

## U-SHIN LTD. Consolidated Financial Results for the nine months (3Q) ended August 31, 2015

Tokyo, October 13, 2015 - U-SHIN LTD. announced its consolidated financial results for the nine months (3Q) ended August 31, 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 Operating Results

	Nine months (3Q) ended August 31				
	FY 2014		FY 2015		
	JPY in millions	YoY %	JPY in millions	YoY %	US\$ in thousands
Net Sales	114,160	89.3	122,954	7.7	1,014,646
Operating Income	1,894	3.8	3,597	89.9	29,689
Ordinary Income	574	(82.3)	1,142	98.8	9,425
Net Income (loss)	(606)	-	207	-	1,709
Net Income (loss) per share	JPY		JPY		US\$
Basic Net Income (loss)	¥ (20.98)		¥ 7.80		\$ 0.06
Diluted Net Income (loss)	-		7.71		\$ 0.06

### Consolidated Financial Position

	November 30, 2014	August 31, 2015	
	JPY in millions	JPY in millions	US\$ in thousands
Total Assets	165,909	151,567	1,250,761
Net Assets	39,181	36,251	299,152
Equity ratio	22.5%	22.8%	22.8%

### Cash Dividends

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

### Segment Information

	Nine months (3Q) ended August 31		
	FY 2014	FY 2015	
	JPY in millions	JPY in millions	US\$ in thousands
Automotive	96,494	105,177	867,945
Industrial Equipment	15,849	16,039	132,357
Home Security Units	1,816	1,738	14,343
Consolidated	114,160	122,954	1,014,646

Operating Income	Nine months (3Q) ended August 31		
	FY 2014	FY 2015	
	JPY in millions	JPY in millions	US\$ in thousands
Automotive	2,439	3,576	29,513
Industrial Equipment	1,848	1,894	15,636
Home Security Units	121	83	688
Reconciliations	(2,514)	(1,956)	(16,149)
Consolidated	1,894	3,597	29,689

### Forecast of Consolidated Results for FY2015 (December 1, 2014 through November 30, 2015)

	Fiscal year ending November 30, 2015	
	JPY in millions	US\$ in thousands
Net Sales	¥160,000	1,320,349
Operating Income	5,000	41,260
Ordinary Income	3,400	28,057
Net Income	2,000	16,504

Reference: Net income per share forecast ¥75.28

#### Notes:

1. US\$ amounts are included solely for the convenience of readers outside Japan and have been made at the rate of JPY 121.18 to US\$ 1, the approximate exchange rate prevailing on August 31, 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 nine months ended August 31, 2015 of (1,956) million yen includes intersegment eliminations of 52 million yen and corporate expenses of (2,009) million yen. "Reconciliations" of segment income for the nine months ended August 31, 2014 of (2,514) million yen includes intersegment eliminations of 29 million yen and corporate expenses of (2,544) million yen.
4. Net income per share of Forecast of Consolidated Results for FY2015 is calculated based on the weighted-average number of common shares for the nine months ended August 31, 2015.

## **Qualitative Information on Consolidated Results for the Nine Months (3Q) Period**

### **(1) Financial Results**

Consolidated net sales increased by 7.7% to 122.954 billion yen (US\$ 1,014.646 million) compared to the same period of the previous fiscal year. Operating income increased 89.9% to 3.597 billion yen (US\$ 29.689 million). These were primarily due to the steady sales increase in Japanese and overseas markets such as China and Europe.

Ordinary income was 1.142 billion yen (US\$ 9.425 million). This was primarily due to foreign exchange losses on the Euro because of the depreciation of the Euro after the recurrence of the Greek debt crisis and ECB's QE announcement, while a currency swap income was recognized. In addition, due to the steady economic recovery in the United States and the dollar appreciation based on the expectation of future rate hikes by FRB, Chinese yuan was devalued by Chinese government and emerging market currencies such as the Russian ruble and the Brazilian real were depreciated, accordingly foreign exchange losses were recorded.

Net income was 0.207 billion yen (US\$ 1.709 million) as no major extraordinary income or loss was recorded.

### **(2) Operating Performance by Segment**

#### **Automotive Division**

Net Sales increased by 9.0% to 105.177 billion yen (US\$ 867.945 million) and operating income increased by 46.6% to 3.576 billion yen (US\$ 29.513 million) year-on-year due to steady demand in our major markets.

#### **Industrial Equipment Division**

Net Sales increased by 1.2% to 16.039 billion yen (US\$ 132.357 million) and operating income increased by 2.5% to 1.894 billion yen (US\$ 15.636 million) year-on-year due to the strong sales of the products for farm equipment and machine tools.

#### **Home Security Units Division**

Net Sales decreased by 4.3% to 1.738 billion yen (US\$ 14.343 million) and operating income decreased by 31.3% to 0.083 billion yen (US\$ 0.688 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 August 31, 2015, total assets stood at 151.567 billion yen (US\$ 1,250.761 million), a decrease of 14.342 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 and purchase of treasury stock. In addition, fixed assets decreased as a result of depreciation.

Total liabilities decreased by 11.412 billion yen compared to the end of the previous fiscal year to 115.316 billion yen (US\$ 951.609 million) primarily due to repayment of bank debt and the conversion of CB.

Total net assets decreased by 2.930 billion yen compared to the end of the previous fiscal year to 36.251 billion yen (US\$ 299.152 million). As a result of the conversion of CB, capital stock and capital surplus increased by 0.504 billion yen each, while foreign currency translation adjustments decreased because of the yen appreciation against the euro and the Mexican peso. The purchase of the treasury stock also decreased the net assets.

In June, treasury stock was retired, accordingly the treasury stock and retained earnings decreased by 4.332 billion yen.

### **(4) Forecast for FY2015 (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	August 31, 2015
<b>Assets</b>		
Current assets		
Cash and deposits	27,514	21,746
Notes and accounts receivable - trade	32,595	29,361
Electronically recorded monetary claims - operating	3,527	3,759
Merchandise and finished goods	8,680	8,180
Work in process	2,431	2,744
Raw materials and supplies	9,251	8,779
Other	6,335	5,150
Allowance for doubtful accounts	(364)	(615)
<b>Total current assets</b>	<b>89,971</b>	<b>79,108</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,804	15,216
Machinery, equipment and vehicles, net	14,125	12,955
Tools, furniture and fixtures, net	5,312	5,727
Land	9,427	9,162
Construction in progress	3,715	2,846
<b>Total property, plant and equipment</b>	<b>49,384</b>	<b>45,908</b>
Intangible assets		
Goodwill	7,700	6,827
Other	3,916	3,119
<b>Total intangible assets</b>	<b>11,616</b>	<b>9,947</b>
Investments and other assets		
Investment securities	11,848	12,865
Other	3,393	3,758
Allowance for doubtful accounts	(375)	(74)
<b>Total investments and other assets</b>	<b>14,866</b>	<b>16,549</b>
<b>Total non-current assets</b>	<b>75,867</b>	<b>72,405</b>
Deferred assets	69	53
<b>Total assets</b>	<b>165,909</b>	<b>151,567</b>

(Millions of Yen)

	November 30, 2014	August 31, 2015
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	24,458	20,755
Electronically recorded obligations - operating	7,690	7,537
Short-term loans payable	2,575	4,328
Current portion of bonds	400	400
Current portion of long-term loans payable	8,535	14,869
Accounts payable - other	3,916	3,858
Income taxes payable	1,431	863
Provision for bonuses	95	1,009
Provision for directors' bonuses	377	5
Provision for products warranties	1,080	812
Other provision	2,033	2,111
Other	7,514	7,636
Total current liabilities	60,108	64,187
Non-current liabilities		
Bonds payable	12,286	11,431
Long-term loans payable	42,553	30,444
Other provision	1,458	467
Net defined benefit liability	3,318	3,200
Other	7,002	5,584
Total non-current liabilities	66,619	51,128
<b>Total liabilities</b>	<b>126,728</b>	<b>115,316</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	12,016	12,521
Capital surplus	12,122	12,626
Retained earnings	8,892	4,501
Treasury stock	(3,446)	(19)
Total shareholders' equity	29,584	29,630
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	3,700	3,871
Deferred gains or losses on hedges	—	(107)
Foreign currency translation adjustments	4,009	1,269
Remeasurements of defined benefit plans	106	(85)
Total accumulated other comprehensive income	7,817	4,947
Subscription rights to shares	1,733	1,634
Minority interests	45	38
<b>Total net assets</b>	<b>39,181</b>	<b>36,251</b>
<b>Total liabilities and net assets</b>	<b>165,909</b>	<b>151,567</b>

**Consolidated Statement of Operations**

(Millions of Yen)

	FY2014 (Nine months ended August 31, 2014)	FY2015 (Nine months ended August 31, 2015)
Net sales	114,160	122,954
Cost of sales	102,057	109,470
Gross profit	12,102	13,483
Selling, general and administrative expenses	10,207	9,886
Operating income	1,894	3,597
Non-operating income		
Interest and dividend income	275	360
Currency swap income	—	1,718
Other	231	318
Total non-operating income	506	2,396
Non-operating expenses		
Interest expenses	952	708
Foreign exchange losses	174	2,960
Business integration related cost	93	—
Amortization of bond with warrants	225	255
Other	380	928
Total non-operating expenses	1,827	4,852
Ordinary income	574	1,142
Extraordinary income		
Gain on sales of non-current assets	878	7
Gain on sales of investment securities	14	315
Subsidy income	901	—
Insurance income	1,000	18
Total extraordinary income	2,794	341
Extraordinary losses		
Loss on sales and retirement of non-current assets	27	19
Loss on product warranties	23	284
Settlement payment	1,305	—
Loss on cancellation of contracts	1,231	—
Other	334	49
Total extraordinary losses	2,922	352
Income before income taxes and minority interests	446	1,131
Income taxes - current	1,127	1,134
Income taxes - deferred	(79)	(211)
Total income taxes	1,048	922
Income (loss) before minority interests	(602)	208
Minority interests in income	4	1
Net income (loss)	(606)	207

**Consolidated Statement of Comprehensive Income**

(Millions of Yen)

	FY2014 (Nine months ended August 31, 2014)	FY2015 (Nine months ended August 31, 2015)
Income (loss) before minority interests	(602)	208
Other comprehensive income		
Unrealized gain on available-for-sale securities	456	170
Deferred gains or losses on hedges	—	(107)
Foreign currency translation adjustments	437	(2,747)
Remeasurements of defined benefit plans, net of tax	0	(192)
Total other comprehensive income	895	(2,876)
Comprehensive income	293	(2,668)
Comprehensive income attributable to		
Owners of parent	287	(2,662)
Minority interests	5	(5)