

# **Consolidated Financial Summary Second Quarter of FY2017**

(April 1, 2016 – September 30, 2016)

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

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



# Consolidated Financial Summary for the Second Quarter of FY2017 (under IFRS)

October 28, 2016

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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 Scheduled date for filing of quarterly securities report: November 9, 2016  
 Scheduled date of commencement of dividend payment: November 28, 2016  
 Preparation of supplementary explanatory material: Yes  
 Quarterly results briefing: Yes (for institutional investors and analysts)

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

## 1. Consolidated Financial Results for the Second Quarter of FY2017 (April 1, 2016 – September 30, 2016)

### (1) Consolidated Financial Results (Accumulated Total)

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

	Revenue		Operating income		Income before tax		Net income		Income attributable to owners of parent		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Second quarter of FY2017	202,067	-11.2	15,561	-23.8	14,861	-30.8	10,363	-33.9	8,059	-36.1	-5,319	—
Second quarter of FY2016	227,587	—	20,415	—	21,491	—	15,681	—	12,604	—	8,776	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Second quarter of FY2017	118.52	—
Second quarter of FY2016	185.36	—

### (2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
	Million yen	Million yen		%	Yen
Second quarter of FY 2017	284,023	209,496	189,768	66.8	2,790.80
FY2016	303,948	219,092	197,060	64.8	2,898.04

## 2. Cash Dividends

	Annual cash dividends per share				
	End of 1Q	End of 2Q	End of 3Q	End of year	Annual
	Yen	Yen	Yen	Yen	Yen
FY2016	—	33.00	—	33.00	66.00
FY2017	—	35.00	—	—	—
FY2017 (forecast)	—	—	—	35.00	70.00

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

## 3. Consolidated Forecasts for FY2017 (April 1, 2016 - March 31, 2017)

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

	Revenue		Operating income		Income before tax		Net income		Income attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Yen	Yen
FY2017	405,000	-11.7	33,000	-16.0	33,000	-19.1	23,400	-20.4	18,300	-22.2	269.13

(Note) Revision from the most recent announcement of consolidated financial forecasts: Yes

\*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) Changes in accounting policies and accounting estimates  
 1) Changes in accounting policies required by IFRS : None  
 2) Changes other than 1) : None  
 3) Changes in accounting estimates : None

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

1) Number of shares issued at the end of the term including treasury stock	2Q of FY2017	68,000,000 shares	FY2016	68,000,000 shares
2) Number of treasury stock at the end of the term	2Q of FY2017	2,050 shares	FY2016	1,974 shares
3) Average number of shares during the term (cumulative)	2Q of FY2017	67,997,973 shares	2Q of FY2016	67,998,111 shares

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

Quarterly reviews based on the Financial Instruments and Exchange Act are not undertaken for condensed 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.

For materials used for the results briefing to be held on October 28, 2016, refer to the following link on our website (<http://www.tstech.co.jp/english/>).

(IR Information) <http://www.tstech.co.jp/english/ir>

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# 1. Qualitative Information Concerning Quarterly Results

## (1) Qualitative Information Concerning Consolidated Financial Results

Revenue for the first half of FY2017 (April 1, 2016 – September 30, 2016) reached 202,067 million yen on a consolidated basis, a decrease of 25,520 million yen (11.2%) from the same period in FY2016, due to the impact of exchange rates\* stemming from a strong yen. This offset an increase in order volume in all segments except the Americas.

In terms of profits, despite aggressive cost-cutting measures, operating income totaled 15,561 million yen, a decrease of 4,854 million yen (23.8%) year-on-year. This reflected a decrease in revenue primarily resulting from exchange rates, as well as temporary expenses related to new model launches and the relocation of a plant in Guangzhou, China designed to secure even higher profits in the future. Income attributable to owners of parent amounted to 8,059 million yen, a decrease of 4,545 million yen (36.1%) year-on-year.

\*USD/JPY average exchange rate... FY2016 First half: ¥121.9 FY2017 First half: ¥105.2

Operating performance by segment is as follows.

### (Japan)

(Unit: Million yen)

	First half of FY2016	First half of FY2017	Year-on-year	Changes
Revenue	43,007	44,586	1,579	3.7%
Operating income	4,097	3,738	-359	-8.8%

Main factors for year-on-year change

Revenue Revenue increased mainly due to higher order volume from major customers.  
Operating income Operating income decreased primarily due to the impact of exchange rates, offsetting the effects of increased revenue.

### (Americas)

(Unit: Million yen)

	First half of FY2016	First half of FY2017	Year-on-year	Changes
Revenue	126,324	102,778	-23,546	-18.6%
Operating income	8,705	6,313	-2,391	-27.5%

Main factors for year-on-year change

Revenue Revenue decreased primarily due to the impact of exchange rates stemming from a strong yen and lower order volume from major customers.  
Operating income Despite cost-cutting measures, operating income decreased mainly due to the effects of lower revenue caused by exchange conversion.

(China)

(Unit: Million yen)

	First half of FY2016	First half of FY2017	Year-on-year	Changes
Revenue	45,454	42,227	-3,227	-7.1%
Operating income	7,757	7,145	-612	-7.9%

Main factors for year-on-year change

Revenue Revenue decreased primarily due to the impact of exchange rates stemming from a strong yen, offsetting an increase in order volume from major customers.

Operating income Operating income decreased mainly due to the effects of lower revenue caused by exchange conversion and costs related to the plant relocation.

(Asia and Europe)

(Unit: Million yen)

	First half of FY2016	First half of FY2017	Year-on-year	Changes
Revenue	29,222	28,807	-415	-1.4%
Operating income	2,373	901	-1,471	-62.0%

Main factors for year-on-year change

Revenue Revenue decreased primarily due to the impact of exchange rates stemming from a strong yen, offsetting an increase in order volume from major customers.

Operating income Operating income decreased due to factors such as the effects of lower revenue as well as temporary expenses related to new model launches.

Sales by business segment are as follows:

(Unit: Million yen)

	First half of FY2016		First half of FY2017		Year-on-year	Changes
		Sales ratio		Sales ratio		
Motorcycles	2,770	1.2%	2,474	1.2%	-295	-10.7%
Automobiles	221,617	97.4%	196,580	97.3%	-25,037	-11.3%
(Seats)	197,385	86.7%	172,434	85.3%	-24,950	-12.6%
(Interior products)	24,231	10.7%	24,145	12.0%	-86	-0.4%
Other businesses	3,200	1.4%	3,012	1.5%	-187	-5.9%
Total	227,587	100.0%	202,067	100.0%	-25,520	-11.2%

## (2) Qualitative Information Concerning Consolidated Financial Positions

### (Assets)

Assets at the end of the second quarter of FY2017 stood at 284,023 million yen, a decrease of 19,924 million yen from the end of FY2016. Despite an increase in property, plant and equipment stemming from investments in new models and other factors, the change is due primarily to a decline in foreign currency translation, as well as a decrease in cash and cash equivalents due in part to payment of cash dividends.

### (Liabilities)

Liabilities at the end of the second quarter of FY2017 amounted to 74,527 million yen, decreasing 10,327 million yen from the end of FY2016. The decrease resulted mainly from a decline in foreign currency translation, as well as a decline in trade and other payables due to factors such as payment of cash dividends.

### (Equity)

Equity at the end of the second quarter of FY2017 was 209,496 million yen, down 9,596 million yen from the end of FY2016. The decline was chiefly due to a decrease in other components of equity resulting from the effects of foreign currency translation.

## (3) Qualitative Information Concerning Consolidated Forecasts

Taking into account consolidated operating results for the first half of FY2017 as well as the current trend in orders from major customers and exchange rates, the Group has revised the consolidated results forecasts it announced on April 28, 2016 as follows.

\*Average assumed exchange rate (second half average)

Previously announced forecasts (April 28, 2016)... USD/JPY: ¥110.0, CNY/JPY: ¥17.0

Revised forecasts (October 28, 2016) ... USD/JPY: ¥100.0, CNY/JPY: ¥15.0

Revisions to full-year consolidated forecasts for FY2017 (April 1, 2016 - March 31, 2017)

	Revenue	Operating income	Income before tax	Net income	Income attributable to owners of parent	Basic earnings per share
	Million yen	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecasts (A)	430,000	36,500	37,500	26,400	21,500	316. 19
Revised forecasts (B)	405,000	33,000	33,000	23,400	18,300	269. 13
Difference (B-A)	-25,000	-3,500	-4,500	-3,000	-3,200	
Change in %	-5.8	-9.6	-12.0	-11.4	-14.9	
(Reference) Results from previous fiscal year (FY2016)	458,732	39,279	40,766	29,413	23,528	346. 01

2. Matters Concerning Summary Information (Notes)

(1) Changes in Important Subsidiaries During the Current Period

Not applicable

(2) Changes in Accounting Policies and Accounting Estimates

Not applicable



### 3. Condensed Quarterly Consolidated Financial Statements

#### (1) Condensed Quarterly Consolidated Statements of Financial Position

(Unit: Million yen)

	FY2016 (As of March 31, 2016)	Second quarter of FY2017 (As of September 30, 2016)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	90,437	83,326
Trade and other receivables	56,849	52,143
Other financial assets	8,948	5,578
Inventories	27,763	28,382
Income tax receivables	1,201	1,228
Other current assets	4,918	5,178
<b>Subtotal</b>	<b>190,118</b>	<b>175,838</b>
Non-current assets held for sale	—	107
<b>Total assets</b>	<b>190,118</b>	<b>175,946</b>
<b>Non-current assets</b>		
Property, plant and equipment	76,338	71,801
Intangible assets	11,467	11,406
Investments accounted for using the equity method	1,016	941
Other financial assets	21,580	20,557
Assets concerning retirement benefits	598	771
Deferred tax assets	1,897	1,956
Other non-current assets	931	641
<b>Total non-current assets</b>	<b>113,829</b>	<b>108,077</b>
<b>Total assets</b>	<b>303,948</b>	<b>284,023</b>

(Unit: Million yen)

	FY2016 (As of March 31, 2016)	Second quarter of FY2017 (As of September 30, 2016)
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
Trade and other payables	66,224	58,162
Current borrowings	1,086	988
Other financial liabilities	1,452	984
Income tax receivables	2,406	2,212
Provisions	107	38
Other current liabilities	4,107	3,226
<b>Total current liabilities</b>	<b>75,384</b>	<b>65,612</b>
<b>Non-current liabilities</b>		
Non-current borrowings	21	318
Other financial liabilities	1,775	1,411
Liabilities related to retirement benefits	945	1,010
Provisions	78	66
Deferred tax liabilities	4,847	4,309
Other non-current liabilities	1,802	1,798
<b>Total non-current liabilities</b>	<b>9,470</b>	<b>8,914</b>
<b>Total liabilities</b>	<b>84,855</b>	<b>74,527</b>
<b>Equity</b>		
Capital stock	4,700	4,700
Capital surplus	4,949	5,025
Treasury stock	-4	-4
Retained earnings	179,851	185,663
Other components of equity	7,563	-5,616
Total equity attributable to owners of parent	197,060	189,768
Non-controlling interests	22,031	19,727
<b>Total equity</b>	<b>219,092</b>	<b>209,496</b>
<b>Total liabilities and equity</b>	<b>303,948</b>	<b>284,023</b>

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

Condensed Quarterly Consolidated Statements of Income

Consolidated First Half

(Unit: Million yen)

	First half of FY2016 (April 1, 2015 – September 30, 2015)	First half of FY2017 (April 1, 2016 – September 30, 2016)
Revenue	227,587	202,067
Cost of sales	-188,846	-168,655
Gross profit	38,740	33,412
Selling, general and administrative expenses	-18,567	-17,626
Other income	544	419
Other expenses	-301	-644
Operating income	20,415	15,561
Finance income	908	790
Finance costs	-82	-1,667
Share of profit (loss) of investments accounted for using the equity method	251	177
Income before tax	21,491	14,861
Income tax expense	-5,810	-4,497
Net income	15,681	10,363
<b>Income attributable to</b>		
Income attributable to owners of parent	12,604	8,059
Income attributable to non-controlling interests	3,077	2,304
Net income	15,681	10,363
<b>Earnings per share</b>		
Basic earnings per share (yen)	185.36	118.52
Diluted earnings per share (yen)	—	—

Condensed Quarterly Consolidated Statements of Comprehensive Income  
Consolidated First Half

(Unit: Million yen)

	First half of FY2016 (April 1, 2015 – September 30, 2015)	First half of FY2017 (April 1, 2016 – September 30, 2016)
Net income	15,681	10,363
<b>Other comprehensive income</b>		
<b>Components that will not be reclassified to profit or loss</b>		
Remeasurements of defined benefits plans	126	-50
Total components that will not be reclassified to profit or loss	126	-50
<b>Components that will be reclassified to profit or loss</b>		
Change in fair value of financial assets available-for-sale	-1,147	-576
Differences on translation from foreign operations	-5,886	-14,886
Share for equity method affiliates	2	-169
Total components that will be reclassified to profit or loss	-7,031	-15,633
Other comprehensive income, net or tax	-6,905	-15,683
<b>Comprehensive income for the period</b>	<b>8,776</b>	<b>-5,319</b>
<b>Comprehensive income for the period attributable to</b>		
Comprehensive income for the period attributable to the owners of parent	7,027	-5,120
Comprehensive income for the period attributable to non-controlling interests	1,749	-198
<b>Comprehensive income for the period</b>	<b>8,776</b>	<b>-5,319</b>

## (3) Condensed Quarterly Consolidated Statements of Changes in Equity

First Half of FY2016 (April 1, 2015 - September 30, 2015)

(Unit: million yen)

	Equity attributable to owners of parent				
	Capital stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity
Balance as at the end of the previous fiscal year	4,700	4,949	-3	160,899	21,571
Comprehensive income					
Profit				12,604	
Other comprehensive income					-5,576
Total comprehensive income	—	—	—	12,604	-5,576
Transactions with owners, etc.					
Dividends				-2,039	
Acquisition of treasury stock			-0		
Changes in ownership interests in subsidiaries				-291	
Other					
Total transactions with owners, etc.	—	—	-0	-2,331	—
Closing balance as at the end of the fiscal year	4,700	4,949	-4	171,171	15,994

	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as at the end of the previous fiscal year	192,116	24,385	216,502
Comprehensive income			
Profit	12,604	3,077	15,681
Other comprehensive income	-5,576	-1,328	-6,095
Total comprehensive income	7,027	1,749	8,776
Transactions with owners, etc.			
Dividends	-2,039	-2,331	-4,371
Acquisition of treasury stock	-0		-0
Changes in ownership interests in subsidiaries			
Other	-291	-1	-293
Total transactions with owners, etc.	-2,332	-2,333	-4,665
Closing balance as at the end of the fiscal year	196,812	23,801	220,613

First Half of FY2017 (April 1, 2016 - September 30, 2016)

(Unit: million yen)

	Equity attributable to owners of parent				
	Capital stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity
Balance as at the end of the previous fiscal year	4,700	4,949	-4	179,851	7,563
Comprehensive income					
Profit				8,059	
Other comprehensive income					-13,179
Total comprehensive income	—	—	—	8,059	-13,179
Transactions with owners, etc.					
Dividends				-2,243	
Acquisition of treasury stock			-0		
Changes in ownership interests in subsidiaries		76			
Other				-3	
Total transactions with owners, etc.	—	76	-0	-2,247	—
Closing balance as at the end of the fiscal year	4,700	5,025	-4	185,663	-5,616

	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as at the end of the previous fiscal year	197,060	22,031	219,092
Comprehensive income			
Profit	8,059	2,304	10,363
Other comprehensive income	-13,179	-2,503	-15,683
Total comprehensive income	-5,120	-198	-5,319
Transactions with owners, etc.			
Dividends	-2,243	-1,948	-4,192
Acquisition of treasury stock	-0		-0
Changes in ownership interests in subsidiaries	76	-155	-79
Other	-3	-1	-4
Total transactions with owners, etc.	-2,171	-2,105	-4,276
Closing balance as at the end of the fiscal year	189,768	19,727	209,496

## (4) Consolidated Quarterly Statements of Cash Flows

(Unit: million yen)

	First half of FY2016 (April 1, 2015 – September 30, 2015)	First half of FY2017 (April 1, 2016 – September 30, 2016)
<b>Cash flows from operating activities</b>		
Income before tax	21,491	14,861
Depreciation and amortization	5,309	5,136
Impairment loss	—	240
Loss (gain) on disposal of non-current assets	-4	301
Finance income and finance costs	-694	-625
Equity in (earnings) losses of affiliates	-251	-177
Decrease (increase) in operating and other receivables	208	-925
Net decrease (increase) in lease receivables and investment assets	1,859	707
Decrease (increase) in inventories	-1,286	-3,105
Increase (decrease) in operating and other debts	3,111	-604
Increase in net defined benefit asset or liability	-197	-46
Increase (decrease) in provision	-26	-80
Other	3,303	1,380
Subtotal	32,822	17,064
Interest income received	638	510
Dividend income received	206	206
Interest expenses paid	-82	-71
Income taxes paid	-6,660	-4,761
<b>Cash flows from operating activities</b>	<b>26,984</b>	<b>12,947</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	-4,000	-1,557
Proceeds from withdrawal of time deposits	1,569	4,041
Purchase of property, plant and equipment	-9,389	-5,756
Proceeds from sales of property, plant and equipment	276	74
Purchase of intangible assets	-1,278	-1,265
Purchase of equity instruments	-29	-28
Proceeds from sales of equity instruments	—	129
Payments of loans receivable	-153	-115
Collection of loans receivable	89	82
Other	-279	-1,007
<b>Cash flows from investing activities</b>	<b>-13,195</b>	<b>-5,403</b>

	(Unit: million yen)	
	First half of FY2016 (April 1, 2015 – September 30, 2015)	First half of FY2017 (April 1, 2016 – September 30, 2016)
<b>Cash flows from financial activities</b>		
Net increase (decrease) in short-term loans payable	332	-83
Proceeds from long-term loans payable	—	300
Repayment of long-term loans payable	-41	-7
Repayments of finance lease obligations	-1,159	-1,079
Purchase of treasury stock	-0	-0
Cash dividends paid	-2,039	-2,243
Dividends paid to non-controlling interests	-4,519	-4,060
Payment to acquire interests in subsidiaries from non-controlling interests	—	-79
<b>Net cash provided by (used in) financing activities</b>	-7,428	-7,255
<b>Effect of exchange rate change on cash and cash equivalents</b>	-2,698	-7,399
<b>Net increase (decrease) in cash and cash equivalents</b>	3,662	-7,110
<b>Cash and cash equivalents at beginning of period</b>	87,889	90,437
<b>Increase in cash and cash equivalents from newly consolidated subsidiaries</b>	101	—
<b>Cash and cash equivalents at end of period</b>	91,652	83,326



(5) Notes Concerning Condensed Quarterly Consolidated Financial Statements

(Notes Concerning Going Concern Assumption)

Not applicable

(Segment Information, etc.)

Information about revenue, profits or losses for reporting segments

First half of FY2016 (April 1, 2015 – September 30, 2015)

(Unit: Million yen)

	Reporting Segments					Adjustments	Amounts stated in consolidated F/S
	Japan	Americas	China	Asia and Europe	Total		
Revenue							
External revenue	31,535	125,904	41,298	28,848	227,587	—	227,587
Interarea transfer	11,472	420	4,115	374	16,422	-16,422	—
Total	43,007	126,324	45,454	29,222	244,010	-16,422	227,587
Segment profits	4,097	8,705	7,757	2,373	22,933	-2,518	20,415
Finance income and finance costs	—	—	—	—	—	—	825
Return on investment using the equity method	—	—	—	—	—	—	251
Income before tax	—	—	—	—	—	—	21,491

- (Notes) 1. Adjustments of -2,518 million yen for segment profits include a deduction of 39 million yen for transactions among segments, and operating expenses of -2,557 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 the condensed quarterly consolidated statements of income.

First half of FY2017 (April 1, 2016 – September 30, 2016)

(Unit: Million yen)

	Reporting Segments					Adjustments	Amounts stated in consolidated F/S
	Japan	Americas	China	Asia and Europe	Total		
Revenue							
External revenue	32,761	102,084	38,675	28,546	202,067	—	202,067
Interarea transfer	11,825	694	3,551	261	16,332	-16,332	—
Total	44,586	102,778	42,227	28,807	218,400	-16,332	202,067
Segment profits	3,738	6,313	7,145	901	18,097	-2,536	15,561
Finance income and finance costs	—	—	—	—	—	—	-877
Return on investment using the equity method	—	—	—	—	—	—	177
Income before tax	—	—	—	—	—	—	14,861

- (Notes) 1. Adjustments of -2,536 million yen for segment profits include a deduction of -13 million yen for transactions among segments, and operating expenses of -2,523 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 the condensed quarterly consolidated statements of income.