

Consolidated Financial Summary

Third Quarter of FY2017

(April 1, 2016 – December 31, 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 Third Quarter of FY2017 (under IFRS)

January 31, 2017

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: February 8, 2017
 Scheduled date of commencement of dividend payment: —
 Preparation of supplementary explanatory material: No
 Quarterly results briefing: No

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

1. Consolidated Financial Results for the Third Quarter of FY2017 (April 1, 2016 – December 31, 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	%
Third quarter of FY2017	311,073	-9.2	23,832	-15.8	24,562	-17.9	18,145	-18.5	14,606	-16.3	20,646	29.6
Third quarter of FY2016	342,759	—	28,302	—	29,914	—	22,257	—	17,452	—	15,930	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Third quarter of FY2017	214.80	—
Third quarter of FY2016	256.66	—

(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
Third quarter of FY 2017	315,573	233,083	209,906	66.5	3,086.95
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: 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) 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	3Q of FY2017	68,000,000 shares	FY2016	68,000,000 shares
2) Number of treasury stock at the end of the term	3Q of FY2017	2,050 shares	FY2016	1,974 shares
3) Average number of shares during the term (cumulative)	3Q of FY2017	67,997,965 shares	3Q of FY2016	67,998,093 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.

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1. Qualitative Information Concerning Quarterly Results

(1) Qualitative Information Concerning Consolidated Financial Results

Revenue for the first three quarters of FY2017 (April 1, 2016 – December 31, 2016) reached 311,073 million yen on a consolidated basis, a decrease of 31,686 million yen (9.2%) 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 23,832 million yen, a decrease of 4,469 million yen (15.8%) year-on-year. This reflected a decrease in revenue primarily resulting from exchange rates, as well as higher labor costs. Income attributable to owners of parent amounted to 14,606 million yen, a decrease of 2,846 million yen (16.3%) year-on-year.

*USD/JPY average exchange rate... FY2016 First three quarters: ¥121.7 FY2017 First three quarters: ¥106.6

Operating performance by segment is as follows.

(Japan)

(Unit: Million yen)

	First three quarters of FY2016	First three quarters of FY2017	Year-on-year	Changes
Revenue	66,662	70,533	3,870	5.8%
Operating income	6,824	7,114	289	4.2%

Main factors for year-on-year change

Revenue	Revenue increased mainly due to higher order volume from major customers, offsetting the impact of exchange rates stemming from a strong yen.
Operating income	Operating income increased due to higher revenue, offsetting the impact of exchange rates.

(Americas)

(Unit: Million yen)

	First three quarters of FY2016	First three quarters of FY2017	Year-on-year	Changes
Revenue	184,982	155,965	-29,017	-15.7%
Operating income	9,093	8,184	-908	-10.0%

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 aggressive cost-cutting measures, operating income decreased mainly due to the effects of exchange conversion.

(China)

(Unit: Million yen)

	First three quarters of FY2016	First three quarters of FY2017	Year-on-year	Changes
Revenue	74,253	68,510	-5,742	-7.7%
Operating income	12,880	10,994	-1,886	-14.6%

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 exchange conversion and higher labor costs.

(Asia and Europe)

(Unit: Million yen)

	First three quarters of FY2016	First three quarters of FY2017	Year-on-year	Changes
Revenue	43,263	42,476	-787	-1.8%
Operating income	3,265	1,366	-1,898	-58.2%

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 exchange conversion as well as expenses related to new model launches and temporary expenses incurred during the period under review.

Revenue by business segment is as follows:

(Unit: Million yen)

	First three quarters of FY2016		First three quarters of FY2017		Year-on- year	Changes
		Sales ratio		Sales ratio		
Motorcycles	4,419	1.3%	3,884	1.2%	-535	-12.1%
Automobiles	333,625	97.3%	302,979	97.4%	-30,645	-9.2%
(Seats)	297,671	86.8%	264,777	85.1%	-32,894	-11.1%
(Interior products)	35,953	10.5%	38,202	12.3%	2,249	6.3%
Other businesses	4,715	1.4%	4,209	1.4%	-505	-10.7%
Total	342,759	100.0%	311,073	100.0%	-31,686	-9.2%

Main factors for year-on-year change

Overall	Revenue decreased mainly due to the impact of exchange rates stemming from a strong yen.
Automobiles (Interior products)	Revenue increased primarily due to higher sales of door trim.

(2) Qualitative Information Concerning Consolidated Financial Positions

(Assets)

Assets at the end of the third quarter of FY2017 stood at 315,573 million yen, an increase of 11,625 million yen from the end of FY2016. The change is due primarily to an increase in cash and cash equivalents due increased profit, as well as an increase in trade and other receivables stemming from higher order volume from major customers.

(Liabilities)

Liabilities at the end of the third quarter of FY2017 amounted to 82,490 million yen, decreasing 2,364 million yen from the end of FY2016. The decrease resulted mainly from a decline in trade and other payables due to factors such as payment of cash dividends.

(Equity)

Equity at the end of the third quarter of FY2017 was 233,083 million yen, up 13,990 million yen from the end of FY2016. The increase was chiefly due to a rise in other components of equity resulting from retained earnings as well as the effects of foreign currency translation.

(3) Qualitative Information Concerning Consolidated Forecasts

Taking into account consolidated operating results for the first three quarters of FY2017 as well as the current trend in orders from major customers and exchange rates, the Group is keeping the consolidated forecasts announced on October 28, 2016 unchanged.

However, as outlined in the “Notice of a Recall of an Automobile Model Equipped with Group Products,” released on January 10, 2017, there is a possibility that the Group will assume the cost of the recall, but as it is difficult to reasonably estimate the effect at present, expenses have not been reported.

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)	Third quarter of FY2017 (As of December 31, 2016)
Assets		
Current assets		
Cash and cash equivalents	90,437	96,478
Trade and other receivables	56,849	59,855
Other financial assets	8,948	6,143
Inventories	27,763	29,514
Income tax receivables	1,201	855
Other current assets	4,918	5,264
Total assets	190,118	198,110
Non-current assets		
Property, plant and equipment	76,338	78,185
Intangible assets	11,467	11,762
Investments accounted for using the equity method	1,016	1,029
Other financial assets	21,580	22,753
Assets concerning retirement benefits	598	856
Deferred tax assets	1,897	2,161
Other non-current assets	931	714
Total non-current assets	113,829	117,462
Total assets	303,948	315,573

(Unit: Million yen)

	FY2016 (As of March 31, 2016)	Third quarter of FY2017 (As of December 31, 2016)
Liabilities and equity		
Current liabilities		
Trade and other payables	66,224	65,153
Current borrowings	1,086	945
Other financial liabilities	1,452	932
Income tax receivables	2,406	1,923
Provisions	107	18
Other current liabilities	4,107	3,488
Total current liabilities	75,384	72,462
Non-current liabilities		
Non-current borrowings	21	317
Other financial liabilities	1,775	1,601
Liabilities related to retirement benefits	945	1,129
Provisions	78	78
Deferred tax liabilities	4,847	5,035
Other non-current liabilities	1,802	1,865
Total non-current liabilities	9,470	10,027
Total liabilities	84,855	82,490
Equity		
Capital stock	4,700	4,700
Capital surplus	4,949	5,025
Treasury stock	-4	-4
Retained earnings	179,851	189,830
Other components of equity	7,563	10,354
Total equity attributable to owners of parent	197,060	209,906
Non-controlling interests	22,031	23,176
Total equity	219,092	233,083
Total liabilities and equity	303,948	315,573

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

Condensed Quarterly Consolidated Statements of Income

Consolidated First Three Quarters

(Unit: Million yen)

	First three quarters of FY2016 (April 1, 2015 – December 31, 2015)	First three quarters of FY2017 (April 1, 2016 – December 31, 2016)
Revenue	342,759	311,073
Cost of sales	-285,192	-260,284
Gross profit	57,566	50,788
Selling, general and administrative expenses	-29,985	-26,836
Other income	1,107	781
Other expenses	-386	-900
Operating income	28,302	23,832
Finance income	1,357	1,145
Finance costs	-125	-702
Share of profit (loss) of investments accounted for using the equity method	379	285
Income before tax	29,914	24,562
Income tax expense	-7,657	-6,416
Net income	22,257	18,145
Income attributable to		
Income attributable to owners of parent	17,452	14,606
Income attributable to non-controlling interests	4,805	3,539
Net income	22,257	18,145
Earnings per share		
Basic earnings per share (yen)	256.66	214.80
Diluted earnings per share (yen)	—	—

Condensed Quarterly Consolidated Statements of Comprehensive Income
Consolidated First Three Quarters

(Unit: Million yen)

	First three quarters of FY2016 (April 1, 2015 – December 31, 2015)	First three quarters of FY2017 (April 1, 2016 – December 31, 2016)
Net income	22,257	18,145
Other comprehensive income		
Components that will not be reclassified to profit or loss		
Remeasurements of defined benefits plans	122	-76
Total components that will not be reclassified to profit or loss	122	-76
Components that will be reclassified to profit or loss		
Change in fair value of financial assets available-for-sale	-61	1,078
Differences on translation from foreign operations	-6,354	1,689
Share for equity method affiliates	-33	-190
Total components that will be reclassified to profit or loss	-6,449	2,577
Other comprehensive income, net or tax	-6,327	2,501
Comprehensive income for the period	15,930	20,646
Comprehensive income for the period attributable to		
Comprehensive income for the period attributable to the owners of parent	12,852	17,397
Comprehensive income for the period attributable to non-controlling interests	3,078	3,249
Comprehensive income for the period	15,930	20,646

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

First Three Quarters of FY2016 (April 1, 2015 - December 31, 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				17,452	
Other comprehensive income					-4,599
Total comprehensive income	—	—	—	17,452	-4,599
Transactions with owners, etc.					
Dividends				-4,283	
Acquisition of treasury stock			-0		
Changes in ownership interests in subsidiaries				-291	
Other					
Total transactions with owners, etc.	—	—	-0	-4,575	—
Closing balance as at the end of the fiscal year	4,700	4,949	-4	173,775	16,971

	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	17,452	4,805	22,257
Other comprehensive income	-4,599	-1,727	-6,327
Total comprehensive income	12,852	3,078	15,930
Transactions with owners, etc.			
Dividends	-4,283	-2,331	-6,615
Acquisition of treasury stock	-0		-0
Changes in ownership interests in subsidiaries			
Other	-291	-1	-293
Total transactions with owners, etc.	-4,576	-2,333	-6,909
Closing balance as at the end of the fiscal year	200,392	25,130	225,523

First Three Quarters of FY2017 (April 1, 2016 - December 31, 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				14,606	
Other comprehensive income					2,790
Total comprehensive income	—	—	—	14,606	2,790
Transactions with owners, etc.					
Dividends				-4,623	
Acquisition of treasury stock			-0		
Changes in ownership interests in subsidiaries		76			
Other				-3	
Total transactions with owners, etc.	—	76	-0	-4,627	—
Closing balance as at the end of the fiscal year	4,700	5,025	-4	189,830	10,354

	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	14,606	3,539	18,145
Other comprehensive income	2,790	-289	2,501
Total comprehensive income	17,397	3,249	20,646
Transactions with owners, etc.			
Dividends	-4,623	-1,948	-6,572
Acquisition of treasury stock	-0		-0
Changes in ownership interests in subsidiaries	76	-155	-79
Other	-3	-1	-4
Total transactions with owners, etc.	-4,551	-2,105	-6,656
Closing balance as at the end of the fiscal year	209,906	23,176	233,083

(4) Consolidated Quarterly Statements of Cash Flows

(Unit: million yen)

	First three quarters of FY2016 (April 1, 2015 – December 31, 2015)	First three quarters of FY2017 (April 1, 2016 – December 31, 2016)
Cash flows from operating activities		
Income before tax	29,914	24,562
Depreciation and amortization	8,119	7,773
Impairment loss	14	284
Loss (gain) on disposal of non-current assets	-353	288
Finance income and finance costs	-1,101	-1,607
Equity in (earnings) losses of affiliates	-379	-285
Decrease (increase) in operating and other receivables	2,243	-2,796
Net decrease (increase) in lease receivables and investment assets	2,487	1,756
Decrease (increase) in inventories	-607	-1,186
Increase (decrease) in operating and other debts	4,482	-1,418
Increase in net defined benefit asset or liability	-274	-106
Increase (decrease) in provision	-60	-90
Other	4,150	3,520
Subtotal	48,635	30,693
Interest income received	894	757
Dividend income received	305	379
Interest expenses paid	-124	-107
Income taxes paid	-9,940	-6,833
Cash flows from operating activities	39,769	24,889
Cash flows from investing activities		
Payments into time deposits	-6,155	-2,017
Proceeds from withdrawal of time deposits	2,734	4,194
Purchase of property, plant and equipment	-13,961	-8,447
Proceeds from sales of property, plant and equipment	731	214
Purchase of intangible assets	-1,919	-1,753
Purchase of equity instruments	-44	-42
Proceeds from sales of equity instruments	—	129
Payments of loans receivable	-222	-156
Collection of loans receivable	219	143
Other	-653	-1,028
Cash flows from investing activities	-19,272	-8,763

(Unit: million yen)

	First three quarters of FY2016 (April 1, 2015 – December 31, 2015)	First three quarters of FY2017 (April 1, 2016 – December 31, 2016)
Cash flows from financial activities		
Net increase (decrease) in short-term loans payable	285	-164
Proceeds from long-term loans payable	—	316
Repayment of long-term loans payable	-51	-27
Repayments of finance lease obligations	-1,615	-1,323
Purchase of treasury stock	-0	-0
Cash dividends paid	-4,283	-4,623
Dividends paid to non-controlling interests	-5,151	-4,623
Payment to acquire interests in subsidiaries from non-controlling interests	—	-79
Net cash provided by (used in) financing activities	-10,817	-10,526
Effect of exchange rate change on cash and cash equivalents	-3,186	440
Net increase (decrease) in cash and cash equivalents	6,493	6,040
Cash and cash equivalents at beginning of period	87,889	90,437
Increase in cash and cash equivalents from newly consolidated subsidiaries	101	—
Cash and cash equivalents at end of period	94,483	96,478

(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 three quarters of FY2016 (April 1, 2015 – December 31, 2015)

(Unit: Million yen)

	Reporting Segments					Adjustments	Amounts stated in consolidated F/S
	Japan	Americas	China	Asia and Europe	Total		
Revenue							
External revenue	47,315	184,327	68,373	42,743	342,759	—	342,759
Interarea transfer	19,346	655	5,879	519	26,401	-26,401	—
Total	66,662	184,982	74,253	43,263	369,161	-26,401	342,759
Segment profits	6,824	9,093	12,880	3,265	32,062	-3,759	28,302
Finance income and finance costs	—	—	—	—	—	—	1,232
Return on investment using the equity method	—	—	—	—	—	—	379
Income before tax	—	—	—	—	—	—	29,914

- (Notes) 1. Adjustments of -3,759 million yen for segment profits include a deduction of 47 million yen for transactions among segments, and operating expenses of -3,807 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 three quarters of FY2017 (April 1, 2016 – December 31, 2016)

(Unit: Million yen)

	Reporting Segments					Adjustments	Amounts stated in consolidated F/S
	Japan	Americas	China	Asia and Europe	Total		
Revenue							
External revenue	50,568	155,013	63,408	42,082	311,073	—	311,073
Interarea transfer	19,964	952	5,101	393	26,411	-26,411	—
Total	70,533	155,965	68,510	42,476	337,485	-26,411	311,073
Segment profits	7,114	8,184	10,994	1,366	27,658	-3,825	23,832
Finance income and finance costs	—	—	—	—	—	—	443
Return on investment using the equity method	—	—	—	—	—	—	285
Income before tax	—	—	—	—	—	—	24,562

- (Notes) 1. Adjustments of -3,825 million yen for segment profits include a deduction of -92 million yen for transactions among segments, and operating expenses of -3,733 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.