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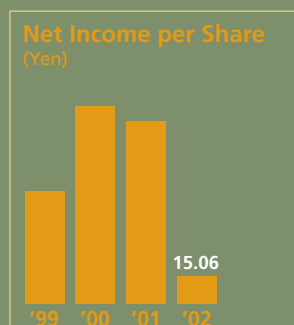
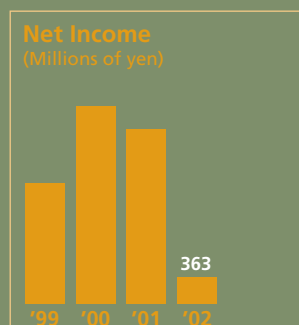
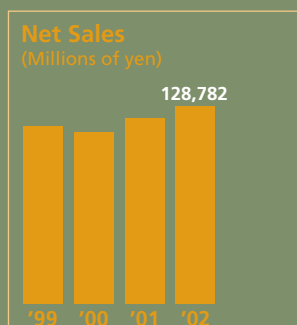
A safe and comfortable automotive seat is essential in any car, from basic runabouts to the latest high-performance luxury automobiles. Since its founding, Tachi-S Co., Ltd., has understood that the seats fitted in a vehicle make the single most important contribution to driver and passenger comfort. Well-designed seats are the key to creating a pleasant and stylish atmosphere within a vehicle. Our awareness of the importance of R&D, ergonomics, and style has helped to make us the largest automotive seat manufacturer in Japan as well as a major supplier to many overseas customers. On the threshold of a new century, Tachi-S is determined to continue defining automotive seating standards by setting the pace in areas as diverse as environmental impact, quality, durability, and ergonomic excellence. We will be as unremitting in our pursuit of progress and customer satisfaction in the new century as we were in the previous one.

Consolidated Financial Highlights

Tachi-S Co., Ltd. and consolidated subsidiaries Years ended March 31

	Millions of yen				Thousands of U.S. dollars (Note)
	1999	2000	2001	2002	2002
For the year					
Net sales	¥115,639	¥111,614	¥121,697	¥128,782	\$966,469
Operating income	4,827	3,918	3,920	2,125	15,948
Net income	1,635	2,684	2,373	363	2,724
Net income per share: primary (yen)	¥ 61.10	¥ 107.14	¥ 99.08	¥ 15.06	\$0.113
At year-end					
Total shareholders' equity.....	¥ 32,350	¥ 33,328	¥ 37,787	¥ 39,350	\$295,309
Total assets	68,509	68,913	76,992	79,443	596,195

Note: U.S. dollar figures have been translated from yen, for convenience only, at the rate of ¥133.25=US\$1, the rate of exchange on March 31, 2002.



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S Message from the President

As industry restructuring and globalization advance, Tachi-S will maintain its commitment to its Medium-Term Management Plan, under which we will work to create a corporate group that boasts greater competitive advantages than any of the competition and endeavor to occupy a firm position at the top of the seat manufacturing industry.

The operating environment for automobile manufacturers is constantly undergoing change, the influence of which also affects the auto parts manufacturing industry. Specifically, as the domestic market matures, production shifts to overseas locations, globalization advances, and we move deeper into a domestic deflationary economic cycle, auto manufacturers have devised strategies and are implementing measures to enable their survival amid intense competition for sales. Rather than being temporary, these measures involve fundamental corporate restructuring. We are on the threshold of an era of significant change on a global scale during which companies will be faced with numerous challenges, including the collapse of the old keiretsu system as well as other major changes in business customs.

As automakers are lowering costs as a strategy to deal with the difficult environment, cost has become the number one issue for auto parts makers. At the same time, it is imperative that we accelerate development and raise product quality, which is making competition for new commercial rights increasingly heated, while the increasing financial burden of development and lower added value have resulted in a profit structure that worsens by the year.

In response to these changes and with the aim of implementing our Medium-Term Management Plan, we have drafted a Medium-Term Basic Strategy, the primary element of which is the significant and true reform of our profit structure. Specifically, the five pillars of our Medium-Term Business Plan (V50 Plan) consist of the five measures outlined below.

1. Tachi-S's Structural Reform

We will create a low-cost corporate structure with a reformed cost structure that reduces fixed costs and changes them to variable costs by overhauling our businesses, corporate functions, personnel structure, and production structure with an eye to the elements necessary to an auto parts manufacturer.

2. Reduction of Material Costs

Through development, production, and purchase strategies for each part that makes up the construction of our seats, we will seek to create a structure that reduces the cost of materials.

3. Increasing Profit of Each Project

We will restructure the profit distribution from different vehicles by engaging in decisions, expansion, and follow-ups that are bent toward securing operating profit from new contracts for different kinds of vehicles.

4. R&D Innovation

A company's growth depends on its ability to develop popular products.

We believe that making our products the de facto industry standard is imperative to achieving success amid worldwide competition.

As a systems integrator, specific measures will include rapidly developing competitive products and parts as well as capitalizing on economies of scale in sales.

5. Strengthening the Profitability of Group Operations

Taking a medium-term perspective, we will establish a Group business structure organized by region and business field that will reflect changes in the business environment to raise profitability in our operations worldwide.

Our targets for three years hence are as follows:

1. Consolidated net sales	¥140.0 billion
2. Operating income ratio	
Domestic	3% or more
Overseas	5% or more
3. Consolidated net income	¥3.5 billion or more
4. Consolidated ROE	8%
5. Total value of stock	¥20.0 billion or more

To maintain the longevity of the Company's social mission, it is imperative that we carry out fundamental reform in all facets of our business. The successful reform of our profit structure and achieving the targets laid out by our Medium-Term Basic Strategy will allow us to change our corporate structure and put us on the road to better profits, which we have judged to be inextricably linked to the Company's survival.

Faced with an increasingly competitive market environment, we are striving to be the global leaders in technology and QCD capabilities among seat manufacturers. To this end, we plan to go forward with the bold and speedy implementation of reforms in an effort to raise performance.

We thank our shareholders for their understanding and ask for their continued support.

Kiyoshi Saito

June 2002

Kiyoshi Saito
President



Expanding of Operations to Mexico

Since the October 1992 opening of a plant in Aguascalientes, Mexico, by Industria de Asiento Superior, S.A. de C.V. (INSA), we have continued to expand our operations in that country. At present, it is one of only a few plants that engage in integrated seat production with foaming, sewing, welding, and assembly capabilities.

Furthermore, with the objective of satisfying customer needs, in April 1998, we constructed a plant in Cuernavaca and, in April 1999, established a plant in Guadalajara to enhance operations.

As they are located in NAFTA territory, these production bases have an increasingly important role in production for North, Central, and South America.

Since its inception in 1986, Technotrim, Inc., has grown as a company specializing in sewn products for the Big Three automakers as well as Japanese automakers. However, with more and more automakers taking advantage of the preferential treatment afforded in the Maquiladora special industry zone as a means of furthering cost-cutting efforts spurred by increasingly intense price competition, production bases in the area are crucial to satisfying the need for sewn goods. Consequently, we have temporarily closed our plant in the United States and completed the transfer of the plant's operations to new production bases in Mexico, making successive transfers to the Ramos Plant, Saltillo Plant, and Monclava Plant, which began operations in 2001.

R&D Activities

Amid rampant societal and economic change, the Tachi-S Group is working to expand R&D activities based on the development of competitive products and both basic and advanced technologies that will enable it to offer new products and new methods that respond to consumer and automobile manufacturer needs by accurately pinpointing long-term trends in seat technology.

Looking at our R&D bases, in March 1993, we established the Tachi-S Technical Center in Ome City in Tokyo to centralize development in the Kanto region. To provide our clients in the Chukyo region with timely responses to their requests, in August 1999, we established the Tachi-S Technical Center in Anjo City in Aichi Prefecture. Overseas, in July 1986, we established Tachi-S Engineering U.S.A. Inc. in Michigan. To further fortify our technological development capabilities, we moved our head office to new premises in June 1998, creating a complementary system that benefits both Japanese and U.S. bases by advancing our R&D activities on a global level, thereby effecting a response to globalization. In December 2001, we established the Tachi-S Europe Office in Düsseldorf, Germany, to collect data on the European automobile industry and carry out marketing activities, in addition that results in solid foundations in Japan, the United States, and Europe.



INSA Aguascalientes Plant (Head Office)



Technotrim, Inc., Saltillo Plant



INSA Guadalajara Plant



INSA Cuernavaca Plant



In Japan, we entered into an operations tie-up with Fuji Kiko Co., Ltd., in August 1999, further raising our technological development of structural components, and in June 2001, we entered into an operations tie-up with Araco Corporation, thereby bolstering our product development capabilities through the joint development of interior components from a global standpoint.

As a result of the preceding factors, R&D expenses totaled ¥3.1 billion in the fiscal year under review.

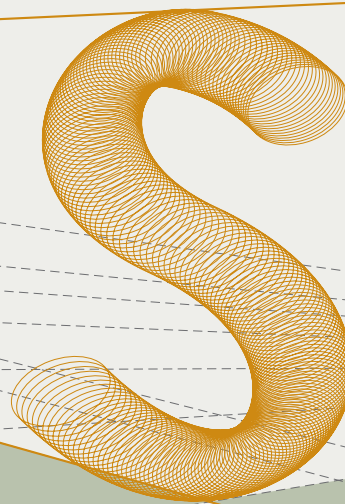
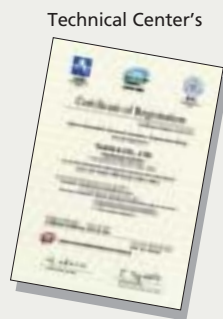
New product development and the basic development of new technologies is primarily carried out in Japan by our Technical Center, which engages in efficient development, and, through our U.S. base and technology tie-ups with domestic and overseas companies, we are actively collecting information on cutting-edge technology and peripheral technology. Furthermore, the new product and process technologies amassed by the Company are being used worldwide directly through the Company or its U.S. base.

Quality and the Environment

ISO 14001 certification was acquired by the Suzuka Plant in November 2001 and by the Ome Plant in January 2002, following the Aichi Plant, which earned certification in May 2001. Tachi-S is stepping up its environmental preservation activities by committing itself to developing products that take into consideration people, communities, and the natural environment. Furthermore, we are making efforts to raise employees' environmental awareness while aggressively working to preserve the environment, thereby contributing to the realization of an affluent society in which people and nature coexist in harmony.



ISO 14001 certificates of registration



Investee Companies

- ① Tachi-S Engineering U.S.A. Inc. (Michigan)
- ② Setex Inc. (Ohio)
- ③ Technotrim, Inc. (Head Office) (Michigan)
- ④ Syntec, Inc. (North Carolina)
- ⑤ Technotrim, Inc. Maysville Plant (Kentucky)
- ⑥ Hyperion Seating Corporation (Tennessee)
- ⑦ Industria de Asiento Superior, S.A. de C.V. Aguascalientes Plant (Head Office) (Mexico)
- ⑧ Industria de Asiento Superior, S.A. de C.V. Guadalajara Plant (Mexico)
- ⑨ Industria de Asiento Superior, S.A. de C.V. Cuernavaca Plant (Mexico)
- ⑩ Technotrim, Inc. Ramos Plant (Mexico)

- ⑪ Technotrim, Inc. Saltillo Plant (Mexico)
- ⑫ Technotrim, Inc. Monclova Plant (Mexico)
- ⑬ Shanghai Taiye Seat Co., Ltd. (China)
- ⑭ Xi'an Qintai Seat Co., Ltd. (China)
- ⑮ Zhengzhou Taixin Interia Co., Ltd. (China)

Liaison Offices

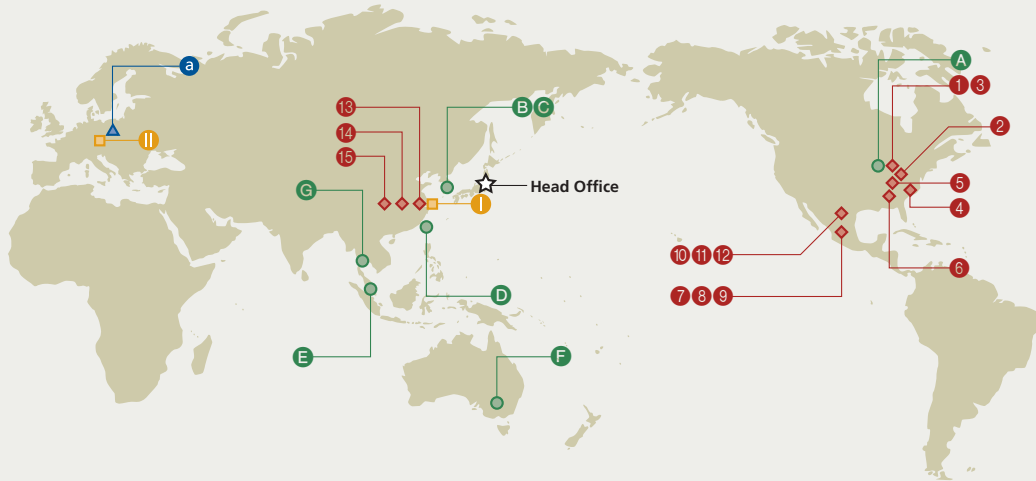
- ① Shanghai Office (China)
- ② Europe Office (Germany)

Technology Licensees

- A Johnson Controls, Inc. (Michigan)
- B Koryo Co., Ltd. (Korea)
- C Hyundai Motor Co., Ltd. (Korea)
- D Tsuang Hine Corp., Ltd. (Taiwan)
- E Auto Parts Manufacturers Co., Sdn. Bhd. (Malaysia)
- F Henderson's Industries Pty. Ltd. (Australia)
- G Summit Auto Seats Industry Co., Ltd. (Thailand)

Techonology Licenser

- a Isringhausen GmbH & Co. KG (Germany)



Head office, relocated in May 2002

In fiscal 2002, ended March 31, 2002, the domestic economy witnessed a correction in the growth rate stemming from such factors as the bursting of the IT bubble, while the September 11 terrorist attacks in the United States contributed to a slowdown in the global economy. These factors, combined with further deflation, the worsening employment situation, and bad debts, have slowed the economy's momentum, resulting in difficult economic conditions.

In the domestic automobile industry, fiscal 2002 saw a 2.6% decrease in unit sales of vehicles, which included a slight dip in sales of light vehicles. Exports fell 2.9% due to sluggish sales to Europe and Asia. Consequently, domestic production volume was down 2.4%, or 10 million vehicles, from the previous fiscal year.

To rise to the challenge of such an operating environment, the Tachi-S Group strengthened its responses to changes in the environment, made efforts to raise customer satisfaction, engaged in thorough quality management, and carried out aggressive marketing activities that included expanding the number of new contracts. As a result of these activities as well as favorable domestic sales and the positive effects of a weaker yen, consolidated net sales rose 5.8%, to ¥128,782 million.

Although we carried out aggressive rationalization in Japan, unit prices continued on their downward trajectory, in addition to which we experienced some difficulties in the first stage of overseas mass production and fell behind schedule in the transfer of production to a plant in Mexico. This resulted in a 45.8% fall in operating income, to ¥2,125 million. Net income plunged 84.7%, to ¥363 million.

Sales and Earnings by Geographical Area

Japan

In sales of car seats, new contracts and model changes compensated for the slump in sales for existing automobiles, resulting in a 3.0% increase in domestic net sales, to ¥83,065 million.

Operating income was affected by the fall in sale prices, dropping 48.9%, to ¥709 million.

United States

Favorable sales in the first half of the year and a weaker yen that offset sluggish sales in the second half of the year led to net sales totaling ¥33,050 million, up 8.8% from the previous fiscal year.

Operating income did not recover from confusion in the initial stages of commercial production, falling 39.8%, to ¥1,331 million.

Mexico

Aided by the overflow from the previous term of exports bound for the United States as well as the weaker yen, sales increased 19.4%, to ¥12,549 million.

Despite stable exchange rates and cooling inflation, price-cutting by our customers constituted a negative factor for us, and operating income declined 33.8%, to ¥331 million.

China

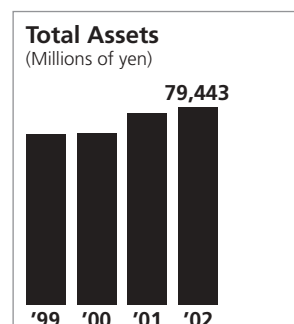
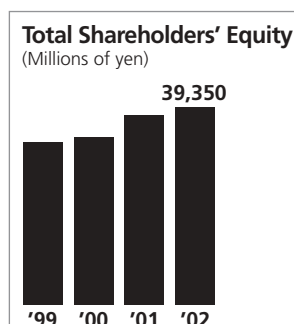
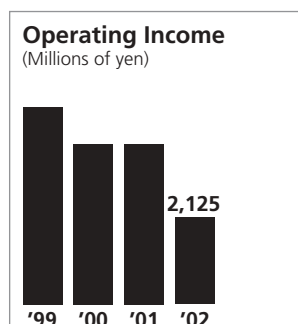
Although we worked to secure new customers and expand the range of cars for which we have contracts, this did not lead to expanded sales, and, due to a fall in sales of cars for which we already have contracts, net sales were down 41.0% from the previous fiscal year, amounting to ¥118 million.

As a result, we recorded a ¥282 million operating loss in the fiscal year under review.

Cash Flow

Cash flows provided by operating activities fell ¥838 million, to ¥6,071 million. Cash flows used in investing activities resulted in an outflow of ¥3,852 million. Cash flows used in financing activities totaled ¥1,233 million.

As a result, cash and cash equivalents at year-end rose 9.6%, to ¥16,703 million.



Consolidated Balance Sheets

Tachi-S Co., Ltd. and consolidated subsidiaries As of March 31, 2001 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2001	2002	2002
ASSETS			
Current assets:			
Cash, time deposits and other cash equivalents (Note 10)	¥14,285	¥16,301	\$122,334
Marketable securities (Notes 4 and 10)	3,225	2,871	21,546
Accounts and notes receivable:			
Trade	21,540	21,008	157,659
Unconsolidated subsidiaries and affiliates	7	6	45
Other	136	349	2,619
	21,683	21,363	160,323
Less: allowance for bad debts	(11)	(17)	(128)
	21,672	21,346	160,195
Inventories (Note 5)	2,736	2,993	22,462
Advance payments	593	695	5,216
Deferred income taxes (Note 9)	651	892	6,694
Other current assets	1,027	400	3,002
Total current assets	44,189	45,498	341,449
Investments and advances:			
Investments in securities (Notes 4 and 6)	3,600	3,229	24,232
Investments in unconsolidated subsidiaries and affiliates (Note 4)	4,495	3,824	28,698
Deferred income taxes (Note 9)	294	255	1,914
Long-term loans and other investments	1,486	1,389	10,424
	9,875	8,697	65,268
Property, plant and equipment (Notes 6 and 13):			
Land	5,629	5,766	43,272
Buildings and structures	15,146	16,571	124,360
Machinery and equipment	27,435	27,627	207,332
Construction in progress	110	1,539	11,550
	48,320	51,503	386,514
Less: accumulated depreciation	(25,652)	(26,582)	(199,490)
Net property, plant and equipment	22,668	24,921	187,024
Intangibles and deferred charges	260	327	2,454
Total assets	¥76,992	¥79,443	\$596,195

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2001	2002	2002
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term bank loans (Note 6).....	¥ 935	¥ 471	\$ 3,535
Current maturities of long-term debt (Note 6).....	1,834	72	540
Accounts and notes payable:			
Trade.....	23,842	24,366	182,859
Unconsolidated subsidiaries and affiliates.....	549	1,241	9,314
Construction and acquisition of properties.....	477	1,370	10,281
Other.....	778	603	4,525
	25,646	27,580	206,979
Income taxes payable (Note 9).....	1,087	368	2,762
Reserve for loss on the closing cost of the main plant (Note 2 (11)).....	—	785	5,891
Other current liabilities.....	3,890	4,007	30,072
Total current liabilities.....	33,392	33,283	249,779
Long-term debt (Note 6).....	72	2,000	15,009
Reserve for retirement benefits (Note 7).....	2,079	1,908	14,319
Reserve for loss on the closing cost of the main plant (Note 2 (11)).....	847	—	—
Deferred income taxes (Note 9).....	121	537	4,030
Excess of investment cost over equity in net assets of consolidated subsidiaries	53	25	188
Other non-current liabilities	5	0	0
Minority interest in consolidated subsidiaries	2,636	2,340	17,561
Shareholders' equity:			
Common stock:			
Authorized: 77,300,000			
Issued: 24,090,651.....	6,327	6,327	47,482
Additional paid-in capital.....	5,883	5,883	44,150
Retained earnings.....	23,117	23,098	173,343
Net unrealized gain on securities.....	805	692	5,193
Foreign currency translation adjustments.....	1,655	3,350	25,141
Total shareholders' equity.....	37,787	39,350	295,309
Contingent liabilities (Note 8)			
Total liabilities and shareholders' equity	¥76,992	¥79,443	\$596,195

Consolidated Statements of Income and Retained Earnings

Tachi-S Co., Ltd. and consolidated subsidiaries Years ended March 31, 2000, 2001 and 2002

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2000	2001	2002	2002
Net sales (Notes 12 and 14)	¥111,614	¥121,697	¥128,782	\$966,469
Operating costs and expenses:				
Cost of sales (Notes 12 and 14)	101,299	111,189	119,333	895,557
Selling, general and administrative expenses (Note 12)	6,397	6,588	7,324	54,964
Operating income	3,918	3,920	2,125	15,948
Other income (expenses):				
Interest and dividend income	465	527	325	2,439
Interest expenses	(171)	(141)	(96)	(720)
Effect of inflation accounting	103	15	6	45
Loss on sale/disposal of properties, net	(108)	(255)	(495)	(3,715)
Gain on sales of securities	19	3	371	2,784
Reversal of allowance for bad debts	33	82	3	22
Evaluation loss on securities	(9)	—	(135)	(1,013)
Amortization of difference between cost of investment and equity in net assets of consolidated subsidiaries	14	17	16	120
Equity in earnings (loss) of unconsolidated subsidiaries and affiliates	793	525	(191)	(1,433)
Loss on devaluation of golf memberships	—	(134)	(9)	(68)
Loss on plant closing (Note 2 (11))	—	(868)	—	—
Retirement benefit costs	—	881	—	—
Other, net	100	319	211	1,583
	1,239	971	6	44
Income before income taxes and minority interest	5,157	4,891	2,131	15,992
Income taxes (Note 9):				
Current	1,952	2,409	863	6,477
Deferred	(99)	(636)	338	2,536
	1,853	1,773	1,201	9,013
Minority interest in net income of consolidated subsidiaries	(620)	(745)	(567)	(4,255)
Net income	2,684	2,373	363	2,724
Retained earnings:				
Balance at beginning of year	20,147	21,125	23,117	173,486
Cumulative effect of adopting deferred tax accounting	746	—	—	—
Increase due to the adoption of income tax accounting by a consolidated subsidiary in Mexico	—	56	—	—
Appropriations:				
Cash dividends	(257)	(241)	(241)	(1,809)
Directors' bonuses	(60)	(60)	(50)	(375)
Retirement of treasury stock (Note 1 (2))	(2,026)	—	—	—
Decrease arising from the adoption of inflation accounting by a consolidated subsidiary in Mexico	(109)	(136)	(91)	(683)
Balance at end of year	¥ 21,125	¥ 23,117	¥ 23,098	\$173,343
		Yen		U.S. dollars (Note 3)
Net income and dividends per share (Note 2 (15)):				
Net income: primary	¥107.14	¥99.08	¥15.06	\$0.113
Net income: fully diluted	102.63	94.79	—	—
Cash dividends	10.00	10.00	8.00	0.060

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Tachi-S Co., Ltd. and consolidated subsidiaries Years ended March 31, 2000, 2001 and 2002

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2000	2001	2002	2002
Cash flows from operating activities:				
Income before income taxes and minority interest.....	¥ 5,157	¥ 4,891	¥ 2,131	\$15,992
Adjustments to reconcile income before income taxes and minority interest to net cash provided by operating activities:				
Depreciation and amortization	2,702	2,655	3,172	23,805
Loss on disposal of property, plant and equipment.....	125	254	495	3,715
Loss on devaluation of golf memberships.....	—	134	9	68
Increase (decrease) in allowance for bad debts	(33)	(80)	3	23
Equity in loss (earnings) of affiliates.....	(793)	(525)	191	1,433
Amortization of difference between cost of investment and equity in net assets of consolidated subsidiaries.....	(14)	(17)	(16)	(120)
Interest and dividend income	(465)	(526)	(325)	(2,439)
Interest expenses	171	141	96	720
(Increase) decrease in notes and accounts receivable	(458)	71	1,190	8,931
(Increase) decrease in inventories	149	(276)	(6)	(45)
Increase in notes and accounts payable	1,984	1,377	472	3,542
Other.....	(613)	399	(492)	(3,692)
Subtotal.....	7,912	8,498	6,920	51,933
Interest and dividend income received.....	786	988	997	7,482
Interest paid.....	(192)	(145)	(95)	(713)
Income taxes paid	(2,298)	(2,432)	(1,751)	(13,141)
Net cash provided by operating activities.....	6,208	6,909	6,071	45,561
Cash flows from investing activities:				
(Increase) decrease in short-term investments.....	(795)	73	64	480
Proceeds from sale of property, plant and equipment	101	385	149	1,118
Payments for purchase of property, plant and equipment	(3,335)	(6,262)	(4,356)	(32,690)
Proceeds from sale of investments in securities.....	—	29	630	4,728
Payments for purchase of investments in securities.....	(6)	(44)	(315)	(2,364)
Payments for purchase of investments in affiliates.....	(2,133)	—	(556)	(4,173)
Other.....	47	(141)	532	3,993
Net cash used in investing activities.....	(6,121)	(5,960)	(3,852)	(28,908)
Cash flows from financing activities:				
Decrease in short-term bank loans, net	(605)	(72)	(578)	(4,338)
Repayment of long-term debt	(722)	(337)	(1,842)	(13,823)
Proceeds from long-term debt	—	—	2,000	15,009
Cash dividends to minority	(538)	(562)	(572)	(4,293)
Cash dividends paid	(257)	(241)	(240)	(1,801)
Purchase of treasury stock for retirement	(2,026)	—	—	—
Other.....	—	84	(1)	(7)
Net cash used in financing activities	(4,148)	(1,128)	(1,233)	(9,253)
Effect of exchange rate changes on cash and cash equivalents	(733)	1,028	478	3,587
Net increase (decrease) in cash and cash equivalents.....	(4,794)	849	1,464	10,987
Cash and cash equivalents at beginning of year.....	19,025	14,390	15,239	114,364
Increase in cash and cash equivalents due to additional consolidation of subsidiaries	159	—	—	—
Cash and cash equivalents at end of year (Note 10).....	¥14,390	¥15,239	¥16,703	\$125,351

The accompanying notes are an integral part of these statements.

Notes to the Consolidated Financial Statements

Tachi-S Co., Ltd. and consolidated subsidiaries

1. Basis of Presenting the Consolidated Financial Statements

(1) Accounting Principles

The accompanying consolidated financial statements have been prepared from the accounts maintained by TACHI-S CO., LTD. (the "Company") and its consolidated subsidiaries in accordance with the provisions set forth in the Japanese Commercial Code and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Accounting Standards.

Certain items presented in the consolidated financial statements filed with the Director of the Kanto Finance Bureau in Japan have been reclassified for the convenience of readers outside Japan.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

(2) Significant Shareholder

Fuji Kiko Co., Ltd. owned 2,953 thousand shares of common stock of the Company, which represented 12.25 percent of the shares outstanding, at March 31, 2002. The Company owned 8,677 thousand shares of common stock of its affiliate Fuji Kiko Co., Ltd., which represents 24.0 percent of the shares outstanding, at March 31, 2002.

2. Summary of Significant Accounting Policies

(1) Scope of Consolidation

The Company had twelve majority-owned subsidiaries as at March 31, 2001 and 2002. The consolidated financial statements include the accounts of the Company and nine subsidiaries for the years ended March 31, 2001 and 2002.

The nine subsidiaries which have been consolidated with the Company for the year ended March 31, 2002 are listed below:

	Equity ownership percentage
Tachikawa Kogyo Co., Ltd.	100.0%
Fujitaka Kogyo Co., Ltd.	68.6%
Tachi-S Engineering U.S.A. Incorporated	100.0%
Setex Incorporated	51.0%
Syntec Incorporated	100.0%
Industria de Asiento Superior, S.A. de C.V.	100.0%
Tachi-S Parts Co., Ltd.	100.0%
Tachikawa Hatsujou Co., Ltd.	77.7%
Shanghai Taiye Seat Co., Ltd.	50.0%

The Company and its consolidated subsidiaries are hereinafter referred to as the "Companies."

Generally, companies that are more than 50 percent owned fall under the category of subsidiaries, while companies that are 20 percent to 50 percent owned fall under the category of affiliates. In accordance with prevailing accounting practices in Japan, companies that are 40 percent to 50 percent owned may also fall into the category of subsidiaries and companies that are 15 percent to 20 percent owned may also fall into the category of affiliates if the Company substantially controls the management of such companies or has significant influence over or relationship with them.

The above-shown consolidated subsidiaries (except for Industria de Asiento Superior, S.A. de C.V. and Shanghai Taiye Seat Co., Ltd.) have fiscal years ending on March 31 of each year, the same as that of the Company. Industria de Asiento Superior, S.A. de C.V. and Shanghai Taiye Seat Co., Ltd. have fiscal years ending on December 31 of each year.

The remaining unconsolidated subsidiaries, whose combined assets, net sales and net income are not significant compared with those of the consolidated financial statements of the Companies, therefore have been excluded from consolidation.

(2) Elimination of Inter-Company Accounts

For the purposes of preparing the consolidated financial statements, all significant inter-company transactions, account balances and unrealized profits among the Companies have been entirely eliminated, and the portion attributable to minority interests is charged/credited to Minority interests in consolidated subsidiaries.

Any difference between the cost of investments in the common stock of consolidated subsidiaries and the underlying equity in net assets of such subsidiaries is deferred and amortized over a five-year period on a straight-line basis.

(3) Investments in Unconsolidated Subsidiaries and Affiliates

The Company had two unconsolidated subsidiaries and three affiliates at March 31, 2001, and four unconsolidated subsidiaries and three affiliates at March 31, 2002. The equity method has been applied to the investments in the three affiliates, Technotrim, Incorporated, Kinryo Kogyo Co., Ltd. and Fuji Kiko Co., Ltd. The equity method has been applied since the year ended March 31, 1997 because the investments in the unconsolidated subsidiaries do not have any material effect on consolidated net income in the consolidated financial statements. The investments in the remaining unconsolidated subsidiaries are carried at cost or less.

(4) Translation of Foreign Currency Financial Statements (Accounts of Overseas Subsidiaries)

Until the year ended March 31, 2000, the translation into yen of accounts in the foreign currency financial statements of the consolidated overseas subsidiaries for consolidation purposes were made principally by applying the current exchange rate prevailing at the balance sheet date, except that the beginning balance of retained earnings was translated at the rate prevailing at the beginning of the fiscal year and the common stock and additional paid-in capital accounts were translated at historical rates. The translation into yen of accounts in the foreign currency financial statements of the overseas affiliates accounted for by the equity method were made principally by applying the exchange rate prevailing at the relevant balance sheet date of these affiliates. Therefore, certain adjustments had to be made in the consolidated balance sheets and the consolidated statements of income and retained earnings to enable the balancing of debit and credit totals, as well as reconciliation of the opening retained earnings balance with the closing retained earnings included in the translated yen amounts. Such adjustments are shown as "Adjustments on foreign currency statement translation" in the accompanying consolidated financial statements.

Effective from the year ended March 31, 2001, the Company and its subsidiaries adopted the new Japanese accounting standard for foreign currency translation, which is effective for periods beginning on or after April 1, 2000. Under the new standard, assets and liabilities of the foreign subsidiaries and affiliates are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Shareholders' equity at the beginning of the year is translated into Japanese yen at historical rates. Profit and loss accounts for the year are translated into Japanese yen using the average rate during the year. Differences in yen amounts arising from the use of different rates are presented as "Foreign currency translation adjustments" in the shareholders' equity account. The effect of adopting the new accounting standard on the accompanying consolidated financial statements was immaterial.

(5) Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits able to be withdrawn on demand and short-term investments with an original maturity of three months or less and which represent a minor risk of fluctuation in value.

(6) Inventories

Inventories are valued by the methods according to the category of inventories as follows:

Finished products, work-in-process (mass production items) and raw materials..... at cost determined principally by the average method

Non-mass production finished products and work-in-process at cost determined principally by the individual cost method

Supplies at cost determined principally by the last purchase price method

(7) Valuation of Securities

Until the year ended March 31, 2000, marketable securities (current portfolio) and investments in securities (non-current portfolio), which are listed on stock exchanges, were mainly valued at the lower of cost or market, cost being determined by the average method. Other unlisted securities were valued at cost determined by the average method.

Effective from the year ended March 31, 2001, the Company and its subsidiaries adopted the new Japanese accounting standard for financial instruments, which is effective for periods beginning on or after April 1, 2000.

Under the new standard, held-to-maturity debt securities that the Companies intend to hold to maturity are stated at cost after accounting for premiums or discounts on acquisition, which is amortized over the period to maturity. Other securities for which market quotations are available are stated at fair value. Net unrealized gains or losses on these securities are reported as a separate item in the shareholders' equity account at a net-of-tax amount. Other securities for which market quotations are unavailable are stated at cost, except as stated in the paragraph below.

In cases where the fair value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliates or other securities has declined significantly and such impairment of the value is not deemed temporary, those securities are written down to the fair value and the resulting losses are included in net profit or loss for the period.

As a result of the adoption of the new standard, income before income taxes and minority interest for the year ended March 31, 2001 increased by ¥64 million, as compared with the amount which would have been reported if the previous standard had been applied consistently.

(8) Property, Plant and Equipment

Depreciation is mainly computed by the declining-balance method at rates based on the estimated useful lives of assets which are prescribed by the Japanese income tax laws. Depreciation of buildings newly acquired after April 1, 1998 has been provided based on the straight-line method in conformity with the Japanese tax laws. The range of useful lives is principally from 3 to 50 years for buildings and structures and from 2 to 12 years for machinery and equipment.

Normal repairs and maintenance, including minor renewals and improvements, are charged to income as incurred.

(9) Amortization

Amortization of intangible assets is computed by the straight-line method.

Expenditure relating to computer software developed for internal use is charged to income as incurred, except if it contributes to the generation of income or to future cost savings. Such expenditure is capitalized as an asset and amortized using the straight-line method over its estimated useful life, which is in the range of 5 years.

(10) Reserve for Retirement Benefits

The Company provided a "Reserve for retirement benefits" for employees, directors and statutory auditors.

The Company has an unfunded retirement benefit plan for its employees and a funded employees' pension plan.

Until the year ended March 31, 2000, the "Reserve for retirement benefits" for employees was accrued for the cost of the unfunded retirement benefit plan. The balance of the reserve in the accompanying consolidated balance sheets represents 100 percent of the liability the Company would be required to pay (reduced by the benefits payable under the funded employees' pension plan) if all eligible employees voluntarily terminated their employment at the respective balance sheet dates. The annual contributions to the fund, which included normal costs and amortization of past service costs, were charged to income when paid. The past service costs are amortized over six years.

Effective from the year ended March 31, 2001, the Company and its subsidiaries adopted the new Japanese accounting standard for retirement benefits, which is effective for periods beginning on or after April 1, 2000. In accordance with the new standard, the reserve for retirement benefits as of March 31, 2001 represents the estimated present value of projected benefit obligations in excess of the fair value of the plan assets except that, as permitted under the new standard, the unrecognized transition amount of ¥880 million arising from adopting the new standard at April 1, 2000 (the beginning of year) is charged to income as incurred, and the unrecognized actuarial differences are amortized on a straight-line basis over the period of 10 years from the year following that in which they arise.

As a result of adopting the new standard, net pension expense for the year ended March 31, 2001 decreased by ¥97 million and income before income taxes and minority interest increased by ¥977 million as compared with the amounts which would have been reported if the previous standard had been applied consistently.

With respect to directors and statutory auditors, the Company and its domestic subsidiaries provide for lump-sum severance benefits. While the Company and its domestic subsidiaries have no legal obligation, it is a customary practice in Japan to make lump-sum payments to a director or statutory auditor upon retirement following approval by the shareholders at a general meeting. Annual provisions are made in the accounts for the estimated costs of this termination plan, which is not funded.

(11) Reserve for Loss on the Closing Cost of the Main Plant

The reserve for the loss on the closing cost of the main plant has been provided at the amount which the Company expects to suffer in the future, because the decision to close has already been made.

(12) Accounting for Income Taxes

Income taxes of the Company and its domestic subsidiaries consist of corporate income taxes, local taxes and enterprise taxes.

The Company and its domestic subsidiaries adopted deferred tax accounting. Deferred taxes were determined using the asset and liability approach, whereby deferred tax assets and liabilities were recognized with respect to temporary differences between the tax basis of assets and liabilities and those as reported in the financial statements. The Company's overseas subsidiaries, Tachi-S Engineering U.S.A. Incorporated, Setex Incorporated, and Syntec Incorporated, adopted accounting in accordance with the provisions of the Statement of Financial Accounting Standard No. 109, "Accounting for Income Taxes."

In the year ended March 31, 2001, Industria de Asiento Superior, S.A. de C.V., which is incorporated in Mexico, adopted deferred tax accounting in accordance with amended accounting principles in Mexico. The effect of the above change was to increase deferred tax assets by ¥184 million as of March 31, 2001, to increase net income for the year ended March 31, 2001 by ¥138 million and to increase retained earnings by ¥194 million.

(13) Accounting for Leases

Leases that transfer substantially all the risks and rewards of ownership of the assets are accounted for as capital leases, except leases that do not transfer ownership of the assets at the end of the lease term are accounted for as operating leases, in accordance with accounting principles and practices generally accepted in Japan.

(14) Inflation Accounting Employed by Industria de Asiento Superior, S.A. de C.V.

One of the consolidated subsidiaries of the Company, Industria de Asiento Superior, S.A. de C.V., which is incorporated in Mexico, has adjusted its financial statements for the effects of inflation in Mexico in conformity with generally accepted accounting principles in Mexico.

Under the method, adjustments on account balances for purchase costs, accumulated depreciation of permanent establishments (e.g., fixed assets, investments and deferred charges) and stockholders' equity were made based on the National Consumer Price Index. The purchasing power gain or loss arising from the monetary position for the year is credited or charged to income for the respective year.

(15) Net Income and Dividends per Share

Net income per common share is based upon the weighted average number of common shares outstanding during each year, appropriately adjusted for subsequent free distributions of common shares for the stock split effect, and is computed to reflect the dilutive effect on net income of potential issues of new shares of common stock upon the conversion of convertible debt securities and exercise of warrants outstanding, including related reductions in interest expenses. For the year ended March 31, 2002, diluted net income per share is not computed due to no existing convertible debt securities or warrants as of March 31, 2002. Cash dividends per share shown for each year in the consolidated statements of income and retained earnings represent dividends declared as applicable to the respective year.

(16) Accounting for Consumption Tax

The Japanese Consumption Tax Law imposes a consumption tax at the flat rate of five percent on all domestic consumption of goods and services (with certain exemptions). Consumption tax withheld upon sale is not included in the amount of "Net sales" in the accompanying consolidated statements of income and retained earnings but is recorded as a liability. Consumption tax which is paid by the Company and domestic subsidiaries on the purchases of goods and services is not included in costs or expenses in the consolidated statements of income and retained earnings but is offset against the balance withheld, and the net balance is included in "Other current liabilities" in the consolidated balance sheets.

3. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥133.25=US\$1, the rate of exchange on March 31, 2002, has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at this rate or any other rate.

4. Marketable Securities, Investments in Securities and Investments in Unconsolidated Subsidiaries and Affiliates

(a) Held-to-maturity debt securities with available market quotation:

	Millions of yen						Thousands of U.S. dollars		
	2001		Unrealized gain	2002		Unrealized gain (loss)	2002		
	Carrying amounts	Market value		Carrying amounts	Market value		Carrying amounts	Market value	Unrealized gain (loss)
Securities with unrealized gain:									
Government bonds and debentures.....	¥783	¥786	¥3	¥435	¥436	¥ 1	\$3,264	\$3,272	\$ 8
Securities with unrealized loss:									
Government bonds and debentures.....	—	—	—	554	549	(5)	4,158	4,120	(38)
Total.....	¥783	¥786	¥3	¥989	¥985	¥(4)	\$7,422	\$7,392	\$(30)

(b) Other securities with available market quotation:

	Millions of yen						Thousands of U.S. dollars		
	2001		Unrealized gain (loss)	2002		Unrealized gain (loss)	2002		
	Acquisition cost	Carrying amount		Acquisition cost	Carrying amount		Acquisition cost	Carrying amount	Unrealized gain (loss)
Securities with unrealized gain:									
Equity securities	¥1,441	¥3,044	¥1,603	¥1,199	¥2,662	¥1,463	\$ 8,998	\$19,978	\$10,980
Bonds and debentures:									
Bonds	203	204	1	101	101	0	758	758	0
Other	27	37	10	27	36	9	203	270	67
Other securities.....	9	10	1	—	—	—	—	—	—
	¥1,680	¥3,295	¥1,615	¥1,327	¥2,799	¥1,472	\$ 9,959	\$21,006	\$11,047
Securities with unrealized loss:									
Equity securities	¥ 274	¥ 219	¥ (55)	¥ 471	¥ 352	¥ (119)	\$ 3,535	\$ 2,642	\$ (893)
Bonds and debentures:									
Bonds	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—
Other securities.....	1,378	1,371	(7)	1,376	1,376	—	10,326	10,326	—
	¥1,652	¥1,590	¥ (62)	¥1,847	¥1,728	¥ (119)	\$13,861	\$12,968	\$ (893)
Total.....	¥3,332	¥4,885	¥1,553	¥3,174	¥4,527	¥1,353	\$23,820	\$33,974	\$10,154

(c) Realized gains and losses on sales of other securities:

	Millions of yen						Thousands of U.S. dollars		
	2001			2002			2002		
	Sales value	Profit on sales	Loss on sales	Sales value	Profit on sales	Loss on sales	Sales value	Profit on sales	Loss on sales
	¥29	¥4	¥—	¥630	¥371	¥—	\$4,728	\$2,784	\$—

(d) Carrying amounts of other securities with no available fair value:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
	Carrying amounts	Carrying amounts	Carrying amounts
Other securities:			
Unlisted shares (except over-the-counter stock)	¥183	¥168	\$1,261
MMF	560	—	—
Medium-term government bond fund	404	406	3,047

(e) Redemption schedules for maturity of held-to-maturity securities:

	Millions of yen				Thousands of U.S. dollars	
	2001		2002		2002	
	Due within one year	Due after one year, within five years	Due within one year	Due after one year, within five years	Due within one year	Due after one year, within five years
Bonds and debentures:						
Government bonds and debentures	¥793	¥ —	¥ 983	¥—	\$7,377	\$ —
Bonds	100	100	100	—	751	—
Other	10	36	10	36	75	270
Other	36	—	—	—	—	—
Total	¥939	¥136	¥1,093	¥36	\$8,203	\$270

5. Inventories

Inventories at March 31, 2001 and 2002 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Finished products	¥ 923	¥ 971	\$ 7,287
Work-in-process	438	553	4,150
Raw materials and supplies	1,375	1,469	11,025
	¥2,736	¥2,993	\$22,462

6. Short-term Bank Loans and Long-term Debt

The annual average interest rate applicable to short-term bank loans at March 31, 2002 was 2.7%.

Long-term debt at March 31, 2001 and 2002 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Domestic unsecured convertible bonds due 1994 through 2002 at rates of 1.4% per annum	¥1,233	¥ —	\$ —
Loans from banks, of which the annual average interest rate is 0.8%:			
Secured loans	146	70	525
Unsecured loans	527	2,002	15,024
	1,906	2,072	15,549
Less: current portion	(1,834)	(72)	(540)
Long-term debt	¥ 72	¥2,000	\$15,009

Aggregate annual maturities of long-term debt subsequent to March 31, 2002 are as follows:

Year ending March 31	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
2003	¥ 72		\$ 540
2004	2,000		15,009
	¥2,072		\$15,549

As is customary in Japan, short-term and long-term bank loans are made under general agreements which provide that security and guarantees for future and present indebtedness will be given upon request of the bank, and that the bank shall have the right, as the obligations become due, or in the event of their default, to offset cash deposits against such obligations due to the bank.

At March 31, 2001 and 2002, assets pledged as collateral for short-term bank loans and long-term debt, including the current portion of long-term debt and contingent liabilities, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Land	¥1,199	¥1,200	\$ 9,006
Buildings and structures	2,538	2,343	17,583
Machinery and equipment.....	18	15	112
Investments in securities.....	1,264	1,501	11,265
	¥5,019	¥5,059	\$37,966

7. Reserve for Retirement Benefits

The Company has unfunded retirement benefit plans for its employees and a funded employees' pension plan.

The reserve for retirement benefits as of March 31, 2001 and 2002 is analyzed as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Projected benefit obligations	¥(6,903)	¥(6,692)	\$(50,221)
Plan assets	4,357	4,065	30,506
	(2,546)	(2,627)	(19,715)
Unrecognized actuarial differences	805	1,019	7,647
Reserve for retirement benefits.....	¥(1,741)	¥(1,608)	\$(12,068)

Net pension expense related to the retirement benefits for the year ended March 31, 2001 and 2002 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Service cost	¥ 413	¥423	\$3,175
Interest cost	209	183	1,373
Expected return on plan assets	(132)	(117)	(878)
Amortization of transition amount	(880)	—	—
Amortization of unrecognized actuarial differences	—	80	600
Net pension expense	¥(390)	¥569	\$4,270

Assumptions used in calculation of the above information were as follows:

	2001	2002
Method of attributing the projected benefits to periods of service	straight-line basis	straight-line basis
Discount rate	3.0%	3.0%
Expected rate of return on plan assets	3.0%	3.0%
Amortization of unrecognized actuarial differences.....	10 years	10 years
Amortization of transition amount.....	1 year	—

The reserve for retirement benefits in the accompanying consolidated balance sheets at March 31, 2001 and 2002 included provisions related to directors and statutory auditors in the amounts of ¥338 million and ¥300 million (\$2,251 thousand), respectively.

8. Contingent Liabilities

The Companies were contingently liable for guarantees of loans at March 31, 2001 and 2002 as follows:

Loans borrowed by:	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Technotrim, Incorporated.....	¥1,401	¥1,506	\$11,302
Employees.....	9	6	45
	¥1,410	¥1,512	\$11,347

Shanghai Taiye Seat Co., Ltd., which is a consolidated subsidiary, will probably pay the value added tax and customs duty in relation to the imported machinery and equipment, as these imported machinery and equipment has not fulfilled the requisition for getting the exemption of such tax and duty. The maximum amount is ¥597 million (\$4,480 thousand).

9. Income Taxes

The statutory tax rate used for calculating deferred tax assets and deferred tax liabilities as of March 31, 2001 and 2002 was 41.9%.

At March 31, 2001 and 2002, the reconciliation of the statutory tax rate to the effective income tax rate was as follows:

	2001	2002
Statutory tax rate	41.9%	41.9%
Dividend income	3.1	7.4
Equity in (earnings) loss of affiliates	(3.8)	3.6
Operating loss carryforwards	—	2.7
Refundable capital tax in Mexico	(5.3)	—
Other	0.4	0.8
Effective tax rate	36.3%	56.4%

At March 31, 2001 and 2002, the significant components of deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Deferred tax assets:			
Reserve for retirement benefits	¥ 328	¥ 356	\$ 2,672
Reserve for closing factory	355	329	2,469
Accrued expenses	425	431	3,234
Eliminated unrealized profits	114	99	743
Operating loss carryforwards	435	501	3,760
Refundable capital tax in Mexico	329	241	1,808
Other	392	372	2,792
Total gross deferred tax assets	2,378	2,329	17,478
Less: valuation allowance	(375)	(494)	(3,707)
Total deferred tax assets	2,003	1,835	13,771
Set-off: deferred tax liabilities	(1,058)	(688)	(5,163)
Net deferred tax assets	¥ 945	¥ 1,147	\$ 8,608
Deferred tax liabilities:			
Tax deductible reserve	¥ (137)	¥ (136)	\$ (1,021)
Undistributed earnings of foreign subsidiaries and affiliates	(100)	(72)	(540)
Net unrealized gain or loss on securities	(651)	(567)	(4,255)
Other	(291)	(450)	(3,377)
Total gross deferred tax liabilities	(1,179)	(1,225)	(9,193)
Set-off: deferred tax assets	1,058	688	5,163
Net deferred tax liabilities	¥ (121)	¥ (537)	\$ (4,030)

In assessing the realizability of deferred tax assets, the management of the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is entirely dependent upon the generation of future taxable income in specific tax jurisdictions during the periods in which those temporary differences become deductible. Although realization is not assured, management has considered the projected future taxable income in making this assessment. Based on these factors, management believes it is more likely than not that the Company will realize the benefits of these deductible differences, net of the existing valuation allowances, as of March 31, 2001 and 2002, respectively. Operating loss carryforwards will expire in 2022.

10. Supplementary Cash Flow Information

Cash and cash equivalents consisted of:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Cash, time deposits and other cash equivalents	¥14,285	¥16,301	\$122,334
Marketable securities	3,225	2,871	21,546
	17,510	19,172	143,880
Time deposits with deposit terms of over three months	(9)	(4)	(30)
Short-term investments with maturity terms of over three months	(2,262)	(2,465)	(18,499)
Cash and cash equivalents at end of year	¥15,239	¥16,703	\$125,351

11. Subsequent Event

The following appropriations of the Company's retained earnings with respect to the year ended March 31, 2002 were as proposed by the Board of Directors and approved by the shareholders at the annual general meeting held on June 26, 2002:

Appropriations	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥4.0 per share).....	¥ 96	\$ 720
Bonuses to directors.....	35	263
Transfer to voluntary reserves.....	500	3,752
Total appropriations.....	¥631	\$4,735

12. Segment Information

(1) The Companies operate in one industry segment: the production and sale of automotive seats and seat components.

(2) Geographical Segment Information

Sales of the Companies for the years ended March 31, 2000, 2001 and 2002, classified by geographical segment (divided into sales within Japan and outside Japan), are summarized as follows:

	Millions of yen						Consolidated total
	2000						
	Within Japan	U.S.A.	Mexico	China	Total	Elimination	
Net sales to:							
Outside customers.....	¥81,316	¥24,837	¥5,096	¥ 365	¥111,614	¥ —	¥111,614
Inter-segment sales/transfers.....	1,027	475	1	—	1,503	(1,503)	—
	82,343	25,312	5,097	365	113,117	(1,503)	111,614
Operating expenses.....	80,379	23,396	4,924	539	109,238	(1,542)	107,696
Operating income.....	¥ 1,964	¥ 1,916	¥ 173	¥ (174)	¥ 3,879	¥ 39	¥ 3,918
Assets.....	¥49,672	¥14,218	¥3,540	¥1,562	¥ 68,992	¥ (79)	¥ 68,913

	Millions of yen						Consolidated total
	2001						
	Within Japan	U.S.A.	Mexico	China	Total	Elimination	
Net sales to:							
Outside customers.....	¥80,623	¥30,367	¥10,507	¥ 200	¥121,697	¥ —	¥121,697
Inter-segment sales/transfers.....	1,767	577	—	—	2,344	(2,344)	—
	82,390	30,944	10,507	200	124,041	(2,344)	121,697
Operating expenses.....	81,003	28,733	10,007	371	120,114	(2,337)	117,777
Operating income.....	¥ 1,387	¥ 2,211	¥ 500	¥ (171)	¥ 3,927	¥ (7)	¥ 3,920
Assets.....	¥52,222	¥17,948	¥ 5,576	¥1,597	¥ 77,343	¥ (351)	¥ 76,992

	Millions of yen						Thousands of U.S. dollars	
	2002						2002	
	Within Japan	U.S.A.	Mexico	China	Total	Elimination	Consolidated total	Consolidated total
Net sales to:								
Outside customers.....	¥83,065	¥33,050	¥12,549	¥ 118	¥128,782	¥ —	¥128,782	\$966,469
Inter-segment sales/transfers.....	1,336	542	—	—	1,878	(1,878)	—	—
	84,401	33,592	12,549	118	130,660	(1,878)	128,782	966,469
Operating expenses.....	83,692	32,261	12,218	400	128,571	(1,914)	126,657	950,521
Operating income.....	¥ 709	¥ 1,331	¥ 331	¥ (282)	¥ 2,089	¥ 36	¥ 2,125	\$ 15,948
Assets.....	¥53,289	¥18,725	¥ 6,270	¥1,754	¥ 80,038	¥ (595)	¥ 79,443	\$596,195

(3) Export Sales Information

	Millions of yen						Thousands of U.S. dollars
	2000	2001	2002			Total	2002
			U.S.A.	Mexico	Other		Total
Overseas sales	¥ 30,486	¥ 41,331	¥33,050	¥12,549	¥314	¥ 45,913	\$344,563
Consolidated sales.....	111,614	121,697	—	—	—	128,782	966,469
Ratio	27.3%	34.0%	25.7%	9.7%	0.2%	35.7%	

Other: China, Korea, Malaysia, Thailand, Taiwan, Australia and others

13. Lease Transactions

The acquisition cost, accumulated depreciation, net book value and depreciation expense of the leased assets at March 31, 2001 and 2002, including the portion of interest thereon, are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Acquisition cost.....	¥1,028	¥572	\$4,292
Accumulated depreciation.....	(712)	(415)	(3,114)
Net book value.....	¥ 316	¥157	\$1,178
Depreciation.....	¥ 259	¥158	\$1,186

Lease rental expenses on finance lease contracts without transfer of ownership for the years ended March 31, 2001 and 2002 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Lease rental expenses for the year	¥259	¥158	\$1,186

Outstanding future lease payments due at March 31, 2001 and 2002, including the portion of interest thereon, are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2002	2002
Future lease payments:			
Within one year.....	¥157	¥ 91	\$ 683
Over one year.....	159	66	495
Total	¥316	¥157	\$1,178

14. Related Party Transactions

The transactions of the Company with its related companies and individuals for the years ended March 31, 2000, 2001 and 2002, other than those with consolidated subsidiaries which are eliminated in the consolidated financial statements, and those which are disclosed elsewhere in these statements, are as follows:

Name of related company	Paid-in capital	Principal business	Equity ownership percentage by the Company	Description of transactions	Millions of yen			Account	Thousands of U.S. dollars			
					Transactions				Resulting account balances		Resulting account balances	
					2000	2001	2002		2001	2002	2002	2002
TECHNOTRIM, INCORPORATED	\$ 120 (Thousands of dollars)	Manufacture and sale of automotive components	49.0%	Liabilities for guarantee	¥ 961	¥1,401	¥1,506	—	¥ —	¥ —	\$11,302	\$ —
Fuji Kiko Co., Ltd.	¥ 3,619 (Millions of yen)	Manufacture of automotive parts	24.0%	Purchase of parts	¥1,018	¥1,751	¥3,251	Accounts receivable	¥525	¥1,185	\$24,398	\$8,893
				Loan of money	¥ —	¥ 500	¥ —	Short-term loans	¥500	¥ —	\$ —	\$ —

Report of Independent Certified Public Accountants

The Board of Directors
TACHI-S CO., LTD.

We have audited the accompanying consolidated balance sheets of TACHI-S CO., LTD. and its consolidated subsidiaries as of March 31, 2001 and 2002, and the related consolidated statements of income and retained earnings for each of the three years in the period ended March 31, 2002 and the consolidated statements of cash flows for each of the three years in the period ended March 31, 2002, all expressed in Japanese yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of TACHI-S CO., LTD. and its consolidated subsidiaries as of March 31, 2001 and 2002, and the consolidated results of their operations for each of the three years in the period ended March 31, 2002 and their cash flows for each of the three years in the period ended March 31, 2002, in conformity with accounting principles and practices generally accepted in Japan (see Note 1 (1)) applied on a consistent basis.

As described in Note 2, effective from the year ended March 31, 2001, TACHI-S CO., LTD. and its consolidated subsidiaries have adopted new Japanese accounting standards for financial instruments, retirement benefits and foreign currency translation.

The amounts expressed in U.S. dollars, provided solely for the convenience of the reader, have been translated on the basis set forth in Note 3 to the accompanying consolidated financial statements.

Chuo Aoyama Audit Corporation

Chuo Aoyama Audit Corporation

Tokyo, Japan
June 26, 2002

S Corporate Information

Head Office

3-3-7, Matsubara-cho, Akishima,
Tokyo 196-8611

Date of Establishment

April 7, 1954

Paid-in Capital

¥6,327,531,916
(As of March 31, 2002)

Stock Exchange Listing

Tokyo

Transfer Agent

The Chuo Mitsui Trust
and Banking Co., Ltd.

Domestic Offices and Plants

Technical Center

1-7-8, Suehiro-cho, Ome,
Tokyo 198-0025

Ome Plant

1-2, Suehiro-cho, Ome,
Tokyo 198-0025

Technical Center Aichi and Aichi Plant

125-2, Yanagihara, Toei-cho, Anjo,
Aichi 446-0007

Musashi Plant

108-13, Sayamagahara, Iruma,
Saitama 358-0032

Tochigi Plant

262-26, Oaza-shiba, Kokubunji-cho,
Shimotsuga-gun, Tochigi 329-0412

Hiratsuka Plant

1-3, Nagatoro, Hiratsuka,
Kanagawa 254-0021

Suzuka Plant

3600-10, Kamata, Misono-cho,
Suzuka, Mie 510-0261

Oppama Plant

5-2931, Uragou-cho, Yokosuka,
Kanagawa 237-0062

Domestic Subsidiaries and Affiliates

Tachikawa Kogyo Co., Ltd.

Hiraga-gun, Akita

Fujitaka Kogyo Co., Ltd.

Nagoya, Aichi

Tachi-S Parts Co., Ltd.

Ome, Tokyo

Tachi-S Service Co., Ltd.

Akishima, Tokyo

Tachikawa Hatsujou Co., Ltd.

Akishima, Tokyo

Tachikawa Hatsujou

Yamagata Co., Ltd.

Sagae, Yamagata

Fuji Kiko Co., Ltd.

Kosai, Shizuoka

Kinryo Kogyo Co., Ltd.

Miyako-gun, Fukuoka

S Board of Directors and Principal Officers

DIRECTORS

Representative Director and President

Kiyoshi Saito

Representative Director

Kosaku Tarumi

Directors

Masataka Takahashi
Tohru Segawa
Seigo Sakamoto
Hiroyuki Shiratori
Yoshimasa Hara
Teisuke Horio

EXECUTIVE OFFICERS

Chief Operating Officer

Kiyoshi Saito

Executive Vice Presidents

Kosaku Tarumi
Masataka Takahashi
Tohru Segawa
Seigo Sakamoto
Hiroyuki Shiratori
Yoshimasa Hara

Senior Executive Officers

Takeo Kimura
Yasukuni Nishiyoshi

Executive Officers

Syo Yokoyama
Mitsuya Koike
Hitoshi Kondo
Naozane Maekawa
Kiyoshi Morimura
Kazuakira Namiki
Mamoru Kawasaki
Toshimitsu Kimura
Noriyoshi Kujime
Yuzuru Fukuda

CORPORATE AUDITORS

Tadao Koizumi
Zenichi Fukushima
Tomokazu Sugiyama
Hiroyuki Kawai

(As of March 31, 2002)

Non-Consolidated Financial Highlights (Unaudited)

Tachi-S Co., Ltd. Years ended March 31

	Millions of yen					Thousands of U.S. dollars (Note)
	1998	1999	2000	2001	2002	2002
For the year						
Net sales	¥84,668	¥87,978	¥80,649	¥80,494	¥82,623	\$620,060
Operating income	1,616	2,218	1,864	1,265	564	4,233
Net income	1,177	1,293	1,097	913	691	5,186
Net income per share: primary (yen)	44.09	48.34	43.56	37.91	28.69	215.31
At year-end						
Total shareholders' equity	¥25,504	¥26,524	¥25,649	¥27,148	¥27,432	\$205,869
Total assets	50,461	52,374	51,305	53,959	55,687	417,914

Note: U.S. dollar figures have been translated from yen, for convenience only, at the rate of ¥133.25=US\$1, the rate of exchange on March 31, 2002.



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