



August 5, 2005

## Highlights of Consolidated Financial Results for FY2006 First Quarter

(April 1,2005 through June 30,2005)

Company name: **TACHI-S Co., Ltd.**  
Stock Exchange Listed: Tokyo Stock Exchange  
Code Number: 7239  
Location of the head office: Tokyo  
URL: <http://www.tachi-s.co.jp>  
Representative: Kosaku Tarumi, President  
Contact person: Yoshiyuki Nogami, Senior Executive Officer  
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### 1. Notes to Preparation of the Quarterly Financial Report

1) Simplified method adopted for accounting principles.

Accounting standard for income taxes: partial adoption of simplified method.

2) No changes in accounting principles from the latest consolidated accounting period.

3) No changes in the scope of consolidation and application of the equity method.

### 2. Highlights of Consolidated Financial Results for FY2006 First Quarter

#### (1) Results of Operations

(Unit: Millions of yen, unless otherwise specified)

	Sales		Operating Income		Ordinary Income	
		%		%		%
Three Months Ended June. 2006	37,999	1.3	498	13.8	1,261	25.4
Three Months Ended June. 2005	37,524	25.3	437	-	1,006	159.1
(Reference) Fiscal Year ended March. 2005	151,218		2,558		4,392	

	Net Income		Net Income per share (yen)	Fully Diluted Earnings per share (yen)
		%		
Three Months Ended June. 2006	846	33.8	36.23	-
Three Months Ended June. 2005	632	481.0	27.07	-
(Reference) Fiscal Year ended March. 2005	2,489		105.03	-

(Note) Each "Year to Year change" represents relevant change in percentage compared to the same period of the previous year.



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[Qualitative information on progress status of Consolidated Results of Operations]

In the first quarter of fiscal 2005 started in April, Japan's economy registered moderate recovery tones thanks to improvements in corporate revenues and increases in capital investment. However, it continued to indicate uncertainty in future prospects due, among other things, to soaring crude oil and steel prices.

Under these circumstances, our group increased its consolidated sales by 27.9% over the same quarter a year before to ¥48,615 million after decreased sales for existing vehicle models were offset by increased sales for new vehicle models and thanks to a contribution made by the Canadian subsidiary included in our consolidated statement since the second half of fiscal 2004. On the other hand, our operating income decreased 2.4% over the year-before level to ¥486 million owing to increased raw material prices and development expenditures as well as to changes in the structure of our products sold. And our ordinary income also declined 45.5% from a year before to ¥687 million because of large profit drops in our American affiliated companies accounted for by the US equity method, which were affected by sluggish US automakers. This brought our net income for the first quarter of fiscal 2005 to ¥264 million, down 68.7% from the same period of fiscal 2004.

## (2) Financial Position

(Unit: Millions of yen, unless otherwise specified)

	Total assets	Shareholder's Equity	Shareholder's Equity To Total Assets(%)	Shareholder's Equity Per Share(yen)
Three Months Ended June. 2006	84,075	40,035	47.6	1,713.48
Three Months Ended June. 2005	-	-	-	-
(Reference) Fiscal Year ended March. 2005	83,058	38,941	46.9	1,665.12

(Note) Financial position for the previous year is not shown, because it has been shown this quarter.

[Qualitative information on Financial Position]

The group's consolidated total assets in the first quarter of fiscal 2005 amounted to ¥93,399 million, down ¥387 million from the end of the previous fiscal year. This decline was due chiefly to decreases in notes receivable and accounts receivable as well as to depreciation of tangible fixed assets. Both cash and deposits registered increases. The shareholders' equity totaled ¥47,300 million, up ¥771 million from the end of the previous fiscal year. As a result, the equity to total assets ratio rose to 50.6% from 49.6% at the end of fiscal 2004.

## (3) Forecast for the Fiscal Year Ending March 2006 (April 1, 2005 – March 31, 2006) (Unit: Millions of yen)

	Net Sales	Ordinary Income	Net Income
Interim	73,000	2,000	1,200
Full Year	148,000	4,700	2,800

(Reference) Estimated net income per common share for the full year: 118.34yen

[Qualitative information for forecast]

The interim prospects for consolidated business performance in fiscal 2005 ending in March 2006, announced as of May 16 2005, are now under revision because some more declines are expected in the investment profit from our American affiliated companies accounted for by the US equity method. Also under review is the group's consolidated business prospects for the whole of fiscal 2005, considering anticipated changes and other uncertainties in business environments in the second half of this fiscal year as well as the probable impact from the on-going revision of the interim business prospects.



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\*The above projections were created on the basis of information available at the time of release of this material. Actual results may differ from these projections due to a variety of factors.

**1. June 30, 2005 Consolidated Balance Sheets**

(Unit: Millions of yen)

Account Name	June 30, 2005		March 31, 2005	
	Amount	(%)	Amount	(%)
<b>ASSETS</b>				
<b>1. Current assets</b>				
1 Cash and time deposits	17,455		15,326	
2 Accounts and notes receivable	21,247		22,496	
3 Marketable securities	1,819		1,527	
4 Inventories	3,373		3,593	
5 Other current assets	3,109		3,137	
6 Allowance for doubtful accounts	(18)		(18)	
<b>Total current assets</b>	<b>46,986</b>	<b>55.9</b>	<b>46,063</b>	<b>55.5</b>
<b>2. Fixed assets</b>				
1 Property, plant and equipment	25,360	30.2	25,722	31.0
2 Intangible assets	230	0.3	213	0.3
3 Investments and other assets				
(1) Investments in securities	9,774		8,813	
(2) Other assets	1,793		2,314	
(3) Allowance for doubtful accounts	(70)		(70)	
<b>Total investments and other assets</b>	<b>11,497</b>	<b>13.6</b>	<b>11,058</b>	<b>13.2</b>
<b>Total fixed assets</b>	<b>37,088</b>	<b>44.1</b>	<b>36,994</b>	<b>44.5</b>
<b>Total assets</b>	<b>84,075</b>	<b>100.0</b>	<b>83,058</b>	<b>100.0</b>



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(Unit: Millions of yen)

Account Name	June 30,2005		March 31,2005	
	Amount	(%)	Amount	(%)
<b>LIABILITIES</b>				
<b>1.Current liabilities</b>				
1 Accounts and notes payable	27,364		27,263	
2 Short-term loans	2,390		2,401	
3 Other current liabilities	6,449		5,326	
<b>Total current liabilities</b>	36,205	43.1	34,991	42.1
<b>2.Long term liabilities</b>				
1 Reserve for retirement benefits	927		795	
2 Retirement allowance for directors and corporate auditors	348		357	
3 Other non-current liabilities	5,031		6,526	
<b>Total long-term liabilities</b>	6,307	7.5	7,679	9.3
<b>Total liabilities</b>	42,512	50.6	42,671	51.4
<b>Minority interests in consolidated subsidiaries</b>	1,526	1.8	1,445	1.7
<b>Shareholder's equity</b>				
1 Common stock	6,327	7.5	6,327	7.6
2 Additional paid-in capital	5,883	7.0	5,883	7.1
3 Retained earnings	26,740	31.8	26,119	31.4
4 Net unrealized gain on securities	1,680	2.0	1,488	1.8
5 Foreign currency translation adjustments	(58)	(0.1)	(341)	(0.4)
6 Treasury stock	(537)	(0.6)	(537)	(0.6)
<b>Total shareholders' equity</b>	40,035	47.6	38,941	46.9
<b>Total liabilities and shareholder's equity</b>	84,075	100.0	83,058	100.0



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(Unit: millions of yen)

2. Consolidated Statements of Income

Account Name	April 1,2005- June30, 2005		April 1,2004- March, 2005	
		(%)		(%)
<b>1.Net sales</b>	37,999	100.0	151,218	100.0
<b>2.Cost of sales</b>	35,618	93.7	140,225	92.7
<b>Gross profit</b>	2,380	6.3	10,993	7.3
<b>3.Selling, general and administrative expenses</b>	1,882	5.0	8,435	5.6
<b>Operating income</b>	498	1.3	2,558	1.7
<b>4.Non operating income</b>				
1 Interest and dividend income	39		177	
2 Equity in earnings of unconsolidated subsidiaries and affiliates.	687		1,659	
3 Other non operating income	61	2.1	138	1.3
<b>Total non operating income</b>	788		1,975	
<b>5.Non operating expenses</b>				
1 Interest expense	20		55	
2 Other non operating expenses	3		86	
<b>Total non operating expenses</b>	24	0.1	141	0.1
<b>Income before extra-ordinary income and extra-ordinary loss</b>	1,261	3.3	4,392	2.9
<b>6.Extra- ordinary income</b>	0	0.0	379	0.3
<b>7.Extra- ordinary loss</b>	98	0.2	586	0.4
Income before income taxes and minority interests	1,164	3.1	4,185	2.8
Income taxes	268	0.8	1,411	1.0
Minority interests in net income of consolidated subsidiaries	48	0.1	284	0.2
<b>Net income</b>	846	2.2	2,489	1.6