

U-SHIN LTD. Consolidated Financial Results for the Year Ended November 30, 2014

Tokyo, January 13, 2015 - U-SHIN LTD. announced its consolidated business results for the year ended 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

	Year ended November 30, 2014				
	FY 2013		FY 2014		
	JPY in millions	YoY %	JPY in millions	YoY %	US\$ in thousands
Net Sales	¥ 108,473	77.4	¥ 155,985	43.8	\$ 1,319,335
Operating Income	1,791	(31.6)	3,075	71.7	26,010
Ordinary Income	1,536	(30.4)	1,057	(31.2)	8,942
Net Income (loss)	400	-	(433)	-	(3,665)
Net Income (loss) per share			JPY		US\$
Basic Net Income(loss)	¥ 13.29		¥ (15.18)		\$ (0.13)
Diluted Net Income(loss)	-		-		-

Consolidated Financial Condition

	November 30, 2013	November 30, 2014	
	JPY in millions	JPY in millions	US\$ in thousands
Total Assets	¥ 162,143	¥ 165,909	\$ 1,403,276
Net Assets	37,676	39,181	331,398
Equity ratio	22.3%	22.5%	22.5%

Cash Dividends

	Cash dividends per share (JPY)				
	1Q	2Q	3Q	4Q	Annual
FY 2013	-	¥ 5.00	-	¥ 5.00	¥ 10.00
FY 2014	-	¥ 5.00	-	¥ 5.00	¥ 10.00
FY 2015 (forecast)	-	¥ 5.00	-	¥ 5.00	¥ 10.00

Segment Information

Net sales	Year ended November 30, 2014		
	FY 2013	FY 2014	FY 2014
	JPY in millions	JPY in millions	US\$ in thousands
Automotive	¥ 88,337	¥ 132,459	\$ 1,120,352
Industrial Equipment	17,475	21,149	178,882
Home Security Units	2,660	2,376	20,100
Reconciliations	-	-	-
Consolidated	108,473	155,985	1,319,335

Operating Income	Year ended November 30, 2014		
	FY 2013	FY 2014	
	JPY in millions	JPY in millions	US\$ in thousands
Automotive	¥ 1,963	¥ 3,690	\$ 31,217
Industrial Equipment	1,966	2,474	20,931
Home Security Units	231	132	1,122
Reconciliations	(2,370)	(3,223)	(27,261)
Consolidated	1,791	3,075	26,010

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	\$ 1,353,294
Operating Income	5,000	42,290
Ordinary Income	3,400	28,757
Net Income	2,000	16,916

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 118.23 to US\$1, the approximate exchange rate at November 30, 2014. 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. Overview of FY 2014 (December 2013 - November 2014)

During the period under review, U-Shin Group's major market areas such as Japan, China, Europe and USA were generally steady and strong, and new plant in Mexico came on-stream, which contributed to a consolidated sales increase. Conversely, the economic slump in Brazil and Thailand led to lower performances in these places.

U-Shin Group implemented group-wide post-merger activities to integrate the Access mechanism business purchased from Valeo S.A. in May 2013, which led the European plants to improving their productivity.

As a result, the consolidated Net Sales increased 43.8%, compared to the same period of the previous fiscal year, to 155.985 billion yen (US\$ 1,319.335 million). In addition to steady and strong demand in our major market, the acquisition of the Access mechanism business contributed a full-year to sales increase.

Operating Income came to 3.075 billion yen (US\$ 26.010 million), up 71.7% from the same period of the prior fiscal year. In addition to sales increase at major sites of domestic and overseas, productivity of the European plants was improved gradually to the end of the period. Moreover, recovery of the Industrial Equipment Division was steady.

Ordinary Income declined 31.2% compared to the same period of the previous fiscal year to 1.057 billion yen (US\$ 8.942 million), mainly due to a decrease in foreign exchange gains that peaked last year along with a major adjustment in the JPY foreign exchange market. On the contrary, foreign exchange losses from emerging currencies such as Russian ruble and Mexican peso were realized, as well as an increase in interest expenses.

A Net Loss of 0.433 billion yen (US\$ 3.665 million) was recognized, while the Net Income of 0.400 billion yen was recorded in the same period of the prior fiscal year. While extraordinary gains from a public grant towards the establishment of a new plant in Japan (Hiroshima), and from sales of land and buildings of old plants in Hiroshima (Kaita) and China (Zhongshan) were posted, we recorded extraordinary losses caused by cancellation fees with regard to the acquisition of the Indian operation from Valeo S.A. and sales representation agreement contracts, in addition to provision for products compensation.

2. Business Performance by Segment

Automotive Division

Net Sales increased 49.9% year-on-year to 132.459 billion yen (US\$ 1,120.353 million) and Operating Income rose 88.0% to 3.690 billion yen (US\$ 31.217 million).

The acquisition of the Access mechanism division from Valeo S.A. contributed full-year to both sales and profit increase. In addition, the auto parts market was steady and strong in Japan and China.

Industrial Equipment Division

Net Sales increased 21.0% to 21.149 billion yen (US\$ 178.882 million) and Operating Income increased 25.8% to 2.474 billion yen (US\$ 20.932 million).

Demand for agricultural machinery parts was steady and strong. For construction machinery parts, growing was delivered from the domestic demand regarding the earthquake disaster reconstruction, exports to Europe, etc. Machine tool parts market was also steady.

Home Security Units Division

Net Sales fell 10.7% to 2.376 billion yen (US\$ 20.100 million) and Operating Income declined 42.6% to 132 million yen (US\$ 1.123 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

Fiscal year ended on November 30, 2014, Total Assets stood at 165.909 billion yen (US\$ 1,403.276 million), an increase of 3.765 billion yen compared to the end of the previous fiscal year, primarily due to an increases in accounts receivable and inventory along with higher production and shipping in Japan, China, etc., despite decrease in cash and cash equivalents, reflecting repayment of bank debt and payment of cancellation fees.

Reflecting the rise of plant operation, Liabilities increased by 2.260 billion yen compared to the prior fiscal year-end to 126.728 billion yen (US\$ 1,071.878 million),.

In spite of the fact of an increase in treasury stock and a decrease in retained earnings caused by Net loss for the period, Net Assets rose 1.505 billion yen from the prior fiscal year-end to 39.181 billion yen (US\$ 331.398 million). This was led by an increase in unrealized gains on available-for-sale securities and foreign currency translation adjustments that were caused by booming stock and foreign exchange markets respectively.

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

For the next fiscal year through November 30, 2015, we see that our major market areas will be continuously steady and strong in general.

U-Shin Group expects consolidated Net Sales of 160 billion yen (US\$ 1,353.294 billion), Operating Income of 5 billion yen (US\$ 42.290 million), Ordinary Income of 3.400 billion yen (US\$ 28.757 million), and Net Income of 2 billion yen (US\$ 16.916 million) for the next fiscal year.

Consolidated Balance Sheet

(Millions of Yen)

	FY2013 (As of November 30, 2013)	FY2014 (As of November 30, 2014)
Assets		
Current assets		
Cash and deposits	37,981	27,514
Notes and accounts receivable – trade	31,885	32,595
Electronically recorded monetary claims – operating	43	3,527
Merchandise and finished goods	7,209	8,680
Work in process	2,150	2,431
Raw materials and supplies	7,280	9,251
Deferred tax assets	1,033	1,524
Other	2,975	4,811
Allowance for doubtful accounts	△601	△364
Total current assets	89,957	89,971
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,356	25,463
Accumulated depreciation and impairment loss	△8,020	△8,659
Buildings and structures, net	15,335	16,804
Machinery, equipment and vehicles	40,845	45,670
Accumulated depreciation and impairment loss	△28,460	△31,545
Machinery, equipment and vehicles, net	12,384	14,125
Tools, furniture and fixtures	30,491	33,998
Accumulated depreciation and impairment loss	△26,088	△28,685
Tools, furniture and fixtures, net	4,402	5,312
Land	9,600	9,427
Construction in progress	4,717	3,715
Total property, plant and equipment	46,440	49,384
Intangible assets		
Software	614	707
Goodwill	7,845	7,700
Other	4,379	3,208
Total intangible assets	12,840	11,616
Investments and other assets		
Investment securities	10,494	11,848
Long-term loans receivable	154	178
Deferred tax assets	778	1,414
Other	1,806	1,801
Allowance for doubtful accounts	△381	△375
Total investments and other assets	12,852	14,866
Total non-current assets	72,133	75,867
Deferred assets		
Bond issuance cost	52	69
Total deferred assets	52	69
Total assets	162,143	165,909

(Millions of Yen)

	FY2013 (As of November 30, 2013)	FY2014 (As of November 30, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	22,726	24,458
Electronically recorded obligations – operating	7,046	7,690
Short-term loans payable	1,034	2,575
Current portion of bonds	200	400
Current portion of long-term loans payable	9,176	8,535
Lease obligations	3,766	410
Accounts payable – other	3,157	3,916
Income taxes payable	796	1,431
Provision for bonuses	98	95
Provision for directors' bonuses	27	377
Provision for products compensation	980	1,080
Provision for plants demolition	11	–
Provision for business structure improvement	754	462
Other Allowance	1,523	1,571
Asset retirement obligations	196	–
Other	7,358	7,103
Total current liabilities	58,855	60,108
Non-current liabilities		
Bonds payable	7,598	12,286
Long-term loans payable	49,047	42,553
Lease obligations	2,412	2,621
Deferred tax liabilities	1,347	2,359
Provision for business structure improvement	725	866
Other Allowance	347	592
Provision for retirement benefits	3,127	-
Net defined benefit liability	-	3,318
Other	1,006	2,021
Total non-current liabilities	65,612	66,619
Total liabilities	124,467	126,728
Net assets		
Shareholders' equity		
Capital stock	12,016	12,016
Capital surplus	12,122	12,122
Retained earnings	9,365	8,892
Treasury stock	△1,304	△3,446
Total shareholders' equity	32,199	29,584
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	3,043	3,700
Foreign currency translation adjustment	895	4,009
Remeasurements of defined benefit plans	-	106
Total accumulated other comprehensive income	3,938	7,817
Subscription rights to shares	1,501	1,733
Minority interests	36	45
Total net assets	37,676	39,181
Total liabilities and net assets	162,143	165,909

Consolidated Statement of Operations

(Millions of Yen)

	FY2013 (For the year ended November 30, 2013)	FY2014 (For the year ended November 30, 2014)
Net sales	108,473	155,985
Cost of sales	96,021	139,235
Gross profit	12,451	16,749
Selling, general and administrative expenses	10,660	13,674
Operating income	1,791	3,075
Non-operating income		
Interest income	93	206
Dividends income	158	185
Foreign exchange gains	2,948	464
Other	218	461
Total non-operating income	3,418	1,317
Non-operating expenses		
Interest expenses	859	1,250
Commitment line fee	228	90
Currency swap expenses	853	1,323
Business integration related cost	1,188	127
Amortization of Bond with warrants	100	319
Other	444	223
Total non-operating expenses	3,673	3,335
Ordinary income	1,536	1,057
Extraordinary income		
Gain on sales of non-current assets	89	891
Gain on sales of investment securities	50	14
Subsidy income	1,582	901
Insurance income	183	1,000
Reversal of provision for products compensation	—	106
Total extraordinary income	1,906	2,913
Extraordinary losses		
Loss on sales and retirement of non-current assets	256	62
Impairment loss	199	100
Provision for products compensation	237	499
Provision for business structure improvement	1,343	179
Settlement payment	—	1,305
Loss on cancellation of contracts	—	1,231
Other	1	128
Total extraordinary losses	2,037	3,507
Income before income taxes and minority interests	1,405	463
Income taxes – current	674	1,304
Income taxes – deferred	328	△412
Total income taxes	1,002	891
Income (loss) before minority interests	403	△428
Minority interests in income	2	5
Net income (loss)	400	△433

Consolidated Statement of Comprehensive Income

(Millions of Yen)

	FY2013 (For the year ended November 30, 2013)	FY2014 (For the year ended November 30, 2014)
Net income (loss) before minority interests	403	△428
Other comprehensive income		
Unrealized gain on available-for-sale securities	2,360	657
Foreign currency translation adjustment	3,264	3,119
Remeasurements of defined benefit plans, net of tax	-	△4
Total other comprehensive income	5,624	3,772
Comprehensive income	6,027	3,344
Total comprehensive income attributable to		
Owners of parent	6,019	3,334
Minority interests	8	10

Consolidated Statement of Cash Flows

(Millions of Yen)

	FY2013 (For the year ended November 30, 2013)	FY2014 (For the year ended November 30, 2014)
Operating activities		
Income before income taxes and minority interests	1,405	463
Depreciation	5,350	8,026
Impairment loss and amortization	199	100
Amortization of goodwill	222	397
Amortization of bond	100	319
Increase in provision	1,228	97
Interest and dividends income	△252	△392
Interest expenses	859	1,250
Currency swap expenses	853	1,188
Foreign exchange gains	△2,084	△1,700
Loss (gain) on sales and disposal of property, plant and equipment	167	△828
Subsidy income	△1,582	△901
Increase in notes and accounts receivable – trade	△1,352	△2,938
Increase in inventories	△1,549	△2,451
Increase in notes and accounts payable – trade	1,827	898
Increase (decrease) in accounts payable – other	△818	765
Increase in deposits received	1,285	229
Other, net	424	△1,687
Subtotal	6,284	2,837
Interest and dividend income received	247	412
Interest expenses paid	△842	△1,279
Proceeds from subsidy income	1,582	605
Income taxes paid and refund	95	△1,179
Net cash provided by operating activities	7,367	1,395
Investing activities		
Purchase of property, plant and equipment	△10,695	△7,945
Purchase of intangible assets	△579	△916
Proceeds from sales of property, plant and equipment	615	1,883
Purchase of investment securities	△64	△47
Proceeds from sales of investment securities	132	21
Purchase of investments of subsidiaries resulting in change in scope of consolidation	△14,259	—
Other, net	△18	509
Net cash used in investing activities	△24,870	△6,495

(Millions of Yen)

	FY2013 (For the year ended November 30, 2013)	FY2014 (For the year ended November 30, 2014)
Financing activities		
Net increase (decrease) in short-term loans payable	Δ4,616	1,526
Proceeds from long-term loans payable	26,900	2,050
Repayments of long-term loans payable	Δ6,133	Δ9,192
Proceeds from issuance of bonds	7,500	5,000
Redemption of bonds	Δ400	Δ200
Proceeds from sale and leaseback	2,525	317
Repayments of lease obligations	Δ8	Δ364
Proceeds from sales and purchases contract based on a deferred payment plan	3,453	—
Repayment from sales and purchases contract based on a deferred payment plan	—	Δ3,453
Repayment of loans receivable from Valeo S.A. to newly consolidated subsidiaries	Δ8,048	—
Purchase of treasury shares	Δ719	Δ2,141
Cash dividends paid	Δ304	Δ291
Other, net	Δ25	Δ33
Net cash provided by (used in) financing activities	20,124	Δ6,783
Effect of exchange rate change on cash and cash equivalents	1,641	1,182
Net increase (decrease) in cash and cash equivalents	4,262	Δ10,700
Cash and cash equivalents at beginning of period	33,718	37,981
Increase in cash and cash equivalents resulting from change of scope of consolidation	—	133
Cash and cash equivalents at end of period	37,981	27,414