

# **Consolidated Financial Summary**

## **First Quarter of FY2016**

(April 1, 2015 – June 30, 2015)

# **TS TECH Co.,Ltd.**

This document is an English translation of the Japanese language version of the consolidated financial summary that TS TECH Co., Ltd. has produced as a 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 FY2016 (based on Japanese accounting standards)

July 30, 2015

Company name: TS TECH CO., LTD. Stock exchange listing: Tokyo Stock Exchange  
 Stock code: 7313 URL: <http://www.tstech.co.jp>  
 Representative: Michio Inoue, President  
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 Scheduled date for filing of quarterly securities report: August 7, 2015  
 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 FY2016 (April 1, 2015 – June 30, 2015)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter of FY2016	117,226	8.3	11,159	26.7	12,163	28.7	7,279	35.3
First quarter of FY2015	108,280	1.3	8,809	-15.5	9,447	-15.0	5,381	-9.7

(Note) Comprehensive income First quarter of FY2016 11,753 million yen (170.8%)  
 First quarter of FY2015 4,340 million yen (-69.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
First quarter of FY2016	107.06	—
First quarter of FY2015	79.14	—

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
First quarter of FY2016	302,261	216,043	63.8
FY2015	295,632	206,871	62.6

(Reference) Shareholders' equity: First quarter of FY2016 192,955 million yen  
 FY2015 184,933 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
FY2015	—	30.00	—	30.00	60.00
FY2016	—				
FY2016 (forecast)		33.00		33.00	66.00

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

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

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

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

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

\*Notes

- (1) Changes in important subsidiaries during the quarter : None  
 (Changes in significant subsidiaries affecting the scope of consolidation during this period)  
 New subsidiaries — companies Excluded subsidiaries — companies ( )
- (2) Application of special accounting treatment for quarterly consolidated financial statements : Yes  
 (Note) For details, refer to “2. Matters Concerning Summary Information (Notes), (2) Application of Special Accounting Treatment for Quarterly Consolidated Financial Statements” on page 5.
- (3) Changes in accounting policies and accounting estimates, or re-statement  
 1) Changes in accounting policies associated with the revision of accounting standards, etc. : Yes  
 2) Changes other than 1) : None  
 3) Changes in accounting estimates : None  
 4) Re-statement : None  
 (Note) For details, refer to “2. Matters Concerning Summary Information (Notes), (3) Changes in Accounting Policies, Accounting Estimates or Re-statement” on page 5.

(4) Number of shares issued (common stock)

1) Number of shares issued at the end of the term including treasury stock	1Q of FY2016	68,000,000 shares	FY2015	68,000,000 shares
2) Number of treasury stock at the end of the term	1Q of FY2016	1,908 shares	FY2015	1,808 shares
3) Average number of shares during the term (cumulative)	1Q of FY2016	67,998,141 shares	1Q of FY2015	67,998,252 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 that readers of this document avoid making investment decisions based exclusively on these forecasts. Please bear in mind the possibility that actual results may differ materially from these forecasts due to various important factors. Readers are asked to proceed to “(3) Qualitative Information Concerning Consolidated Forecasts” on page 4 for assumptions and other information that form the premise for the operating results forecast above.

○Table of Contents

1. Qualitative Information Concerning Quarterly Results .....	2
(1) Qualitative Information Concerning Consolidated Financial Results .....	2
(2) Qualitative Information Concerning Consolidated Financial Positions .....	4
(3) Qualitative Information Concerning Consolidated Forecasts .....	4
2. Matters Concerning Summary Information (Notes) .....	5
(1) Changes in Important Subsidiaries During the Current Period .....	5
(2) Application of Special Accounting Treatment for Quarterly Consolidated Financial Statements .....	5
(3) Changes in Accounting Policies, Accounting Estimates, or Re-statement .....	5
(4) Additional Information .....	5
3. Quarterly Consolidated Financial Statements .....	7
(1) Quarterly Consolidated Balance Sheets .....	7
(2) Quarterly Consolidated Statements of Income and Comprehensive Income .....	9
(3) Notes Concerning Quarterly Consolidated Financial Statements .....	11
Notes Concerning Going Concern Assumption .....	11
Notes Concerning Significant Changes in the Amount of Shareholders' Equity .....	11
Segment Information.....	11

# 1. Qualitative Information Concerning Quarterly Results

## (1) Qualitative Information Concerning Consolidated Financial Results

Net sales for the first quarter of FY2016 (April 1, 2015 – June 30, 2015) reached 117,226 million yen on a consolidated basis, an increase of 8,945 million yen (8.3%) from the same period in FY2015, due to the positive impact of exchange rates\*, offsetting a decrease in order volume from major customers.

Looking at profits, operating income stood at 11,159 million yen, an increase of 2,349 million yen (26.7%) year-on-year, primarily reflecting an increase in revenue and cost-cutting measures. Ordinary income totaled 12,163 million yen, an increase of 2,715 million yen (28.7%) from the same period in FY2015, and net income attributable to owners of parent amounted to 7,279 million yen, an increase of 1,898 million yen (35.3%) year-on-year.

\*USD/JPY average exchange rate... FY2015 1Q: ¥102.2 FY2016 1Q: ¥121.4

Operating performance by segment is as follows.

Effective the first quarter of FY2016, accounting periods and accounting periods created by a provisional settlement of accounts were changed at certain consolidated subsidiaries. The first quarter of FY2015 used for comparative purposes below comprises the period of January 1, 2014 to March 31, 2014 for consolidated subsidiaries in Brazil, China and Asia and Europe (excluding India).

For details regarding the provisional settlement of accounts, refer to "2. Matters Concerning Summary Information (Notes), (4) Additional Information" on page 5.

(Japan)

(Unit: Million yen)

	First quarter of FY2015	First quarter of FY2016	Year-on-year	Changes
Net sales	22,644	22,458	-185	-0.8%
Operating income	1,461	1,998	537	36.8%

Main factors for year-on-year change

Net sales Net sales declined due to decreased order volume from major customers, offsetting changes in the makeup of models.

Operating income Operating income increased due to factors such as the positive impact of exchange rates and changes in the makeup of models, offsetting a decrease in revenue.

(Americas)

(Unit: Million yen)

	First quarter of FY2015	First quarter of FY2016	Year-on-year	Changes
Net sales	53,122	64,158	11,035	20.8%
Operating income	4,068	5,203	1,134	27.9%

Main factors for year-on-year change

Net sales Net sales increased due to the positive impact of exchange rates, offsetting a decrease in orders from major customers, primarily in Brazil.

Operating income Operating income increased due to higher revenue.

(China)

(Unit: Million yen)

	First quarter of FY2015	First quarter of FY2016	Year-on-year	Changes
Net sales	24,222	23,869	-353	-1.5%
Operating income	3,599	4,651	1,052	29.2%

Main factors for year-on-year change

Net sales Despite the positive impact of exchange rates and changes in the makeup of models, net sales declined due to 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-cutting measures.

(Asia and Europe)

(Unit: Million yen)

	First quarter of FY2015	First quarter of FY2016	Year-on-year	Changes
Net sales	15,089	14,973	-116	-0.8%
Operating income	1,643	1,381	-261	-15.9%

Main factors for year-on-year change

Net sales Net sales declined in part due to changes in the makeup of models, offsetting increased order volume from major customers and the positive impact of exchange rates.

Operating income Despite aggressive efforts to promote cost-cutting, operating income decreased due to factors such as changes in the makeup of models.

Sales by business segment are as follows:

(Unit: Million yen)

	First quarter of FY2015		First quarter of FY2016		Year-on-year	Changes
		Sales ratio		Sales ratio		
Motorcycles	1,417	1.3%	1,376	1.2%	-40	-2.8%
Automobiles	105,609	97.5%	114,282	97.5%	8,672	8.2%
(Seats)	94,764	87.5%	101,951	87.0%	7,187	7.6%
(Interior products)	10,845	10.0%	12,330	10.5%	1,485	13.7%
Other businesses	1,253	1.2%	1,566	1.3%	313	25.0%
Total	108,280	100.0%	117,226	100.0%	8,945	8.3%

(2) Qualitative Information Concerning Consolidated Financial Positions

(Total assets)

Total assets at the end of the first quarter of FY2016 stood at 302,261 million yen, an increase of 6,629 million yen from the end of FY2015. This change primarily reflects an increase in cash and deposits due to factors such as higher income, offsetting a decrease in notes and accounts receivable-trade caused in part by a decline in orders from major customers.

(Liabilities)

Total liabilities at the end of the first quarter of FY2016 amounted to 86,217 million yen, decreasing 2,542 million yen from the end of FY2015. The decrease resulted mainly from a decline in provision due to factors such as bonuses and a decrease in other current liabilities, chiefly due to payment of cash dividends.

(Net assets)

Net assets at the end of the first quarter of FY2016 were 216,043 million yen, up 9,172 million yen from the end of FY2015. The increase was chiefly due to an increase in retained earnings.

(3) Qualitative Information Concerning Consolidated Forecasts

Taking into account consolidated operating results for the first quarter of FY2016 as well as the current trend in orders from major customers and foreign exchange rates, the Company is keeping the consolidated forecasts announced on April 28, 2015 unchanged.

## 2. Matters Concerning Summary Information (Notes)

### (1) Changes in Important Subsidiaries During the Current Period

Not applicable

### (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 quarter of FY2016, 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

(Changes in accounting policies)

The Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013), Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013) and Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013) have been applied effective the beginning of the first quarter of FY2016. Accordingly, the Company now records the difference created by a change in the company's interest in a subsidiary when the company retains control as capital surplus and acquisition-related costs as expenses in the fiscal year in which they occurred. In regard to business combinations that occurred after the start of the current period under review, the Company changed to a method that reflects the retrospective adjustment of purchase price allocation based upon provisional accounting in the quarterly consolidated financial statement for the period in which the business combination occurred. Additionally, "net income" has changed from "net income attributable to owners of parent," and "minority interests" has changed to "non-controlling interests." In order to reflect said changes, the results from the previous consolidated cumulative first quarter and consolidated fiscal year have been amended in the quarterly consolidated financial statements and the consolidated financial statement.

The application of the aforementioned Standards is effective as of the beginning of the first quarter of FY2016 in accordance with the provisional treatment stipulated in paragraph 58-2(4) of the Revised Accounting Standard for Business Combinations, paragraph 44-5(4) of the Revised Accounting Standard for Consolidated Financial Statements and paragraph 57-4(4) of the Revised Accounting Standard for Business Divestitures.

There is no impact on the quarterly consolidated financial statement for the current period under review.

### (4) Additional Information

(Changes to the fiscal year at consolidated subsidiaries)

The following consolidated subsidiaries have a December 31st closing date: TS TECH DO BRASIL LTDA., GUANGZHOU TS AUTOMOTIVE INTERIOR SYSTEMS CO., LTD., GUANGZHOU TECH INTERIOR TRIM MANUFACTURING CO., LTD., NINGBO FTZ TS TRIMONT AUTOMOTIVE INTERIOR INC., NINGBO EPZ TS TRIMONT AUTOMOTIVE INTERIOR INC., and WUHAN TS-GSK AUTO PARTS CO., LTD.

Originally, balance sheets as of December 31 were used when compiling consolidated financial statements, and the necessary adjustments were made on a consolidated basis in order to include important transactions that occurred between said date and the consolidated closing date of March 31, but this has been changed to a method



of consolidation that executes a provisional settlement of accounts on March 31.

Accordingly, the financial statements for the three-month period of April 1, 2015 to June 30, 2015 for these consolidated subsidiaries is included in the current period under review.

In accordance with said change, profit and loss from the three-month period of January, 1 2015 to March 31, 2015 has been recognized as retained earnings.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

(Unit: Million yen)

	FY2015 (As of March 31, 2015)	First quarter of FY2016 (As of June 30, 2015)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	86,440	97,076
Notes and accounts receivable-trade	60,737	56,953
Merchandise and finished goods	2,361	2,520
Work in process	4,351	3,515
Raw materials and supplies	24,353	22,161
Other	9,611	11,016
Allowance for doubtful accounts	-20	-19
<b>Total current assets</b>	<b>187,836</b>	<b>193,222</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	32,170	31,982
Machinery, equipment and vehicles, net	15,861	16,334
Other, net	30,737	32,722
<b>Total property, plant and equipment</b>	<b>78,769</b>	<b>81,039</b>
<b>Intangible assets</b>	<b>3,183</b>	<b>3,108</b>
<b>Investments and other assets</b>	<b>25,842</b>	<b>24,890</b>
<b>Total noncurrent assets</b>	<b>107,795</b>	<b>109,038</b>
<b>Total assets</b>	<b>295,632</b>	<b>302,261</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	45,880	45,839
Electronically recorded obligations - operating	4,491	4,772
Short-term loans payable	1,674	2,222
Long-term loans scheduled for payment within one year	59	41
Income taxes payable	1,687	2,281
Provision	3,786	2,521
Other	20,789	18,481
<b>Total current liabilities</b>	<b>78,369</b>	<b>76,160</b>
<b>Noncurrent liabilities</b>		
Long-term loans payable	9	7
Provision for retirement benefits	775	851
Other	9,605	9,199
<b>Total noncurrent liabilities</b>	<b>10,390</b>	<b>10,057</b>
<b>Total liabilities</b>	<b>88,760</b>	<b>86,217</b>

(Unit: Million yen)

	FY2015 (As of March 31, 2015)	First quarter of FY2016 (As of June 30, 2015)
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	4,700	4,700
Capital surplus	5,163	5,163
Retained earnings	152,069	159,396
Treasury stock	-3	-4
<b>Total shareholders' equity</b>	161,928	169,255
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	9,946	10,171
Foreign currency translation adjustment	12,810	13,347
Net defined benefit liability	247	181
<b>Total valuation and translation adjustments</b>	23,004	23,700
<b>Non-controlling interests</b>	21,937	23,087
<b>Total net assets</b>	206,871	216,043
<b>Total liabilities and net assets</b>	295,632	302,261

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

## Quarterly Consolidated Statements of Income

## Consolidated First Quarter

(Unit: Million yen)

	First quarter of FY2015 (April 1, 2014 – June 30, 2014)	First quarter of FY2016 (April 1, 2015 – June 30, 2015)
<b>Net sales</b>	108,280	117,226
<b>Cost of sales</b>	91,238	96,571
<b>Gross profit</b>	17,042	20,654
<b>Selling, general and administrative expenses</b>		
Packing and transportation expenses	1,053	1,196
Salaries and allowances	3,334	3,951
Other	3,843	4,346
<b>Total selling, general and administrative expenses</b>	8,232	9,494
<b>Operating income</b>	8,809	11,159
<b>Non-operating income</b>		
Interest income	329	332
Dividends income	100	99
Land and house rent received	50	49
Foreign exchange gains	-	398
Equity in earnings of affiliates	163	87
Other	61	96
<b>Total non-operating income</b>	705	1,063
<b>Non-operating expenses</b>		
Interest expenses	17	38
Foreign exchange losses	33	-
Other	17	22
<b>Total non-operating expenses</b>	67	60
<b>Ordinary income</b>	9,447	12,163
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	11	12
Insurance income	26	43
<b>Total extraordinary income</b>	37	56
<b>Extraordinary loss</b>		
Loss on sales of noncurrent assets	9	-
Loss on retirement of noncurrent assets	37	47
Impairment loss	0	-
Loss on disaster	12	-
Other	0	1
<b>Total extraordinary loss</b>	60	49
<b>Income before income taxes</b>	9,424	12,170
<b>Income taxes</b>	2,813	2,883
<b>Income before non-controlling interests</b>	6,611	9,287
<b>Net income attributable to non-controlling interests</b>	1,229	2,007
<b>Net income attributable to owners of parent</b>	5,381	7,279

Quarterly Consolidated Statements of Comprehensive Income

Consolidated First Quarter

(Unit: Million yen)

	First quarter of FY2015 (April 1, 2014 – June 30, 2014)	First quarter of FY2016 (April 1, 2015 – June 30, 2015)
<b>Income before non-controlling interests</b>	6,611	9,287
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	-104	222
Foreign currency translation adjustment	-2,120	2,260
Adjustments concerning retirement benefits	26	-5
Share of other comprehensive income of associates accounted for using equity method	-72	-11
Other comprehensive income	-2,270	2,466
<b>Comprehensive income</b>	4,340	11,753
Comprehensive income		
Comprehensive income attributable to owners of parent	3,870	9,681
Comprehensive income attributable to non-controlling interests	470	2,071

(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 FY2015 (April 1, 2014 – June 30, 2014)

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	17,856	52,906	22,716	14,802	108,280	-	108,280
Interarea transfer	4,788	216	1,506	287	6,798	-6,798	-
Total	22,644	53,122	24,222	15,089	115,078	-6,798	108,280
Segment profits	1,461	4,068	3,599	1,643	10,772	-1,962	8,809

(Notes) 1. Adjustments of -1,962 million yen for segment profits include a deduction of 24 million yen for transactions among segments, and operating expenses of -1,180 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. Matters concerning changes in reporting segments, etc.

As stated in "Changes in Accounting Policies," the calculation method for liabilities concerning retirement benefits and service costs was changed from the first quarter of FY2015. The impact on segment profits for the period under review is minimal.

First quarter of FY2016 (April 1, 2015 – June 30, 2015)

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	16,837	64,037	21,559	14,791	117,226	-	117,226
Interarea transfer	5,621	120	2,309	181	8,232	-8,232	-
Total	22,458	64,158	23,869	14,973	125,459	-8,232	117,226
Segment profits	1,998	5,203	4,651	1,381	13,235	-2,075	11,159

- (Notes) 1. Adjustments of -2,075 million yen for segment profits include a deduction of 162 million yen for transactions among segments, and operating expenses of -1,264 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.