

## U-Shin Ltd. Consolidated Financial Results for the three months (1Q) ended February 28, 2017

Tokyo, April 14, 2017 - U-Shin Ltd. announced its consolidated financial results for the three months (1Q) ended February 28, 2017 of the fiscal year ending December 31, 2017. 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

	Three months (1Q) ended				
	February 29, 2016		February 28, 2017		
	JPY in millions	YoY %	JPY in millions	YoY %	US\$ in thousands
Net Sales	¥ 38,305	(4.6)	¥ 38,321	0.0	\$ 340,451
Operating Income	485	(41.6)	946	95.0	8,404
Ordinary Income (Loss)	(571)	-	702	-	6,241
Profit (Loss) Attributable to Owners of Parent	(1,896)	-	144	-	1,282
Net Income (Loss) per share	JPY		JPY		US\$
Basic Net Income (Loss)	¥ (68.43)		¥ 5.14		\$ 0.04
Diluted Net Income			4.99		\$ 0.04

### Consolidated Financial Position

	November 30, 2016	February 28, 2017	
	JPY in millions	JPY in millions	US\$ in thousands
Total Assets	¥ 143,295	¥ 135,439	\$ 1,203,267
Net Assets	22,248	24,316	216,033
Equity Ratio	14.4%	16.8%	16.8%

### Cash Dividends

	Cash dividends per share (JPY)				
	1Q	2Q	3Q	4Q	Annual
FY 2016	-	¥ 0.00	-	¥ 0.00	¥ 0.00
FY 2017	-				
FY 2017 (forecast)		¥ 0.00	-	-	-

\*The year-end dividend forecast for FY2017 is yet to be decided as of this moment.

### Segment Information

Net sales	Three months (1Q) ended		
	February 29, 2016	February 28, 2017	
	JPY in millions	JPY in millions	US\$ in thousands
Automotive	¥ 32,952	¥ 32,276	\$ 286,746
Industrial Equipment	4,750	5,445	48,379
Home Security Units	601	599	5,325
Consolidated	38,305	38,321	340,451

Operating Income	Three months (1Q) ended		
	February 29, 2016	February 28, 2017	
	JPY in millions	JPY in millions	US\$ in thousands
Automotive	¥ 578	¥ 911	\$ 8,100
Industrial Equipment	561	660	5,868
Home Security Units	36	20	184
Reconciliations	(691)	(647)	(5,749)
Consolidated	485	946	8,404

**Forecast of Consolidated Results for FY2017 (December 1, 2016 through December 31, 2017)**

	Fiscal year ending December 31, 2017	
	JPY in millions	US\$ in thousands
Net Sales	¥154,400	\$ 1,371,712
Operating Income	4,910	43,621
Ordinary Income	3,640	32,338
Profit Attributable to Owners of Parent	3,870	34,381

Reference: Net income per share forecast

¥ 139.63

## Notes:

1. U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of JPY 112.56 to US\$ 1.00, the approximate exchange rate prevailing on February 28, 2017. Such translation should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.
2. Amounts are rounded down to the nearest million yen or thousand U.S. dollar.
3. "Reconciliations" of segment income for the three months ended February 28, 2017 of (647) million yen includes intersegment eliminations of 7 million yen and corporate expenses of (654) million yen.  
"Reconciliations" of segment income for the three months ended February 29, 2016 of (691) million yen includes intersegment eliminations of (5) million yen and corporate expenses of (685) million yen.
4. Net income per share of Forecast of Consolidated Results for FY2017 is calculated based on the weighted-average number of common shares for the fiscal year ended November 30, 2016.

## **Qualitative Information on Consolidated Results for the Three Months (1Q) Period**

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

Consolidated net sales increased 0.0% to 38,321 million yen (US\$ 340,451 thousand), approximately same to the corresponding period of the last year, while operating income increased 95.0% to 946 million yen (US\$ 8,404 thousand) compared to the last year. This was mainly provided that there was no special factor originated in defective products expense incurred in the last year at UAM business<sup>†1</sup>, favorable performance to agricultural machinery at the industrial equipment division, and decrease of selling and general administration expenses (goodwill and directors' remuneration).

Ordinary income became to 702 million yen (US\$ 6,241 thousand) (The last year was ordinary loss of 571 million yen). Recording foreign exchange gain of 158 million yen in emerging currencies was one of the factors. (The same period of the previous year was foreign exchange loss of 390 million yen)

Net income became to 144 million yen (US\$ 1,282 thousand) (The last year was loss of 1,896 million yen due to defective products expense in Slovakia).

<sup>†1</sup> Access mechanism sector which we acquired in 2013 from Valeo S.A., a major automotive parts manufacturer in France

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

(Automotive Division)

Net sales decreased 2.1% to 32,276 million yen (US\$ 286,746 thousand), and operating income increased 57.6% to 911 million yen (US\$ 8,100 thousand) year-on-year. At UAM business, temporary non-quality cost was cleared off and moved on the right track, and it was contributed from collecting a part of development cost of next generation products. Performances in the other sites of both domestic and overseas were also in generally accordance with our plan in spite of the influence from foreign exchange conversion along with appreciation of yen.

(Industrial Equipment Division)

Net sales increased 14.6% to 5,445 million yen (US\$ 48,379 thousand), and operating income increased 17.6% to 660 million yen (US\$ 5,868 thousand) year-on-year. Performance to agricultural machinery was favorably progressed in domestic, China and North America.

(Home Security Units Division)

Net sales decreased 0.4% to 599 million yen (US\$ 5,325 thousand), and operating income decreased 42.4% to 20 million yen (US\$ 184 thousand) year-on-year.

### **(3) Financial Position**

At the first quarter-end on February 28, 2017, total assets stood at 135,439 million yen (US\$ 1,203,267 thousand), decrease of 7,855 million yen compared to the end of the previous fiscal year. This was mainly due to decrease in cash and deposits along with scheduled payments of loans payable.

Total liabilities decreased by 9,923 million yen to 111,123 million yen (US\$ 987,234 thousand), compared to the end of the previous fiscal year. This was primarily due to scheduled payments of loans payable and decrease of interest-bearing debt from stock conversion of CB.

Total net assets increased by 2,067 million yen to 24,316 million yen (US\$ 216,033 thousand), compared to the end of the previous fiscal year. The main reasons were due to recording net income, and increase of shareholders' equity by increasing capital stock and capital surplus along with stock conversion of CB. It was also provided from increase of unrealized gain on available-for-sale securities and foreign currency translation adjustments in accordance with the stock and currency market fluctuations.

The ratio of net assets to total assets was improved from 15.5% to 18.0% as consequences of decrease of liabilities and increase of net assets.

#### **(4) Forecast for the FY2017 (December 2016 – December 2017)**

No revision has been made to the forecasts announced on January 13, 2017.

### **Matters Regarding Summary Information (Notes)**

#### **(1) Change in important subsidiaries during the period: None.**

Although, it is not eligible for the change of specified subsidiary, U-SHIN MANUFACTURING (Wuxi) CO., LTD. was added to the scope of consolidation from the accounting period of this first quarter.

#### **(2) Change of consolidated closing date**

From this fiscal year, we have changed our closing date to December 31 from November 30. Thus, the FY2017 will span 13 months period from December 1, 2016 through December 31, 2017. The accounting period will be three months each from the first to third quarter (ended on February 28, May 31, and August 31 respectively), and the fourth quarter will be four months period (from September 1 through December 31, 2017) during the FY2017.

Accordingly, we have changed the closing date to December 31 for six consolidated subsidiaries that previously had a closing date at November 30.

Regarding U-SHIN EUROPE LTD. whose closing date was September 30, it is consolidated for five months from October 1, 2016 through February 28, 2017 with this change.

With above changes, closing date of U-Shin Ltd. and all consolidated subsidiaries was unified to December 31.

**Consolidated Balance Sheet**

(Millions of yen)

	As of November 30, 2016	As of February 28, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	36,322	26,414
Notes and accounts receivable - trade	24,502	24,546
Electronically recorded monetary claims - operating	1,997	4,025
Merchandise and finished goods	7,785	7,536
Work in process	2,419	2,435
Raw materials and supplies	7,300	7,838
Other	5,952	6,249
Allowance for doubtful accounts	(624)	(660)
<b>Total current assets</b>	<b>85,654</b>	<b>78,385</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,782	12,714
Machinery, equipment and vehicles, net	10,402	10,659
Tools, furniture and fixtures, net	4,625	4,466
Land	8,614	8,643
Construction in progress	2,495	2,189
<b>Total property, plant and equipment</b>	<b>38,921</b>	<b>38,673</b>
Intangible assets	1,449	1,295
Investments and other assets		
Investment securities	12,862	13,794
Other	4,464	3,354
Allowance for doubtful accounts	(83)	(83)
<b>Total investments and other assets</b>	<b>17,243</b>	<b>17,065</b>
<b>Total non-current assets</b>	<b>57,615</b>	<b>57,033</b>
Deferred assets	26	20
<b>Total assets</b>	<b>143,295</b>	<b>135,439</b>

(Millions of yen)

	As of November 30, 2016	As of February 28, 2017
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	21,962	21,907
Electronically recorded obligations - operating	7,120	6,988
Short-term loans payable	12,621	11,298
Current portion of bonds	3,524	2,932
Current portion of long-term loans payable	13,110	9,191
Accounts payable - other	4,782	4,813
Income taxes payable	851	539
Provision for bonuses	793	962
Provision for directors' bonuses	1	4
Provision for product warranties	1,329	1,365
Other provision	1,941	1,814
Other	12,974	12,819
<b>Total current liabilities</b>	<b>81,013</b>	<b>74,637</b>
<b>Non-current liabilities</b>		
Bonds payable	7,104	6,987
Long-term loans payable	24,566	22,036
Other provision	550	396
Net defined benefit liability	3,199	3,215
Other	4,612	3,849
<b>Total non-current liabilities</b>	<b>40,033</b>	<b>36,485</b>
<b>Total liabilities</b>	<b>121,046</b>	<b>111,123</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	13,062	13,495
Capital surplus	13,168	13,601
Retained earnings	(5,276)	(5,132)
Treasury Stock	(513)	(513)
<b>Total shareholders' equity</b>	<b>20,440</b>	<b>21,451</b>
<b>Accumulated other comprehensive income</b>		
Unrealized gain on available-for-sale securities	4,050	4,759
Deferred gains or losses on hedges	(157)	(154)
Foreign currency translation adjustments	(3,575)	(3,158)
Remeasurements of defined benefit plans	(115)	(111)
<b>Total accumulated other comprehensive income</b>	<b>201</b>	<b>1,334</b>
Subscription rights to shares	1,572	1,497
Non-controlling interests	33	33
<b>Total net assets</b>	<b>22,248</b>	<b>24,316</b>
<b>Total liabilities and net assets</b>	<b>143,295</b>	<b>135,439</b>

**Consolidated Statement of Operations**

(Millions of yen)

	Three months ended February 29, 2016	Three months ended February 28, 2017
Net sales	38,305	38,321
Cost of sales	34,440	34,195
Gross profit	3,864	4,125
Selling, general and administrative expenses	3,379	3,179
Operating income	485	946
Non-operating income		
Interest and dividend income	71	58
Foreign exchange gains	—	158
Other	31	26
Total non-operating income	102	243
Non-operating expenses		
Interest expenses	193	148
Commitment line fee	305	191
Foreign exchange losses	390	—
Amortization of bond with warrants	82	80
Other	187	66
Total non-operating expenses	1,158	487
Ordinary income (loss)	(571)	702
Extraordinary income		
Gain on sales of non-current assets	0	5
Gain on sales of investment securities	1	29
Other	0	—
Total extraordinary income	1	34
Extraordinary losses		
Loss on sales and retirement of non-current assets	3	7
Loss on product warranties	923	76
Other	135	21
Total extraordinary losses	1,061	105
Profit (loss) before income taxes	(1,631)	631
Income taxes - current	360	426
Income taxes - deferred	(95)	61
Total income taxes	264	487
Profit (loss)	(1,896)	144
Profit (loss) attributable to non-controlling interests	0	(0)
Profit (loss) attributable to owners of parent	(1,896)	144

**Consolidated Statement of Comprehensive Income**

(Millions of yen)

	Three months ended February 29, 2016	Three months ended February 28, 2017
Profit (loss)	(1,896)	144
Other comprehensive income		
Unrealized gain on available-for-sale securities	(1,816)	708
Deferred gains or losses on hedges	(54)	3
Foreign currency translation adjustments	(2,561)	418
Remeasurements of defined benefit plans, net of tax	4	3
Total other comprehensive income	(4,428)	1,133
Comprehensive income	(6,324)	1,277
Comprehensive income attributable to		
Owners of parent	(6,321)	1,277
Non-controlling interests	(2)	0