses, such as entertainment expenses	1.7	1.1
Items that are never posted as profits, such as dividends	-17.9	-3.2
Dividends from consolidated subsidiaries that were deleted from the scope of consolidation	20.7	4.6
Tax credit	-1.4	-2.1
Difference due to different national tax rates	-15.9	-9.3
Tax haven accumulated earnings tax	3.1	1.1
Others	4.8	-0.8
Income tax rate after the application of the deferred tax accounting	34.9	28.6

(Financial Instruments)

1. Financial instruments

(1) Action policy toward financial instruments

With respect to fund operation, the TS TECH Group has a basic policy of using time deposits with principal guaranteed and similar financial instruments, and with respect to fund procurement, to use bank loans and the like. The Group's derivatives transactions have the purpose of risk hedging against potential future fluctuations in exchange rates, and the Group has a policy of not using derivatives transactions for speculative purposes.

(2) The content of financial instruments and their risks

Notes and accounts receivables-trade, both of which are operating receivables-trade, are exposed to the credit risks of customers. In addition, foreign currency-denominated operating receivables-trade, deriving from the Group's global business deployment, are exposed to the risk of exchange rate fluctuations. To achieve a stable income, the Group hedges those risks by using futures exchange.

The investment securities held by the Group are primarily shares in its business partners and line banks. Those shares are exposed to the risk of market fluctuations. In addition, the Group extends long-term loans to its business partners and others.

Most notes and accounts payables-trade, which are both operating payables-trade, have payment deadlines of within one year. In addition, a part of the notes and accounts payables-trade is foreign currency-denominated because they were incurred for importing of components and others. They are exposed to the risk of exchange rate fluctuations, and the risk is hedged, as in the case of foreign currency-denominated operating receivables-trade, using a futures exchange.

Of the loans payable, short-term loans payable are primarily used to procure funds for operating transactions, while long-term loans are mainly used to procure funds necessary for capital investment, with the payment date set after the settlement date, three-and-a-half years later at maximum.

Derivatives transactions are futures exchange transactions for the purpose of hedging exchange fluctuation risks related to foreign currency-denominated operating receivables-trade. The hedge method, the hedge target, the hedge policy, and the evaluation method for hedge effectiveness concerning hedge accounting are stated in "Important hedge accounting methods" in the previously mentioned "Basic Important Matters for Preparation of Consolidated Financial Statements."

(3) Risk management system for financial instruments

[1] Management of credit risk (risks of non-performance of contracts by business partners)

The Company regularly monitors the balances of operating receivables-trade to check if credit limit has not exceeded that of each business partner, in compliance with the Company's credit management regulations, to detect at an early time concerns for collection due to the business partner's worsening financial conditions, and to lessen those concerns.

[2] Management of market risks (risks of exchange rate fluctuations)

The Company and certain of its consolidated subsidiaries hedge perceived risks of exchange rate fluctuations for their foreign currency-denominated operating receivables-trade and payables-trade with futures exchange transactions by each currency and each month within the scope of scheduled transactions.

The execution and management of derivatives transactions comply with internal rules that regulate transaction authority among other matters, by the fund division with the approval of authorized decision-makers. Incidentally, to lessen credit risks, the Company conducts derivatives transactions only with financial institutions with high credit ratings.

[3] Management of liquidity risks (risk of being unable to make payment on the due date) relating to fund procurement

The Company's accounting department manages liquidity risks by creating and updating at appropriate times its fund procurement plans based on reports from each department.

(4) Supplementary explanation for items concerning market values of financial instruments

With regards to the amount of contract for derivatives transactions in "2. Matters concerning market values of financial instruments," the amount itself does not indicate market risks related to the derivatives transactions.

## 2. Matters concerning market values of financial instruments

The following chart represents posted amounts in the consolidated balance sheet, market values, and the difference between the consolidated balance sheet figure and the market value as of March 31, 2013. It should be noted that those items whose market values are extremely difficult to determine are not included in the chart (please refer to Note 2).

FY2012 (April 1, 2011 - March 31, 2012)

(Unit: Million yen)

	Posted amount in the consolidated B/S	Market value	Difference
(1) Cash and deposits	47,434	47,434	—
(2) Notes and accounts receivables-trade	52,416	52,416	—
(3) Income taxes receivable	190	190	—
(4) Investment securities			
Other securities	12,970	12,970	—
(5) Long-term loans receivable	655		
Allowance for doubtful accounts (*1)	-150		
	505	471	-33
Assets total	113,517	113,483	-33
(1) Notes and accounts payables-trade	47,961	47,961	—
(2) Short-term loans payable	4,298	4,298	—
(3) Long-term loans scheduled for payment within one year	221	226	4
(4) Income taxes payable	933	933	—
(5) Long-term loans payable	2,486	2,382	-103
Liabilities total	55,901	55,801	-99
Derivative transactions (*2)	(1)	(1)	—

(\*1) Allowance for doubtful accounts individually posted in the long-term loans receivable is deducted.

(\*2) Net accounts receivables-trade and net accounts payables-trade incurred for the delivative transactions are listed in the net amount. For items representing net liabilities when totaled, net accounts payables-trade are shown in ( ).

FY2013 (April 1, 2012 - March 31, 2013)

(Unit: Million yen)

	Posted amount in the consolidated B/S	Market value	Difference
(1) Cash and deposits	58,269	58,269	—
(2) Notes and accounts receivables-trade	48,806	48,806	—
(3) Income taxes receivable	186	186	—
(4) Investment securities			
Other securities	14,719	14,719	—
(5) Long-term loans receivable	691		
Allowance for doubtful accounts (*1)	△299		

	391	367	Δ24
Assets total	122,374	122,350	Δ24
(1) Notes and accounts payables-trade	40,330	40,330	—
(2) Short-term loans payable	2,049	2,049	—
(3) Long-term loans scheduled for payment within one year	2,572	2,571	Δ1
(4) Income taxes payable	1,716	1,716	—
(5) Long-term loans payable	210	205	Δ4
Liabilities total	46,880	46,874	Δ5
Derivative transactions (*2)	(1)	(1)	—

(\*1) Allowance for doubtful accounts individually posted in the long-term loans receivable is deducted.

(\*2) Net accounts receivables-trade and net accounts payables-trade incurred for the delivative transactions are listed in the net amount. For items representing net liabilities when totaled, net accounts payables-trade are shown in ( ).

(Note 1) Method of calculation of the market prices of financial instruments and items concerning securities and derivatives transactions

#### Assets

(1) Cash and deposits (2) Notes and accounts receivables-trade (3) Income taxes receivable

These are settled in a short period of time, and their market values are almost as the same as their book values. For this reason, their values are represented by their book values.

(4) Investment securities

The market values of investment securities are the share prices at respective issue's stock exchange.

In addition, for notes concerning securities by holding purposes, please refer to notes to "Securities."

(5) Long-term loans receivable

The Company and certain of its consolidated subsidiaries calculate the current market value of long-term loans receivable by discounting their future cash flows by an interest rate, such as the yield on government bonds, added with a credit spread.

#### Liabilities

(1) Notes and accounts payables-trade (2) Short-term loans payable (4) Income taxes payable

These are settled in a short period of time, and their market values are almost as the same as their book values. For this reason, their values are represented by their book values.

(3) Long-term loans scheduled for payment within one year (5) Long-term loans payable

The current market values of long-term loans scheduled for payment within one year and long-term loans payable are calculated by discounting the total amount of principal and interest at the expected interest rate for new and similar loans.

#### Derivative transactions

Please refer to the "Derivatives transactions" section.

(Note 2) The amount of financial instruments whose market values are extremely difficult to determine stated on the consolidated balance sheets

(Unit: Million yen)

Category	FY2012 (As of March 31, 2012)	FY2013 (As of March 31, 2013)
Unlisted stocks	158	651

Since the above lacks market value and its future cash flow cannot be estimated, its market value is extremely difficult to determine. Therefore, it is not included in “(4) Investment securities.”

(Note 3) Expected redemption amount of monetary accounts receivable after the consolidation settlement date

FY2012 (As of March 31, 2012)

	(Unit: Million yen)	
	Within 1 year	More than 1 year but within 5 years
Cash and deposits	4,007	—
Notes and accounts receivables-trade	52,416	—
Income taxes receivable	190	—
Long-term loans receivable	—	655
Total	56,615	655

FY2013 (As of March 31, 2013)

	(Unit: Million yen)	
	Within 1 year	More than 1 year but within 5 years
Cash and deposits	4,890	—
Notes and accounts receivables-trade	48,806	—
Income taxes receivable	186	—
Long-term loans receivable	—	691
Total	53,884	691

(Note 4) The expected repayment amount for long-term loans payable and other interest-bearing liabilities after the consolidated settlement date

FY2012 (As of March 31, 2012)

(Unit: Million yen)

Category	Within two years	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over four years
Short-term loans payable	4,298	—	—	—	—	—
Long-term loans payable	221	2,276	160	49	—	—

FY2013 (As of March 31, 2013)

(Unit: Million yen)

Category	Within two years	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over four years
Short-term loans payable	2,049	—	—	—	—	—
Long-term loans payable	2,572	160	49	—	—	—

(Securities)

1. Other securities

FY2012 (March 31, 2012)

Category	Amount posted in the consolidated B/S (million yen)	Acquisition cost (million yen)	Difference (million yen)
Securities whose value posted in the consolidated balance sheet exceeds acquisition cost			
Stocks	12,957	2,045	10,911
Subtotal	12,957	2,045	10,911
Securities whose value posted in the consolidated balance sheet does not exceed acquisition cost			
Stocks	13	13	-0
Subtotal	13	13	-0
Total	12,970	2,059	10,910

FY2013 (March 31, 2013)

Category	Amount posted in the consolidated B/S (million yen)	Acquisition cost (million yen)	Difference (million yen)
Securities whose value posted in the consolidated balance sheet exceeds acquisition cost			
Stocks	14,719	2,106	12,613

2. Impaired securities

Because impaired securities are not significant, notes are omitted.

## (Derivatives Transactions)

## 1. Derivatives transactions on which the hedge accounting is not applied

## (1) Currency

FY2012 (March 31, 2012)

(Unit: Million yen)

	Type	Amount of contract	Of the contract amount, the portion that exceeds one year	Market value	Appraisal loss/gain
Transactions other than market transactions	Forward exchange contract translations Long account Yen	300	—	-1	-1

(Note) Method for calculating the market value: The market value is calculated based on the prices presented by the Company's financial institutions.

FY2013 (March 31, 2013)

(Unit: Million yen)

	Type	Amount of contract	Of the contract amount, the portion that exceeds one year	Market value	Appraisal loss/gain
Transactions other than market transactions	Forward exchange contract translations				
	Long account				
	US dollars	526	—	0	0
	British pounds	229	—	0	0
	Canadian dollars	83	—	-0	-0
	Thai bahts	227	—	-1	-1
Total		1,066	—	-1	-1

(Note) Method for calculating the market value: The market value is calculated based on the prices presented by the Company's financial institutions.

## 2. Derivatives transactions subject to hedge accounting

## (1) Currencies

FY2012 (March 31, 2012)

(Unit : Million yen)

Hedge accounting method	Type of derivatives transactions	Major hedge target	Amount of contract	Of the contract amount, the portion that exceeds one year	Market value
Appropriation of forward exchange contracts, etc.	Forward exchange contract transactions				
	Short commitment				
	US dollars	Accounts receivable-trade	978	—	945
	British pounds		566	—	542
	Canadian dollars		82	—	79
Thai bahts	58		—	58	
Total			1,685	—	1,625

Note) Method for calculating the market value: The market value is calculated based on the prices presented by the Company's financial institutions.

FY2013 (March 31, 2013)

(Unit : Million yen)

Hedge accounting method	Type of derivatives transactions	Major hedge target	Amount of contract	Of the contract amount, the portion that exceeds one year	Market value
Appropriation of forward exchange contracts, etc.	Forward exchange contract transactions				
	Short commitment				
	British pounds	Accounts receivable-trade	385	—	386
	Long account				
	Yen	Accounts payable-trade	18	—	19
Total			403	—	406

(Note) Method for calculating the market value: The market value is calculated based on the prices presented by the Company's financial institutions.

(2) Interest

FY2012 (March 31, 2012)

(Unit: Million yen)

Hedge accounting method	Type of derivatives transactions	Major hedge target	Amount of contract	Of the contract amount, the portion that exceeds one year	Market value
Exceptional accounting for interest swap	Interest swap transactions Fixed payment and variable receivable	Long-term loans	392	240	(Note)

(Note) Method for calculating the market value: The market value is calculated based on the prices presented by the Company's financial institutions.

FY2013 (March 31, 2013)

(Unit: Million yen)

Hedge accounting method	Type of derivatives transactions	Major hedge target	Amount of contract	Of the contract amount, the portion that exceeds one year	Market value
Exceptional accounting for interest swap	Interest swap transactions Fixed payment and variable receivable	Long-term loans	240	88	(Note)

(Note) Method for calculating the market value: The market value is calculated based on the prices presented by the Company's financial institutions.

(Retirement Benefits)

1 An overview of the Group's retirement benefit systems

The Company and its domestic consolidated subsidiaries have set up defined benefit pension plan, qualified pension plans and retirement lump sum grant plans as defined-benefit plans. Certain overseas consolidated subsidiaries also have established defined-contribution pension plans.

2 Matters concerning retirement benefit liabilities

(Unit : Million yen)

	FY2012 (As of March 31, 2012)	FY2013 (As of March 31, 2013)
Retirement benefit liabilities	13,303	14,690
Pension assets	-9,823	-11,486
Unrealized actuarial differences	-3,424	-2,641
Prepaid pension cost	538	—
Provision for retirement benefits	594	562

(Note) Certain subsidiaries use the compendium method in calculating retirement benefit liabilities.

3 Matters concerning retirement benefit expenses

(Unit : Million yen)

	FY2012 (April 1, 2011 - March 31, 2012)	FY2013 (April 1, 2012 - March 31, 2013)
Service cost	741	666
Interest cost	231	253
Expected investment gains	-218	-47
Accounting expenses for actuarial differences	415	431
Accounting expenses for past service liabilities	177	—
Retirement benefit expenses	1,348	1,304
Other	205	235
Total	1,554	1,540

(Note) 1 Accounting expenses for past service liabilities of 177 million yen for the previous consolidated fiscal year were lump sum accounting expenses for the differences in past service liabilities that were incurred as a result of a revision of the retirement benefit systems of certain consolidated subsidiaries. Consequently, retirement benefit expenses of 177 million yen have been recorded under extraordinary losses.

2 "Other" as presented in the table above are premiums paid to defined contribution pensions.

4 Matters concerning the basis of the calculation of retirement benefit liabilities

(1) Periodic allocation method for estimated retirement benefit payments

Periodic defined standard

(2) Discount rate

FY2012 (April 1, 2011 - March 31, 2012)	FY2013 (April 1, 2012 - March 31, 2013)
2.0%	1.48%

(3) Expected investment gain ratio

FY2012 (April 1, 2011 - March 31, 2012)	FY2013 (April 1, 2012 - March 31, 2013)
2.5%	1.5%

(4) Years used for the amount of past service liabilities

17 years(A cost accounting method to proportionally distribute the amount calculated using a certain number of years within the average residual service period of employees at the time of occurrence)

(5) Number of years used to account for actuarial difference

17 years(A cost accounting method to proportionally distribute the amount calculated using a certain number of years within the average residual service period of employees at the time of occurrence. However, the cost is accounted for starting the following consolidated fiscal year.)

(Stock Option)

Not applicable

(Business Combinations)

Disclosure is omitted since the need for disclosure in this report is deemed to be small.

(Asset Retirement Obligations)

Disclosure is omitted since the need for disclosure in this report is deemed to be small.

(Real Estate Lease)

Disclosure is omitted since the need for disclosure in this report is deemed to be small.

(Per Share Information)

	FY2012 (April 1, 2011 - March 31, 2012)	FY2013 (April 1, 2012 - March 31, 2013)
Net assets per share	1,484.55 yen	1,808.75 yen
Net income per share	69.31 yen	231.50 yen

(Note) 1 Net income per share on a diluted basis is not written, as there are no potential shares

2 The basis for calculating net income per share is as follows:

Items	FY2012 (April 1, 2011 - March 31, 2012)	FY2013 (April 1, 2012 - March 31, 2013)
Net income (million yen)	4,712	15,741
Amount that does not belong to shareholders (million yen)	—	—
Net income for common stock for the period (million yen)	4,712	15,741
Average number of common shares for the period (thousand shares)	67,998	67,998

3 The basis for calculating net assets per share is as follows:

Items	FY2012 (April 1, 2011 - March 31, 2012)	FY2013 (April 1, 2012 - March 31, 2013)
Total net assets (million yen)	112,247	137,523
Amount to be deducted from total net assets (million yen)		
(Minority interests)	(11,300)	(14,531)
Net assets for common stock as of the end of the period (million yen)	100,946	122,992
Number of common shares as of the end of the period used to calculate net assets per share (thousand shares)	67,998	67,998

(Significant Subsequent Events)

Not applicable

## 5. Non-Consolidated Financial Statements

### (1) Non-Consolidated Balance Sheets

(Unit: Million yen)

	FY2012 (As of March 31, 2012)	FY2013 (As of March 31, 2013)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	13,407	15,076
Notes receivable-trade	65	432
Accounts receivable-trade	22,407	15,492
Merchandise and finished goods	232	244
Work in process	2,052	2,865
Raw materials and supplies	1,115	797
Advance payments-trade	1,113	475
Prepaid expenses	186	210
Deferred tax assets	798	892
Accounts receivable-other	3,046	1,687
Other	1,325	1,169
Allowance for doubtful accounts	—	-1
<b>Total current assets</b>	45,751	39,340
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings, net	5,465	6,966
Structures, net	309	441
Machinery and equipment, net	2,336	2,413
Vehicles, net	58	90
Tools, furniture and fixtures, net	713	1,074
Land	6,665	6,665
Lease assets, net	208	203
Construction in progress	534	349
<b>Total property, plant and equipment</b>	16,291	18,204
<b>Intangible assets</b>		
Software	762	640
Other	11	169
<b>Total intangible assets</b>	774	809
<b>Investments and other assets</b>		
Investment securities	1,121	1,259
Stocks of subsidiaries and affiliates	22,660	26,238
Investments in capital of subsidiaries and affiliates	3,866	4,241
Long-term loans receivable from employees	203	207
Long-term loans receivable from subsidiaries and affiliates	303	300
Long-term prepaid expenses	81	15
Insurance funds	246	137
Other	642	84
Allowance for doubtful accounts	△167	△306
<b>Total investments and other assets</b>	28,958	32,177
<b>Total noncurrent assets</b>	46,024	51,191
<b>Total assets</b>	91,775	90,532

(Unit: Million yen)

	FY2012 (As of March 31, 2012)	FY2013 (As of March 31, 2013)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable-trade	435	225
Accounts payable-trade	13,696	7,285
Lease obligations	135	171
Accounts payable-other	1,490	2,035
Accrued expenses	936	939
Income taxes payable	113	305
Deposits received	83	91
Unearned revenue	17	1
Provision for bonuses	1,465	1,663
Provision for directors' bonuses	79	107
Notes payable-facilities	44	607
Other	—	18
<b>Total current liabilities</b>	<b>18,499</b>	<b>13,452</b>
<b>Noncurrent liabilities</b>		
Lease obligations	85	42
Deferred tax liabilities	3,518	3,703
Provision for retirement benefits	—	12
Accrued directors' retirement payments	530	496
Asset retirement obligations	247	253
<b>Total noncurrent liabilities</b>	<b>4,383</b>	<b>4,509</b>
<b>Total liabilities</b>	<b>22,882</b>	<b>17,962</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	4,700	4,700
Capital surplus		
Legal capital surplus	5,121	5,121
<b>Total capital surplus</b>	<b>5,121</b>	<b>5,121</b>
Retained earnings		
Legal retained earnings	763	763
Other retained earnings		
General reserve	29,950	31,450
Retained earnings brought forward	21,279	22,366
<b>Total retained earnings</b>	<b>51,993</b>	<b>54,580</b>
Treasury stock	△3	△3
<b>Total shareholders' equity</b>	<b>61,811</b>	<b>64,399</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	7,081	8,170
<b>Total valuation and translation adjustments</b>	<b>7,081</b>	<b>8,170</b>
<b>Total net assets</b>	<b>68,893</b>	<b>72,569</b>
<b>Total liabilities and net assets</b>	<b>91,775</b>	<b>90,532</b>

## (2) Non-Consolidated Statements of Income

(Unit: Million yen)

	FY2012 (April 1, 2010 - March 31, 2012)	FY2013 (April 1, 2010 - March 31, 2013)
<b>Net sales</b>		
Net sales of finished goods	98,465	85,800
<b>Total net sales</b>	<b>98,465</b>	<b>85,800</b>
<b>Cost of sales</b>		
Beginning finished goods	204	232
Cost of products manufactured	90,014	75,751
<b>Total</b>	<b>90,219</b>	<b>75,983</b>
Ending finished goods	232	244
<b>Total cost of sales</b>	<b>89,987</b>	<b>75,739</b>
<b>Gross profit</b>	<b>8,478</b>	<b>10,061</b>
<b>Selling, general and administrative expenses</b>		
Packing and transportation expenses	1,979	1,684
Directors' compensations	392	411
Salaries and allowances	2,397	2,235
Provision for bonuses	347	411
Provision for directors' bonuses	79	107
Legal welfare expenses	532	547
Depreciation	210	155
Research and development expenses	1,279	1,266
Commission fee	499	584
Other	1,632	1,838
<b>Total selling, general and administrative expenses</b>	<b>9,350</b>	<b>9,243</b>
<b>Operating income (loss)</b>	<b>-872</b>	<b>817</b>
<b>Non-operating income</b>		
Interest income	20	20
Dividends income	5,723	3,586
Land and house rent received	243	193
Commission fee	12	11
Foreign exchange gains	284	1,096
Other	34	33
<b>Total non-operating income</b>	<b>6,319</b>	<b>4,942</b>
<b>Non-operating expenses</b>		
Provision of allowance for doubtful accounts	148	154
Other	0	0
<b>Total non-operating expenses</b>	<b>148</b>	<b>154</b>
<b>Ordinary income</b>	<b>5,297</b>	<b>5,605</b>

(Unit: Million yen)

	FY2011 (April 1, 2010 - March 31, 2011)	FY2012 (April 1, 2011 - March 31, 2012)
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	9	12
Insurance income	69	8
Gain on extinguishment of tie-in shares	77	—
	—	19
Other	0	0
<b>Total extraordinary income</b>	<b>157</b>	<b>42</b>
<b>Extraordinary loss</b>		
Loss on sales of noncurrent assets	54	22
Loss on retirement of noncurrent assets	61	151
Loss on disaster	64	6
Impairment loss	—	250
Other	3	25
<b>Total extraordinary loss</b>	<b>183</b>	<b>456</b>
<b>Income before income taxes</b>	<b>5,271</b>	<b>5,190</b>
<b>Income taxes-current</b>	<b>792</b>	<b>1,325</b>
<b>Income taxes-deferred</b>	<b>-63</b>	<b>-489</b>
<b>Total Income taxes</b>	<b>728</b>	<b>835</b>
<b>Net income</b>	<b>4,542</b>	<b>4,355</b>

## (3) Non-Consolidated Statements of Changes in Net Assets

(Unit: Million yen)

	FY2012 (April 1, 2010 - March 31, 2012)	FY2013 (April 1, 2011 - March 31, 2013)
<b>Shareholders' equity</b>		
<b>Capital stock</b>		
Balance as at the end of the previous fiscal year	4,700	4,700
Changes of items		
Total changes in items	—	—
Ending balance as at the end of the fiscal year	4,700	4,700
<b>Capital surplus</b>		
Legal capital surplus		
Balance as at the end of the previous fiscal year	5,121	5,121
Changes of items		
Total changes in items	—	—
Ending balance as at the end of the fiscal year	5,121	5,121
<b>Retained earnings</b>		
<b>Legal retained earnings</b>		
Balance as at the end of the previous fiscal year	763	763
Changes of items		
Total changes in items	—	—
Ending balance as at the end of the fiscal year	763	763
<b>Other retained earnings</b>		
<b>General reserve</b>		
Balance as at the end of the previous fiscal year	28,450	29,950
Changes of items		
Provision of general reserve	1,500	1,500
Total changes in items	1,500	1,500
Ending balance as at the end of the fiscal year	29,950	31,450
<b>Retained earnings brought forward</b>		
Balance as at the end of the previous fiscal year	19,936	21,279
Changes of items		
Dividends from surplus	△1,699	△1,767
Net income	4,542	4,355
Provision of general reserve	△1,500	△1,500
Total changes in items	1,343	1,087
Ending balance as at the end of the fiscal year	21,279	22,366
<b>Total retained earnings</b>		
Balance as at the end of the previous fiscal year	49,150	51,993
Changes of items		
Dividends from surplus	△1,699	△1,767
Net income	4,542	4,355
Provision of general reserve	—	—
Total changes in items	2,843	2,587
Ending balance as at the end of the fiscal year	51,993	54,580

(Unit: Million yen)

	FY2012 (April 1, 2010 - March 31, 2012)	FY2013 (April 1, 2011 - March 31, 2013)
<b>Treasury stock</b>		
Balance as at the end of the previous fiscal year	-3	-3
Changes of items		
Acquisition of treasury stock	-0	-0
Total changes in items	-0	-0
Ending balance as at the end of the fiscal year	-3	-3
<b>Total shareholders' equity</b>		
Balance as at the end of the previous fiscal year	58,968	61,811
Changes of items		
Dividends from surplus	-1,699	-1,767
Net income	4,542	4,355
Acquisition of treasury stock	-0	-0
Total changes in items	2,842	2,587
Ending balance as at the end of the fiscal year	61,811	64,399
<b>Valuation and translation adjustments</b>		
<b>Valuation difference on available-for-sale securities</b>		
Balance as at the end of the previous fiscal year	6,431	7,081
Changes of items		
(Net) changes in items other than shareholders' equity	650	1,088
Total changes in items	650	1,088
Ending balance as at the end of the fiscal year	7,081	8,170
<b>Total valuation and translation adjustments</b>		
Balance as at the end of the previous fiscal year	6,431	7,081
Changes of items		
(Net) changes in items other than shareholders' equity	650	1,088
Total changes in items	650	1,088
Ending balance as at the end of the fiscal year	7,081	8,170
<b>Total net assets</b>		
Balance as at the end of the previous fiscal year	65,400	68,893
Changes of items		
Dividends from surplus	-1,699	-1,767
Net income	4,542	4,355
Acquisition of treasury stock	-0	-0
(Net) changes in items other than shareholders' equity	650	1,088
Total changes in items	3,493	3,676
Ending balance as at the end of the fiscal year	68,893	72,569

6. Other

(1) Transfer of directors

Transfer of directors is as listed in the “Notice of Changes in Organization and Transfer of Comissioned Officer and Personnels,” and the “Notice of Transfer of Directors and Operating Officers,” all released on February 22, 2013.