Consolidated Financial Summary
Second Quarter of FY2015

(April 1, 2014 – September 30, 2014)

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 Second Quarter of FY2015
(based on Japanese accounting standards)

October 30, 2014

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
Contact: Mahoro Kurata, Manager, Public Relations Section, Administration Department Tel. 048-462-1121
Scheduled date for filing of quarterly securities report: November 10, 2014
Scheduled date of commencement of dividend payment: December 1, 2014
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 FY2015 (April 1, 2014 – September 30, 2014)

(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	%
Second quarter of FY2015	216,133	0.0	17,567	-14.2	19,718	-9.6	11,351	-10.9
Second quarter of FY2014	216,037	20.7	20,485	86.3	21,809	87.9	12,738	81.5

(Note) Comprehensive income Second quarter of FY2015 15,132 million yen (-35.2%)
Second quarter of FY2014 23,335 million yen (303.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
Second quarter of FY2015	166.94	—
Second quarter of FY2014	187.34	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Second quarter of FY2015	265,841	181,836	61.4	2,399.34
FY 2014	264,635	170,714	57.3	2,229.53

(Reference) Shareholders' equity: Second quarter of FY2015 163,150 million yen
FY2014 151,604 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
FY2014	—	24.00	—	30.00	54.00
FY2015	—	30.00			
FY2015 (forecast)			—	30.00	60.00

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

3. Consolidated Forecasts for FY2015 (April 1, 2014 - March 31, 2015)

(% 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
FY2015	433,000	-5.3	35,000	-10.6	38,500	-10.3	21,900	-8.4	322.07

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

*. Notes

(1) Changes in important subsidiaries during the quarter
(Changes in significant subsidiaries affecting the scope of consolidation during this period) : None
New subsidiaries ― companies ( ) Excluded subsidiaries ― companies ( )

(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. : 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 (Notes) Information, (3) Changes in Accounting Policies, Accounting Estimates, or Re-statement

(4) Number of shares issued (common stock)

1) Number of shares issued at the end of the term including treasury stock	2Q of FY2015	68,000,000 shares	FY2014	68,000,000 shares
2) Number of treasury stock at the end of the term	2Q of FY2015	1,764 shares	FY2014	1,748 shares
3) Average number of shares during the term (cumulative)	2Q of FY2015	67,998,250 shares	2Q of FY2014	67,998,291 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) 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 30, 2014, refer to the following link on our website (http://www.tstech.co.jp).
(IR Library) http://www.tstech.co.jp/ir/material

○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 (Notes) Information 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

3. Quarterly Consolidated Financial Statements 6

(1) Quarterly Consolidated Balance Sheets 6
(2) Quarterly Consolidated Statements of Income and Comprehensive Income 8
(3) Quarterly Consolidated Statements of Cash Flows 10
(4) 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, etc. 11

1. Qualitative Information Concerning Quarterly Results

(1) Qualitative Information Concerning Consolidated Financial Results

Net sales for the first half of FY2015 (April 1, 2014 - September 30, 2014) were virtually unchanged from the same period in FY2014, rising 96 million yen (0.0%) to reach 216,133 million yen on a consolidated basis. The impact of exchange rates driven by the weaker yen was offset by the effects of changes in the makeup of models and a decrease in order volume from major customers in the Americas and Asia and Europe segments.

Looking at profits, operating income stood at 17,567 million yen, a decrease of 2,918 million yen (14.2%) year-on-year, primarily reflecting the effects of increased various expenses and changes in the makeup of models, which offset the positive impact of exchange rates. Ordinary income totaled 19,718 million yen, a decrease of 2,091 million yen (9.6%) from the same period in 2014, and net income amounted to 11,351 million yen, a decrease of 1,387 million yen (10.9%) year-on-year.

Operating performance by segment is as follows:

(Japan)

(Unit: Million yen)

	First half of FY2014	First half of FY2015	Year-on-year	Changes
Net sales	45,175	43,739	-1,435	-3.2%
Operating income	3,095	2,540	-555	-17.9%

Main factors for year-on-year change

Net sales	Net sales decreased primarily due to a decline in sales of parts supplied from Japan, which outweighed the effects of increased order volume from major customers.
Operating income	Operating income decreased, reflecting factors such as a decrease in revenue and increased various expenses.

(Americas)

(Unit: Million yen)

	First half of FY2014	First half of FY2015	Year-on-year	Changes
Net sales	106,560	106,274	-285	-0.3%
Operating income	8,592	7,735	-857	-10.0%

Main factors for year-on-year change

Net sales	Net sales declined due to a decrease in orders from major customers as well as changes in the makeup of models, offsetting the positive impact of exchange rates.
Operating income	Operating income decreased, reflecting factors such as a decrease in revenue and increased various expenses.

(China)

(Unit: Million yen)

	First half of FY2014	First half of FY2015	Year-on-year	Changes
Net sales	44,161	51,457	7,296	16.5%
Operating income	5,518	8,365	2,847	51.6%

Main factors for year-on-year change

Net sales: Net sales rose, reflecting increased order volume from major customers and the impact of exchange rates.

Operating income: Operating income increased due to the impact of exchange rates as well as higher sales.

(Asia and Europe)

(Unit: Million yen)

	First half of FY2014	First half of FY2015	Year-on-year	Changes
Net sales	36,447	29,711	-6,736	-18.5%
Operating income	5,541	2,499	-3,042	-54.9%

Main factors for year-on-year change

Net sales: Net sales decreased due to fewer orders from major customers in Thailand.

Operating income: Operating income decreased, reflecting factors such as a decrease in revenue and increased various expenses.

Sales by business segment are as follows:

(Unit: Million yen)

	First half of FY2014		First half of FY2015		Year-on-year	Changes
		Sales ratio		Sales ratio		
Motorcycles	3,263	1.5%	2,955	1.4%	-308	-9.4%
Automobiles	210,577	97.5%	210,614	97.4%	36	0.0%
(Seats)	186,419	86.3%	187,985	87.0%	1,565	0.8%
(Interior products)	24,158	11.2%	22,629	10.4%	-1,528	-6.3%
Other businesses	2,196	1.0%	2,563	1.2%	367	16.7%
Total	216,037	100.0%	216,133	100.0%	96	0.0%

Main factors for year-on-year changes

Automobile business: Net sales of seats increased due to the positive impact of exchange rates.

Net sales of interior products declined due to fewer orders.

(2) Qualitative Information Concerning Consolidated Financial Positions

(Total assets)

Total assets at the end of the second quarter of FY2015 stood at 265,841 million yen, up 1,206 million yen from the end of FY2014, primarily reflecting investments in new models, an increase in property, plant and equipment due in part to building expansion projects in North America, and an increase in investments and other assets due to fair market valuation of investment securities. These factors offset a decrease in notes and accounts receivable-trade, the result of factors such as a decline in orders from major customers.

(Liabilities)

Total liabilities at the end of the second quarter of FY2015 amounted to 84,005 million yen, decreasing 9,915 million yen from the end of FY2014. The decrease resulted primarily from a decline in notes and accounts payable-trade and a decrease in other current liabilities, mainly due to payment of cash dividends.

(Net assets)

Net assets at the end of the second quarter of FY2014 were 181,836 million yen, up 11,121 million yen from the end of FY2014. 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 half of FY2015 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 25, 2014 as follows.

The forecasts assume average exchange rates for the second half of 107.0 yen per US dollar and 17.2 yen per CNY.

Revisions to full-year consolidated forecasts for FY2015 (April 1, 2014 - March 31, 2015)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecasts (A)	438,000	37,500	40,000	22,700	333. 83
Revised forecasts (B)	433,000	35,000	38,500	21,900	322. 07
Difference (B-A)	-5,000	-2,500	-1,500	-800	
Change in %	-1.1	-6.7	-3.8	-3.5	
(Reference) Results from previous fiscal year (FY2014)	457,053	39,133	42,937	23,900	351. 49

2. Matters Concerning Summary (Notes) Information

(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 half of FY2015, 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

The provisions of the main clause of paragraph 35 of the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012) and the provisions of the main clause of paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012) have been applied from the first quarter of FY2015. The calculation method for liabilities concerning retirement benefits and service costs was revised, and the method of attributing expected benefit to periods was changed from a straight-line basis to a benefit formula basis. The method for determining the discount rate has also been changed from a method that uses a period approximate to the average remaining service period for employees to a single weighted average discount rate reflecting the estimated timing and amount of benefit payment.

The Accounting Standard for Retirement Benefits, etc. was adopted in accordance with the transitional treatment stipulated in paragraph 37 of the Accounting Standard for Retirement Benefits. At the beginning of the first quarter of FY2015, the effects of the change in the calculation method for liabilities concerning retirement benefits and service costs were reflected in the retained earnings.

As a result, retained earnings at the beginning of the first quarter of FY2015 increased by 423 million yen. In addition, the impact on operating income, ordinary income and net income before taxes for the current period under review is minimal.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Unit: Million yen)

	FY2014 (As of March 31, 2014)	Second quarter of FY2015 (As of September 30, 2014)
Assets		
Current assets		
Cash and deposits	78,181	78,712
Notes and accounts receivable-trade	65,530	56,957
Merchandise and finished goods	2,609	2,566
Work in process	3,325	3,910
Raw materials and supplies	19,681	17,940
Other	8,106	10,607
Allowance for doubtful accounts	-40	-16
Total current assets	177,394	170,679
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	23,940	27,187
Machinery, equipment and vehicles, net	14,272	14,520
Other, net	24,040	25,537
Total property, plant and equipment	62,253	67,246
Intangible assets	1,546	2,836
Investments and other assets	23,441	25,079
Total noncurrent assets	87,240	95,162
Total assets	264,635	265,841
Liabilities		
Current liabilities		
Notes and accounts payable-trade	56,932	49,887
Short-term loans payable	1,869	1,744
Long-term loans scheduled for payment within one year	167	81
Income taxes payable	3,049	1,924
Provision for bonuses	3,053	2,904
Provision	151	75
Other	19,548	16,078
Total current liabilities	84,772	72,696
Noncurrent liabilities		
Long-term loans payable	69	27
Provision	60	―
Liabilities concerning retirement benefits	2,663	2,653
Other	6,354	8,627
Total noncurrent liabilities	9,148	11,308
Total liabilities	93,920	84,005

(Unit: Million yen)

	FY2014 (As of March 31, 2014)	Second quarter of FY2015 (As of September 30, 2014)
Net assets		
Shareholders' equity		
Capital stock	4,700	4,700
Capital surplus	5,163	5,163
Retained earnings	133,858	143,555
Treasury stock	-3	-3
Total shareholders' equity	143,718	153,414
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	8,533	9,557
Foreign currency translation adjustment	290	1,099
Adjustments concerning retirement benefits	-937	-920
Total valuation and translation adjustments	7,886	9,736
Minority interests	19,110	18,685
Total net assets	170,714	181,836
Total liabilities and net assets	264,635	265,841

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Consolidated First Half

(Unit: Million yen)

	Second quarter of FY2014 (April 1, 2013 – September 30, 2013)	Second quarter of FY2015 (April 1, 2014 – September 30, 2014)
Net sales	216,037	216,133
Cost of sales	181,084	182,225
Gross profit	34,953	33,908
Selling, general and administrative expenses		
Packing and transportation expenses	2,057	1,987
Salaries and allowances	5,903	6,449
Other	6,506	7,904
Total selling, general and administrative expenses	14,467	16,340
Operating income (loss)	20,485	17,567
Non-operating income		
Interest income	523	667
Dividends income	174	195
Land and house rent received	95	101
Foreign exchange gains	209	678
Equity in earnings of affiliates	235	419
Other	197	175
Total non-operating income	1,436	2,237
Non-operating expenses		
Interest expenses	97	64
Other	15	22
Total non-operating expenses	112	86
Ordinary income	21,809	19,718
Extraordinary income		
Gain on sales of noncurrent assets	75	25
Insurance income	―	39
Total extraordinary income	75	65
Extraordinary loss		
Loss on sales of noncurrent assets	25	45
Loss on retirement of noncurrent assets	222	88
Impairment loss	26	8
Loss on disaster	―	24
Other	0	0
Total extraordinary loss	274	166
Income before income taxes	21,609	19,617
Income taxes-current	5,969	5,277
Income before minority interests	15,639	14,339
Minority interests in income	2,901	2,987
Net income	12,738	11,351

Quarterly Consolidated Statements of Comprehensive Income

Consolidated First Half

(Unit: Million yen)

	Second quarter of FY2014 (April 1, 2013 – September 30, 2013)	Second quarter of FY2015 (April 1, 2014 – September 30, 2014)
Income before minority interests	15,639	14,339
Other comprehensive income		
Valuation difference on available-for-sale securities	633	1,026
Foreign currency translation adjustment	6,937	-163
Adjustments concerning retirement benefits	—	13
Share of other comprehensive income of associates accounted for using equity method	123	-83
Other comprehensive income	7,695	792
Comprehensive income	23,335	15,132
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parents	18,415	13,201
Comprehensive income attributable to minority interests	4,919	1,930

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	Second quarter of FY2014 (April 1, 2013 – September 30, 2013)	Second quarter of FY2015 (April 1, 2014 – September 30, 2014)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	21,609	19,617
Depreciation and amortization	4,259	4,471
Impairment loss	26	8
Increase (decrease) in provision	365	-218
Increase (decrease) in provision for retirement benefits	―	-132
Interest and dividends income	-697	-862
Interest expenses	97	64
Equity in (earnings) losses of affiliates	-235	-419
Loss (gain) on sales of property, plant and equipment	-49	19
Loss on retirement of property, plant and equipment	222	88
Insurance income	―	-39
Decrease (increase) in notes and accounts receivable-trade	-8,388	7,982
Decrease (increase) in inventories	1,754	1,603
Increase (decrease) in notes and accounts payable-trade	8,023	-7,355
Other	520	-1,251
Subtotal	27,507	23,576
Interest and dividends income received	705	871
Interest expenses paid	-98	-64
Income taxes (paid) refund	-5,581	-8,067
Proceeds from insurance income	―	39
Net cash provided by (used in) operating activities	22,534	16,355
Net cash provided by (used in) investing activities		
Purchase of investment securities	-26	-817
Payments into time deposits	-4,042	-363
Proceeds from withdrawal of time deposits	2,916	642
Purchase of property, plant and equipment	-9,495	-6,835
Proceeds from sales of property, plant and equipment	93	574
Purchase of investments in subsidiaries	-1,261	―
Other	-1,042	-1,420
Net cash provided by (used in) investing activities	-12,858	-8,221
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-415	-98
Cash dividends paid	-1,359	-2,039
Cash dividends paid to minority shareholders	-1,556	-3,868
Other	-743	-861
Net cash provided by (used in) financing activities	-4,075	-6,868
Effect of exchange rate change on cash and cash equivalents	4,033	-569
Net increase (decrease) in cash and cash equivalents	9,632	696
Cash and cash equivalents at beginning of period	53,348	76,460
Increase in cash and cash equivalents associated with newly consolidated subsidiaries	―	153
Cash and cash equivalents at end of period	62,981	77,309

(4) 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)

First half of FY2014 (April 1, 2013 – September 30, 2013)

1. Information about net sales, profits or 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	31,944	106,484	41,438	36,169	216,037	—	216,037
Inter-area transfer	13,230	76	2,722	277	16,307	-16,307	—
Total	45,175	106,560	44,161	36,447	232,344	-16,307	216,037
Segment profits (losses)	3,095	8,592	5,518	5,541	22,747	-2,261	20,485

(Notes) 1. Adjustments of -2,261 million yen for segment profits include a deduction of -294 million yen for transactions among segments, and operating expenses of -2,131 million yen associated with the administration division of the headquarters of the parent company, which could not be allocated.

2. Segment profits are adjusted for operating income in the 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 18 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 first quarter of FY2015. As a result, the Company posted goodwill of 202 million yen in the Americas segment.

First half of FY2015 (April 1, 2014 – September 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	32,527	105,917	48,520	29,169	216,133	—	216,133
Inter-area transfer	11,212	357	2,937	542	15,049	-15,049	—
Total	43,739	106,274	51,457	29,711	231,183	-15,049	216,133
Segment profits	2,540	7,735	8,365	2,499	21,140	-3,573	17,567

(Notes) 1. Adjustments of -3,573 million yen for segment profits include a deduction of 141 million yen for transactions among segments, and operating expenses of -2,349 million yen associated with the administration division of the headquarters of the parent company, which could not be allocated.

2. Segment profits are adjusted for operating income in the 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 current period under review is minimal.