

U-SHIN LTD. Consolidated Financial Results for the year ended November 30, 2015

Tokyo, January 14, 2016 - U-SHIN LTD. announced its consolidated financial results for the year ended 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 Operating Results

	Year ended November 30				
	FY 2014		FY 2015		
	JPY in millions	YoY %	JPY in millions	YoY %	US\$ in thousands
Net Sales	155,985	43.8	164,229	5.3	1,337,153
Operating Income	3,075	71.7	4,715	53.3	38,393
Ordinary Income	1,057	(31.2)	2,176	105.9	17,719
Net Income (loss)	(433)	-	226	-	1,846
Net Income (loss) per share	JPY		JPY		US\$
Basic Net Income (loss)	¥ (15.18)		¥ 8.49		\$ 0.06
Diluted Net Income (loss)	-		8.36		\$ 0.06

Consolidated Financial Position

	November 30, 2014	November 30, 2015	
	JPY in millions	JPY in millions	US\$ in thousands
Total Assets	165,909	153,335	1,248,454
Net Assets	39,181	37,343	304,053
Equity ratio	22.5%	23.3%	23.3%

Cash Dividends

	Cash dividends per share (JPY)				
	1Q	2Q	3Q	4Q	Annual
FY 2014	-	¥ 5.00	-	¥ 5.00	¥ 10.00
FY 2015	-	¥ 5.00	-	¥ 5.00	¥ 10.00
FY 2016 (forecast)	-	¥ 5.00	-	¥ 5.00	¥ 10.00

Segment Information

Net sales	Year ended November 30		
	FY 2014	FY 2015	
	JPY in millions	JPY in millions	US\$ in thousands
Automotive	132,459	141,366	1,151,004
Industrial Equipment	21,149	20,568	167,466
Home Security Units	2,376	2,294	18,681
Consolidated	155,985	164,229	1,337,153

Operating Income	Year ended November 30		
	FY 2014	FY 2015	
	JPY in millions	JPY in millions	US\$ in thousands
Automotive	3,690	4,780	38,920
Industrial Equipment	2,474	2,417	19,681
Home Security Units	132	98	801
Reconciliations	(3,223)	(2,580)	(21,010)
Consolidated	3,075	4,715	38,393

Forecast of Consolidated Results for FY2016 (December 1, 2015 through November 30, 2016)

	Fiscal year ending November 30, 2016	
	JPY in millions	US\$ in thousands
Net Sales	¥160,000	1,302,719
Operating Income	5,000	40,709
Ordinary Income	3,000	24,425
Net Income	2,000	16,283

Reference: Net income per share forecast ¥74.91

Notes:

1. US\$ amounts are included solely for the convenience of readers outside Japan and have been made at the rate of JPY 122.82 to US\$ 1, the approximate exchange rate prevailing on November 30, 2015. Such translation 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\$.
3. "Reconciliations" of segment income for the year ended November 30, 2015 of (2,580) million yen includes intersegment eliminations of 85 million yen and corporate expenses of (2,665) million yen. "Reconciliations" of segment income for the year ended November 30, 2014 of (3,223) million yen includes intersegment eliminations of 8 million yen and corporate expenses of (3,231) million yen.
4. Net income per share of Forecast of Consolidated Results for FY2016 is calculated based on the weighted-average number of common shares for the year ended November 30, 2015.

Qualitative Information on Consolidated Results for the Year Ended November 30, 2015

(1) Financial Results

During the period for the year ended November 30, 2015, U-Shin Group implemented group-wide post-merger activities to integrate the Access mechanism business purchased from Valeo S.A. in 2013, which led the European plants to stabilize the quality of the products and cost reduction. In addition, U-Shin Group consolidated the production sites and reorganized the production system in Europe, China and Japan, and streamlined the business operations to match the business scale of the sites where are affected by the economic stagnation.

As a result, consolidated net sales increased 5.3% to 164.229 billion yen (US\$ 1,337.153 million) compared to the same period of the previous fiscal year. Operating income increased 53.3% to 4.715 billion yen (US\$ 38.393 million), ordinary income increased 105.9% to 2.176 billion yen (US\$ 17.719 million) and net income was 0.226 billion yen (US\$ 1.846 million) (net loss of 0.433 billion yen was recorded in the previous fiscal year).

Regarding the non-operating income and expenses, interest expenses decreased as a result of the reduction in interest bearing debts and foreign exchange losses were recorded while a currency swap income was recognized. These were due to foreign exchange losses because of the depreciation of the Euro on the loans to foreign subsidiaries in Europe, while a currency swap income recognized as an effect of the hedge. In addition, foreign exchange losses were recorded mainly on operating payables in the subsidiaries such as China, Russia and Brazil because the Chinese yuan was devalued by Chinese government and emerging market currencies were depreciated.

(2) Operating Performance by Segment

Automotive Division

Net Sales increased 6.7% to 141.366 billion yen (US\$ 1,151.004 million) and operating income increased 29.5% to 4.780 billion yen (US\$ 38.920 million) year-on-year.

The performance of Chinese subsidiaries remained favorable particularly in the first half of the fiscal year and performance of subsidiary in Thailand was gradually improved because the economic activity began to recover with the calming down of the political and socioeconomic conditions, as well as manufacturing and sales in domestic sites were solid due to strong demands from our major customers.

In the Americas, the Mexico plant which started its operation in the previous fiscal year contributed to increase in operating income based on the steadily increased manufacturing and sales. Subsidiary in Brazil was affected by economic stagnation and the inflation in the country.

Industrial Equipment Division

Net Sales decreased 2.7% to 20.568 billion yen (US\$ 167.446 million) and operating income decreased 2.3% to 2.417 billion yen (US\$ 19.681 million) year-on-year because the capital investments were weak in the domestic markets and the sales of construction equipment and machine tools in the second half of the fiscal year were sluggish given the impact of the economic slowdown in China.

Home Security Units Division

Net Sales decreased 3.5% to 2.294 billion yen (US\$ 18.681 million) and operating income decreased 25.8% to 0.098 billion yen (US\$ 0.801 million) year-on-year as demand shrink due to Japanese consumption tax hike in April, 2014 still affected performance of this segment.

(3) Financial Position

As of November 30, 2015, total assets stood at 153.335 billion yen (US\$ 1,248.454 million), a decrease of 12.574 billion yen compared to the end of the previous fiscal year. This was primarily due to decrease in cash and cash equivalents reflecting repayment of bank debt, decrease in trade receivables and inventories, and decrease in fixed assets and goodwill as a result of depreciation.

Total liabilities decreased by 10.736 billion yen compared to the end of the previous fiscal year to 115.991 billion yen (US\$ 944.400 million) primarily due to reduction in interest bearing debts (7.413 billion yen) and decrease in trade payables such as accounts payable.

Total net assets decreased by 1.837 billion yen compared to the end of the previous fiscal year to 37.343 billion yen (US\$ 304.053 million). As a result of the conversion of CB, capital stock and capital surplus increased by 2.040 billion yen in total, while retained earnings decreased due to the dividend (0.265 billion yen) and the purchase of the treasury stock (1.400 billion yen). In June, treasury stock was retired, accordingly the treasury stock and retained earnings decreased by 4.332 billion yen. Regarding other items in net assets, foreign currency translation adjustments decreased because of the yen appreciation against the euro and the Mexican peso, while unrealized gain on available-for-sale securities increased with the stock market booming.

(4) Forecast for FY2016 (December 2015 – November 2016)

In the domestic market, the demand from major customers is expected to be steady and strong. In the overseas markets, there are concerns about prolongation of economic deceleration in China and socioeconomic conditions in Europe, while U.S. economy is expected to continue its recovery. Under such circumstances, U-Shin Group will continue to focus on assuring of the quality of products and cost reduction.

U-Shin Group expects consolidated net sales of 160.000 billion yen (US\$ 1,302.719 million), operating income of 5.000 billion yen (US\$ 40.709 million), ordinary income of 3.000 billion yen (US\$ 24.425 million), and net income of 2.000 billion yen (US\$ 16.283 million).

Consolidated Balance Sheet

(Millions of Yen)

	November 30, 2014	November 30, 2015
Assets		
Current assets		
Cash and deposits	27,514	23,719
Notes and accounts receivable - trade	32,595	29,929
Electronically recorded monetary claims - operating	3,527	3,325
Merchandise and finished goods	8,680	8,365
Work in process	2,431	2,402
Raw materials and supplies	9,251	8,735
Deferred tax assets	1,524	1,213
Other	4,811	4,424
Allowance for doubtful accounts	(364)	(625)
Total current assets	89,971	81,490
Non-current assets		
Property, plant and equipment		
Buildings and structures	25,463	23,962
Accumulated depreciation and impairment loss	(8,659)	(9,067)
Buildings and structures, net	16,804	14,894
Machinery, equipment and vehicles	45,670	43,748
Accumulated depreciation and impairment loss	(31,545)	(31,092)
Machinery, equipment and vehicles, net	14,125	12,655
Tools, furniture and fixtures	33,998	34,477
Accumulated depreciation and impairment loss	(28,685)	(28,866)
Tools, furniture and fixtures, net	5,312	5,610
Land	9,427	9,127
Construction in progress	3,715	2,695
Total property, plant and equipment	49,384	44,984
Intangible assets		
Software	707	622
Goodwill	7,700	6,425
Other	3,208	2,156
Total intangible assets	11,616	9,204
Investments and other assets		
Investment securities	11,848	13,879
Long-term loans receivable	178	184
Deferred tax assets	1,414	1,838
Other	1,801	1,780
Allowance for doubtful accounts	(375)	(75)
Total investments and other assets	14,866	17,608
Total non-current assets	75,867	71,796
Deferred assets		
Bond issuance cost	69	47
Total deferred assets	69	47
Total assets	165,909	153,335

(Millions of Yen)

	November 30, 2014	November 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	24,458	22,036
Electronically recorded obligations - operating	7,690	7,200
Short-term loans payable	2,575	3,332
Current portion of bonds	400	400
Current portion of long-term loans payable	8,535	15,377
Lease obligations	410	625
Accounts payable - other	3,916	4,059
Income taxes payable	1,431	1,205
Provision for bonuses	1,054	921
Provision for directors' bonuses	377	1
Provision for products warranties	1,080	961
Provision for business structure improvement	462	826
Other Provision	1,571	1,397
Other	6,144	8,788
Total current liabilities	60,108	67,134
Non-current liabilities		
Bonds payable	12,286	10,344
Long-term loans payable	42,553	29,175
Lease obligations	2,621	2,713
Deferred tax liabilities	2,359	2,500
Provision for business structure improvement	866	76
Other Provision	592	288
Net defined benefit liability	3,318	3,207
Other	2,021	550
Total non-current liabilities	66,619	48,856
Total liabilities	126,728	115,991
Net assets		
Shareholders' equity		
Capital stock	12,016	13,036
Capital surplus	12,122	13,142
Retained earnings	8,892	4,521
Treasury stock	(3,446)	(513)
Total shareholders' equity	29,584	30,187
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	3,700	4,570
Deferred gains or losses on hedges	—	(122)
Foreign currency translation adjustments	4,009	1,194
Remeasurements of defined benefit plans	106	(101)
Total accumulated other comprehensive income	7,817	5,541
Subscription rights to shares	1,733	1,575
Minority interests	45	39
Total net assets	39,181	37,343
Total liabilities and net assets	165,909	153,335

Consolidated Statement of Operations

(Millions of Yen)

	FY2014 (Year ended November 30, 2014)	FY2015 (Year ended November 30, 2015)
Net sales	155,985	164,229
Cost of sales	139,235	145,915
Gross profit	16,749	18,313
Selling, general and administrative expenses	13,674	13,598
Operating income	3,075	4,715
Non-operating income		
Interest income	206	262
Dividend income	185	259
Currency swap income	—	1,718
Foreign exchange gains	464	—
Other	461	346
Total non-operating income	1,317	2,586
Non-operating expenses		
Interest expenses	1,250	911
Currency swap expenses	1,323	—
Foreign exchange losses	—	2,916
Business integration related cost	127	—
Amortization of bond with warrants	319	341
Other	313	956
Total non-operating expenses	3,335	5,125
Ordinary income	1,057	2,176
Extraordinary income		
Gain on sales of non-current assets	891	81
Gain on sales of investment securities	14	326
Subsidy income	901	—
Insurance income	1,000	18
Reversal of provision for products warranties	106	—
Other	—	70
Total extraordinary income	2,913	496
Extraordinary losses		
Loss on sales and retirement of non-current assets	62	31
Impairment loss	100	—
Loss on products warranties	499	554
Provision for business structure improvement	179	246
Settlement payment	1,305	—
Loss on cancellation of contracts	1,231	—
Other	128	20
Total extraordinary losses	3,507	851
Income before income taxes and minority interests	463	1,821
Income taxes - current	1,304	1,862
Income taxes - deferred	(412)	(270)
Total income taxes	891	1,592
Income (loss) before minority interests	(428)	228
Minority interests in income	5	2
Net income (loss)	(433)	226

Consolidated Statement of Comprehensive Income

(Millions of Yen)

	FY2014 (Year ended November 30, 2014)	FY2015 (Year ended November 30, 2015)
Income (loss) before minority interests	(428)	228
Other comprehensive income		
Unrealized gain on available-for-sale securities	657	870
Deferred gains or losses on hedges	—	(122)
Foreign currency translation adjustments	3,119	(2,822)
Remeasurements of defined benefit plans, net of tax	(4)	(208)
Total other comprehensive income	3,772	(2,282)
Comprehensive income	3,344	(2,053)
Comprehensive income attributable to		
Owners of parent	3,334	(2,048)
Minority interests	10	(4)

Consolidated Statement of Cash Flows

(Millions of Yen)

	FY2014 (Year ended November 30, 2014)	FY2015 (Year ended November 30, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	463	1,821
Depreciation	8,026	8,521
Impairment loss	100	—
Amortization of goodwill	397	385
Amortization of bond with warrants	319	341
Increase (decrease) in provision	97	(751)
Interest and dividend income	(392)	(521)
Interest expenses	1,250	911
Currency swap expenses (income)	1,188	(1,718)
Foreign exchange losses (gains)	(1,700)	1,054
Loss (gain) on sales and retirement of non-current assets	(828)	(50)
Subsidy income	(901)	—
Decrease (increase) in notes and accounts receivable - trade	(2,938)	1,054
Decrease (increase) in inventories	(2,451)	(386)
Increase (decrease) in notes and accounts payable - trade	898	(856)
Increase (decrease) in accounts payable - other	765	409
Increase (decrease) in deposits received	229	1,312
Other, net	(1,687)	2,439
Subtotal	2,837	13,966
Interest and dividend income received	412	449
Interest expenses paid	(1,279)	(928)
Proceeds from subsidy income	605	—
Income taxes paid and refund	(1,179)	(1,662)
Net cash provided by (used in) operating activities	1,395	11,825
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,945)	(6,131)
Purchase of intangible assets	(916)	(917)
Proceeds from sales of property, plant and equipment	1,883	655
Purchase of investment securities	(47)	(1,264)
Proceeds from sales of investment securities	21	536
Other, net	509	(105)
Net cash provided by (used in) investing activities	(6,495)	(7,227)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,526	813
Proceeds from long-term loans payable	2,050	15,770
Repayments of long-term loans payable	(9,192)	(22,293)
Proceeds from issuance of bonds	5,000	—
Redemption of bonds	(200)	(400)
Proceeds from sales and leaseback	317	828
Repayments of lease obligations	(364)	(441)
Repayment from sales and purchases contract based on a deferred payment plan	(3,453)	—
Purchase of treasury stock	(2,141)	(1,400)
Cash dividends paid	(291)	(266)
Other, net	(33)	(81)
Net cash provided by (used in) financing activities	(6,783)	(7,470)
Effect of exchange rate change on cash and cash equivalents	1,182	(822)
Net increase (decrease) in cash and cash equivalents	(10,700)	(3,695)
Cash and cash equivalents at beginning of period	37,981	27,414
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	133	—
Cash and cash equivalents at end of period	27,414	23,719