

Consolidated Financial Summary

First Quarter of FY2014

(April 1, 2013 – June 30, 2013)

TS TECH Co.,Ltd.

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

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



Consolidated Financial Summary for the First Quarter of FY2014 (based on Japanese accounting standards)

July 31, 2013

Company name: TS TECH CO., LTD. Stock exchange listing: Tokyo Stock Exchange
 Stock code: 7313 URL: <http://www.tstech.co.jp>
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 Corporate Social Responsibility Department
 Scheduled date for filing of quarterly securities report: August 9, 2013
 Scheduled date of commencement of dividend payment: —
 Preparation of supplementary explanatory material: None
 Quarterly results briefing: None

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

1. Consolidated Financial Results for the First Quarter of FY2014 (April 1, 2013 – June 30, 2013)

(1) Consolidated Financial Results (Accumulated Total) (% of change from the same period of previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter of FY2014	106,861	18.8	10,422	82.5	11,119	90.6	5,959	75.7
First quarter of FY2013	89,916	47.6	5,712	—	5,835	848.8	3,392	—

(Note) Comprehensive income First quarter of FY2014 14,329 million yen (160.9%)

First quarter of FY2013 5,491 million yen (343.6%)

	Net income per share	Diluted net income per share
	Yen	Yen
First quarter of FY2014	87.65	—
First quarter of FY2013	49.89	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
First quarter of FY2014	226,887	147,972	58.6	1,953.86
FY 2013	207,700	137,523	59.2	1,808.75

(Reference) Shareholders' equity: First quarter of FY2014 132,859 million yen

FY2013 122,992 million yen

2. Cash Dividends

	Annual cash dividends				
	End of 1Q	End of 2Q	End of 3Q	End of year	Annual
	Yen	Yen	Yen	Yen	Yen
FY2013	—	14.00	—	20.00	34.00
FY2014	—	—	—	—	—
FY2014 (forecast)	—	20.00	—	20.00	40.00

(Notes) Revision from the most recent announcement of cash dividends forecasts :None

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

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

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

(Note) Revision from the most recent announcement of consolidated financial forecasts :None

*, Notes

- (1) Changes in important subsidiaries during the quarter
 (Changes in significant subsidiaries affecting the scope of consolidation during this period) : Yes
 New subsidiaries 1 company Excluded subsidiaries — companies ()
 (TST MANUFACTURING DE MEXICO, S. DE R.L. DE C.V.)

- (2) Application of special accounting treatment for quarterly consolidated financial statements : Yes

- (3) Changes in accounting policies and accounting estimates, or re-statement
 1) Changes in accounting policies associated with the revision of accounting standards, etc. : None
 2) Changes other than 1) : None
 3) Changes in accounting estimates : None
 4) Re-statement : None

- (4) Number of shares issued (common stock)

1) Number of shares issued at the end of the term including treasury stock	1Q of FY2014	68,000,000 shares	FY2013	68,000,000 shares
2) Number of treasury stock at the end of the term	1Q of FY2014	1,709 shares	FY2013	1,709 shares
3) Average number of shares during the term (cumulative)	1Q of FY2014	67,998,291 shares	1Q of FY2013	67,998,355 shares

(*Presentation concerning the implementation status for quarterly review procedure)

Quarterly reviews based on the Financial Instruments and Exchange Act are not undertaken for quarterly 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 “(3) Explanation of Consolidated Forecasts and Other Future Forecasts” on page 4 for assumptions and other information that form the premise for the operating results forecast above.

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1. Qualitative Information Concerning Quarterly Results

(1) Explanation of Financial Results

During the first quarter of FY2014 (April 1, 2013 – June 30, 2013), the consolidated results were solid, buoyed by the rise in automobile demand centered on North America.

As a result, net sales for the first quarter of FY2014 reached 106,861 million yen on a consolidated basis, an increase of 16,945 million yen (18.8%) from the same period in FY2013.

Looking at profits, operating income rose 4,710 million yen (82.5%) year on year, to 10,422 million yen, primarily reflects the effect of increased sales and normalization of the operations of the Group's consolidated subsidiary in Thailand, which suffered a suspension of operations from the flooding until late March of 2012. Ordinary income climbed 5,284 million yen (90.6%) year on year, to 11,119 million yen, and net income increased 2,567 million yen (75.7%), to 5,959 million yen.

Operating performance by segment is as follows:

(Japan)

(Unit: Million yen)

	First quarter of FY2013	First quarter of FY2014	Year-on-year	Changes
Net sales	27,104	20,185	-6,919	-25.5%
Operating income	1,717	1,118	-598	-34.9%

Main factors for year on year change

Net sales	Net sales decreased, reflecting decreased order volume from major customers.
Operating income	Operating income decreased due to a decrease in revenue, despite increased income reflecting increased royalties from overseas.

(Americas)

(Unit: Million yen)

	First quarter of FY2013	First quarter of FY2014	Year-on-year	Changes
Net sales	42,738	54,798	12,060	28.2%
Operating income	3,074	4,988	1,914	62.2%

Main factors for year on year change

Net sales	Net sales increased, reflecting the positive impact of exchange rates and an increase in orders from major customers.
Operating income	Operating income increased due to the positive impact of exchange rates and the effect of increased sales.

(China)

(Unit: Million yen)

	First quarter of FY2013	First quarter of FY2014	Year-on-year	Changes
Net sales	18,316	19,403	1,087	5.9%
Operating income	1,916	2,539	622	32.5%

Main factors for year on year change

Net sales Net sales increased, reflecting the positive impact of exchange rates, despite a decrease in orders from major customers.

Operating income Operating income increased due to the positive impact of exchange rates, changes in the makeup of models, and the effects of cost reductions.

(Asia and Europe)

(Unit: Million yen)

	First quarter of FY2013	First quarter of FY2014	Year-on-year	Changes
Net sales	8,505	19,604	11,098	130.5%
Operating income	282	3,305	3,023	1,071.8%

Main factors for year on year change

Net sales Net sales increased, reflecting the normalization of the operations of the Group's consolidated subsidiary in Thailand, which suffered a suspension of operations from the flooding until late March of 2012, and the positive impact of exchange rates.

Operating income Operating income increased due to the effects of increased sales, changes in the makeup of models, and the positive impact of exchange rates.

Sales by business segment are as follows:

(Unit: Million yen)

	First quarter of FY2013		First quarter of FY2014		Year-on-year	Changes
		Sales ratio		Sales ratio		
Motorcycles	1,570	1.7%	1,565	1.5%	-4	-0.3%
Automobiles	87,402	97.2%	104,294	97.6%	16,892	19.3%
(Seats)	77,627	86.3%	92,493	86.6%	14,865	19.2%
(Interior products)	9,774	10.9%	11,801	11.0%	2,026	20.7%
Other businesses	943	1.1%	1,001	0.9%	57	6.1%
Total	89,916	100.0%	106,861	100.0%	16,945	18.8%

Main factors for year on year changes

Automobile business Net sales increased due to an increase in orders from major customers and the positive impact of exchange rates.

(2) Explanation of Financial Position

(Total assets)

Total assets at the end of the first quarter of FY2014 stood at 226,887 million yen, increasing 19,186 million yen from the end of FY2013. These changes primarily reflected a rise in notes and accounts receivable-trade, primarily as a result of increased orders from major customers as well as a rise in cash and deposits.

(Liabilities)

Total liabilities (at the end of the first quarter of FY2014) amounted to 78,914 million yen, increasing 8,737 million yen from the end of FY2013. The increase resulted primarily from a rise in income taxes payable due to increased profits as well as a rise in notes and accounts payable-trade.

(Net assets)

Net assets (at the end of the first quarter of FY2014) were 147,972 million yen, up 10,448 million yen from the end of FY2013. The increase was chiefly due to a fall in the negative balance of foreign currency translation adjustments and an increase in retained earnings.

(3) Qualitative Information Concerning Consolidated Forecasts

Taking into account consolidated operating results for the first quarter of FY2014 as well as the current trend in orders from main customers and foreign exchange rates, the Group is keeping the consolidated forecasts announced on April 26, 2013 unchanged.

2. Matters Concerning Summary (Notes) Information

(1) Changes in Important Subsidiaries during the Current Period

The Company decided to include TST MANUFACTURING DE MEXICO, S. DE R.L. DE C.V. a company established during the current period under review, in the scope of consolidation from the current period under review.

(2) Application of Special Accounting Treatment for Quarterly Consolidated Financial Statements

(Calculation of tax expense)

Tax expense is calculated by rationally estimating the effective tax rate for income before income taxes for the fiscal year, including the first three quarters of FY2013, following the application of tax effect accounting, and multiplying quarterly income before income taxes by the estimated effective tax rate.

(3) Changes in Accounting Policies, Accounting Estimates, or Re-statement

Not applicable

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Unit: Million yen)

	FY2013 (As of March 31, 2013)	First quarter of FY2014 (As of June 30, 2013)
Assets		
Current assets		
Cash and deposits	58,269	66,473
Notes and accounts receivable-trade	48,806	53,968
Merchandise and finished goods	2,251	2,510
Work in process	1,978	2,312
Raw materials and supplies	18,256	17,718
Other	7,046	8,134
Allowance for doubtful accounts	-21	-20
Total current assets	136,587	151,098
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	18,317	18,984
Machinery, equipment and vehicles, net	12,430	12,742
Other, net	18,121	20,941
Total property, plant and equipment	48,869	52,668
Intangible assets	1,259	1,523
Investments and other assets	20,984	21,596
Total noncurrent assets	71,113	75,788
Total assets	207,700	226,887
Liabilities		
Current liabilities		
Notes and accounts payable-trade	40,330	46,305
Short-term loans payable	2,049	1,893
Long-term loans scheduled for payment within one year	2,572	2,689
Income taxes payable	1,716	3,875
Provision	2,476	1,523
Other	13,042	14,338
Total current liabilities	62,188	70,627
Noncurrent liabilities		
Long-term loans payable	210	151
Provision	621	720
Other	7,156	7,415
Total noncurrent liabilities	7,988	8,287
Total liabilities	70,176	78,914

(Unit: Million yen)

	FY2013 (As of March 31, 2013)	First quarter of FY2014 (As of June 30, 2013)
Net assets		
Shareholders' equity		
Capital stock	4,700	4,700
Capital surplus	5,163	5,163
Retained earnings	113,122	117,718
Treasury stock	-3	-3
Total shareholders' equity	122,982	127,578
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	8,191	8,695
Foreign currency translation adjustment	-8,181	-3,414
Total valuation and translation adjustments	9	5,280
Minority interests	14,531	15,113
Total net assets	137,523	147,972
Total liabilities and net assets	207,700	226,887

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Consolidated First Quarter

(Unit: Million yen)

	First quarter of FY2013 (April 1, 2012 – June 30, 2012)	First quarter of FY2014 (April 1, 2013 – June 30, 2013)
Net sales	89,916	106,861
Cost of sales	78,190	89,343
Gross profit	11,725	17,518
Selling, general and administrative expenses		
Packing and transportation expenses	882	1,069
Salaries and allowances	2,376	2,801
Other	2,753	3,224
Total selling, general and administrative expenses	6,013	7,095
Operating income	5,712	10,422
Non-operating income		
Interest income	225	252
Dividends income	71	78
Land and house rent received	54	44
Foreign exchange gains	—	192
Equity in earnings of affiliates	96	91
Other	55	95
Total non-operating income	502	754
Non-operating expenses		
Interest expenses	53	49
Foreign exchange losses	323	—
Other	3	7
Total non-operating expenses	380	57
Ordinary income	5,835	11,119
Extraordinary income		
Gain on sales of noncurrent assets	9	15
Other	2	—
Total extraordinary income	12	15
Extraordinary loss		
Loss on sales of noncurrent assets	8	2
Loss on retirement of noncurrent assets	27	145
Impairment loss	7	23
Loss on disaster	304	—
Other	4	0
Total extraordinary loss	352	170
Income before income taxes	5,495	10,964
Income taxes-current	1,642	3,489
Total Income taxes	1,642	3,489
Income before minority interests	3,852	7,474
Minority interests in income	460	1,514
Net income	3,392	5,959

Quarterly Consolidated Statements of Comprehensive Income

Consolidated First Quarter

(Unit: Million yen)

	First quarter of FY2013 (April 1, 2012 – June 30, 2012)	First quarter of FY2014 (April 1, 2013 – June 30, 2013)
Income before minority interests	3,852	7,474
Other comprehensive income		
Valuation difference on available-for-sale securities	-1,037	510
Foreign currency translation adjustment	2,619	6,255
Share of other comprehensive income of associates accounted for using equity method	56	88
Other comprehensive income	1,638	6,854
Comprehensive income	5,491	14,329
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parents	4,134	11,230
Comprehensive income attributable to minority interests	1,357	3,099

(3) Notes Concerning Quarterly Consolidated Financial Statements

(Notes Concerning Going Concern Assumption)

Not applicable

(Notes Concerning Significant Changes in the Amount of Shareholders' Equity)

Not applicable

(Segment Information, etc.)

First quarter of FY2013 (April 1, 2012 – June 30, 2012)

1. Information about net sales, profits and losses according to reporting segments

(Unit: Million yen)

	Reporting segments					Adjustments (Note) 1	Amounts stated in quarterly P/L (Note) 2
	Japan	Americas	China	Asia and Europe	Total		
Net sales							
Sales to customers	21,465	42,738	17,210	8,501	89,916	—	89,916
Interarea transfer	5,638	—	1,105	3	6,748	-6,748	—
Total	27,104	42,738	18,316	8,505	96,664	-6,748	89,916
Segment profits (losses)	1,717	3,074	1,916	282	6,990	-1,277	5,712

(Notes) 1. Adjustments of -1,277 million yen for segment profits include a deduction of 115 million yen for transactions among segments, and operating expenses of -990 million yen associated with the administration division of the headquarters of the parent company, which could not be allocated.

2. Segment profits are adjusted to operating income in quarterly consolidated statements of income.

2 Information about impairment loss of noncurrent assets or goodwill according to reporting segments

(Significant impairment loss on noncurrent assets)

The Company fully wrote off the carrying value of idle assets in the Americas segment that were not expected to be used in the future and were difficult to sell and recorded its write-down under extraordinary loss as an impairment loss of noncurrent assets of 7 million yen.

First quarter of FY2014 (April 1, 2013 – June 30, 2013)

1. Information about net sales, profits and losses according to reporting segments

(Unit: Million yen)

	Reporting segments					Adjustments (Note) 1	Amounts stated in quarterly P/L (Note) 2
	Japan	Americas	China	Asia and Europe	Total		
Net sales							
Sales to customers	14,417	54,761	18,209	19,472	106,861	—	106,861
Interarea transfer	5,768	36	1,194	131	7,130	-7,130	—
Total	20,185	54,798	19,403	19,604	113,991	-7,130	106,861
Segment profits	1,118	4,988	2,539	3,305	11,952	-1,529	10,422

(Notes) 1. Adjustments of -1,529 million yen for segment profits include a deduction of -262 million yen for transactions among segments, and operating expenses of -1,053 million yen associated with the administration division of the headquarters of the parent company, which could not be allocated.

2. Segment profits are adjusted to operating income in quarterly consolidated statements of income.

2 Information about impairment loss of noncurrent assets or goodwill according to reporting segments
(Significant impairment loss on noncurrent assets)

The Company fully wrote off the carrying value of idle assets in the Japan and Americas segments to the extent of the recoverable value, and recorded its write-down under extraordinary loss as an impairment loss. The impairment loss stood at 7 million yen in the Japan segment and 15 million yen in the Americas segment for the current period under review.

(Significant change in goodwill value)

TS TECH AMERICAS, INC., a consolidated subsidiary, acquired equity in TS TECH DO BRASIL LTDA., which was held by other companies, during the current period under review. As a result, the Company posted goodwill of 213 million yen in the Americas segment.