

# Business Report for Fiscal Year 2011

(From April 1, 2010 to March 31, 2011)

*Turn the delight into reality* >>

 TOKAI RIKAI

TOKAI RIKAI CO.,LTD.



Kiyoshi Kinoshita

Chairman of the Board

Yuzo Ushiyama

President

Tokai Rika is grateful to its shareholders for their continued support.

We would additionally like to express our sincere condolences to those affected by the Great East Japan Earthquake and deeply hope for swift recovery of the impacted regions.

In this business report, we present the Company's business results for fiscal year 2011 (from April 1, 2010 to March 31, 2011) and report on the challenges and opportunities ahead.

### Review of Operations

In the fiscal year under review, the global economy was on a moderate recovery track thanks to expanding domestic demand and rising exports from major economies together with the impact of governments' economic stimulus measures. However, the global economy entered a downward trend owing to the completion of economic stimulus measures, deteriorating labor markets, a credit crunch since the middle of the fiscal year, the sharp increase in oil prices toward fiscal year-end reflecting political instability in the Middle East and North Africa, and the aftermath of the Great East Japan Earthquake.

In the automotive industry, sales volumes increased from the previous year in the U.S. and Russia whose economies are on a recovery track and in China, India and Brazil whose economies are growing strongly. Big increases in sales volumes in China meant that country retained its position as the world's largest automobile market for the second consecutive year. On the other hand, sales volumes decreased slightly in Europe where economic recovery is

faltering and in Japan where the government's measure to promote automobile sales ended and because of the earthquake. Worldwide sales slightly exceeded the previous year's level as sluggish sales in advanced countries were offset by strong sales in emerging economies.

Prompted by rapid changes in the operating environment and challenging conditions, such as the shift of growth markets from advanced countries to emerging economies and accelerated localization owing to the strong yen, Tokai Rika Group implemented a series of structural reforms, including consolidation of the Nishibiwajima Plant into the Head Plant, restructuring of North American operations, reshaping of the mirror business, and reallocation of resources from indirect operations. We also reinforced development of products attuned to superior environmental performance and the needs of compact cars. Moreover, to reinforce manufacturing and to strengthen the supply system in emerging economies, we expanded factories in China,

started operation of a new plant in India, prepared to establish a new company in Indonesia, and constructed a new plant in Brazil. Furthermore, we demonstrated our uncompromising commitment to quality through a Group-wide effort to prevent serious product defects.

Regarding financial results for the year under review, net sales decreased 3,392 million yen from the previous year to 327,622 million yen. Ordinary income decreased 314 million yen to 20,058

million yen. Net income decreased 7,369 million yen to 5,234 million yen owing to the posting of provision for product warrants as an extraordinary loss.

The Company paid out an interim dividend of 16 yen per share in November 2010. The year-end dividend was 14 yen per share, 2 yen lower than the forecast. As a result, total dividends for the year under review, including the interim dividend, amounted to 30 yen per share.

### Challenges and Opportunities

In view of the expansion of the market for environmentally friendly cars and compact cars and the shift of the center of gravity of the global automotive market toward the emerging economies, as well as the uncertainty of automobile sales in the aftermath of the earthquake in Japan, the Group expects fierce competition to continue. To overcome this adverse situation and achieve further growth, the Group is addressing four key themes: quality, new product development, prevailing in Asia, and lean operation. For quality, we are strengthening initiatives to prevent major trouble and are eliminating the quality risk at upstream organizations. With regard to new product development, we are refining our core technologies to accelerate responses to diversifying needs and commercialization. To prevail in Asia, we are striving to capture vigorous demand in emerging economies centering on Asia. To realize lean operations, we are continuing initiatives to reduce fixed costs by thoroughly eliminating waste, unreasonableness, and inconsistency.

We are resolved to make a Group-wide effort to tackle these challenges with "speed," "execution" and "follow-up" as our watchwords. Each one of us will face reality, be sensitive to the change of the times, and take decisive action to achieve good results. At the same time, we will strive to enhance corporate value by fulfilling our social responsibility, including legal compliance and social contribution.

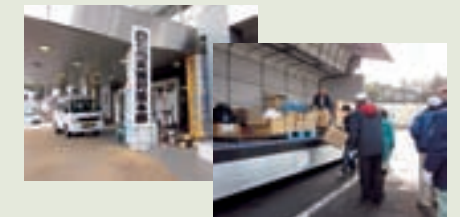
Our goal is to become a global corporate group in demand worldwide that is able to anticipate the future. We will introduce an executive officer system to strengthen empowerment based on "speed," "execution" and "follow-up" so as to achieve this goal.

In these endeavors, we request our shareholders to favor us with their continued support and guidance.

June 2011

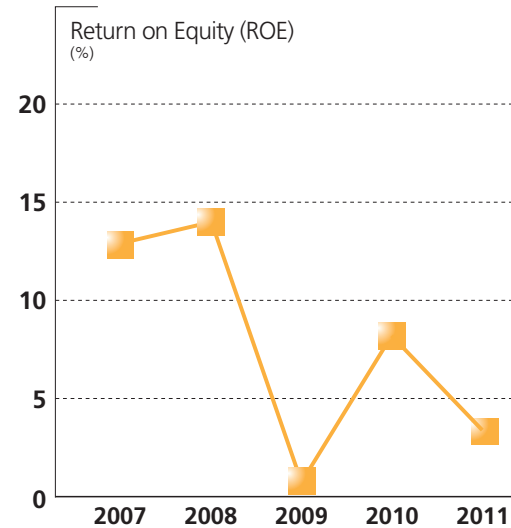
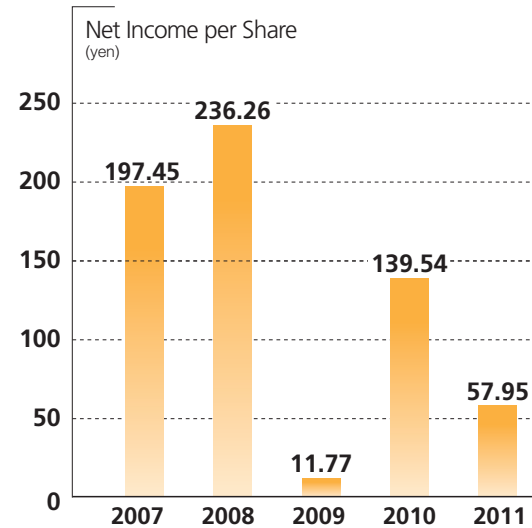
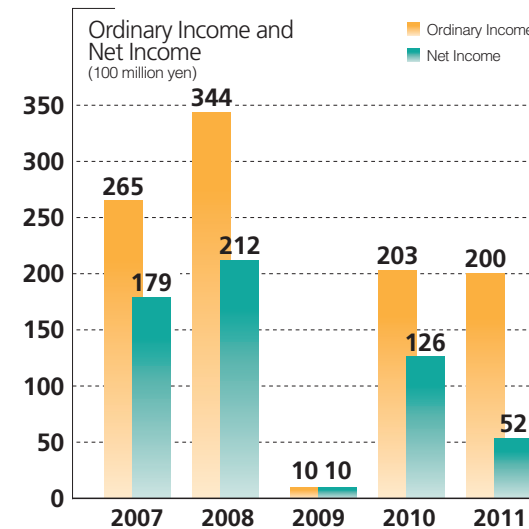
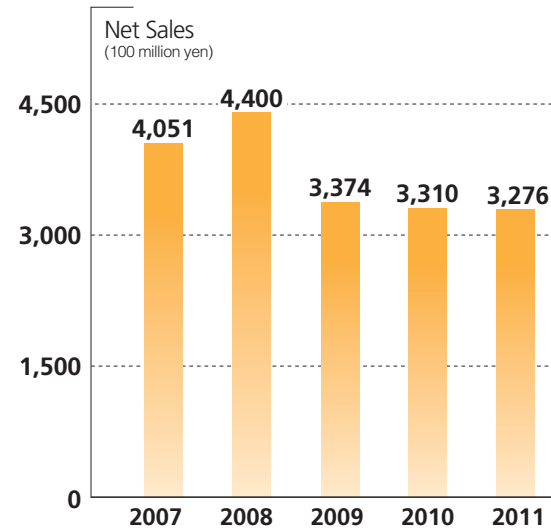
### Maximum Support for People in the Disaster-struck Area

Tokai Rika Group made monetary and in-kind donations of goods and vehicles amounting to a total of 50 million yen to aid victims and support the recovery of areas affected by the Great East Japan Earthquake that occurred on March 11. To deliver goods to people in the disaster-struck area as soon as possible, we sent support teams consisting of employees of Tokai Rika and affiliated companies to the affected area.



Team of Tokai Group employees delivering goods to the disaster-struck area

## » Consolidated Financial Highlights



## » Business Performance by Geographic Region

### Japan

Net sales decreased 11,026 million yen (4.5%) year on year to 233,373 million yen. Operating income decreased 727 million yen (9.3%) to 7,113 million yen owing to lower sales and the impact of the appreciation of the yen.

### North America

Net sales increased 286 million yen (0.5%) year on year to 57,793 million yen. Operating income increased 316 million yen (21.1%) to 1,812 million yen thanks to higher sales and the impact of rationalization.

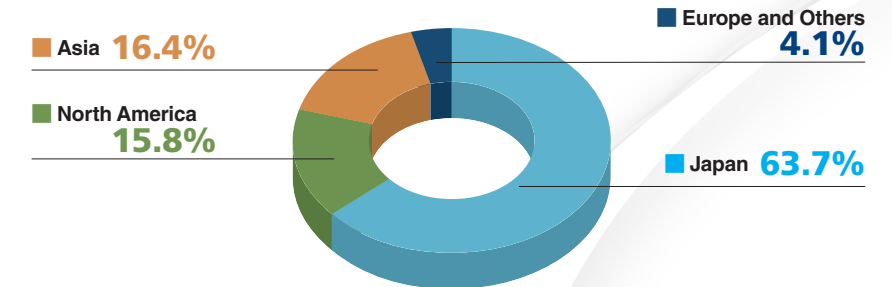
### Asia

Net sales increased 9,761 million yen (19.3%) year on year to 60,214 million yen. Operating income increased 2,263 million yen (31.5%) to 9,452 million yen thanks to higher sales and the impact of rationalization.

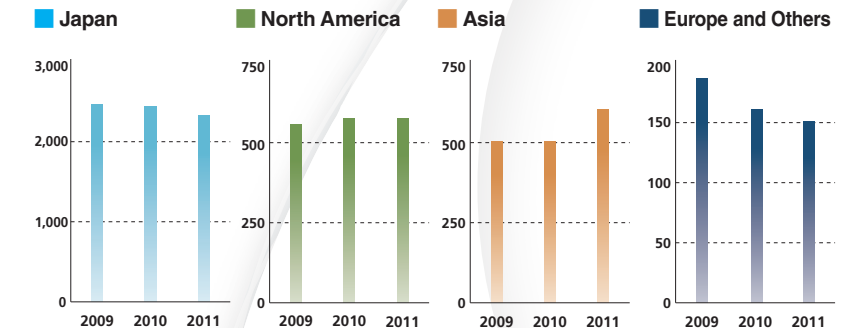
### Europe and elsewhere

Net sales decreased 903 million yen (5.6%) year on year to 15,197 million yen. Operating income decreased 634 million yen (67.8%) to 301 million yen owing to lower sales.

### Composition of Net Sales by Geographic Region

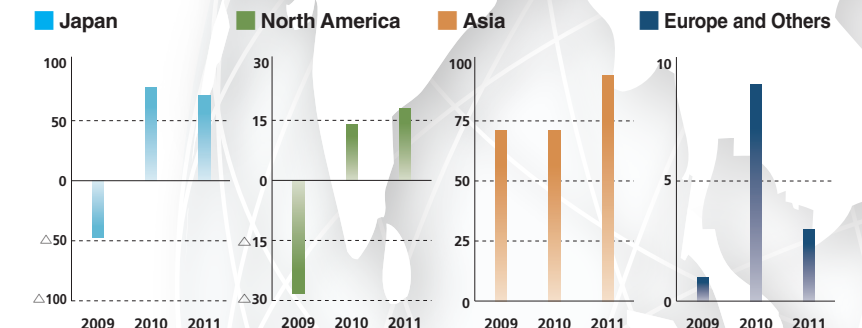


### Net Sales by Geographic Region (100 million yen)



\*Net sales include intersegment sales.

### Operating Income by Geographic Region (100 million yen)





### Construction of a New Plant Completed for TRBR, a Subsidiary in Brazil

A handover ceremony was held on April 15, 2011, following the completion of the construction of a new plant for TRBR INDUSTRIA E COMERCIO LTDA. (TRBR), a subsidiary in Santa Barbara d'Oeste, São Paulo, Brazil. In preparation for the start of operation in June, facilities and equipment are being installed at the new plant. We intend to increase production capacity to meet needs in the automotive sector in Brazil, which is expanding.



### Start of Mass Production by TRMN, a New Company in India

TOKAI RIKI MINDA INDIA Private Limited (TRMN), our second base in India established in August 2008, held an opening ceremony on February 6. Following the candle lighting by the main guest and the unveiling of a monument, a ribbon cutting was held. As planned, TRMN has started mass production of seatbelts, key sets, and immobilizers, etc., for new vehicles to be produced in India and deliveries have been proceeding smoothly.



### Establishment of TRI, the First Tokai Rika Company in Indonesia

We establish PT. TOKAI RIKI INDONESIA (TRI), the first Tokai Rika company in Indonesia. Since the establishment of our first ASEAN subsidiary in Thailand in 1994, we have steadily expanded our business and TRI will become our fifth subsidiary in ASEAN. Through TRI, we will vigorously and swiftly meet the needs of our customers in Indonesia, where the car market is expanding, and aim to lay a firm foundation for the business.



### Consolidation of the Nishibiwajima Plant into the Head Plant

A ceremony was held on October 29, 2010, to mark the final shipment from the Nishibiwajima Plant, and on that day the plant ended its 62-year history.

The Nishibiwajima Plant started operation in August 1948 at the site where the Company was founded. The plant served as an assembly base for switches for many years. In view of the change in the business environment in line with computerization and with the aim of improving production efficiency and strengthening competitiveness through integrated production from parts production through to assembly, production functions have been concentrated at the Head Plant.



The original plant

Human Machine Interface Systems, notably switches, to accurately relay human commands, security systems to prevent unauthorized access to automobiles, and safety systems to protect human lives. In these three domains where people and automobiles intersect, we deliver comfort, safety and security by fully utilizing the underpinning electronics technologies.

## Switch/Interface

### Switches/Human Machine Interface Systems

Precise operability accurately conveying the drivers' commands, simplicity, and functional elegance are the hallmarks of our products.



Electro Shiftmatic



Multi-Function Switch



Push Start Switch

## Security

### Security Systems

Sophisticated mechanical and electronic anti-theft functions ensure both security and ease of use.



Smart Key Portable Device and Emergency Key



Remote Key and Receiver



Immobilizer

## Safety

### Safety Systems

Our safety devices include seatbelts to protect drivers and passengers in the event of collision, stylish steering wheels optimized for excellent handling, and mirrors that enable to enhance visibility.



Seatbelt Equipped with Pre-Tensioner



Door Mirror with Side-Turn Lamp and Foot Illumination

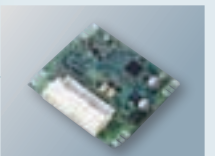


Real Wood Steering Wheel (\*)

## Electronics & Others

### Electronics & Others

#### Automotive Electronics Products



Power Supply ECU



La Lock, Halfway Immobilizer Key System

#### Automotive Accessories



◆ Housing Facilities and Equipment  
Applying technologies originally employed in automotive applications, we offer convenient products meeting today's housing-security needs.

We offer products for function control and status detection as well as various types of connectors in response to the continued computerization of controls in automobiles.

We are a source of vehicle decor characterized by design flair. These products allow owners to enhance the appeal of their vehicles through customization.

\* The steering wheel business is co-operated with Toyoda Gosei Co., Ltd.

## » Consolidated Financial Statements

### Consolidated Balance Sheets (Millions of yen)

	As of March 31, 2011	As of March 31, 2010
<b>ASSETS</b>		
<b>Current assets</b>	<b>150,976</b>	<b>151,620</b>
Cash and deposits	27,156	23,484
Notes and accounts receivable	41,643	59,796
Marketable securities	45,479	34,811
Inventories	22,460	21,640
Other	14,235	11,887
<b>Fixed assets</b>	<b>108,727</b>	<b>118,117</b>
<b>Tangible fixed assets</b>	<b>69,932</b>	<b>74,113</b>
Buildings and structures	26,173	27,933
Other	43,758	46,179
<b>Intangible fixed assets</b>	<b>2,024</b>	<b>2,518</b>
<b>Investments and other assets</b>	<b>36,771</b>	<b>41,485</b>
<b>Total assets</b>	<b>259,704</b>	<b>269,737</b>

	As of March 31, 2011	As of March 31, 2010
<b>LIABILITIES</b>		
<b>Current liabilities</b>	<b>72,954</b>	<b>79,789</b>
Notes and accounts payable	38,716	46,250
Accrued expenses	10,775	10,349
Other	23,462	23,189
<b>Long-term liabilities</b>	<b>25,625</b>	<b>26,397</b>
Long-term borrowings	7,878	8,286
Liability for retirement benefits	16,748	17,094
Other	998	1,014
<b>Total liabilities</b>	<b>98,579</b>	<b>106,187</b>
<b>Net Assets</b>		
<b>Shareholders' equity</b>	<b>165,778</b>	<b>164,189</b>
Common stock	22,856	22,856
Capital surplus	25,134	25,134
Retained earnings	124,833	123,234
Less: Treasury stock, at cost	(7,045)	(7,035)
<b>Accumulated other comprehensive income</b>	<b>(9,117)</b>	<b>(4,908)</b>
Net unrealized gain on available-for-sale securities	(42)	507
Foreign currency translation adjustments	(9,074)	(5,415)
<b>Stock acquisition rights</b>	<b>662</b>	<b>524</b>
<b>Minority interests</b>	<b>3,801</b>	<b>3,744</b>
<b>Total net assets</b>	<b>161,125</b>	<b>163,550</b>
<b>Total liabilities and net assets</b>	<b>259,704</b>	<b>269,737</b>

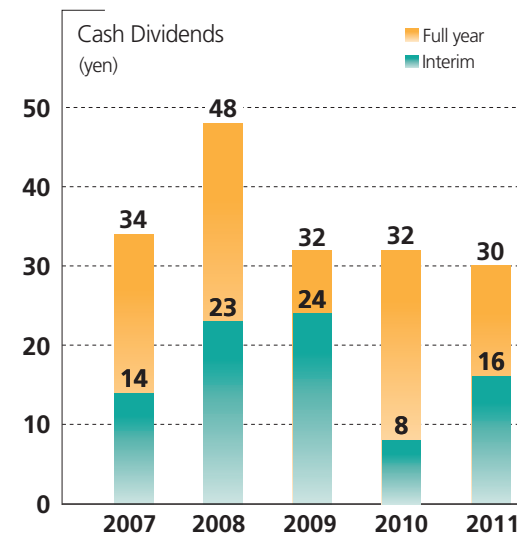
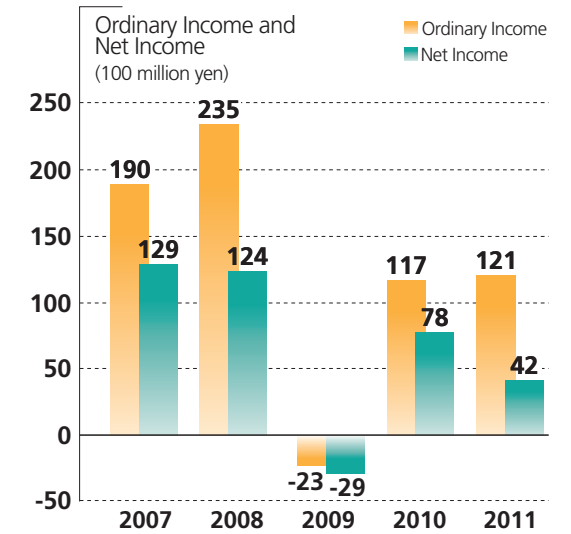
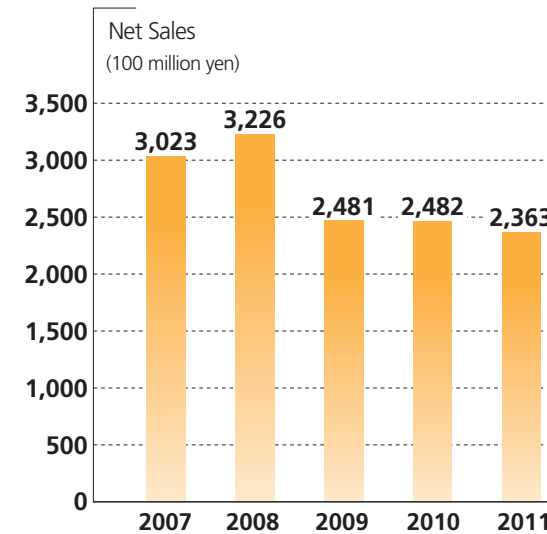
### Consolidated Cash Flow Statements (Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2010
<b>Cash flows from operating activities</b>	<b>30,956</b>	<b>32,650</b>
<b>Cash flows from investing activities</b>	<b>(11,428)</b>	<b>(9,213)</b>
<b>Cash flows from financing activities</b>	<b>(4,795)</b>	<b>5,612</b>
<b>Effect of foreign currency translation adjustments on cash and cash equivalents</b>	<b>(1,598)</b>	<b>271</b>
<b>Net increase in cash and cash equivalents</b>	<b>13,133</b>	<b>29,320</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>54,329</b>	<b>25,008</b>
<b>Cash and cash equivalents at end of year</b>	<b>67,462</b>	<b>54,329</b>

### Consolidated Statements of Income (Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2010
<b>Net sales</b>	<b>327,622</b>	<b>331,014</b>
<b>Cost of sales</b>	<b>279,820</b>	<b>283,607</b>
<b>Gross profit</b>	<b>47,802</b>	<b>47,406</b>
<b>Selling, general and administrative expenses</b>	<b>28,895</b>	<b>29,374</b>
<b>Operating income</b>	<b>18,906</b>	<b>18,032</b>
<b>Non-operating income</b>	<b>1,582</b>	<b>2,847</b>
<b>Non-operating expenses</b>	<b>430</b>	<b>506</b>
<b>Ordinary income</b>	<b>20,058</b>	<b>20,372</b>
<b>Extraordinary gains</b>	<b>67</b>	<b>14</b>
<b>Extraordinary losses</b>	<b>12,719</b>	<b>54</b>
<b>Income before income taxes and minority interests</b>	<b>7,405</b>	<b>20,331</b>
Income taxes—current	3,303	5,605
Income taxes—deferred	(1,819)	1,409
<b>Income before minority interests</b>	<b>5,922</b>	<b>13,317</b>
Minority interests in income	688	713
<b>Net income</b>	<b>5,234</b>	<b>12,603</b>

## » Non-consolidated Financial Highlights



### Year-end Cash Dividend

At the 64th annual general meeting of shareholders held on June 15, 2011, the Company's proposal to pay the year-end dividend to shareholders on the record date of March 31, 2011, was approved.

1	Year-end cash dividend	14 yen per share
2	Effective date (Date on which payment of year-end dividends starts)	June 16, 2011

## » Stock Information (as of March 31, 2011)

### Total number of shares

Total number of shares authorized to be issued	200,000,000
Number of shares issued and outstanding	94,234,171

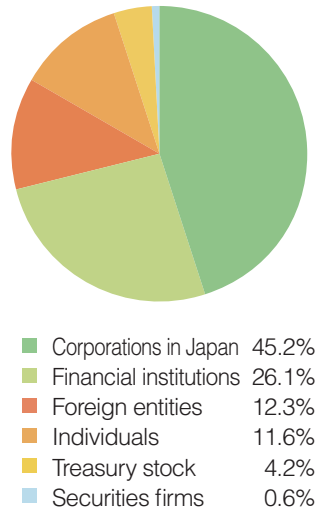
**Number of shareholders** 9,138

### Major shareholders (Top 10)

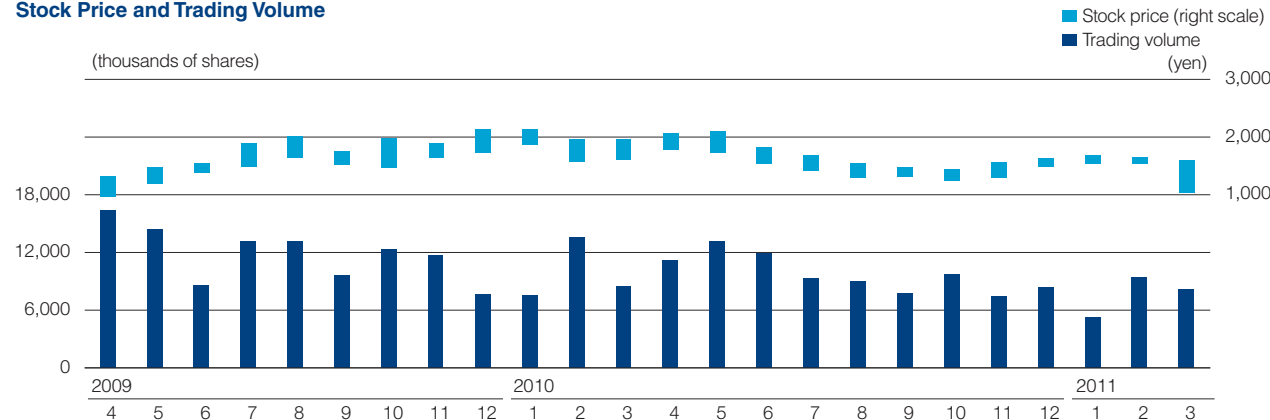
Shareholder	Number of shares (thousands of shares)	Equity participation (%)
Toyota Motor Corporation	29,367	31.16
Denso Corporation	8,839	9.38
Japan Trustee Services Bank, Ltd. (Trust Account)	5,226	5.54
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,161	4.41
The Dai-ichi Life Insurance Company	2,375	2.52
National Mutual Insurance Federation of Agricultural Cooperatives	2,367	2.51
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1,238	1.31
Tokai Rika Employee Stock Ownership Plan	953	1.01
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	933	0.99
Japan Trustee Services Bank, Ltd. (Trust Account 4)	792	0.84

Note: The Company holds 3,917 thousand shares of treasury stock but is excluded from the major shareholders listed above.

Composition of Shareholders by  
Shareholder Type



### Stock Price and Trading Volume



## » Corporate Profile (as of March 31, 2011)

### Corporate Overview

#### Paid-in capital:

22.8 billion yen

#### Number of employees:

15,110 (consolidated)  
6,000 (non-consolidated)

#### Head office:

3-260 Toyota, Oguchi-cho, Niwa-gun, Aichi 480-0195,  
Japan  
Tel: +81-587-95-5211

#### Main plants and offices:

Head Plant, Toyota Plant, Otowa Plant, Hagi Plant (These  
4 plants are in Aichi prefecture)  
Tokyo Office (Yokohama), Osaka Office (Osaka),  
Hiroshima Office (Hiroshima prefecture)  
Tohoku Technical Center (Yamagata prefecture)

#### Consolidated subsidiaries:

27 (8 in Japan, 5 in North America, 10 in Asia, 4 in  
Europe and elsewhere)

#### Affiliates accounted for by the equity method:

6 (3 in Japan, 1 in North America, 2 in Asia)

### Executive Management (as of June 15, 2011)

*Chairman of the Board	Kiyoshi Kinoshita	Managing Director	Tadanao Hamamoto
*President	Yuzo Ushiyama	Managing Director	Hitoshi Hirano
*Executive Vice President	Shigeru Kato	Managing Director	Mikihiro Mori
*Executive Vice President	Kiyoshi Tsunekawa	Managing Director	Kenji Kawaguchi
Senior Managing Director	Makoto Goto	Managing Director	Hiroyuki Nakamura
Senior Managing Director	Hitoshi Iwata	Managing Director	Tadashi Wakiya
Senior Managing Director	Shoji Ishida	Managing Director	Masaharu Tanino
Managing Director	Mineo Hattori	Director	Shinji Shirasaki
Standing Corporate Auditor	Hiroshi Nishio	Corporate Auditor	Kyoji Sasazu
Standing Corporate Auditor	Yuji Nishimura	Corporate Auditor	Mitsuhisa Kato
		Corporate Auditor	Masaki Horie
Corporate Officer	Kouji Buma	Corporate Officer	Mikio Kato
Corporate Officer	Yoshihiro Obayashi	Corporate Officer	Kazuhiko Noguchi
Corporate Officer	Masaki Matsuyama	Corporate Officer	Masakazu Goto
Corporate Officer	Koki Sato	Corporate Officer	Yoshihiro Tanaka

Note: Persons marked with an asterisk (\*) are representative directors.

### Major Overseas Consolidated Subsidiaries and Affiliates

#### Consolidated Subsidiaries

TRAM, Inc.	U.S.A.
TRMI, Inc.	U.S.A.
TAC Manufacturing, Inc.	U.S.A.
TRIN, Inc.	U.S.A.
TRQSS, Inc.	Canada
Tianjin Tokairika Automotive Parts Co., Ltd.	China
Wuxi Risho Technology Co., Ltd.	China
Foshan Tokairika Automotive Parts Co., Ltd.	China
Rica Auto Parts Co., Ltd.	Taiwan

TRP, Inc.	Philippines
TOKAI RIKI ASIA CO., LTD.	Thailand
TOKAI RIKI (THAILAND) CO., LTD.	Thailand
Thai Seat Belt Co., Ltd.	Thailand
TOKAI RIKI MINDA INDIA Private Limited	India
TRB Limited	U.K.
TRCZ s.r.o.	Czech
Tokai Rika Belgium N.V.	Belgium
TRBR INDUSTRIA E COMERCIO LTDA.	Brazil

#### Affiliates

TGR Technical Center, LLC	U.S.A.
Shinchang Electronics Co., Ltd.	South Korea
STF Co., Ltd.	South Korea
MINDARIKA PRIVATE LIMITED	India



# Shareholder Information

<b>Business year:</b>	From April 1 to March 31 of the following year
<b>Annual general meeting of shareholders:</b>	June
<b>Record date for distribution of surplus:</b>	Year-end dividend: March 31 Interim dividend: September 30
<b>Number of shares constituting one unit of stock:</b>	100 shares
<b>Stock code:</b>	6995
<b>Registration of transfer of shares:</b>	
<b>Transfer agent:</b>	The Chuo Mitsui Trust and Banking Co., Ltd. 3-33-1 Shiba, Minato-ku, Tokyo
<b>Agency administration office:</b>	Stock Transfer Agent Department, Nagoya Branch, The Chuo Mitsui Trust and Banking Co., Ltd. 3-15-33 Sakae, Naka-ku, Nagoya 460-8685, Japan Tel: 0120-78-2031 (Toll free in Japan)
<b>Listing stock exchanges:</b>	Tokyo Stock Exchange, Nagoya Stock Exchange
<b>Method of public notice:</b>	Electronic public notice If electronic public notice is unavailable, the Company shall post a public notice in the Nihon Keizai Shimbun. (Public notices will be posted on the following website) <a href="http://www.tokai-rika.co.jp/">http://www.tokai-rika.co.jp/</a>

## Visit Our Website

The Tokai Rika Website provides a range of information on the Company. Public notices are also posted on the website. We encourage you to visit us online.

<http://www.tokai-rika.co.jp/>



## Notice:

### 1. Receipt of uncollected dividends

Please contact the transfer agent indicated above.

### 2. Address change, purchase and sale of shares constituting less than one trading unit, and specification of the method of receiving dividends

Please contact the securities firm with which you have your securities account.  
If you have a special account, please contact The Chuo Mitsui Trust and Banking Co., Ltd., which is the agent for managing special accounts.

- Toll-free number: 0120-87-2031 (24 hours, automated voice guidance)
- Website: [http://www.chuomitsui.co.jp/person/p\\_06.html](http://www.chuomitsui.co.jp/person/p_06.html)

### 3. Dividend Statement

A dividend statement sent by the Company to shareholders upon payment of dividends also serves as the payment advice pursuant to the Act on Special Measures concerning Taxation. It may be used as evidence when filing a final tax return.  
Please retain the dividend statement for your final tax return.

