

# U-SHIN LTD. Consolidated Financial Results for the three month (1Q) ended February 28, 2015

Tokyo, April 10, 2015 - U-SHIN LTD. announced its consolidated business results for the three months period (1Q) ended february 28, 2015 of the fiscal year ending November 30, 2015. The following summary of the business results that U-SHIN LTD submitted to the Tokyo Stock Exchange is unaudited and for reference only. (Code Number: 6985)

## Consolidated Business Results

	Three months (1Q) ended February 28, 2015				
	FY 2014		FY 2015		
	JPY in millions	YoY %	JPY in millions	YoY %	US\$ in thousands
Net Sales	¥ 36,688	153.1	¥ 40,170	9.5	\$ 336,804
Operating Income	55	(91.4)	830	1,409.1	6,962
Ordinary Income	(555)	-	(445)	-	(3,735)
Net Loss	(1,947)	-	(632)	-	(5,299)
Net Loss per share			JPY		US\$
Basic Net Loss	¥ (65.27)		¥ (23.69)		\$ (0.19)
Diluted Net Loss	-		-		-

## Consolidated Financial Condition

	November 30, 2014	February 28, 2015	
	JPY in millions	JPY in millions	US\$ in thousands
Total Assets	¥ 165,909	¥ 157,559	\$ 1,321,032
Net Aseests	39,181	37,453	314,021
Equity ratio	22.5%	22.6%	22.6%

## Cash Dividends

	Cash dividends per share (JPY)				
	1Q	2Q	3Q	4Q	Annual
FY 2014	-	¥ 5.00	-	¥ 5.00	¥ 10.00
FY 2015 (forecast)	-	¥ 5.00	-	¥ 5.00	¥ 10.00

## Segment Information

Net sales	Three months (1Q) ended February 28, 2015		
	FY 2014		FY 2015
	JPY in millions	JPY in millions	US\$ in thousands
Automotive	¥ 31,014	¥ 34,476	\$ 289,060
Industrial Equipment	4,975	5,099	42,755
Home Security Units	698	595	4,989
Reconciliations	-	-	-
Consolidated	36,688	40,170	336,804

Operating Income	Three months (1Q) ended February 28, 2015		
	FY 2014	FY 2015	
	JPY in millions	JPY in millions	US\$ in thousands
Automotive	¥ 520	¥ 855	\$ 7,171
Industrial Equipment	540	583	4,895
Home Security Units	61	36	307
Reconciliations	(1,067)	(645)	(5,412)
Consolidated	55	830	6,962

### Forecast of Consolidated Results for the year ending November 30, 2015

	Fiscal year ending November 30, 2015	
	JPY in millions	US\$ in thousands
Net Sales	¥ 160,000	\$ 1,341,494
Operating Income	5,000	41,921
Ordinary Income	3,400	28,506
Net Income	2,000	16,768

Reference: EPS forecast (year ending November 30, 2015)

¥70.09

#### Notes:

1. US\$ amounts are included solely for the convenience of readers outside Japan and have been made at the rate of JPY 119.27 to US\$1, the approximate exchange rate at february 28, 2015. Such translations should not be construed as representations that JPY amounts could be converted into US\$ at that or any other rate.
2. Amounts are rounded down to the nearest million yen or thousand US\$.

## **1. Three-month overview (1Q) ending February 28, 2015**

As major markets, both domestic and overseas, such as Japan, China and Europe were generally steady and strong, the consolidated net sales increased 9.5% from the same period of prior year, to 40.170 billion yen (US\$ 336.804 million), and operating margin was 0.830 billion yen (US\$ 6.962 million), around 15 times larger than the same period of the prior year.

An ordinary loss of 0.445 billion yen (US\$ 3.735 million) was realized due to increase of non-operating expenses; foreign exchange losses on the Euro, Russian Ruble and Brazilian Real were increased by 1.747 billion yen after ECB's QE announcement in January, with recognition of currency swap income of 1.366 billion yen on the other hand.

In addition to an ordinary loss, a net loss of 0.632 billion yen (US\$ 5.299 million) was posted due to an extraordinary loss on product warranties.

## **2. Business Performance by Segment**

### **Automotive Division**

Net sales increased 11.2% year-on-year to 34.476 billion yen (US\$ 289.060 million) and operating income increased 64.2% to 0.855 billion yen (US\$ 7.171 million), with steady demand in our major markets.

### **Industrial Equipment Division**

Net sales increased 2.5% year-on-year to 5.099 billion yen (US\$ 42.755 million) and operating income increased 7.9% to 0.583 billion yen (US\$ 4.895 million), as domestic demand and exports to US, etc. were steady and strong.

### **Home Security Units Division**

Net sales fell 14.8% year-on-year to 0.595 billion yen (US\$ 4.989 million) and operating income declined by 39.9% to 0.036 million yen (US\$ 0.307 million).

Continued reduction of demand due to Japanese consumption tax hike (in April 2014) still affected performance of this segment during that period.

## **3. Analysis of Financial Situation**

Three months period ending February 28, 2015, total assets stood 157.559 billion yen (US\$ 1,321.032 million), a decline of 8.349 billion yen compared to the end of the previous fiscal year, primarily due to decrease in cash and cash equivalents, reflecting repayment of bank debt, purchase of treasury stock and working capital expansion.

Total liabilities fell by 6.622 billion yen compared to the prior fiscal year-end to 120.106 billion yen (US\$ 1,007.010 million), mainly due to repayment of bank debt, trade account payables, other account payables, etc.

Total net assets declined by 1.727 billion yen from the previous fiscal year-end to 37.453 billion yen (US\$ 314.021 million), because of decrease of profit reserves caused by net loss of this quarter, dividend payments for the last fiscal year-end, additional purchase of treasury stock and decrease of forex translation adjustments along with depreciation of Euro, Mexican peso, etc.

## **4. Forecast for FY 2015 (December 2014 - November 2015)**

No revision has been made to the forecasts announced on January 13, 2015.

## Consolidated Balance Sheet

(Millions of Yen)

	November 30, 2014 (end of previous fiscal year)	February 28, 2015 (1Q-end of this fiscal year)
<b>Assets</b>		
Current assets		
Cash and deposits	27,514	21,048
Notes and accounts receivable - trade	32,595	32,095
Electronically recorded monetary claims - operating	3,527	3,291
Merchandise and finished goods	8,680	8,146
Work in process	2,431	3,623
Raw materials and supplies	9,251	8,498
Other	6,335	5,972
Allowance for doubtful accounts	△364	△358
<b>Total current assets</b>	<b>89,971</b>	<b>82,318</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,804	16,108
Machinery, equipment and vehicles, net	14,125	13,076
Tools, furniture and fixtures, net	5,312	5,788
Land	9,427	9,279
Construction in progress	3,715	3,680
<b>Total property, plant and equipment</b>	<b>49,384</b>	<b>47,933</b>
Intangible assets		
Goodwill	7,700	6,896
Other	3,916	3,436
<b>Total intangible assets</b>	<b>11,616</b>	<b>10,332</b>
Investments and other assets		
Investment securities	11,848	13,549
Other	3,393	3,735
Allowance for doubtful accounts	△375	△375
<b>Total investments and other assets</b>	<b>14,866</b>	<b>16,909</b>
<b>Total non-current assets</b>	<b>75,867</b>	<b>75,176</b>
Deferred assets	69	64
<b>Total assets</b>	<b>165,909</b>	<b>157,559</b>

(Millions of Yen)

	November 30, 2014 (end of previous fiscal year)	February 28, 2015 (1Q-end of this fiscal year)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	24,458	23,008
Electronically recorded obligations - operating	7,690	7,091
Short-term loans payable	2,575	2,716
Current portion of bonds	400	400
Current portion of long-term loans payable	8,535	7,692
Accounts payable - other	3,916	3,714
Income taxes payable	1,431	1,454
Provision for bonuses	95	982
Provision for directors' bonuses	377	4
Provision for product warranties	1,080	1,332
Provision for business structure improvement	462	422
Other provision	1,571	1,511
Other	7,514	5,886
Total current liabilities	60,108	56,219
Non-current liabilities		
Bonds payable	12,286	12,380
Long-term loans payable	42,553	40,491
Provision for business structure improvement	866	598
Other provision	592	374
Net defined benefit liability	3,318	3,135
Other	7,002	6,906
Total non-current liabilities	66,619	63,886
<b>Total liabilities</b>	<b>126,728</b>	<b>120,106</b>
Net assets		
Shareholders' equity		
Capital stock	12,016	12,016
Capital surplus	12,122	12,122
Retained earnings	8,892	8,126
Treasury stock	△3,446	△3,617
Total shareholders' equity	29,584	28,647
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	3,700	4,231
Foreign currency translation adjustment	4,009	2,869
Remeasurements of defined benefit plans	106	△74
Total accumulated other comprehensive income	7,817	7,026
Subscription rights to shares	1,733	1,733
Minority interests	45	45
Total net assets	39,181	37,453
<b>Total liabilities and net assets</b>	<b>165,909</b>	<b>157,559</b>

## Consolidated Statement of Operations

(Millions of Yen)

	FY2014 (Three months (1Q) ended February 28, 2014)	FY2015 (Three months (1Q) ended February 28, 2015)
Net sales	36,688	40,170
Cost of sales	32,892	36,077
Gross profit	3,796	4,093
Selling, general and administrative expenses	3,740	3,262
Operating income	55	830
Non-operating income		
Interest income	21	57
Dividend income	16	15
Currency swap income	—	1,366
Other	66	30
Total non-operating income	103	1,470
Non-operating expenses		
Interest expenses	339	274
Foreign exchange losses	52	1,747
Business integration related cost	36	—
Amortization of Bond with warrants	75	94
Other	210	630
Total non-operating expenses	714	2,746
Ordinary loss	△555	△445
Extraordinary income		
Gain on sales of non-current assets	0	6
Other	3	1
Total extraordinary income	3	7
Extraordinary losses		
Loss on sales and retirement of non-current assets	10	10
Loss on product warranties	—	269
Settlement payment	1,305	—
Other	54	—
Total extraordinary losses	1,371	279
Loss before income taxes and minority interests	△1,922	△717
Income taxes – current	302	343
Income taxes – deferred	△279	△430
Total income taxes	23	△86
Loss before minority interests	△1,945	△631
Minority interests in income	2	1
Net loss	△1,947	△632

## Consolidated Statement of Comprehensive Income

(Millions of Yen)

	FY2014 (Three months (1Q) ended February 28, 2014)	FY2015 (Three months (1Q) ended February 28, 2015)
Loss before minority interests	Δ1,945	Δ631
Other comprehensive income		
Unrealized gain on available-for-sale securities	Δ271	530
Foreign currency translation adjustment	193	Δ1,141
Remeasurements of defined benefit plans, net of tax	Δ0	Δ180
Total other comprehensive income	Δ77	Δ791
Comprehensive income	Δ2,023	Δ1,423
Comprehensive income attributable to		
Owners of parent	Δ2,024	Δ1,422
Minority interests	1	Δ0