



Results Briefing for Six Months ended September 30, 2014

November 20, 2014

This is a summary in English from the original material in Japanese.
In case of any discrepancy between the translation and the
Japanese original, the latter shall prevail.



UKC Holdings Corporation





Consolidated Results for Six Months ended September 30, 2014



Business Segment



Business Segment		Major Products and Services	Major Market / Customer
Semiconductors / Electronic components business	Semiconductors	Image sensors, memory, microcomputers, system LSI, power, and other semiconductors	Electronics manufacturer
	Electronic components	LCD panels, batteries, optical pick-ups, Anisotropic Conductive Film (ACF)*, circuit boards, touch panels, composite parts, and other practical electronic components	
	EMS	Electronic Manufacturing Services	
	Environmental products	LED lighting, Solar Panel	Shop, Factory, Office Mega-solar, Home builder
Electronic equipment business	Electronic equipment	Various VTRs, cameras, video printers, and audio-visual related equipment	Broadcast station, Production, Enterprise, Education, Medical, Semiconductor production equipment manufacturer, System Integrator
	Recording media	Magnetic tapes, optical disks, and data memory disks	
	Products	System products that combine electronic equipment, and security-related products	
	Other	Electronic equipment repairs, audio-visual devices rentals, and educational software	
System equipment business	Contactless IC card terminal equipment	Contactless IC card (FeliCa, NFC) R/W module, electronic payment terminal, and access control terminal	e-Money industry, Digital signage industry, PC / Tablet manufacturer
	Other	Reliability assessment services and environmental material analysis services	Semiconductor / component manufacturer, Solar cell



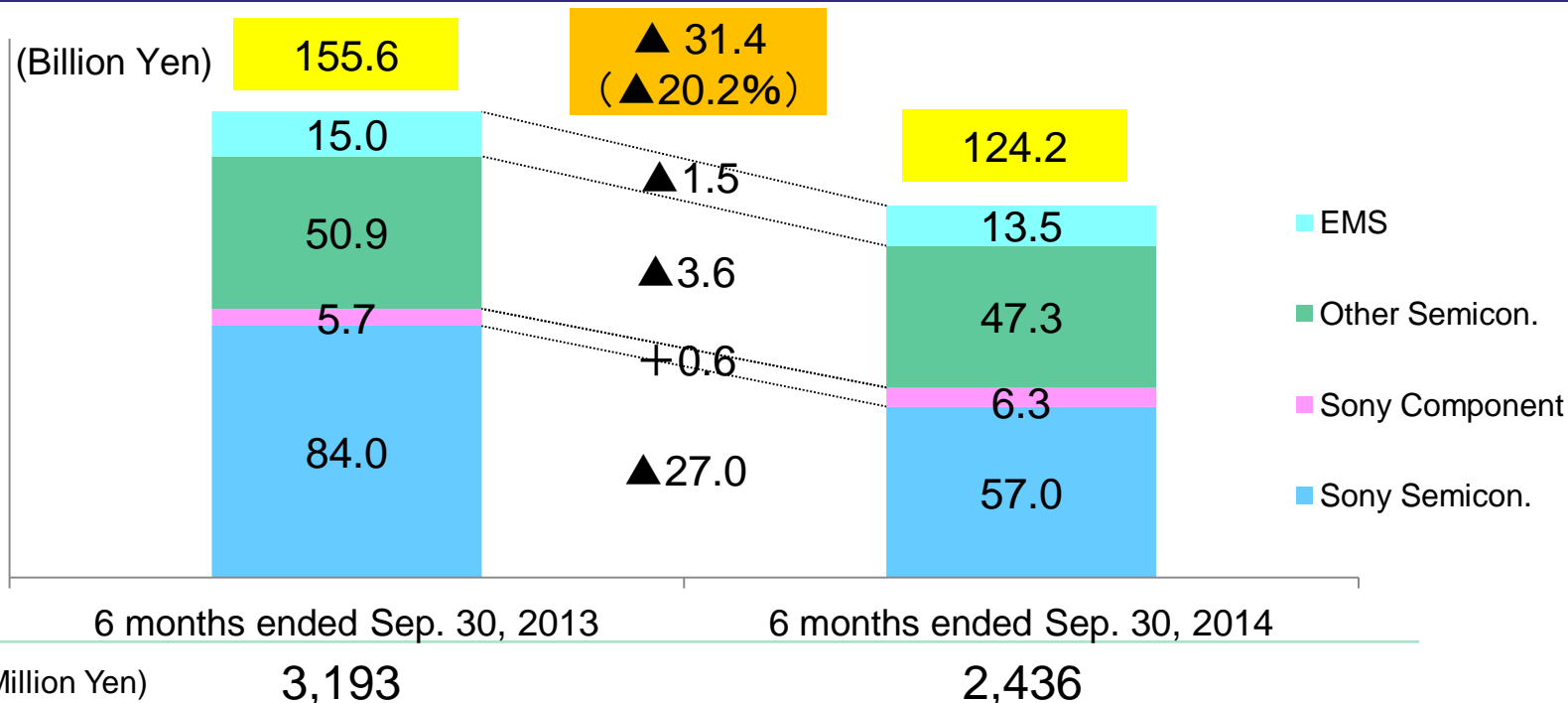
Consolidated Results for Six Months - Overview



(Million Yen)	6 Months ended Sep. 30, 2013 (Actual)		6 Months ending Sep. 30, 2014 (May 9 Forecast)		6 Months ended Sep. 30, 2014 (Actual)		Year on Year		vs. Forecast	
	Amount	%	Amount	%	Amount	%	Amount Change	% Change	Amount Change	% Change
Net Sales	164,092	100.0%	140,000	100.0%	131,870	100.0%	▲32,222	▲19.6%	▲8,129	▲5.8%
Gross Profit	9,706	5.9%			8,366	6.3%	▲1,340	▲13.8%		
SGA	6,534	4.0%			5,888	4.5%	▲646	▲9.9%		
Operating Income	3,172	1.9%	2,900	2.1%	2,478	1.9%	▲694	▲21.9%	▲421	▲14.6%
Ordinary Income	3,114	1.9%	2,800	2.0%	2,836	2.2%	▲278	▲8.9%	+36	+1.3%
Net Income	1,792	1.1%	1,800	1.3%	1,777	1.3%	▲14	▲0.8%	▲22	▲1.2%
EPS(Yen)	114.16		114.66		113.24					

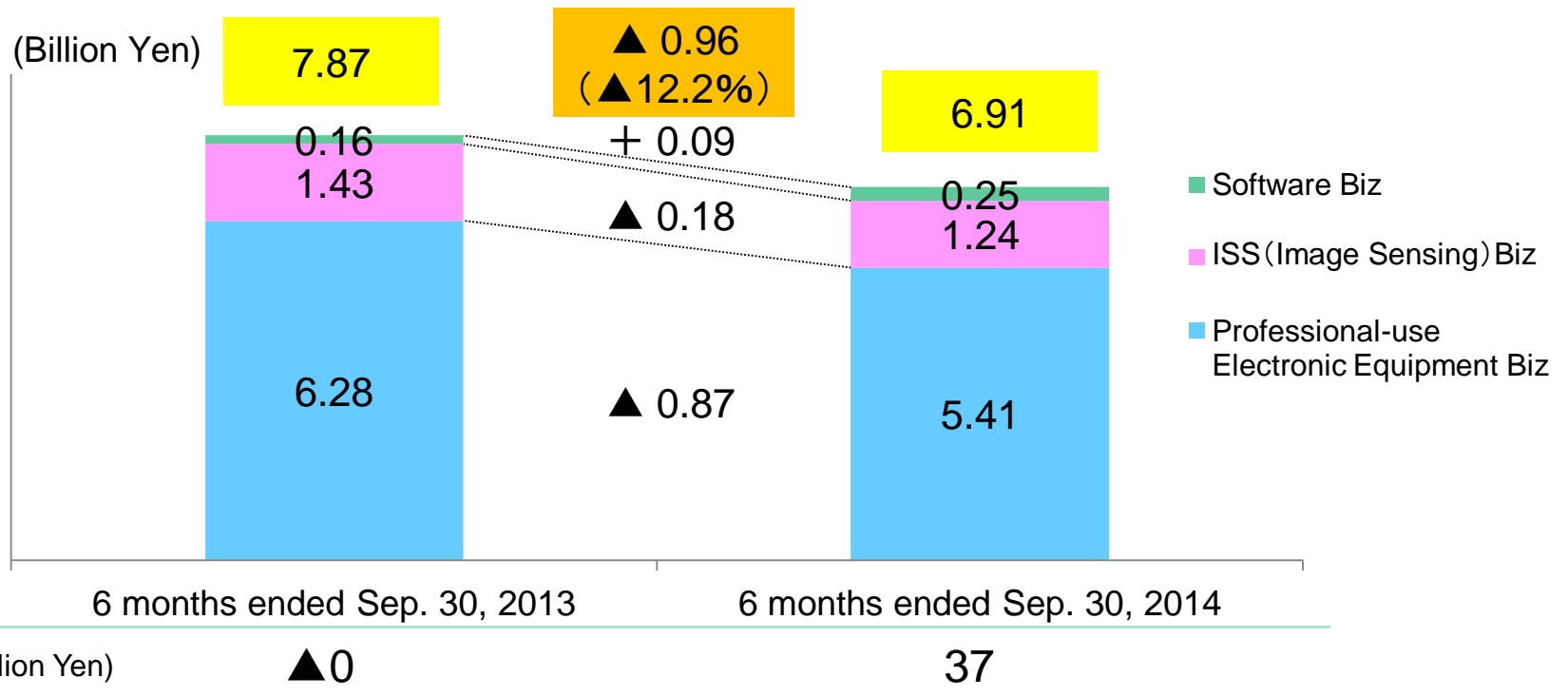
- Net Sales: YoY ▲32.2Bil. Yen (▲19.6%) Decreased mainly because of temporary slowdown in sales for smartphones overseas
- Gross profit: YoY ▲1.34Bil. Yen (Gross margin +0.4%)
Decreased on account of drop in net sales although gross margin improved as a result of increase in ratio of domestic sales with comparatively high gross margin
- Operating income: YoY ▲0.69Bil. Yen (▲21.9%)
Decreased on account of a provision of allowance for doubtful accounts of 545 million yen in SGA in connection with the filings of corporate reorganization proceedings and temporary restraining order concerning corporate property by Wintek in addition to decrease in net sales while the impact of bad debt reserve recorded at a subsidiary overseas last year was stripped. The business risks with Wintek are reduced by offsetting and balancing account receivables and account payables. However, current overexposure risk of account receivables was recorded. Appropriate measures are and will be taken to offset account receivables and account payables, and collect account receivables.
- Ordinary income: YoY ▲0.28Bil. Yen (▲8.9%)
Slightly surpassed the forecast because of the improvement of foreign exchange (¥82M loss⇒¥334M gain)
- Net income: Almost the same as the result of last year and the forecast

Segment Results - Semiconductors and Electronic Components



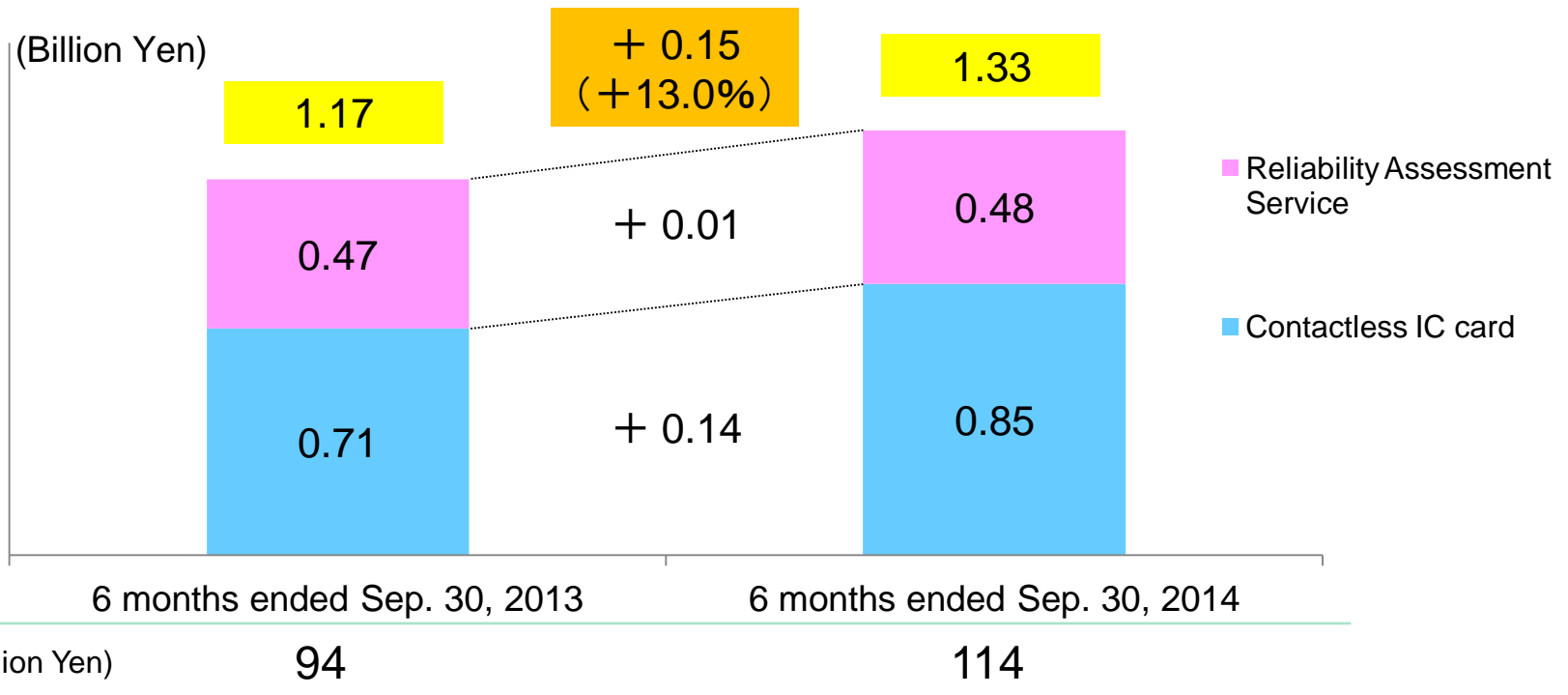
- Sony Semiconductor: Sales for foreign smartphones dropped.
- Other semiconductor: Sales of LCDs for automobiles was steady while sales of LCDs and touch panels for foreign smartphones dropped.
- EMS: Total sales dropped as a result of review of fabless business despite more than 20% sales increase of own factory business.
- Segment income dropped on account of Wintek-related bad debt reserve in addition to decrease in sales while the impact of bad debt reserve recorded at a subsidiary overseas last year was stripped.

Segment Results - Electronic Equipment



- Net sales dropped on account of the delay until the second half of such large-scale deals as had been realized in the same period last fiscal year and a partial backlash of the increase in customer demand last fiscal year triggered by economic stimulus policies.
- Delay in takeoff of 4K demand
- Segment income turned black as a result of improvement in gross margin and reduction in fixed cost.

Segment Results - System Equipment



- Contactless IC card business
 - Sales grew as e-money business continuously progressed well.
 - Installation of NFC modules in PCs / Tablets is making a comeback.
- Contracted reliability test and environmental material analysis service business
 - Sales slightly grew with improvement in gross margin.
 - Sony image sensor-, automobile-, and aerospace-related business went well.

Consolidated Balance Sheets



(Million Yen)	Mar-14	Sep-14
Cash & deposit	17,658	21,960
Accounts receivable	69,633	63,642
Inventories	18,416	19,173
Other	5,804	6,698
Current assets	111,512	111,474
Fixed assets	6,924	7,311
Total assets	118,436	118,786

Accounts payable	37,487	34,127
Short-term borrowings	16,120	20,881
Current portion of long-term borrowings	2,044	1,141
Other	5,388	3,059
Current liabilities	61,040	59,210
Long-term borrowings	5,893	6,620
Other	1,076	756
Fixed liabilities	6,970	7,377
Net assets	50,425	52,199

Net assets to total assets	42.2%	43.6%
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BPS (Yen)	3,186.08	3,299.35
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	vs. '14/3E	Main Factors
Total assets	+349	<ul style="list-style-type: none"> ▪ Cash and deposit +4,302 ▪ Inventories + 756 ▪ Other current assets + 798 ▪ Investments and other + 585 ▪ Accounts receivable ▲ 5,990
Liabilities	▲1,423	<ul style="list-style-type: none"> ▪ Short-term borrowings +4,760 ▪ Long-term borrowings + 726 ▪ Current portion of long-term borrowings ▲ 902 ▪ Income taxes payable ▲ 996 ▪ Other current liabilities ▲1,205 ▪ Accounts payable ▲3,359
Net assets	+1,773	<ul style="list-style-type: none"> ▪ Net income 1,777 ▪ Foreign currency translation adjustments +140 ▪ Dividends from retained earnings ▲ 313
Net assets to total assets	+1.4%	Increased from 42.2% to 43.6% as retain earnings accumulated

Consolidated Cash Flows



(Mil. Yen)	Sep. 30, 2013	Sept. 30, 2014	Main Factors
Operating activities	7,540	1,760	<ul style="list-style-type: none"> ▪ Decrease in notes and accounts receivable 7,191 ▪ Income before income taxes and minority interests 2,822 ▪ Increase in inventories ▲662 ▪ Income taxes paid ▲2,012 ▪ Increase in notes and accounts payable ▲3,925
Investing activities	▲258	▲536	<ul style="list-style-type: none"> ▪ Purchase of investment securities ▲297 (Stock of Digital Media Professionals, Inc. etc.) ▪ Purchase of property, plant and equipment ▲189
Financial activities	▲4,071	3,104	<ul style="list-style-type: none"> ▪ Increase in short-term borrowings (net) 3,690 ▪ Decrease in long-term borrowings (net) ▲191 ▪ Cash dividends paid ▲313
Cash & Equivalent	15,473	20,066	





Progress of Medium-term Business Initiatives



Initiatives for Business Extension

(Presented at Results Briefing for Fiscal Year 2013 on May 28, 2014)



	Business base	Extension
Customer	<ul style="list-style-type: none"> Japanese and Korean customers in imaging field Maintain high customer share of image sensor, touch screen panel and small & mid-size LCD Enrich and promote cross-selling products (battery, functional material, etc.) 	<ul style="list-style-type: none"> Develop local customers in China and ASEAN <ul style="list-style-type: none"> Four areal structures in Asia <ul style="list-style-type: none"> Japan, Korea, China (Taiwan), ASEAN (South Asia) Establish channels for local customers through focusing management resources Business alliances including M&A Tap into industry customers <ul style="list-style-type: none"> Approach to customers handling surveillance camera, power supply, inverter, robot, etc. Cross-sell products on top of core products such as next-generation power semiconductor
Application	<ul style="list-style-type: none"> Smartphone, DSLR camera Gain customer share of image sensor and touch screen panel Enrich and promote related products like battery, memory, various sensors, etc. Approach to smartphone manufacturers in China (start with receiver, speaker, etc.) 	<ul style="list-style-type: none"> Wearable (glasses, watch type) smart device Promote and downsize devices for smartphone Cultivate markets of environment / energy, automotive and medical areas <ul style="list-style-type: none"> Maximize opportunities of LCD for car navigation by entry into OEM business Prioritized investment on ADAS / autonomous driving
Function	<ul style="list-style-type: none"> Distribution and EMS <ul style="list-style-type: none"> Focus on modules for smartphone and tablet at own-factory Review fabless EMS model Increase number of adopted devices in customers' finished goods 	<ul style="list-style-type: none"> System (Solution) approach <ul style="list-style-type: none"> Maximize value proposition for customers Outsource H/W and S/W technologies and services Evolve business domain from simple distribution to solution offering



Initiatives for Business Extension - Progress and Topics 1



	Business base	Extension
Customer	<ul style="list-style-type: none"> Japanese and Korean customers in imaging field Maintain high customer share of image sensor, touch screen panel and small & mid-size LCD Enrich and promote cross-selling products (battery, functional material, etc.) 	<ul style="list-style-type: none"> Develop local customers in China and ASEAN <ul style="list-style-type: none"> Four areal structures in Asia <ul style="list-style-type: none"> Japan, Korea, China (Taiwan), ASEAN (South Asia) Establish channels for local customers through focusing management resources Business alliances including M&A Tap into industry customers <ul style="list-style-type: none"> Approach to customers handling surveillance camera, power supply, inverter, robot, etc. Cross-sell products on top of core products such as next-generation power semiconductor

- Begin selling GaN power devices manufactured by Transphorm for power conditioners from the second half
Promote for inverters and power supplies in Japan and Asia
- Continuously seek partnerships for building sales channels to foreign local customers
- Strive to recover customer share of image sensors for Korean smartphone
- Promote handling multiple vendors of touch screen panels for reducing risks and improving business opportunities
- Accelerate promoting Chinese devices for surveillance cameras etc.
- Extend sales channels of batteries for bicycles and tools in addition to digital still cameras and smartphones

Initiatives for Business Extension - Progress and Topics 2



	Business base	Extension
Application	<ul style="list-style-type: none"> ■ Smartphone, DSLR camera • Gain customer share of image sensor and touch screen panel • Enrich and promote related products like battery, memory, various sensors, etc. • Approach to smartphone manufacturers in China (start with receiver, speaker, etc.) 	<ul style="list-style-type: none"> ■ Wearable (glasses, watch type) smart device • Promote and downsize devices for smartphone ■ Cultivate markets of environment / energy, automotive and medical areas • Maximize opportunities of LCD for car navigation by entry into OEM business • Prioritized investment on ADAS / autonomous driving

- Promoting Kyocera receivers for Chinese smartphones for Chinese New Year
Focus on promoting the same product line to other customers and seeking other new products
- Promoting Sony image sensors for ADAS to Tier 1 / 2 manufacturers
(full business contribution from fiscal 2016)
- Seek alliances with eye glasses and sports manufacturers in wearable business



Initiatives for Business Extension - Progress and Topics 3



	Business base	Extension
Function	<ul style="list-style-type: none"> ■ Distribution and EMS <ul style="list-style-type: none"> • Focus on modules for smartphone and tablet at own-factory • Review fabless EMS model • Increase number of adopted devices in customers' finished goods 	<ul style="list-style-type: none"> ■ System (Solution) approach <ul style="list-style-type: none"> • Maximize value proposition for customers • Outsource H/W and S/W technologies and services • Evolve business domain from simple distribution to solution offering

- Own factory EMS: risk reduction by manufacturing multiple products contributes to good performance. Customer overdependence and next step move are among issues to address.
- Withdraw from fabless EMS business by the end of this fiscal year responding to stagnant customer demand and low profitability (minimum withdrawal cost)
- Continue concrete talks with Digital Media Professionals, Inc. on sales of amusement-use LSI and penetrations to automotive and IoT markets.
- Continue to seek partnerships instrumental to solution-oriented business



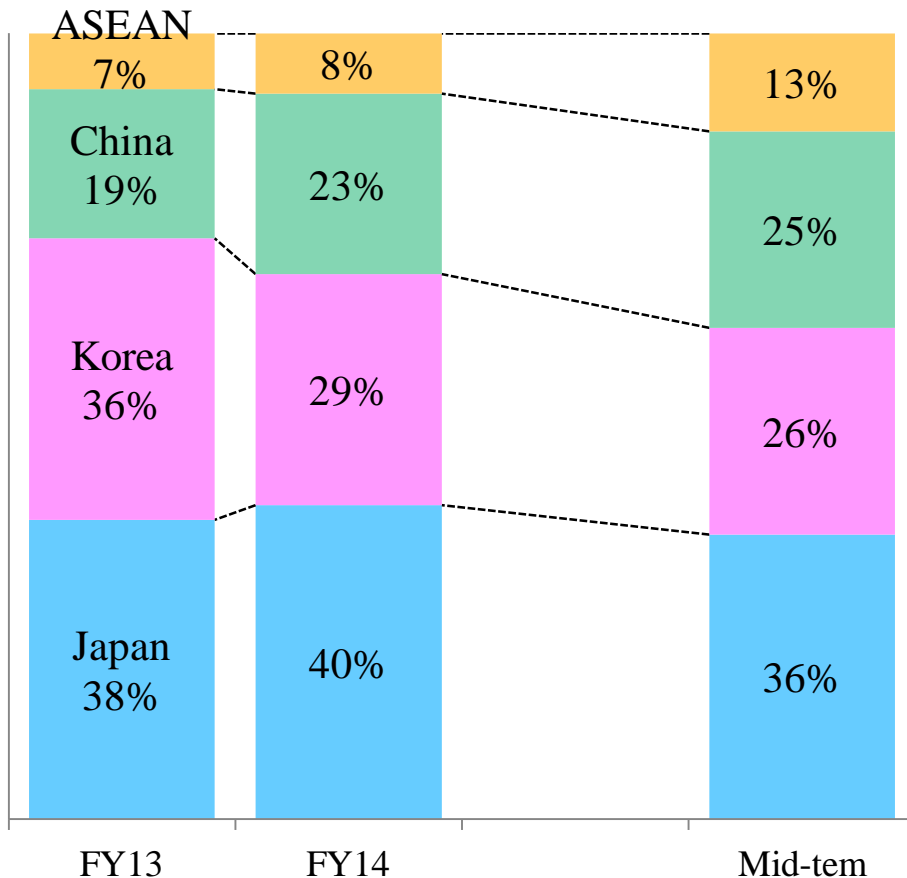
Mid-term(3-4 years) Business Structure (Geographic / Application)



(Presented at Results Briefing for Fiscal Year 2013 on May 28, 2014)

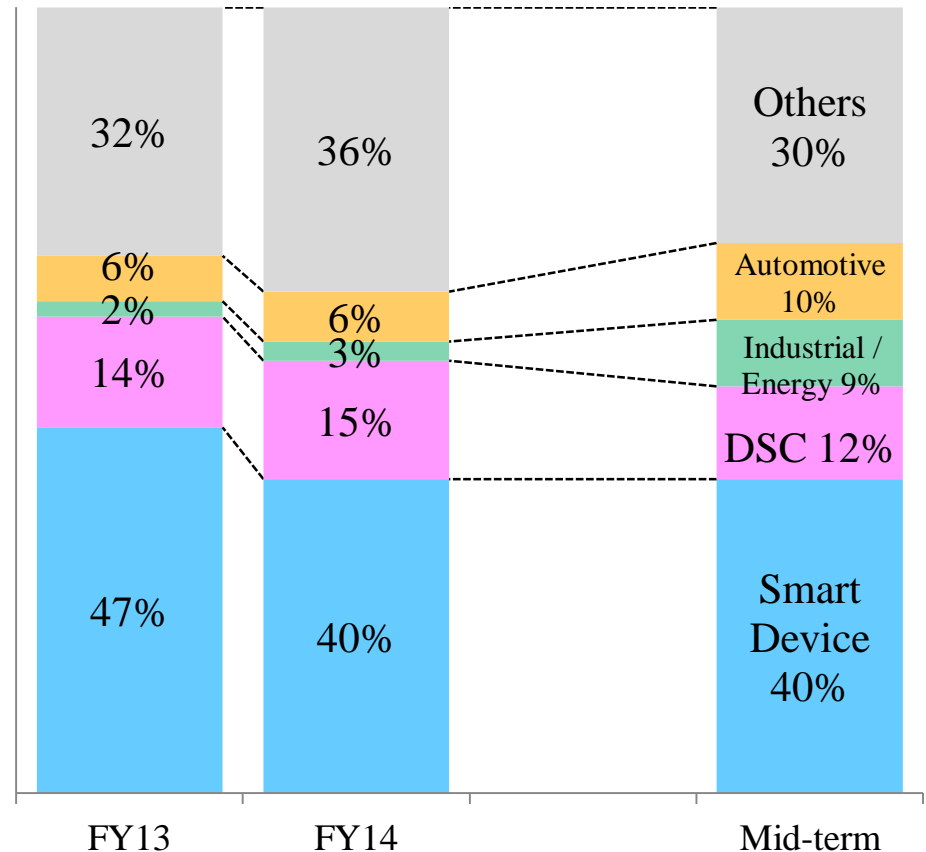
【Geographic】

- Business expansion in China and ASEAN



【Application】

- Business expansion in the areas of Industrial / Energy and Automotive
- Target wearable smart devices



※ calculated based on external sales of group companies in each area

Initiatives for Equipment Business



■ Electronic Equipment

- Strengthen sales and marketing activities for takeoff of 4K demand next year
- Promote multi-purpose video conference system including disaster response-use
- Promote broadcasting system for local assemblies to follow the trend of open assembly

■ System Equipment

- Focus on terminal products centered on FeliCa (NFC)
Electronic payment terminal, Digital signage, Office / school access control
- Take full advantage of wide-spread adoption of e-money terminal to expand business



Consolidated Forecasts for Fiscal Year 2014



2nd Half Market / Business Climate



Market / Business	Market Climate	Business Climate / Initiatives	Momentum
Smartphone	<ul style="list-style-type: none"> • Increase in market share of Chinese manufacturers like Xiaomi and declines of Apple and Samsung • Stagnant sales of high end, Focus on middle end 	Customer share for foreign smartphones will improve compared to the first half.	
Digital Still Camera	The market of DSLR has been decreasing two years in a row attributable to dull market in China and Europe.	Customer share continues to grow.	
Automobile	<ul style="list-style-type: none"> • Automotive market is steady centered on US • Manufacturers are focusing on automotive market. • ADAS and autonomous driving market is expanding. • Sony's entry in image sensors for automobile 	<ul style="list-style-type: none"> • Steady LCD business for car navigation • Promoting LCDs for instrument panels and touch panels for automobiles • Introducing image sensors for ADAS and autonomous driving 	
EMS	<ul style="list-style-type: none"> • Continuous growth of total market • The differences between winners and losers become clear. 	<ul style="list-style-type: none"> • Own factory business for smartphones / tablets remains steady. • Withdraw from fabless business 	
Professional-use Electronic Equipment	<ul style="list-style-type: none"> • upward trend of investment toward 2020 • Customer willingness to invest is slow year on year in the short term. 	<ul style="list-style-type: none"> • Reap business deals delayed to second half • Maximize mid-term business opportunities over a six-year period 	
Contactless IC card	E-money market continues to grow.	E-money and digital signage terminal business remains strong.	
Contracted Quality Inspection	Severe competitions	Image sensor- and automobile-related business is strong.	

Consolidated Forecasts for Fiscal Year 2014



(Million Yen)	Fiscal 2013 Full Year		Six Months ended September 30, 2014					Fiscal 2014 Full Year forecast (May 9, 2014)		
	Amount	%	Amount	%	YoY	vs. Forecast	Progress	Amount	%	YoY
Net Sales	317,042	100.0%	131,870	100.0%	▲ 19.6%	▲ 5.8%	44.0%	300,000	100.0%	▲ 5.4%
Gross Profit	19,411	6.1%	8,366	6.3%	▲ 13.8%		45.5%	18,400	6.1%	▲ 5.2%
SGA	12,485	3.9%	5,888	4.5%	▲ 9.9%		52.6%	11,200	3.7%	▲ 10.3%
Operating Income	6,925	2.2%	2,478	1.9%	▲ 21.9%	▲ 14.6%	34.4%	7,200	2.4%	+ 4.0%
Ordinary Income	7,237	2.3%	2,836	2.2%	▲ 8.9%	+ 1.3%	41.1%	6,900	2.3%	▲ 4.7%
Net Income	4,398	1.4%	1,777	1.3%	▲ 0.8%	▲ 1.2%	40.4%	4,400	1.5%	+ 0.0%
EPS (Yen)	280.21		113.24					280.28		

- The business itself progressed as expected for the first half despite drop in net sales year on year because of temporary stagnation in sales for foreign smartphones. Operating income significantly dropped both year on year and against the forecast by the impact of the filing of corporate reorganization proceedings by Wintek. However, ordinary income surpassed the forecast and net income remained slightly below against last year and the forecast attributable to foreign exchange gain brought about by Yen depreciation.
- The forecast of financial results for the full fiscal year remains unchanged from the original disclosed on May 9, 2014 at this point as there are many uncertain factors regarding market and customer conditions and demands for the second half. No collection of the accounts receivable regarding the bad debt reserve recorded at a subsidiary overseas last year is included. Litigation has been underway for collecting the account receivable.
- Dividend: Interim ¥20 / share, Year-end ¥20 / share





Appendix





Semiconductors and electronic components

■ Semiconductors/Electronic components

To meet the diverse needs of customers, we deal in state-of-the-art semiconductors, high-function electronic components, and energy- and environment-related products made by SONY and other manufacturers in Japan and abroad. Through our global network, we propose optimum solutions backed by a variety of products and sophisticated technical support.



■ EMS (Electronic Manufacturing Service)

Based on the know-how in material procurement we have gained through our experiences in semiconductor sales and the buying/selling agency business, together with the technical know-how we have gained through the development and manufacture of system products, we have established unique systems for purchase, production control, production technology, and quality assurance. By mainly utilizing our own factory with cutting-edge surface mount technology in Dongguan, China, we offer high-quality electronic manufacturing services that suit customers' needs.





Electronic equipment

■ Broadcast solutions

To go with the flow of the next-generation tapeless, file-based format in the age of digital terrestrial broadcasting, we offer system solutions that match requests from broadcasting stations and production companies.



■ Digital network solutions

We materialize and offer highly customized digital network solutions such as video contents production/distribution systems and video conferencing systems to every field of business, education, medicine, and public service.



■ Image sensing solutions

We offer total coordination service for cameras, their peripherals, and image analysis systems for FA (factory automation), surveillance, and security applications in order to provide optimum solutions for our customers' needs.





System equipment

■ System equipment / Contactless IC card (FeliCa)

Using the digital communication technology and other essential technologies we have accumulated since our foundation, we have fused NFC (Near Field Communication) technologies such as SONY's contactless IC card (FeliCa) with techniques of our own to develop a new lineup of applied products based on our "Security and Safety" motto. Through the development of these originally planned products, we propose safe and comfortable lifestyles. We are also focusing on various types of entrusted development with digital technologies related to communication, control, and imaging to quickly respond to customer needs in a world of increasingly diverse and sophisticated electronics products.



■ Quality inspection

(Reliability test / environmental material analysis services)

Our reliable, specialized technology backed by years of experience will meet the demand for various reliability tests from different angles and environmental material analysis with respect to semiconductors, electronic components, electric and electronic products, and more. To remain a dependable partner for customers who develop and sell semiconductors, electronic components, and electric and electronic products, we are constantly making every effort to improve our technologies and services.

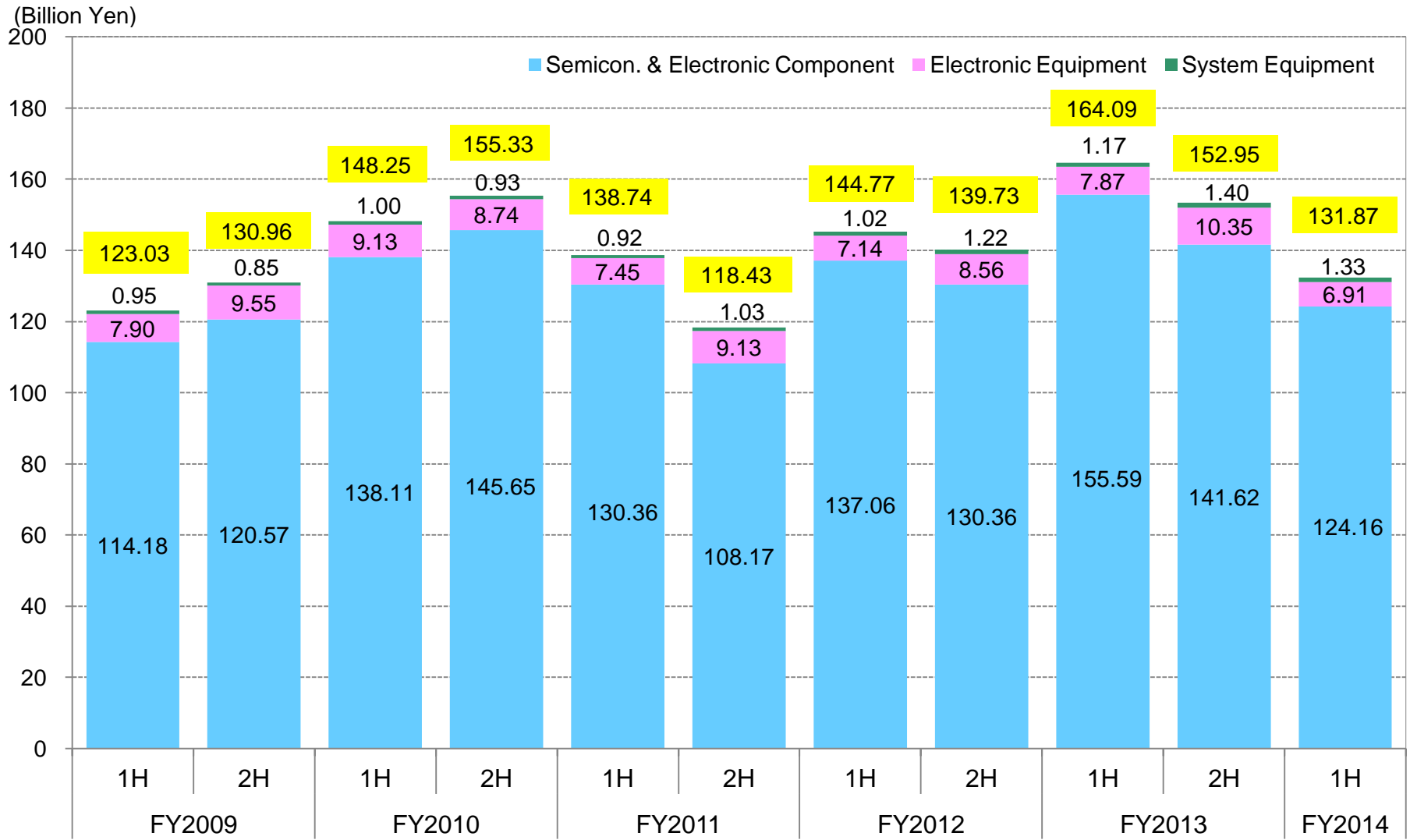


Net Sales / Operating Income History



Through fiscal year ended March 31, 2009 : simply add the consolidated results of KYOSHIN TECHNOSONIC Co., Ltd. to those of USC Corporation
 Fiscal year ended March 31, 2010 : simply add the consolidated first half results of KYOSHIN to the consolidated results of UKC Holdings

Segment Sales History



*Some products regarded as “Electronic Equipment” are reclassified as “Semiconductors and Electronic Components” from fiscal year 2013. The change is retrospectively applied to the segment figures of the consolidated fiscal year 2012.

*2nd Half figures are calculated by deducting 1st Half figures from full year figures.

Consolidated P/L



(Million Yen)

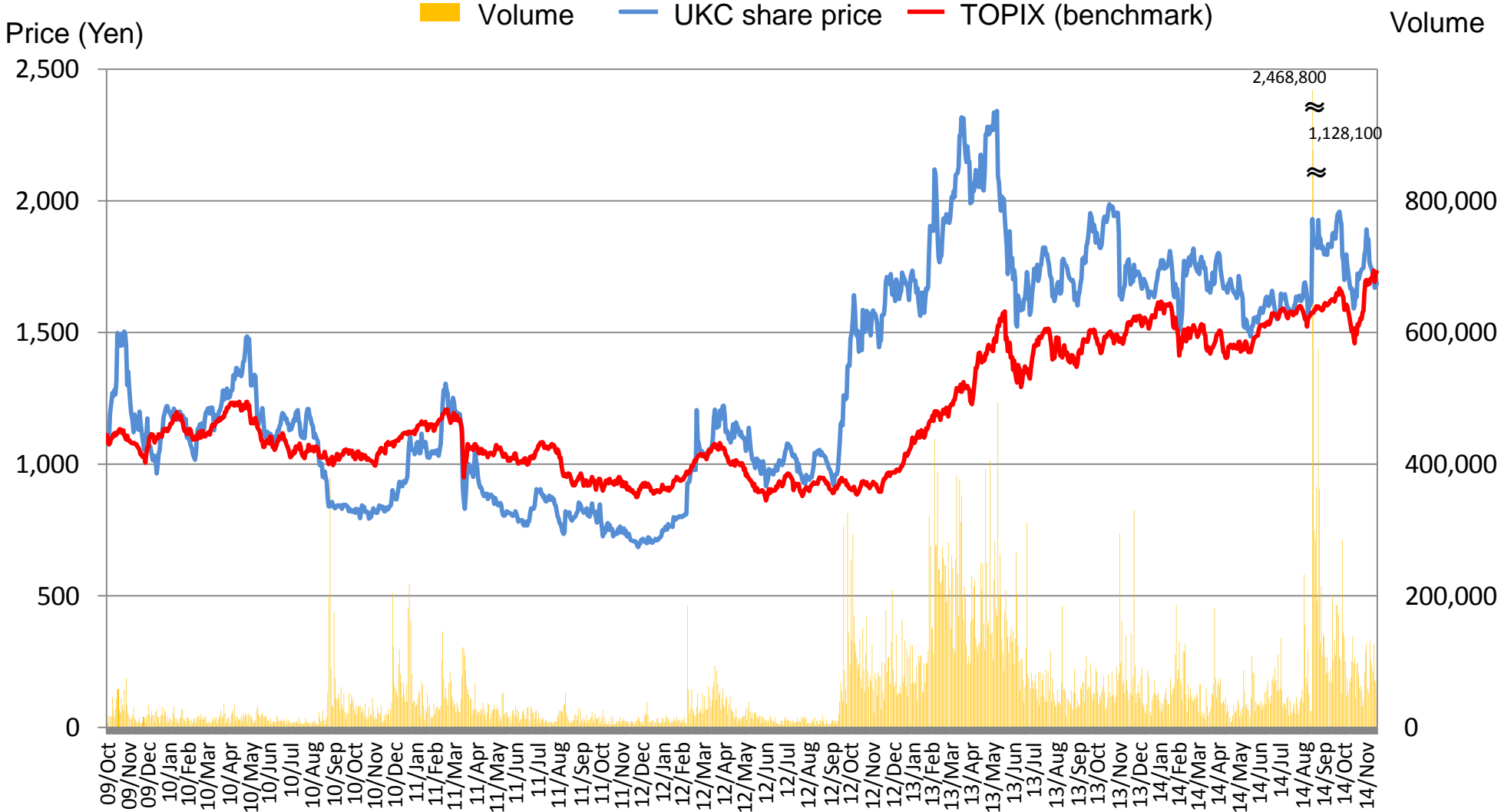
	Fiscal Year 2012			Fiscal Year 2013			FY 2014
	1st Half	2nd Half	Full Year	1st Half	2nd Half	Full Year	1st Half
Semicon. & electronic component	137,055	130,361	267,417	155,588	141,618	297,206	124,164
Electronic Equipment	7,136	8,564	15,700	7,866	10,347	18,214	6,908
System Equipment	1,019	1,223	2,242	1,174	1,400	2,575	1,326
Net Sales	144,772	139,735	284,508	164,092	152,950	317,042	131,870
Gross Profit	9,672	8,179	17,851	9,706	9,705	19,411	8,366
	6.7%	5.9%	6.3%	5.9%	6.3%	6.1%	6.3%
SGA	5,301	5,189	10,490	6,534	5,951	12,485	5,888
	3.7%	3.7%	3.7%	4.0%	3.9%	3.9%	4.5%
Operating Income	4,371	2,990	7,360	3,172	3,754	6,925	2,478
	3.0%	2.1%	2.6%	1.9%	2.5%	2.2%	1.9%
Ordinary Income	3,769	4,393	8,162	3,114	4,123	7,237	2,836
	2.6%	3.1%	2.9%	1.9%	2.7%	2.3%	2.2%
Net Income	1,978	3,047	5,025	1,792	2,606	4,398	1,777
	1.4%	2.2%	1.8%	1.1%	1.7%	1.4%	1.3%

*Some products regarded as “Electronic Equipment” are reclassified as “Semiconductors and Electronic Components” from fiscal year 2013. The change is retrospectively applied to the segment figures of the consolidated fiscal year 2012.

*2nd Half figures are calculated by deducting 1st Half figures from full year figures.



Share Price History (Oct. 1, 2009 listed - Nov. 19, 2014)





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