

U-SHIN LTD Consolidated Financial Results for the nine months (3Q) ended August 31, 2014

Tokyo, October 14, 2014 - U-SHIN LTD announced its consolidated business results for the nine months period (3Q) ended August 31, 2014 of the fiscal year ending November 30, 2014. 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

	Nine months (3Q) ended August 31				
	FY 2013		FY 2014		
	JPY in millions	YoY %	JPY in millions	YoY %	US\$ in thousands
Net Sales	¥ 60,318	30.4	¥ 114,160	89.3	\$ 1,100,445
Operating Income	1,824	(30.3)	1,894	3.8	18,263
Ordinary Income	3,251	57.0	574	(82.3)	5,537
Net Income (loss)	4,039	-	(606)	-	(5,848)
Net Income (loss) per share			JPY		US\$
Basic Net Income(loss)	¥ 133.73		¥ (20.98)		\$ (0.20)
Diluted Net Income(loss)	-		-		-

Consolidated Financial Condition

	November 30, 2013	August 31, 2014	
	JPY in millions	JPY in millions	US\$ in thousands
Total Assets	¥ 162,143	¥ 156,000	\$ 1,503,765
Net Assets	37,676	36,899	355,691
Equity ratio	22.3%	22.7%	22.7%

Cash Dividends

	Cash dividends per share (JPY)				
	1Q	2Q	3Q	4Q	Annual
FY 2013	-	¥ 5.00	-	¥ 5.00	¥ 10.00
FY 2014	-	¥ 5.00	-		
FY 2014 (forecast)				¥ 5.00	¥ 10.00

Segment Information

	Nine months (3Q) ended August 31		
	FY 2013	FY 2014	FY 2014
	JPY in millions	JPY in millions	US\$ in thousands
Automotive	¥ 45,450	¥ 96,494	\$ 930,157
Industrial Equipment	12,811	15,849	152,782
Home Security Units	2,056	1,816	17,506
Reconciliations	-	-	-
Consolidated	60,318	114,160	1,100,445

Operating Income	Nine months (3Q) ended August 31		
	FY 2013	FY 2014	
	JPY in millions	JPY in millions	US\$ in thousands
Automotive	¥ 2,041	¥ 2,439	\$ 23,512
Industrial Equipment	1,391	1,848	17,821
Home Security Units	198	121	1,170
Reconciliations	(1,806)	(2,514)	(24,240)
Consolidated	1,824	1,894	18,263

Forecast of Consolidated Results for the fiscal year ending November 30, 2014

	Fiscal year ending November 30, 2014	
	JPY in millions	US\$ in thousands
Net Sales	¥ 150,000	\$ 1,445,922
Operatig Income	3,400	32,774
Ordinary Income	1,500	14,459
Net Income	400	3,855

Reference: EPS forecast (year ending November 30, 2014) ¥13.66

Notes:

1. Minority interests and stock aquisition rights are deducted from net assets for the caluculation of "Equity ratio".
2. US\$ amounts are added solely for the convenience of readers outside Japan and have been made at the rate of JPY 103.74 to US\$ 1, the approximate exchange rate on August 31, 2014.
3. Amouts are rounded down to the nearest million yen or thousand US\$.

Consolidated Business and Financial Results

1. Nine Month Overview (3Q) ending August 31, 2014

Auto parts demand from our major customers in Japan, China and other regions was generally strong. In addition, the acquisition of Access Mechanism business from Valeo S.A., in May 2013, contributed to our rising sales, and productivity of the European plants improved gradually during the period. On the other hand, the economic slump in Brazil and Thailand led to lower performances in these areas.

As a result, the consolidated Net Sales increased 89.3%, compared to the same period of the previous fiscal year, to 114.160 billion yen (US\$ 1,100.445 million).

Operating Income came to 1.894 billion yen (US\$ 18.263 million), up 3.8% from the same period of the previous fiscal year.

Ordinary Income declined 82.3% compared to the same period of the previous fiscal year to 0.574 billion yen (US\$ 5.537 million).

This was mainly due to a decrease in foreign exchange gains that peaked last year along with a major adjustment in the JPY foreign exchange market, as well as an increase in interest expenses.

A Net Loss of 0.606 billion yen (US\$ 5.848 million) was recognized, while the Net Income of 4.039 billion yen was recorded in the same period of the prior fiscal year.

While extraordinary gains from a public grant to establish a new plant in Japan (Hiroshima), and from sales of land and buildings of our old plants in Hiroshima and China (Zhongshan), were posted, we recorded extraordinary losses caused by cancellation fees regarding the acquisition of the Indian operation from Valeo S.A. and sales representation agreement contracts.

2. Business Performance by Segment

Automotive Division

Net Sales increased 112.3% year-on-year to 96.494 billion yen (US\$ 930.157 million) and Operating Income rose 19.5% to 2.439 billion yen mainly due to above mentioned factors.

Industrial Equipment Division

Net Sales increased 23.7% to 15.849 billion yen (US\$ 152.782 million) and Operating Income increased 32.9% to 1.848 billion yen (US\$ 17.821 million).

Demand for agricultural machinery parts was steady and strong, especially exports to Europe.

As for domestic demand, sales of construction machinery parts increased with regard to the earthquake disaster reconstruction.

Recovery in the market for machine tool parts also grew gradually during the period.

Housing Security Units Division

Net Sales fell 11.7% to 1.816 billion yen (US\$ 17.506 million) and Operating Income declined 38.7% to 0.121 billion yen (US\$ 1.170 million).

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

3. Analysis of Financial Situation

Nine months period ended August 31, 2014, Total Assets stood at 156.000 billion yen (US\$ 1,503.765 million), a decline of 6.143 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 and payment of cancellation fees, despite of increases in inventory along with new plant in Mexico coming on stream.

Liabilities fell by 5.366 billion yen compared to the prior fiscal year-end to 119.101 billion yen (US\$ 1,148.074 million), mainly due to repayment of bank loans and bonds.

Net Assets declined 0.776 billion yen from the previous fiscal year-end to 36.899 billion yen (US\$ 355.691 million), because of increase in treasury stock and decrease in retained earnings caused by net loss for the period, despite of increase in unrealized gain on available-for-sale securities and foreign currency translation adjustments that were caused by changes in of stock and foreign exchange markets respectively.

U-SHIN LTD
Consolidated Quarterly Balance Sheets

(JPY in millions)	November 30, 2013 (end of previous fiscal year)	August 31, 2014 (3Q-end of this fiscal year)
Assets		
Current assets		
Cash and deposits	37,981	27,964
Notes and accounts receivable-trade	31,928	31,794
Merchandise and finished goods	7,209	8,181
Work in process	2,150	2,417
Raw materials and supplies	7,280	8,553
Other	4,008	5,718
Allowance for doubtful accounts	-601	-504
Total current assets	89,957	84,124
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	15,335	16,084
Machinery, equipment and vehicles, net	12,384	12,644
Tools, furniture and fixtures, net	4,402	4,882
Land	9,600	9,301
Construction in progress	4,717	3,929
Total property, plant and equipment	46,440	46,841
Intangible assets		
Goodwill	7,845	7,251
Other	4,994	3,870
Total intangible assets	12,840	11,121
Investments and other assets		
Investment securities	10,494	11,529
Other	2,739	2,716
Allowance for doubtful accounts	-381	-376
Total investments and other assets	12,852	13,869
Total noncurrent assets	72,133	71,833
Deferred assets	52	42
Total assets	162,143	156,000
Liabilities		
Current liabilities		
Notes and accounts payable-trade	22,726	21,539
Electronically recorded obligations-operating	7,046	8,118
Short-term loans payable	1,034	3,111
Current portion of bonds	200	200
Current portion of long-term loans payable	9,176	8,674
Accounts payable-other	3,157	3,216
Income taxes payable	796	1,245
Provision for bonuses	98	1,157
Provision for directors' bonuses	27	287
Provision for products compensation	980	741
Provision for business structure improvement	754	752
Other Allowance	1,535	1,355
Other	11,321	7,046
Total current liabilities	58,855	57,447
Noncurrent liabilities		
Bonds payable	7,598	7,723
Long-term loans payable	49,047	44,313
Provision for retirement benefits	3,127	—
Provision for business structure improvement	725	695
Other Allowance-NL	347	498
Net defined benefit liability	—	2,963
Other	4,766	5,460
Total noncurrent liabilities	65,612	61,654
Total liabilities	124,467	119,101
Net assets		
Shareholders' equity		
Capital stock	12,016	12,016
Capital surplus	12,122	12,122
Retained earnings	9,365	8,719
Treasury stock	-1,304	-2,446
Total shareholders' equity	32,199	30,411
Unrealized gain on available-for-sale securities	3,043	3,500
Foreign currency translation adjustments	895	1,331
Remeasurements of defined benefit plans	—	111
Total accumulated other comprehensive income	3,938	4,944
Subscription rights to shares	1,501	1,501
Minority interests	36	42
Total net assets	37,676	36,899
Total liabilities and net assets	162,143	156,000

U-SHIN LTD
Consolidated Quarterly Statements of Income

(JPY in millions)	FY 2013 (Nine months (3Q) ended August 31, 2013)	FY 2014 (Nine months (3Q) ended August 31, 2014)
Net sales	60,318	114,160
Cost of sales	52,113	102,057
Gross profit	8,204	12,102
Selling, general and administrative expenses	6,380	10,207
Operating income	1,824	1,894
Non-operating income		
Interest income	65	143
Dividends income	98	132
Foreign exchange gains	3,054	—
Other	146	231
Total non-operating income	3,365	506
Non-operating expenses		
Interest expenses	608	952
Business integration related expenses	713	93
Amortization of Bond with warrants	25	225
Other	591	555
Total non-operating expenses	1,938	1,827
Ordinary income	3,251	574
Extraordinary income		
Gain on sales of noncurrent assets	43	878
Subsidy income	1,582	901
Insurance income	136	1,000
Other	48	14
Total extraordinary income	1,811	2,794
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	11	27
Settlement payment	—	1,305
Loss on cancellation of contracts	—	1,231
Other	1	358
Total extraordinary losses	12	2,922
Income before income taxes and minority interests	5,050	446
Income taxes-current	858	1,127
Income taxes-deferred	150	-79
Total income taxes	1,009	1,048
Income (loss) before minority interests	4,041	-602
Minority interests in income	1	4
Net income (loss)	4,039	-606