Consolidated Financial Summary
First Quarter of FY2017

(April 1, 2016 – June 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 First Quarter of FY2017
(under IFRS)

July 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: August 9, 2016
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 FY2017 (April 1, 2016 – June 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	%
First quarter of FY2017	103,817	-10.7	8,547	-26.9	7,527	-40.1	5,342	-44.0	3,964	-47.5	-8,786	—
First quarter of FY2016	116,215	—	11,686	—	12,560	—	9,535	—	7,550	—	11,543	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First quarter of FY2017	58.30	—
First quarter of FY2016	111.04	—

(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
First quarter of FY 2017	279,212	206,749	186,919	66.9	2,748.89
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	—				
FY2017 (forecast)		35.00		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
First half of FY2017	211,000	—	17,900	—	18,300	—	13,300	—	10,900	—	160.30
FY2017	430,000	-6.3	36,500	-7.1	37,500	-8.0	26,400	-10.2	21,500	-8.6	316.19

(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	1Q of FY2017	68,000,000 shares	FY2016	68,000,000 shares
2) Number of treasury stock at the end of the term	1Q of FY2017	2,050 shares	FY2016	1,974 shares
3) Average number of shares during the term (cumulative)	1Q of FY2017	67,997,997 shares	1Q of FY2016	67,998,141 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 quarter of FY2017 (April 1, 2016 – June 30, 2016) reached 103,817 million yen on a consolidated basis, a decrease of 12,398 million yen (10.7%) from the same period in FY2016, due to the impact of exchange rates* stemming from a rapid strengthening of the yen. This offset an increase in order volume from major customers on a consolidated basis.

Looking at profits, while measures to improve revenue such as production efficiency improvements in the form of automation and streamlining were undertaken, operating income stood at 8,547 million yen, a decrease of 3,139 million yen (26.9%) year-on-year. This reflected a decrease in revenue primarily resulting from higher amortization expenses, as well as exchange rate fluctuations coupled with rising wages in developing countries and temporary labor cost increases. Income attributable to owners of parent amounted to 3,964 million yen, a decrease of 3,585 million yen (47.5%) year-on-year.

*USD/JPY average exchange rate… FY2016 1Q: ¥121.4 FY2017 1Q: ¥108.0

Operating performance by segment is as follows.

(Japan)

(Unit: Million yen)

	First quarter of FY2016	First quarter of FY2017	Year-on-year	Changes
Revenue	21,692	21,350	-342	-1.6%
Operating income	2,052	1,451	-601	-29.3%

Main factors for year-on-year change

Revenue	Revenue remained virtually unchanged year-on-year due to increased order volume from major customers, offsetting the impact of exchange rates stemming from a rapid strengthening of the yen.
Operating income	Operating income decreased primarily due to the impact of lower revenue caused by exchange rate fluctuations.

(Americas)

(Unit: Million yen)

	First quarter of FY2016	First quarter of FY2017	Year-on-year	Changes
Revenue	64,158	54,729	-9,428	-14.7%
Operating income	5,271	3,678	-1,592	-30.2%

Main factors for year-on-year change

Revenue	Revenue decreased primarily due to the impact of exchange rates stemming from a rapid strengthening of the yen and changes in the makeup of models.
Operating income	Although measures to improve production efficiency in the form of automation and streamlining were effective, operating income decreased mainly due to the effects of lower revenue caused by factors such as exchange rate fluctuations.

(China)

(Unit: Million yen)

	First quarter of FY2016	First quarter of FY2017	Year-on-year	Changes
Revenue	23,869	20,535	-3,333	-14.0%
Operating income	4,556	3,464	-1,092	-24.0%

Main factors for year-on-year change

Revenue	Revenue decreased due to the impact of exchange rates stemming from a rapid strengthening of the yen and decreased order volume from major customers.
Operating income	Operating income decreased due to the effects of lower revenue caused by factors such as exchange rate fluctuations and increased labor costs resulting from wage increases.

(Asia and Europe)

(Unit: Million yen)

	First quarter of FY2016	First quarter of FY2017	Year-on-year	Changes
Revenue	14,728	15,023	294	2.0%
Operating income	1,123	1,221	98	8.7%

Main factors for year-on-year change

Revenue	Revenue increased due to factors such as increased order volume from major customers, offsetting the impact of exchange rates stemming from a rapid strengthening of the yen.
Operating income	Operating increased primarily due to higher revenue.

Sales by business segment are as follows:

(Unit: Million yen)

	First quarter of FY2016		First quarter of FY2017		Year-on-year	Changes
		Sales ratio		Sales ratio		
Motorcycles	1,301	1.1%	1,010	1.0%	-290	-22.3%
Automobiles	113,348	97.5%	101,365	97.6%	-11,982	-10.6%
(Seats)	101,024	86.9%	89,451	86.1%	-11,573	-11.5%
(Interior products)	12,323	10.6%	11,913	11.5%	-409	-3.3%
Other businesses	1,566	1.4%	1,441	1.4%	-124	-8.0%
Total	116,215	100.0%	103,817	100.0%	-12,398	-10.7%

(2) Qualitative Information Concerning Consolidated Financial Positions

(Assets)

Assets at the end of the first quarter of FY2017 stood at 279,212 million yen, a decrease of 24,735 million yen from the end of FY2016. This change is due primarily to a decline in foreign currency translation; a decrease in cash and cash equivalents due in part to payment of cash dividends; and a decline in trade and other receivables stemming from a decrease in order volume from major customers.

(Liabilities)

Liabilities at the end of the first quarter of FY2017 amounted to 72,463 million yen, decreasing 12,392 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 a decrease in order volume from major customers and payment of cash dividends.

(Equity)

Equity at the end of the first quarter of FY2017 was 206,749 million yen, down 12,343 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 quarter of FY2017 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, 2016 unchanged.

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)	First quarter of FY2017 (As of June 30, 2016)
Assets		
Current assets		
Cash and cash equivalents	90,437	82,361
Trade and other receivables	56,849	50,878
Other financial assets	8,948	6,927
Inventories	27,763	26,735
Income tax receivables	1,201	535
Other current assets	4,918	5,030
Total assets	190,118	172,468
Non-current assets		
Property, plant and equipment	76,338	72,080
Intangible assets	11,467	11,415
Investments accounted for using the equity method	1,016	949
Other financial assets	21,580	19,040
Assets concerning retirement benefits	598	683
Deferred tax assets	1,897	1,829
Other non-current assets	931	745
Total non-current assets	113,829	106,744
Total assets	303,948	279,212

(Unit: Million yen)

	FY2016 (As of March 31, 2016)	First quarter of FY2017 (As of June 30, 2016)
Liabilities and equity		
Current liabilities		
Trade and other payables	66,224	55,738
Current borrowings	1,086	1,080
Other financial liberties	1,452	1,187
Income tax receivables	2,406	2,193
Provisions	107	105
Other current liabilities	4,107	4,323
Total current liabilities	75,384	64,629
Non-current liabilities		
Non-current borrowings	21	19
Other financial liabilities	1,775	1,489
Liabilities related to retirement benefits	945	931
Provisions	78	79
Deferred tax liabilities	4,847	3,588
Other non-current liabilities	1,802	1,725
Total non-current liabilities	9,470	7,833
Total liabilities	84,855	72,463
Equity		
Capital stock	4,700	4,700
Capital surplus	4,949	5,025
Treasury stock	-4	-4
Retained earnings	179,851	181,572
Other components of equity	7,563	-4,375
Total equity attributable to owners of parent	197,060	186,919
Non-controlling interests	22,031	19,830
Total equity	219,092	206,749
Total liabilities and equity	303,948	279,212

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

Condensed Quarterly Consolidated Statements of Income

Consolidated First Quarter

(Unit: Million yen)

	First quarter of FY2016 (April 1, 2015 – June 30, 2015)	First quarter of FY2017 (April 1, 2016 – June 30, 2016)
Revenue	116,215	103,817
Cost of sales	-95,329	-86,148
Gross profit	20,886	17,668
Selling, general and administrative expenses	-9,323	-9,155
Other income	212	178
Other expenses	-88	-145
Operating income	11,686	8,547
Finance income	829	382
Finance costs	-43	-1,476
Share of profit (loss) of investments accounted for using the equity method	87	73
Income before tax	12,560	7,527
Income tax expense	-3,025	-2,184
Net income	9,535	5,342
Income attributable to		
Income attributable to owners of parent	7,550	3,964
Income attributable to non-controlling interests	1,984	1,378
Net income	9,535	5,342
Earnings per share		
Basic earnings per share (yen)	111.04	58.30
Diluted earnings per share (yen)	—	—

Condensed Quarterly Consolidated Statements of Comprehensive Income

Consolidated First Quarter

(Unit: Million yen)

	First quarter of FY2016 (April 1, 2015 – June 30, 2015)	First quarter of FY2017 (April 1, 2016 – June 30, 2016)
Net income	9,535	5,342
Other comprehensive income		
Components that will not be reclassified to profit or loss		
Remeasurements of defined benefits plans	0	12
Total components that will not be reclassified to profit or loss	0	12
Components that will be reclassified to profit or loss		
Change in fair value of financial assets available-for-sale	223	-1,452
Differences on translation from foreign operations	1,796	-12,630
Share for equity method affiliates	-11	-58
Total components that will be reclassified to profit or loss	2,008	-14,141
Other comprehensive income, net or tax	2,008	-14,129
Comprehensive income for the period	11,543	-8,786
Comprehensive income for the period attributable to		
Comprehensive income for the period attributable to the owners of parent	9,494	-7,974
Comprehensive income for the period attributable to non-controlling interests	2,048	-812
Comprehensive income for the period	11,543	-8,786

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

First Quarter of FY2016 (April 1, 2015 - June 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				7,550	
Other comprehensive income					1,944
Total comprehensive income	—	—	—	7,550	1,944
Transactions with owners, etc.					
Dividends				-2,039	
Acquisition of treasury stock			-0		
Changes in ownership interests in subsidiaries					
Other				-287	
Total transactions with owners, etc.	—	—	-0	-2,327	—
Closing balance as at the end of the fiscal year	4,700	4,949	-4	166,122	23,515

	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	7,550	1,984	9,535
Other comprehensive income	1,944	64	2,008
Total comprehensive income	9,494	2,048	11,543
Transactions with owners, etc.			
Dividends	-2,039	-2,123	-4,163
Acquisition of treasury stock	-0		-0
Changes in ownership interests in subsidiaries			
Other	-287		-287
Total transactions with owners, etc.	-2,327	-2,123	-4,451
Closing balance as at the end of the fiscal year	199,284	24,310	223,594

First Quarter of FY2017 (April 1, 2016 - June 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				3,964	
Other comprehensive income					-11,938
Total comprehensive income	—	—	—	3,964	-11,938
Transactions with owners, etc.					
Dividends				-2,243	
Acquisition of treasury stock			-0		
Changes in ownership interests in subsidiaries		76			
Other					
Total transactions with owners, etc.	—	76	-0	-2,243	—
Closing balance as at the end of the fiscal year	4,700	5,025	-4	181,572	-4,375

	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	3,964	1,378	5,342
Other comprehensive income	-11,938	-2,190	-14,129
Total comprehensive income	-7,974	-812	-8,786
Transactions with owners, etc.			
Dividends	-2,243	-1,233	-3,477
Acquisition of treasury stock	-0		-0
Changes in ownership interests in subsidiaries	76	-155	-79
Other			
Total transactions with owners, etc.	-2,167	-1,388	-3,556
Closing balance as at the end of the fiscal year	186,919	19,830	206,749

(4) Consolidated Quarterly Statements of Cash Flows

(Unit: million yen)

	First quarter of FY2016 (April 1, 2015 – June 30, 2015)	First quarter of FY2017 (April 1, 2016 – June 30, 2016)
Cash flows from operating activities		
Income before tax	12,560	7,527
Depreciation and amortization	2,565	2,555
Loss (gain) on disposal of non-current assets	40	119
Finance income and finance costs	-455	-188
Equity in (earnings) losses of affiliates	-87	-73
Decrease (increase) in operating and other receivables	-3,172	1,209
Net decrease (increase) in lease receivables and investment assets	1,005	-249
Decrease (increase) in inventories	651	-1,004
Increase (decrease) in operating and other debts	3,079	-4,156
Increase in net defined benefit asset or liability	-86	-45
Increase (decrease) in provision	-5	-0
Other	3,216	3,022
Subtotal	19,311	8,715
Interest income received	350	284
Dividend income received	99	105
Interest expenses paid	-42	-37
Income taxes paid	2,372	-2,213
Cash flows from operating activities	17,346	6,853
Cash flows from investing activities		
Payments into time deposits	-4,062	-635
Proceeds from withdrawal of time deposits	625	1,990
Purchase of property, plant and equipment	-3,893	-2,779
Proceeds from sales of property, plant and equipment	37	9
Purchase of intangible assets	-649	-765
Purchase of equity instruments	-3	-3
Payments of loans receivable	-26	-71
Collection of loans receivable	62	55
Other	11	-364
Cash flows from investing activities	-7,898	-2,564

(Unit: million yen)

	First quarter of FY2016 (April 1, 2015 – June 30, 2015)	First quarter of FY2017 (April 1, 2016 – June 30, 2016)
Cash flows from financial activities		
Net increase (decrease) in short-term loans payable	307	5
Proceeds from long-term loans payable	-19	-3
Repayment of long-term loans payable	-654	-556
Repayments of finance lease obligations	-0	-0
Purchase of treasury stock	-2,039	-2,243
Cash dividends paid	-4,201	-3,138
Payment to acquire interests in subsidiaries from non-controlling interests	—	-79
Net cash provided by (used in) financing activities	-6,608	-6,016
Effect of exchange rate change on cash and cash equivalents	934	-6,349
Net increase (decrease) in cash and cash equivalents	3,773	-8,076
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	91,764	82,361

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

(Unit: Million yen)

	Reporting Segments					Adjustments	Amounts stated in consolidated F/S
	Japan	Americas	China	Asia and Europe	Total		
Revenue							
External revenue	16,071	64,037	21,559	14,547	116,215	—	116,215
Interarea transfer	5,621	120	2,309	181	8,232	-8,232	—
Total	21,692	64,158	23,869	14,728	124,448	-8,232	116,215
Segment profits	2,052	5,271	4,556	1,123	13,004	-1,317	11,686
Finance income and finance costs	—	—	—	—	—	—	786
Return on investment using the equity method	—	—	—	—	—	—	87
Income before tax	—	—	—	—	—	—	12,560

(Notes) 1. Adjustments of -1,317 million yen for segment profits include a deduction of -53 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 the condensed quarterly consolidated statements of income.

First quarter of FY2017 (April 1, 2016 – June 30, 2016)

(Unit: Million yen)

	Reporting Segments					Adjustments	Amounts stated in consolidated F/S
	Japan	Americas	China	Asia and Europe	Total		
Revenue							
External revenue	15,876	54,329	18,716	14,895	103,817	—	103,817
Interarea transfer	5,473	400	1,818	128	7,820	-7,820	—
Total	21,350	54,729	20,535	15,023	111,637	-7,820	103,817
Segment profits	1,451	3,678	3,464	1,221	9,816	-1,269	8,547
Finance income and finance costs	—	—	—	—	—	—	-1,093
Return on investment using the equity method	—	—	—	—	—	—	73
Income before tax	—	—	—	—	—	—	7,527

(Notes) 1. Adjustments of -1,269 million yen for segment profits include a deduction of -32 million yen for transactions among segments, and operating expenses of -1,237 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.