



Consolidated Financial Summary FY2015

(April 1, 2014 – March 31, 2015)

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 FY2015 (based on Japanese accounting standards)

April 28, 2015

Company name: TS TECH CO., LTD. Stock exchange listing: Tokyo Stock Exchange
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 Scheduled date of general meeting of shareholders: June 23, 2015
 Scheduled date of commencement of dividend payment: June 24, 2015
 Scheduled date for filing of securities report: June 24, 2015
 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 FY2015 (April 1, 2014 - March 31, 2015)

(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	%
FY2015	434,279	-5.0	35,286	-9.8	40,362	-6.0	22,008	-7.9
FY2014	457,053	27.2	39,133	61.6	42,937	57.8	23,900	51.8

(Note) Comprehensive income FY2015 45,105 million yen (7.5%) FY2014 41,975 million yen (45.8%)

	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	%	%	%
FY2015	323.66	—	13.1	14.4	8.1
FY2014	351.49	—	17.4	18.2	8.6

(Reference) Investment profit and loss on equity method FY2015 674 million yen FY2014 599 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2015	295,632	206,871	62.6	2,719.69
FY2014	264,635	170,714	57.3	2,229.53

(Reference) Shareholders' equity: FY2015 184,933 million yen FY2014 151,604 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
FY2015	29,959	-20,368	-9,871	84,552
FY2014	43,600	-18,233	-8,898	76,460

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	%	%
FY2014	—	24.00	—	30.00	54.00	3,671	15.4	2.7
FY2015	—	30.00	—	30.00	60.00	4,079	18.5	2.4
FY2016 (Forecasts)	—	33.00	—	33.00	66.00		19.5	

3. Consolidated Forecasts for FY2016 (April 1, 2015 - March 31, 2016)

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

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half of FY2016	231,000	6.9	16,700	-4.9	17,800	-9.7	9,300	-18.1	136.77
FY2016	467,000	7.5	38,500	9.1	40,700	0.8	23,500	4.5	338.24

* Notes

- (1) Changes in important subsidiaries during the term
(Changes in significant subsidiaries affecting the scope of consolidation during this period) : None
New subsidiaries — companies () Excluded subsidiaries — companies ()
- (2) Changes in accounting principles and procedures and the presentation method
1) Changes in accounting policies associated with the revision of accounting standards, etc. : Yes
2) Changes other than 1) : None
3) Changes in accounting estimates : None
4) Re-statement : None
(Note) For details, please refer to “Changes in accounting policies” on page 33

(3) Number of shares issued (common stock)

- 1) Number of shares issued at the end of the term including treasury stock
2) Number of treasury stock at the end of the term
3) Average number of shares during the term (cumulative)

FY2015	68,000,000 shares	FY2014	68,000,000 shares
FY2015	1,808 shares	FY2014	1,748 shares
FY2015	67,998,238 shares	FY2014	67,998,284 shares

(Note) For the number of shares that is the basis for the calculation of consolidated net income per share, please see page 39, “Per Share Information.”

(Reference) Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for FY2015 (April 1, 2014 - March 31, 2015)

(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	%
FY2015	82,032	-15.9	2,045	-13.5	11,743	9.1	9,796	11.6
FY2014	97,587	13.7	2,365	189.2	10,761	92.0	8,776	101.5

	Net income per share	Diluted net income per share
	Yen	Yen
FY2015	144.07	—
FY2014	129.07	—

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2015	106,537	86,210	80.9	1,267.83
FY2014	104,613	78,674	75.2	1,157.01

(Reference) Shareholders' equity: FY2015 86,210 million yen FY2014 78,674 million 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 28, 2015 at the following URL of the Company.
(IR Library): <http://www.tstech.co.jp/english/ir/>

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1. Operating Performance

(1) Analysis of Financial Results

[1] Financial Results in FY2015

For the fiscal year under review, the global economy recovered moderately, with a U.S. economic rebound compensating for uncertainty over the outlook for emerging economies. Meanwhile, the TS TECH Group faced a challenging business environment overall, despite a recovery in demand for automobiles particularly in the United States, chiefly reflecting a slowdown in the economic growth rate, especially in emerging countries, including China, Thailand, and Brazil, and a decline in demand for automobiles in Japan following the consumption tax hike.

Against this backdrop, under its 2020 vision “Innovative Quality Company,” the Group started work on its 12th Medium-Term Management Plan (April 1, 2014–March 31, 2017) with the goal of “Evolution as a global company.”

In the 12th Medium-Term Management Plan, the Group is continuing to pursue the policies that it introduced in the 11th Medium-Term Management Plan, while striving for the expansion of sales to other customers*, which is positioned as a key policy. As part of the Group's results in the fiscal year under review, TS TECH HUNGARY Kft. established a mass production system for products for which orders had been received from a European auto manufacturer. In the Americas segment, the Group received orders for trim cover and motorcycle seats from new customers.

In the fiscal year under review, order volume from major customers declined in all segments due to a decline in demand for automobiles in emerging countries and the effect of recalls in the auto industry. Nonetheless, the Group maintained almost the same level of profitability as in the previous fiscal year, when it posted record income due to cost-cutting activities worldwide, especially in China.

Net sales for the fiscal year under review amounted to 434,279 million yen on a consolidated basis, down 22,773 million yen (5.0%) from the preceding fiscal year. The impact of exchange rates driven by the weaker yen was offset by a decrease in order volume from major customers in all segments, especially in the Americas and China. Looking at profits, operating income stood at 35,286 million yen, a decrease of 3,846 million yen (9.8%) year on year, primarily reflecting the effects of a decrease in revenue, which offset the positive impact of exchange rates and cost cutting. Ordinary income totaled 40,362 million yen, a decrease of 2,574 million yen (6.0%) from the preceding fiscal year. Net income amounted to 22,008 million yen, a decrease of 1,892 million yen (7.9%) year on year.

*Sales to other customers: sales to manufacturers of entire cars other than major customers

Operating performance by geographic segment is as follows:

(Japan)

In the fiscal year under review, the Group commenced the production of seats and interior products for Honda's GRACE, rear seats and interior products for Honda's new light automobile model N-BOX SLASH, and seats and interior products for Honda's Legend. At the Saitama Plant, the new interior product plant went into full operation, and the Group integrated interior product operations to achieve further improvements in production efficiency as well as distribution and management cost reductions. The Group changed its organization to increase orders for seats for light automobiles and engaged in marketing activities to receive orders for seats for other models, in addition to seats for Honda's N-WGN and rear seats for N-BOX SLASH.

The operating performance of the Japanese segment is as follows:

(Unit: Million yen)

	FY2014	FY2015	Year-on-year	Changes
Net sales	104,895	88,677	-16,217	-15.5%
Operating income	6,893	6,765	-128	-1.9%

Main factors for year on year changes

Net sales Net sales decreased due to a decline in order volume from major customers and a decrease in sales of parts supplied overseas from Japan.

Operating income Operating income declined primarily due to the decrease in net sales, despite lower operating expenses.

(Americas)

In the fiscal year under review, the Group commenced the production of seats for Honda's FIT and seats and interior products for Honda's City in Brazil. To increase competitiveness in the markets in the Americas, where there is fierce competition, the Group started operations at a new plant in Mexico as a base for supplying parts of seats in the Americas and established a new sewing company in Brazil, which has since commenced operations. In addition to these initiatives to increase competitiveness in the supply of parts, the Group expanded the head office building of TS Tech Americas, Inc. (headquarters for the Americas) and took steps to strengthen its sales and development systems to expand business in the Americas.

The operating performance of the Americas segment is as follows:

(Unit: Million yen)

	FY2014	FY2015	Year-on-year	Changes
Net sales	214,628	219,814	5,186	2.4%
Operating income	16,334	15,601	-733	-4.5%

Main factors for year on year changes

Net sales Net sales increased due to the positive impact of exchange rates, offsetting a decline in order volume from major customers and a decrease in revenue.

Operating income The impact of a decrease in order volume from major customers resulted in a decline in operating income, offsetting the effects of the aforementioned increase in net sales.

(China)

In the fiscal year under review, the production of seats and interior products for Honda's Odyssey commenced. As personnel expenses are expected to rise, the Group is pursuing automated production. In association with an urban development project in the Zengcheng District of Guangzhou, the Group started to make preparations for relocating Guangzhou TS Automotive Interior Systems Co., Ltd. During the course of the relocation, the Group plans to improve efficiency through the optimization of production and logistics and to build an environmentally-friendly plant.

The operating performance of the Chinese segment is as follows:

(Unit: Million yen)

	FY2014	FY2015	Year-on-year	Changes
Net sales	104,063	98,652	-5,410	-5.2%
Operating income	13,970	16,254	2,284	16.4%

Main factors for year on year changes

Net sales Net sales declined due to a fall in order volume from major customers, offsetting the positive impact of exchange rates.

Operating income Operating income increased mainly due to the positive impact of exchange rates and cost reductions, offsetting the effects of the aforementioned decrease in net sales.

(Asia and Europe)

In the fiscal year under review, the Group commenced the production of seats for Honda's Jazz and Honda's Mobilio in Thailand, the production of seats for Honda's Jazz in Indonesia, and the production of seats for Honda's Mobilio in India. To keep pace with growth in production among major customers in Asia, the Group started the operation of a new plant at TS TECH SUN RAJASTHAN PRIVATE LIMITED, the second production base for seats for four-wheel vehicles in India, and established a new company, TS TECH (MANDAL) PRIVATE LIMITED, which will become the third production base for seats for two-wheel vehicles. TS TECH HUNGARY Kft. completed preparations for the production of third-row seats for a European auto manufacture.

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

(Unit: Million yen)

	FY2014	FY2015	Year-on-year	Changes
Net sales	67,811	59,773	-8,038	-11.9%
Operating income	7,994	3,007	-4,987	-62.4%

Main factors for year on year changes

Net sales Although order volume from major customers increased in countries such as Indonesia, a sharp decrease in order volume in Thailand resulted in a decline in net sales.

Operating income Operating income decreased, reflecting factors such as increased various expenses and the reasons outlined above.

Sales by business segment are as follows:

(Unit: Million yen)

	FY2014		FY2015		Year-on-year	Changes
		Sales ratio		Sales ratio		
Motorcycles	6,855	1.5%	6,595	1.5%	-259	-3.8%
Automobiles	445,406	97.5%	422,164	97.2%	-23,242	-5.2%
(Seats)	396,148	86.7%	376,335	86.7%	-19,813	-5.0%
(Interior products)	49,258	10.8%	45,828	10.5%	-3,429	-7.0%
Other businesses	4,791	1.0%	5,519	1.3%	728	15.2%
Total	457,053	100.0%	434,279	100.0%	-22,773	-5.0%

[2] Forecasts for FY2016

The Group's consolidated forecasts for FY2016 are as follows:

Consolidated net sales	467.0 billion yen	(Up 7.5% year-on-year)
Consolidated operating income	38.5 billion yen	(Up 9.1% year-on-year)
Consolidated ordinary income	40.7 billion yen	(Up 0.8% year-on-year)
Consolidated net income	23.0 billion yen	(Up 4.5% year-on-year)

The Group's forecasts by segment are as follows:

(Japan)

(Unit: Million yen)

	FY2015	FY2016 Forecasts	Year-on-year	Changes
Net sales	88,677	95,470	6,792	7.7%
Operating income	6,765	8,880	2,114	31.3%

Main factors for year on year changes

Net sales Net sales are expected to increase due to a change in the makeup of models, despite a decline in order volume from major customers.

Operating income Operating income is expected to rise due to the increase in net sales.

(Americas)

(Unit: Million yen)

	FY2015	FY2016 Forecasts	Year-on-year	Changes
Net sales	219,814	234,840	15,025	6.8%
Operating income	15,601	15,540	-61	-0.4%

Main factors for year on year changes

Net sales Net sales are expected to climb due to the positive impact of exchange rates and a rise in order volume from major customers.

Operating income Operating income is expected roughly the same as a year ago, with the effect of the increase in net sales offset by an increase in labor costs and other expenses.

(China)

(Unit: Million yen)

	FY2015	FY2016 Forecasts	Year-on-year	Changes
Net sales	98,652	106,290	7,637	7.7%
Operating income	16,254	13,890	-2,364	-14.5%

Main factors for year on year changes

Net sales	Net sales are expected to increase due to the positive impact of exchange rates driven by the weaker yen and an increase in order volume from major customers.
Operating income	Operating income will likely decline due to an increase in labor costs and other expenses, despite the impact of the rise in net sales.

(Asia and Europe)

(Unit: Million yen)

	FY2015	FY2016 Forecasts	Year-on-year	Changes
Net sales	59,773	66,370	6,596	11.0%
Operating income	3,007	5,350	2,342	77.9%

Main factors for year on year changes

Net sales	Net sales will likely rise due to an increase in order volume from major customers and the positive impact of exchange rates.
Operating income	Operating income is expected to increase mainly due to the effect of the rise in net sales and a decrease in expenses.

The Group also plans a capital investment of 215 billion yen, up 2.3% year on year.

Regarding full-year average exchange rates, the Group has assumed 1 USD = 115.0 yen and 1 CNY= 18.8 yen.

(2) Analysis of Financial Position

[1] Assets, liabilities, and net assets

(Total assets)

Total assets at the end of FY2015 stood at 295,632 million yen, increasing 30,996 million yen from the end of FY2014. The main factors for the increase were the positive impact of exchange rates and an increase in property, plant and equipment, due in part to building expansion projects in North America and investments in new models. Those factors offset a decrease in notes and accounts receivable-trade, the result of factors such as a decline in orders from major customers.

(Liabilities)

Total liabilities at the end of FY2015 amounted to 88,760 million yen, decreasing 5,159 million yen from the end of FY2014. The decrease resulted primarily from a decline in notes and accounts payable-trade and a decrease in net defined benefit liability chiefly due to a revision to the accounting standards, offsetting increases stemming from the impact of exchange rates.

(Net assets)

Net assets at the end of FY2015 totaled 206,871 million yen, rising 36,156 million yen from the end of FY2014. The increase was chiefly due to an increase in both retained earnings and foreign currency translation adjustments.

[2] Cash flow

Cash and cash equivalents (hereinafter “cash”) at the end of FY2015 amounted to 84,552 million yen, up

8,092 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 29,959 million yen, showing a year-on-year decrease of 13,640 million yen. The result reflects a change in notes and accounts payable-trade from a decrease of 8,971 million yen in the previous fiscal year to a decrease of 12,769 million yen in FY2015 and an increase of 2,315 million yen in income taxes paid, despite a shift in notes and accounts receivable-trade from a decrease of 8,370 million yen in the previous fiscal year to an increase of 10,649 million yen in FY2015.

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

Net cash used in investing activities came to 20,368 million yen, an increase of 2,134 million yen from the previous fiscal year, primarily reflecting a change in time deposits, after addition and withdrawal, from a net increase of 3,740 million yen in the previous fiscal year to a net increase of 21 million yen in the fiscal year under review, despite a 1,341 million yen decrease in purchase of investments in subsidiaries.

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

Net cash used in financing activities was 9,871 million yen, an increase of 972 million yen year on year. This reflects an increase of 3,414 million yen in cash dividends paid (including cash dividends paid to minority shareholders), despite a decrease of 2,587 million yen in repayment of long-term loans payable.

(Reference) Changes in Cash Flow-related Indexes

	FY2011	FY2012	FY2013	FY2014	FY2015
Equity ratio (%)	55.1	53.3	59.2	57.3	62.6
Equity ratio on actual cash value basis (%)	54.9	58.3	87.6	80.4	74.6
Ratio of cash flow to interest-bearing liabilities (%)	14.3	37.7	20.3	4.8	13.2
Interest coverage ratio	205.0	82.1	124.5	274.1	169.2

Equity ratio: shareholder's equity/total assets

Equity ratio on an actual cash value basis: amount of market capitalization/total assets

Ratio of cash flow to interest-bearing liabilities: interest-bearing liabilities/cash flow

Interest coverage ratio: cash flow/interest paid

(Note 1) All indexes are calculated based on financial figures on a consolidated basis.

(Note 2) The amount of market capitalization is calculated based on the number of outstanding shares, excluding treasury stocks.

(Note 3) Net cash provided by (used in) operating activities is used as cash flow.

(Note 4) Interest-bearing liabilities cover all interest-bearing liabilities posted on the consolidated balance sheet.

(3) Basic Policy Concerning the Distribution of Profits and Dividends for FY2015 and FY2016

We have positioned 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 30 yen per share for FY2015 (the year ended on March 31, 2015). Combined with the interim dividend of 30 yen, the dividend for FY2015 will be 60 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 FY2016, we plan to pay 66 yen per share (an interim dividend of 33 yen and a year-end dividend of 33 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

Honda Motor Co., Ltd. and its affiliates (the "Honda Group") accounted for 92.4% of the consolidated net sales of the TS TECH Group (95.6% if indirect sales to the Honda Group via other Honda Group partners are included).

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, it is not guaranteed that the TS TECH Group will continue to receive orders for each model. If the TS TECH Group unexpectedly failed to win an order with the Honda Group, the TS TECH Group's operating performance may be affected. In addition, the business performance of the TS TECH Group may also be influenced 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 bases of special models produced by the Honda Group; (4) reorganization of the Honda Group's production bases; (5) change in the timing of sales commencement of Honda Group models that incorporate the TS TECH Group's products and trends in their sales; and (6) the effects of recalls or other material problems at the Honda Group or its business affiliates on sale trends.

[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 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

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.

Through this overseas business development, the business results of the Group may possibly be affected by

factors such as the unexpected establishment or amendment of overseas laws and regulations, the opinions and views of tax authorities regarding transfer pricing taxation, difficulties acquiring human resources and insufficient infrastructure, etc.

[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, war, strikes and other incidents on the Group's production lines

To minimize the latent risk of disruptions to its production lines that can be caused by disasters, accidents, and other incidents, 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.

If any events that disrupt operations were to occur, such as property damage, human damage, and disruptions to infrastructure that may be caused by large-scale natural disasters, including earthquakes, and serious incidents, including contagious disease, war, terrorism, and strikes, it is possible that production capacity would be severely constrained. These events may have an adverse effect on the Group's operating performance.

[9] Protection of intellectual property rights

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

In addition to the foregoing, although the Group develops products and technologies while paying sufficient attention to ensure that it does not infringe on the intellectual property rights of other companies, the business results of the Group may be affected if it is considered that products and technologies developed by the Group infringe on the intellectual property rights of third parties.

[10] Response to legal procedures

There is a possibility of a lawsuit against the TS TECH Group or an investigation based on the applicable laws. If a decision against the TS TECH Group was made in legal proceedings pending in court, the business results of the Group may be affected.

[11] Response in case of a product defect

The TS TECH Group has made efforts to prevent the occurrence of product defects by establishing a quality assurance system for the manufacturing process and operating quality management systems based on international standards such as ISO 9001.

Moreover, with respect to product defects that require compensation for losses due to product liability, the Group hedges risks by taking out insurance and establishing a system of traceability (tracing of manufacturing history), etc. However, the business results of the Group may be adversely affected by a significant cost caused by a product recall or deterioration of trust, etc.

[12] Risk of information leaks

The TS TECH Group obtains confidential information, including technical and other important information, from customers. To prevent any leakage of this information, the Group strives to ensure thorough information management by establishing internal regulations, providing education for its employees, and strengthening its security system. However, if confidential information is lost, is falsified, or leaks outside the Group due to unexpected circumstances, the Group's results could be adversely affected through the impairment of its enterprise value, loss of confidence in society, and liability for damages.

[13] 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 the reinforcement of various regulations or the establishment of new regulations in the future, if the Group is unable to fully comply with new legal requirements, its business activities may be restricted. Moreover, such reinforcement of regulations or the establishment of new regulations may cause the costs of the Group to increase, and the business results of the Group may be adversely affected.

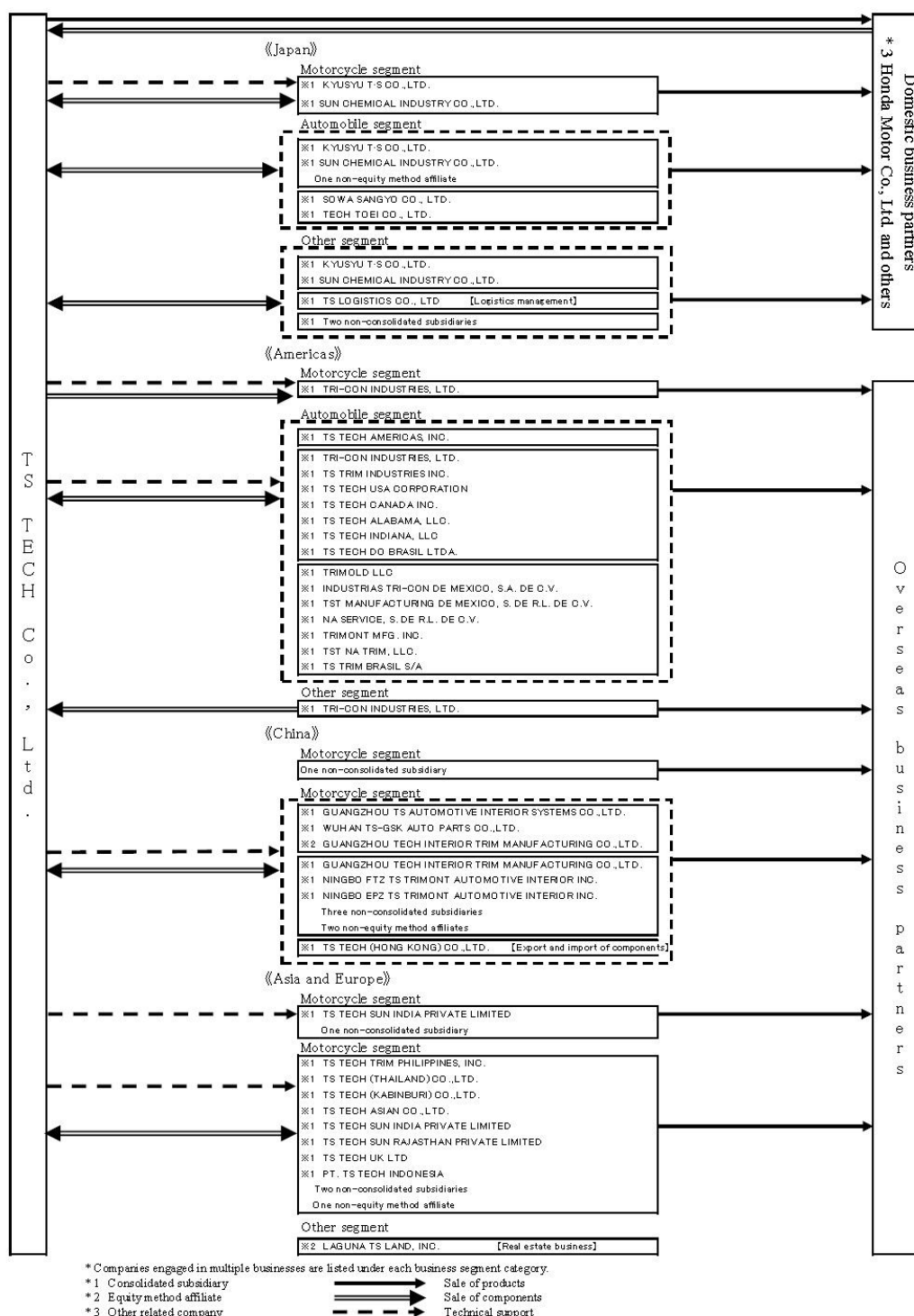
[14] Retirement benefit liabilities

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 its 48 domestic and overseas subsidiaries. Its regional segments consist of four regions including Japan, the Americas, China and Asia and Europe. In addition, the Group maintains a close and ongoing relationship with Honda Motor Co., Ltd., one of its major business partners. 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 SUN CHEMICAL INDUSTRY CO., LTD.: sale of products	Yes
SOWA SANGYO CO., LTD.	Saitama, Kazo	99 million yen	Automobile business	100.0	—	Concurrent appointment: 1 External transfer: 2	—	From TS TECH CO., LTD.: component supply, sale of lease of properties, From Sowa Sangyo Co., Ltd.: sale of products	Yes
TS LOGISTICS CO., LTD.	Kawagoe, Saitama	99 million yen	Other business	100.0	—	External transfer: 5	—	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	—
TECH TOEI CO., LTD.	Suzuka, Mie	91 million yen	Automobile business	100.0	—	External transfer: 4	—	From TS TECH CO., LTD.: sale of lease of properties; From TECH TOEI CO., LTD.: sale of products	Yes
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: 3	—	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 AMERICAS, INC.	Ohio, the United States	46 million US dollars	Automobile business	100.0 (100.0)	—	Concurrent appointment: 2 External transfer: 4	—	From TS TECH CO., LTD.: technical support, component supply From TS TECH AMERICAS, INC.: sale of products development business	—
TS TECH ALABAMA, LLC.	Alabama, 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	—
TriMold LLC	Ohio, the United States	3 million US dollars	Automobile business	100.0 (100.0)	—	External transfer: 1	—	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)	—	External transfer: 4	—	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: 3	—	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: 3	—	From TS TECH CO., LTD.: sale of equipment	—
INDUSTRIAS TRI-CON DE MEXICO, S.A. DE C.V.	Tamaulipas, Mexico	1 thousand US dollars	Automobile business	100.0 (100.0)	—	External transfer: 2	—	—	—
TST MANUFACTURING DE MEXICO, S. DE R.L. DE C.V.	Guanajuato, Mexico	34,819 thousand US dollars	Automobile business	100.0 (100.0)	—	External transfer: 3	—	From TS TECH CO., LTD.: technical support, component supply	—
NA SERVICE, S. DE R.L. DE C.V.	Guanajuato, Mexico	179 thousand US dollars	Other business	100.0 (100.0)	—	External transfer: 2	—	—	—
TS TECH DO BRASIL LTDA.	São Paulo, Brazil	8.57 million Brazilian reais	Automobile business	100.0 (28.6)	—	External transfer: 2	—	From TS TECH CO., LTD.: technical support	—
TS TRIM BRASIL S/A	Minas Gerais, Brazil	26 million Brazilian reais	Automobile business	100.0 (100.0)	—	External transfer: 2	—	—	—
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.: technical support, component supply	—

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
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, component supply, 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: 4	—	From TS TECH CO., LTD.: product supply From TS TECH (HONG KONG) CO., LTD.: sale of products, development business	—
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. From PT. TS TECH INDONESIA: sale of products	—
TS TECH (THAILAND) CO., LTD.	Saraburi, Thailand	150 million Thai baht	Automobile business	64.5 (64.5)	—	External transfer: 4	—	From TS TECH CO., LTD.: technical support, component supply, sale of equipment From TS TECH (THAILAND) CO., LTD.: sale of products	Yes
TS TECH ASIAN CO., LTD.	Bangkok, Thailand	150 million Thai baht	Automobile business	100.0	—	Concurrent appointment: 1 External transfer: 3	—	From TS TECH CO., LTD.: technical support From TS TECH ASIAN CO., LTD.: development business	—
TS TECH (KABINBURI) CO., LTD.	Prachinburi, Thailand	500 million Thai baht	Automobile business	100.0 (100.0)	—	Concurrent appointment: 1 External transfer: 3	—	—	—
TS TECH SUN INDIA PRIVATE LIMITED	Uttar Pradesh, India	154.8 million Indian rupee	Motorcycle business Automobile business	74.0	—	Concurrent appointment: 1 External transfer: 2	—	From TS TECH CO., LTD.: technical support From TS TECH SUN INDIA PRIVATE LIMITED: sale of products	—
TS TECH SUN RAJASTHAN PVT. LTD	Rajasthan, India	1,300 million Indian rupee	Automobile business	98.4 (1.9)	—	Concurrent appointment: 1 External transfer: 2	—	From TS TECH CO., LTD.: technical support From TS TECH SUN RAJASTHAN PVT. LTD.: sale of products	—
TS TECH UK LTD.	Wiltshire, 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	22.7 (0.1)	—	—	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) Specified subsidiaries include TS TECH AMERICAS, INC., TS TECH DO BRASIL LTDA, TS TRIM BRASIL S/A, 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.,LTD., TS TECH (KABINBURI) CO., LTD., TS TECH Sun (India) Limited, TS TECH Sun Rajasthan PVT. Ltd, TS TECH UK Ltd., TST MANUFACTURING DE MEXICO, S. DE R.L. DE C.V.

(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 the 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	207,317 million yen	Net sales	53,450 million yen
Ordinary income	13,352	Ordinary income	6,568
Net income	8,844	Net income	4,815
Net assets	52,019	Net assets	20,148
Total assets	87,616	Total assets	38,312

(Note 6) TS TECH HUNGARY Kft. is expected to become a consolidated subsidiary in the fiscal year ending March 2016.

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

Under the 12th Medium-Term Management Plan, which commenced in April 2014 (from April 1, 2014 to March 31, 2017), the Company will perform corporate activities to achieve consolidated net sales of 500 billion yen or more and operating income of 45 billion yen or more.

(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 for laying the groundwork to become a top-ranking interior system supplier with the aim of expanding its corporate scale and enhancing its corporate value. The Group has developed the vision of “Innovative Quality Company” for 2020.

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

In response to this environment, the 12th Medium-Term Management Plan, which commenced in April 2014 (from April 1, 2014 to March 31, 2017), constitutes the most important three years of the decade for the achievement of our 2020 vision. The qualitative goal of the plan is "Evolution as a global company," and the Group will pursue four key policies: "Expansion of sales to other customers*," "Strengthening QCDDM* competitiveness," "Building an infrastructure of people who are able to strive globally," and "Implementation of social contribution activity."

*Sales to other customers: sales to manufacturers of entire cars other than major customers

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

[Four key management policies]

[1] Expansion of sales to other customers

"Expansion of sales to other customers," for which special efforts were made under the 11th Medium-Term Management Plan, is included in the key policies. The TS TECH Group will further strengthen its efforts to expand business with customers other than its main customers as one of the growth strategies for achieving the 2020 vision.

[2] 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.

[3] Build an infrastructure of people who are able to 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] Implementation of social contribution activity

The TS TECH Group will implement social contribution activities through the provision of safe and comfortable products and the fulfillment of social responsibility in our business activities, including consideration for the environment, in order to pursue and achieve "a company welcomed with joy" in accordance with its management philosophy.

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

In order to prevail in global competitions, the Group will research and develop mainly three technologies such as "safety technology" to protect drivers, "environment technology" like weight reduction which helps to increase fuel efficiency, and "attractive product technology" like seat arrangement that meet a variety of user-needs. In addition, the Group makes efforts to strengthen the regional controlling functions in various regions around the world, and also strengthen cost competitiveness by collaborating sales, development, purchase, and production department.

In the emerging markets especially, where demand for automobiles is expected to increase, the Group focuses on developing specifications optimized to each region that meet the needs of local users and the establish the cost structure suitable for low-priced cars.

To achieve further growth, the Group needs to expand sales to new automakers, so that the Group will proceed more aggressively with sales to other customers through its concerted efforts.

To respond to various risks that may arise in the course of globally expanding its business, the Group will work to strengthen its risk management system and crisis management system. The Global Risk Management Committee consisting of directors and other members, which the Group has recently established, will take the lead in identifying and assessing business risks in each division and Group company and taking proactive steps.

(Japan)

In Japan, a mature market, the Group will continue to endeavor to secure orders from both its mainstay customers and its new customers by conducting research and development of products that respond to the needs of automobile users for eco-friendly and compact vehicles as well as for vehicles for elderly drivers. In addition, the Group will continue to work to change its organization and production lines in accordance with trends in development and production at the major customers and will promote efforts to secure orders and reduce costs.

Meanwhile, the Group will provide support to strengthen the individual regional systems as a global innovation base, promoting the horizontal transfer of the production technologies that the Group has accumulated through production in Japan to Group companies.

(Americas)

Although profitability was improved as a result of the efforts to strengthen the profit structure, the severe competition with competitors for securing orders is expected to continue in North America. The Group will take new steps to increase the competitiveness of its components, including the establishment and operation of a new company in Brazil.

In addition to initiatives to strengthen the structure for generating profits such as consolidation of the production bases and streamlining, the Group will work to expand sales to other customers, strengthening the

system for receiving orders from new customers.

(China)

The number of orders is expected to be adversely affected by a slowdown in growth in the Chinese market and a decrease in the share of orders from major customers. The Group will bolster the development capabilities of the local research and development company and will take steps to receive orders not only for global models but for locally developed models.

The Group will promote the manufacture of low-price products that will generate profits and will work to establish a cost structure in accordance with production through the expansion of business with local suppliers, a decrease in the prices of raw materials to be procured, and the promotion of automation.

(Asia and Europe)

In Asia, demand is declining in Thailand, and demand for automobiles is slowing in Indonesia due to a review of its fuel subsidy system. Demand for entry-level vehicles is increasing, which is lowering prices in the market. In this environment, the Group will work to establish a manufacturing system and a cost structure that will enable it to generate profits from low-priced models.

In Europe, a mature market, the Group will seek to secure orders from its major customers and maintain a production system and profit structure tailored to the production volume. In addition, under the leadership of the research and development company in Germany, the Group will further strengthen the initiatives for sales to Volkswagen and other European manufacturers of entire cars to expand sales to new customers.

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

Not applicable

4. Basic Policy on the Selection of Accounting Standards

The Group plans to adopt IFRS (International Financial Reporting Standards) from the accounting period ending March 31, 2016 to increase the international comparability of its financial statements in the capital market.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: Million yen)

	FY2014 (As of March 31, 2014)	FY2015 (As of March 31, 2015)
Assets		
Current assets		
Cash and deposits	78,181	86,440
Notes and accounts receivable—trade	65,530	60,737
Merchandise and finished goods	2,609	2,361
Work in process	3,325	4,351
Raw materials and supplies	19,681	24,353
Income taxes receivable	65	533
Deferred tax assets	2,703	2,767
Other	5,338	6,310
Allowance for doubtful accounts	-40	-20
Total current assets	177,394	187,836
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	23,940	32,170
Machinery, equipment and vehicles, net	14,272	15,861
Tools, furniture and fixtures, net	6,661	8,253
Land	10,249	11,557
Lease assets, net	758	1,919
Construction in progress	6,371	9,006
Total property, plant and equipment	62,253	78,769
Intangible assets	1,546	3,183
Investments and other assets		
Investment securities	16,673	18,351
Investments in capital of subsidiaries and affiliates	3,082	3,221
Long-term loans receivable	399	412
Net defined benefit asset	267	472
Deferred tax assets	1,569	1,744
Other	1,455	1,643
Allowance for doubtful accounts	-6	-3
Total investments and other assets	23,441	25,842
Total noncurrent assets	87,240	107,795
Total assets	264,635	295,632

(Unit: Million yen)

	FY2014 (As of March 31, 2014)	FY2015 (As of March 31, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable–trade	56,932	45,880
Electronically recorded obligations - operating	—	4,491
Short-term loans payable	1,869	1,674
Long-term loans scheduled for payment within one year	167	59
Lease obligations	416	585
Income taxes payable	3,049	1,687
Provision for bonuses	3,053	3,634
Provision for directors' bonuses	151	151
Deferred tax liabilities	36	603
Other	19,095	19,601
Total current liabilities	84,772	78,369
Noncurrent liabilities		
Long-term loans payable	69	9
Lease obligations	404	1,631
Deferred tax liabilities	4,714	5,920
Provision for directors' retirement benefits	60	—
Provision for retirement benefits	2,663	775
Other	1,235	2,054
Total noncurrent liabilities	9,148	10,390
Total liabilities	93,920	88,760
Net assets		
Shareholders' equity		
Capital stock	4,700	4,700
Capital surplus	5,163	5,163
Retained earnings	133,858	152,069
Treasury stock	-3	-3
Total shareholders' equity	143,718	161,928
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	8,533	9,946
Foreign currency translation adjustment	290	12,810
Net defined benefit liability	-937	247
Total valuation and translation adjustments	7,886	23,004
Minority interests	19,110	21,937
Total net assets	170,714	206,871
Total liabilities and net assets	264,635	295,632

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Unit: Million yen)

	FY2014 (April 1, 2013 - March 31, 2014)	FY2015 (April 1, 2014 - March 31, 2015)
Net sales	457,053	434,279
Cost of sales	385,939	364,530
Gross profit	71,113	69,748
Selling, general and administrative expenses		
Packing and transportation expenses	4,557	4,088
Directors' compensations	615	584
Salaries and allowances	12,407	14,090
Depreciation	1,169	1,420
Research and development expenses	1,658	1,941
Other	11,570	12,337
Total selling, general and administrative expenses	31,979	34,462
Operating income	39,133	35,286
Non-operating income		
Interest income	1,096	1,240
Dividends income	682	737
Land and house rent received	202	186
Foreign exchange gains	1,015	1,933
Equity in earnings of affiliates	599	674
Other	402	547
Total non-operating income	3,999	5,319
Non-operating expenses		
Interest expenses	158	176
Other	37	66
Total non-operating expenses	195	242
Ordinary income	42,937	40,362
Extraordinary income		
Gain on sales of noncurrent assets	127	39
Gain on translation of negative goodwill	97	—
Loss (gain) on sales of shares of subsidiaries and associates	78	—
Insurance income	255	87
Compensation income	1	—
Other	0	—
Total extraordinary income	561	127
Extraordinary loss		
Loss on sales of noncurrent assets	57	46
Loss on retirement of noncurrent assets	415	220
Impairment loss	407	133
Loss on disaster	356	26
Other	5	2
Total extraordinary loss	1,242	428
Income before income taxes	42,255	40,061
Income taxes-current	12,763	12,115
Income taxes-deferred	-628	447
Total income taxes	12,134	12,563

Income before minority interests	30,121	27,498
Minority interests in income	6,220	5,490
Net income	23,900	22,008

Consolidated Comprehensive Income

(Unit: Million yen)

	FY2014 (April 1, 2013 - March 31, 2014)	FY2015 (April 1, 2014 - March 31, 2015)
Income before minority interests	30,121	27,498
Other comprehensive income		
Valuation difference on available-for-sale securities	357	1,424
Foreign currency translation adjustment	11,288	14,895
Re-measurements of defined benefit plans	—	1,178
Share of other comprehensive income of associates accounted for using equity method	208	108
Other comprehensive income	11,854	17,607
Comprehensive income	41,975	45,105
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	32,715	37,127
Comprehensive income attributable to minority interests	9,260	7,978

(3) Consolidated Statements of Changes in Net Assets

FY2014 (April 1, 2013 - March 31, 2014)

(Unit: Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as at the end of the previous fiscal year	4,700	5,163	113,122	-3	122,982
Changes of items					
Dividends from surplus			-2,991		-2,991
Employee welfare fund			-172		-172
Net income			23,900		23,900
Acquisition of treasury stock				-0	-0
(Net) changes in items other than shareholders' equity					
Total changes in items	—	—	20,736	-0	20,735
Ending balance as at the end of the fiscal year	4,700	5,163	133,858	-3	143,718

	Valuation and translation adjustments				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	Measurements of defined benefit plans	Valuation and translation adjustments		
Balance as at the end of the previous fiscal year	8,191	-8,181	—	9	14,531	137,523
Changes of items						
Dividends from surplus						-2,991
Employee welfare fund						-172
Net income						23,900
Acquisition of treasury stock						-0
(Net) changes in items other than shareholders' equity	342	8,471	-937	7,876	4,578	12,454
Total changes in items	342	8,471	-937	7,876	4,578	33,190
Ending balance as at the end of the fiscal year	8,533	290	-937	7,886	19,110	170,714

FY2015 (April 1, 2014 - March 31, 2015)

(Unit: Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as at the end of the previous fiscal year	4,700	5,163	133,858	-3	143,718
Cumulative effects of changes in accounting policies			423		423
Balance as at the end of the previous fiscal year reflecting effects of changes in accounting policies	4,700	5,163	134,281	-3	144,141
Changes of items					
Dividends from surplus			-4,079		-4,079
Employee welfare fund			-139		-139
Change of scope of consolidation			-1		-1
Net income			22,008		22,008
Acquisition of treasury stock				-0	-0
Net changes of items other than shareholders' equity					
Total changes in items	—	—	17,787	-0	17,787
Ending balance as at the end of the fiscal year	4,700	5,163	152,069	-3	161,928

	Valuation and translation adjustments				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	Measurements of defined benefit plans	Valuation and translation adjustments		
Balance as at the end of the previous fiscal year	8,533	290	-937	7,886	19,110	170,714
Cumulative effects of changes in accounting policies						423
Balance as at the end of the previous fiscal year reflecting effects of changes in accounting policies	8,533	290	-937	7,886	19,110	171,137
Changes of items						
Dividends from surplus						-4,079
Employee welfare fund						-139
Change of scope of consolidation						-1
Net income						22,008
Acquisition of treasury stock						-0
Net changes of items other than shareholders' equity	1,413	12,520	1,185	15,118	2,827	17,945
Total changes in items	1,413	12,520	1,185	15,118	2,827	35,733
Ending balance as at the end of the fiscal year	9,946	12,810	247	23,004	21,937	206,871

(4) Consolidated Statements of Cash Flows

(Unit: Million yen)

	FY2014 (April 1, 2013 - March 31, 2014)	FY2015 (April 1, 2014 - March 31, 2015)
Net cash provided by (used in) operating activities		
Income before income taxes	42,255	40,061
Depreciation and amortization	8,628	9,437
Impairment loss	407	133
Amortization of goodwill	33	42
Amortization of negative goodwill	-43	—
Gain on translation of negative goodwill	-97	—
Increase (decrease) in allowance for doubtful accounts	-12	-25
Increase (decrease) in provision for bonuses	658	567
Increase (decrease) in provision for directors' bonuses	41	0
Increase (decrease) in net defined benefit liability	1,165	183
Interest and dividends income	-1,779	-1,978
Interest expenses	158	176
Foreign exchange losses (gains)	-102	-474
Equity in (earnings) losses of affiliates	-599	-674
Loss (gain) on sales of property, plant and equipment	-70	6
Loss on retirement of property, plant and equipment	415	220
Loss (gain) on sales of shares of subsidiaries and associates	-78	—
Insurance income	-255	-87
Compensation income	-1	—
Loss on disaster	356	26
Decrease (increase) in notes and accounts receivable - trade	-8,370	10,649
Decrease (increase) in inventories	-823	-2,944
Increase (decrease) in notes and accounts payable - trade	8,791	-12,769
Other	2,758	-591
Subtotal	53,616	41,959
Interest and dividends income received	1,791	1,987
Interest expenses paid	-159	-177
Income taxes paid	-11,573	-13,889
Proceeds from insurance income	19	105
Payments for loss on disaster	1	—
Proceeds from compensation	-95	-26
Net cash provided by (used in) operating activities	43,600	29,959

(Unit: Million yen)

	FY2014 (April 1, 2013 - March 31, 2014)	FY2015 (April 1, 2014 - March 31, 2015)
Net cash provided by (used in) investing activities		
Payments into time deposits	-4,384	-1,112
Proceeds from withdrawal of time deposits	8,124	1,133
Purchase of property, plant and equipment	-19,378	-18,762
Proceeds from sales of property, plant and equipment	307	861
Purchase of investment securities	-686	-846
Purchase of investments in subsidiaries	-1,341	—
Payments of loans receivable	-973	-145
Collection of loans receivable	961	182
Payments for acquiring stocks of subsidiaries and affiliates that resulted in the scope of consolidation	-30	—
Other	-832	-1,678
Net cash provided by (used in) investing activities	-18,233	-20,368
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-313	-252
Repayment of long-term loans payable	-2,754	-167
Repayments of finance lease obligations	-573	-778
Purchase of treasury stock	-0	-0
Cash dividends paid	-2,991	-4,079
Cash dividends paid to minority shareholders	-2,264	-4,591
Net cash provided by (used in) financing activities	-8,898	-9,871
Effect of exchange rate change on cash and cash equivalents	6,642	8,218
Net increase (decrease) in cash and cash equivalents	23,111	7,939
Cash and cash equivalents at beginning of period	53,348	76,460
Increase in cash and cash equivalents from newly consolidated subsidiaries	—	153
Cash and cash equivalents at end of period	76,460	84,552

(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: 34 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.

TS Trim Brasil S/A, which was established in the fiscal year under review, and TS TECH (Kabinburi) CO., LTD., which is a consolidated subsidiary from the fiscal year under review, are included 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., TS TECH (MANDAL) PRIVATE LIMITED

IV The eight 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., GUANGZHOU TS TECH AUTOMOTIVE INTERIOR RESEARCH & DEVELOPMENT CO., LTD., TS TECH (Kabinburi) CO., LTD., TS TECH Deutschland GmbH, TS TECH Hungary Kft., TS TECH (MANDAL) PRIVATE LIMITED 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. 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.

The settlement date of 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., and TS TECH UK LTD has been changed to March 31, which is the same as the consolidated fiscal year end. The accounting period of the fiscal year under review is 12 months.

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

(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 collectability 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 FY2015.

IV Accounting methods for retirement benefits

(a) Attribution method for expected benefits

In the calculation of liabilities concerning retirement benefits, expected benefits are attributed to periods up to the end of the fiscal year under review on a benefit formula basis.

(b) Provision for retirement benefits

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.

V Important hedge accounting method

(a) Hedge accounting method

Deferred hedge accounting is used, in principle.

(b) Hedging methods and risks hedged

Hedging methods

Forward foreign exchange contracts and others

Risks hedged

Foreign currency denominated monetary accounts receivables

(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.

(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.

VI 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.

VII 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.

VIII 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.

(Changes in accounting policies)

The provisions of the main clause of paragraph 35 of the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012) and the provisions of the main clause of paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, March 26, 2015) have been applied from the fiscal year under review. The calculation method for liabilities concerning retirement benefits and service costs was revised, and the method of attributing expected benefits to periods was changed from a straight-line basis to a benefit formula basis. The method for determining the discount rate has also been changed from a method using a period approximate to the average remaining service period for employees to a single weighted average discount rate reflecting the estimated timing and amount of benefit payment.

The Accounting Standard for Retirement Benefits, etc. was adopted in accordance with the transitional

treatment stipulated in paragraph 37 of the Accounting Standard for Retirement Benefits. At the beginning of the fiscal year under review, the effects of the change in the calculation method for liabilities concerning retirement benefits and service costs were reflected in the retained earnings.

As a result, retained earnings at the beginning of the fiscal year under review increased by 423 million yen. The impact on operating income, ordinary income and net income before taxes for the fiscal year under review is minimal.

The effects on per share information are described in "Per Share Information."

(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.

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 the same as those presented in “Basic Important Matters for Preparation of Consolidated Financial Statements.” The Company decides the price of transactions carried out among its segments by considering market prices and gross costs, and through price negotiations.

As described “Changes in accounting policies,” a revised calculation method for liabilities concerning retirement benefits and service costs is being applied from the fiscal year under review. The impact of the revision on segment profits is minimal.

3. Information about net sales, profits or losses, assets, liabilities and other items for reporting segments
FY2014 (April 1, 2013 - March 31, 2014)

(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 customers	79,064	214,179	96,702	67,106	457,053	—	457,053
Interarea transfer	25,831	448	7,360	704	34,344	-34,344	—
Total	104,895	214,628	104,063	67,811	491,397	-34,344	457,053
Segment profits	6,893	16,334	13,970	7,994	45,193	-6,060	39,133
Segment assets	91,147	71,408	61,785	47,401	271,742	-7,107	264,635
Segment liabilities	29,899	29,261	33,228	12,207	104,596	-10,675	93,920
Other categories							
Depreciation	3,204	2,873	784	1,781	8,644	-15	8,628
Investments to equity method affiliates	1,200	—	—	7	1,207	—	1,207
Increase of property, plant and equipment and intangible assets	5,380	6,698	654	7,227	19,960	—	19,960

(Note) 1 Adjustments are as follows.

- (1) Adjustments of -6,060 million yen for segment profits included a deduction of 203 million yen for transactions between segments, and operating expenses of -4,360 million yen associated with the administration division of the headquarters of the parent company, which could not be allocated.
 - (2) An adjustment of -7,107 million yen for segment assets included the Company's investments in its subsidiaries of -14,176 million yen, offsetting the elimination of liabilities of -10,728 million yen, and long-term investment securities held by the Company and its subsidiaries, which amount to 16,673 million yen.
 - (3) An adjustment of -10,675 million yen for segment liabilities is a deduction for transactions between segments.
 - (4) An adjustment of -15 million yen for depreciation is deduction for transactions between segments.
- 2 Operating income in consolidated statements of income is adjusted for segment profits.

FY2015 (April 1, 2014 - March 31, 2015)

(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 customers	63,497	219,055	92,823	58,903	434,279	—	434,279
Interarea transfer	25,180	759	5,829	869	32,638	-32,638	—
Total	88,677	219,814	98,652	59,773	466,917	-32,638	434,279
Segment profits	6,765	15,601	16,254	3,007	41,628	-6,342	35,286
Segment assets	90,476	92,576	65,913	54,055	303,021	-7,389	295,632
Segment liabilities	23,655	34,319	31,056	12,695	101,726	-12,965	88,760
Other categories							
Depreciation	3,074	3,395	806	2,194	9,470	-33	9,437
Investments to equity method affiliates	1,339	—	—	9	1,348	—	1,348
Increase of property, plant and equipment and intangible assets	4,158	9,114	3,678	4,066	21,018	—	21,018

(Note) 1 Adjustments are as follows.

- (1) Adjustments of -6,342 million yen for segment profits included a deduction of 201 million yen for transactions between segments, and operating expenses of -4,742 million yen associated with the administration division of the headquarters of the parent company, which could not be allocated.
 - (2) An adjustment of -7,389 million yen for segment assets included the Company's investments in its subsidiaries of -14,176 million yen, offsetting the elimination of liabilities of -12,910 million yen, and long-term investment securities held by the Company and its subsidiaries, which amount to 18,351 million yen.
 - (3) An adjustment of -12,965 million yen for segment liabilities is a deduction for transactions between segments.
 - (4) An adjustment of -33 million yen for depreciation is deduction for transactions between segments.
- 2 Operating income in consolidated statements of income is adjusted for segment profits.

(Related information)

FY2014 (April 1, 2013 - March 31, 2014)

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
77,670	214,559	97,348	67,151	323	457,053

(Note 1) Net sales are based on customers' locations and are categorized into countries or regions.

(Note 2) Net sales in the Americas include net sales of 149,894 million yen in the United States and net sales of 50,638 million yen in Canada, each of which exceeds 10% of net sales on the consolidated statements of income.

(2) Property, plant and equipment

(Unit: Million yen)

Japan	Americas	China	Asia and Europe.	Total
23,641	19,960	4,431	14,218	62,253

3. Information according to customers

(Unit: Million yen)

Customers or individuals	Net sales	Related segments
Honda of America Mfg., Inc.	73,571	Americas
Honda Motor Co., Ltd.	57,053	Japan
Honda Canada Inc.	50,638	Americas
Dongfeng Honda Automobile Co., Ltd.	48,359	China

FY2015 (April 1, 2014 - March 31, 2015)

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
62,634	219,205	93,034	58,948	456	434,279

(Note 1) Net sales are based on customers' locations and are categorized into countries or regions.

(Note 2) Net sales in the Americas include net sales of 152,368 million yen in the United States and net sales of 53,201 million yen in Canada, each of which exceeds 10% of net sales on the consolidated statements of income.

(2) Property, plant and equipment

(Unit: Million yen)

Japan	Americas	China	Asia and Europe.	Total
23,612	30,968	6,686	17,501	78,769

3. Information according to customers

(Unit: Million yen)

Customers or individuals	Net sales	Related segments
Honda of America Mfg., Inc.	68,525	Americas
Honda Canada Inc.	53,192	Americas
Dongfeng Honda Automobile Co., Ltd.	50,228	China

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

FY2014 (April 1, 2013 - March 31, 2014)

(Unit: Million yen)

	Reporting segments					Corporate/ Eliminations	Total
	Japan	Americas	China	Asia and Europe.	Total		
Impairment loss	202	24	181	—	407	—	407

FY2015 (April 1, 2014 - March 31, 2015)

(Unit: Million yen)

	Reporting segments					Corporate/ Eliminations	Total
	Japan	Americas	China	Asia and Europe.	Total		
Impairment loss	100	21	11	—	133	—	133

(Amortization of goodwill and amortized balance by reportable segment)

Because this is not significant, notes are omitted.

(Gain on negative goodwill by reportable segment)

FY2014 (April 1, 2013 - March 31, 2014)

(Unit: Million yen)

	Reporting segments					Corporate/ Eliminations	Total
	Japan	Americas	China	Asia and Europe.	Total		
Gain on translation of negative goodwill	96	—	—	0	97	—	97

TECH TOEI CO., LTD. became a consolidated subsidiary in the consolidated fiscal year under review as a result of the share acquisition on March 28, 2014. As a result of this, the Company posted a gain on negative goodwill of 96 million yen in the Japan segment..

FY2015 (April 1, 2014 - March 31, 2015)

Not applicable.

(Per Share Information)

	FY2014 (April 1, 2013 - March 31, 2014)	FY2015 (April 1, 2014 - March 31, 2015)
Net assets per share	2,229.53 yen	2,719.69 yen
Net income per share	351.49 yen	323.66 yen

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

2 As stated in “Changes in accounting policies,” the Accounting Standard for Retirement Benefits, etc. was adopted and the transitional treatment stipulated in paragraph 37 of the Accounting Standard for Retirement Benefits was followed. As a result of this, net assets per share for the consolidated fiscal year under review increased by 6.22 yen.

The impact on net income per share in the fiscal year under review is minimal.

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

Items	FY2014 (April 1, 2013 - March 31, 2014)	FY2015 (April 1, 2014 - March 31, 2015)
Net income (million yen)	23,900	22,008
Amount that does not belong to shareholders (million yen)	—	—
Net income for common stock for the period (million yen)	23,900	22,008
Average number of common shares for the period (thousand shares)	67,998	67,998

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

Items	FY2014 (April 1, 2013 - March 31, 2014)	FY2015 (April 1, 2014 - March 31, 2015)
Total net assets (million yen)	170,714	206,871
Amount to be deducted from total net assets (million yen)	19,110	21,937
(Minority interests)	(19,110)	(21,937)
Net assets for common stock as of the end of the period (million yen)	151,604	184,933
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

6. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Unit: Million yen)

	FY2014 (As of March 31, 2014)	FY2015 (As of March 31, 2015)
Assets		
Current assets		
Cash and deposits	17,838	17,403
Notes receivable-trade	369	57
Electronically recorded monetary claims - operating	—	360
Accounts receivable-trade	18,825	15,752
Merchandise and finished goods	217	209
Work in process	5,291	7,475
Raw materials and supplies	1,691	2,006
Advance payments-trade	860	726
Prepaid expenses	157	236
Deferred tax assets	1,032	1,185
Accounts receivable-other	2,615	3,386
Other	1,153	1,267
Allowance for doubtful accounts	-2	-1
Total current assets	50,049	50,064
Noncurrent assets		
Property, plant and equipment		
Buildings	7,745	8,004
Structures	446	498
Machinery and equipment	2,472	2,369
Vehicles	149	149
Tools, furniture and fixtures	1,412	1,876
Land	6,517	6,293
Lease assets	194	53
Construction in progress	526	34
Total property, plant and equipment	19,465	19,281
Intangible assets		
Software	735	720
Other	87	220
Total intangible assets	822	940
Investments and other assets		
Investment securities	1,470	1,881
Stocks of subsidiaries and affiliates	27,378	29,717
Investments in capital of subsidiaries and affiliates	4,241	4,241
Long-term loans receivable from employees	225	199
Long-term loans receivable from subsidiaries and affiliates	300	—
Long-term prepaid expenses	9	84
Insurance funds	782	—
Prepaid pension cost	91	52
Other	83	76
Allowance for doubtful accounts	-306	-3
Total investments and other assets	34,276	36,250
Total noncurrent assets	54,563	56,472
Total assets	104,613	106,537

	(Unit: Million yen)	
	FY2014 (As of March 31, 2014)	FY2015 (As of March 31, 2015)
Liabilities		
Current liabilities		
Notes payable-trade	616	51
Electronically recorded obligations - operating	—	4,935
Accounts payable-trade	12,823	4,547
Lease obligations	147	53
Accounts payable-other	2,515	1,266
Accrued expenses	1,358	1,511
Income taxes payable	394	126
	283	924
Deposits received	91	94
Unearned revenue	23	2
Provision for bonuses	1,721	1,814
Provision for directors' bonuses	149	149
Notes payable-facilities	207	22
Electronically recorded obligations – non-operating	—	230
Other	108	127
Total current liabilities	20,442	15,858
Noncurrent liabilities		
Lease obligations	56	2
Deferred tax liabilities	3,687	3,996
Provision for retirement benefits	1,148	7
Accrued directors' retirement payments	496	380
Asset retirement obligations	107	81
Total noncurrent liabilities	5,496	4,468
Total liabilities	25,938	20,327
Net assets		
Shareholders' equity		
Capital stock	4,700	4,700
Capital surplus		
Legal capital surplus	5,121	5,121
Total capital surplus	5,121	5,121
Retained earnings		
Legal retained earnings	763	763
Other retained earnings		
General reserve	32,950	35,450
Retained earnings brought forward	26,651	30,291
Total retained earnings	60,365	66,504
Treasury stock	-3	-3
Total shareholders' equity	70,183	76,323
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	8,491	9,887
Total valuation and translation adjustments	8,491	9,887
Total net assets	78,674	86,210
Total liabilities and net assets	104,613	106,537

(2) Non-Consolidated Statements of Income

(Unit: Million yen)

	FY2014 (As of March 31, 2014)	FY2015 (As of March 31, 2015)
Net sales	97,587	82,032
Cost of sales	84,786	69,877
Gross profit	12,801	12,154
Selling, general and administrative expenses	10,435	10,108
Operating income	2,365	2,045
Non-operating income		
Interest and dividends income	7,125	8,272
Land and house rent received	202	182
Commission fee	15	13
Foreign exchange gains	1,015	1,181
Other	46	49
Total non-operating income	8,404	9,699
Non-operating expenses		
Provision of allowance for doubtful accounts	—	2
Other	8	0
Total non-operating expenses	8	2
Ordinary income	10,761	11,743
Extraordinary income		
Gain on sales of noncurrent assets	54	2
Loss (gain) on sales of shares of subsidiaries and associates	78	—
Insurance income	1	16
Compensation income	1	—
Total extraordinary income	136	19
Extraordinary loss		
Loss on sales of noncurrent assets	22	35
Loss on retirement of noncurrent assets	310	102
Loss on disaster	202	—
Impairment loss	10	—
Other	7	2
Total extraordinary loss	553	140
Income before income taxes	10,343	11,622
Income taxes-current	1,894	1,910
Income taxes-deferred	-326	-84
Total income taxes	1,567	1,825
Net income	8,776	9,796

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

FY2014 (April 1, 2013 - March 31, 2014)

(Unit: Million yen)

	Shareholder's equity					
	Capital stock	Capital surplus	Retained earnings			
		Legal capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
				General reserve	Retained earnings brought forward	
Balance as at the end of the previous fiscal year	4,700	5,121	763	31,450	22,366	54,580
Changes of items						
Dividends from surplus					-2,991	-2,991
Net income					8,776	8,776
Acquisition of treasury stock				1,500	-1,500	—
Provision of general reserve						
(Net) changes in items other than shareholders' equity						
Total changes in items	—	—	—	1,500	4,284	5,784
Ending balance as at the end of the fiscal year	4,700	5,121	763	32,950	26,651	60,365

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as at the end of the previous fiscal year	-3	64,399	8,170	8,170	72,569
Changes of items					
Dividends from surplus		-2,991			-2,991
Net income		8,776			8,776
Acquisition of treasury stock		—			—
Provision of general reserve	-0	-0			-0
(Net) changes in items other than shareholders' equity			320	320	320
Total changes in items	-0	5,784	320	320	6,105
Ending balance as at the end of the fiscal year	-3	70,183	8,491	8,491	78,674

FY2015 (April 1, 2014 - March 31, 2015)

(Unit: Million yen)

	Shareholders' equity					
	Capital stock	Capital surplus	Retained earnings			
		Legal capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
				General reserve	Retained earnings brought forward	
Balance as at the end of the previous fiscal year	4,700	5,121	763	32,950	26,651	60,365
Cumulative effects of changes in accounting policies					423	423
Balance as at the end of the previous fiscal year reflecting effects of changes in accounting policies	4,700	5,121	763	32,950	27,074	60,788
Changes of items						
Dividends from surplus					-4,079	-4,079
Net income					9,796	9,796
Provision of general reserve				2,500	-2,500	—
Acquisition of treasury stock						
Net changes of items other than shareholders' equity						
Total changes in items	—	—	—	2,500	3,216	5,716
Ending balance as at the end of the fiscal year	4,700	5,121	763	35,450	30,291	66,504

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as at the end of the previous fiscal year	-3	70,183	8,491	8,491	78,674
Cumulative effects of changes in accounting policies		423			423
Balance as at the end of the previous fiscal year reflecting effects of changes in accounting policies	-3	70,606	8,491	8,491	79,097
Changes of items					
Dividends from surplus		-4,079			-4,079
Net income		9,796			9,796
Provision of general reserve		—			—
Acquisition of treasury stock	-0	-0			-0
Net changes of items other than shareholders' equity			1,395	1,395	1,395
Total changes in items	-0	5,716	1,395	1,395	7,112
Ending balance as at the end of the fiscal year	-3	76,323	9,887	9,887	86,210

7. Other

(1) Transfer of directors

The transfer of officers is as listed in the “Notice of Transfer of Directors and Operating Officers, and Introduction of Outside Director System” and the “Notice of Transfer of Commissioned Officers and Personnel,” which were released on February 23, 2015, the “Notice of Change (Death) of a Director” released on April 1, 2015, and the “Notice of Transfer of a Commissioned Officer” released on April 7, 2015.