

Consolidated Financial Results for the Year Ended March 31, 2013 [Japanese Standards]

This is a summary in English from the original financial report in Japanese.

In case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

Company name	UKC Holdings Corporation
Stock exchanges on which the shares are listed	Tokyo Stock Exchange, First Section
Code number	3156
URL	http://www.ukcgroup.com/english/index.html
Representative	Yukio Fukuju, President
Contact person	Masaaki Taguchi, Director in charge of Accounting, Finance, General Affairs, and Human Resources Tel : +81-3-3491-6575
Date of the ordinary general shareholders' meeting (scheduled)	June 27, 2013
Payment date of fiscal year-end dividend (scheduled)	June 12, 2013
Filing date of the Annual Securities Report (scheduled)	June 27, 2013

(Millions of yen rounded down)

1. Consolidated results for the fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

(1) Consolidated operating results

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2012	284,508	10.7	7,360	36.6	8,162	63.0	5,025	84.6
Fiscal 2011	257,088	Δ15.3	5,389	21.6	5,008	29.7	2,722	17.7

(Note) Comprehensive income

FY2012: 6,346 million yen (178.8%) FY2011: 2,276 million yen (17.3%)

	Net income per share	Net income per share after dilution	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal 2012	320.14	—	11.9	7.5	2.6
Fiscal 2011	173.43	—	7.1	4.6	2.1

(Reference) Equity in earnings (losses) of non-consolidated subsidiaries and affiliates:

FY2012 — million yen FY2011 — million yen

(2) Consolidated financial position

	Total assets	Net assets	Net assets to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2012	114,223	45,402	39.4	2,869.23
Fiscal 2011	104,385	39,671	37.7	2,505.07

(Reference) Shareholders equity:

March 31, 2013: 45,043 million yen March 31, 2012: 39,328 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2012	Δ8,416	Δ1,592	2,958	10,561
Fiscal 2011	2,385	5,027	Δ3,980	16,765

2. Dividends

	Dividends per share (Yen)					Dividends (Full fiscal year)	Payout ratio (consolidated) %	Dividends to net assets ratio (consolidated) %
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Total			
Fiscal 2011	—	0.00	—	35.00	35.00	549	20.2	1.4
Fiscal 2012	—	0.00	—	40.00	40.00	627	12.5	1.5
Fiscal 2013 (Forecast)	—	20.00	—	20.00	40.00		14.0	

3. Forecast of results for the fiscal year ending March 31, 2014 (April 1, 2013 to March 31, 2014)

(% of change from FY2012 or 1st Half of FY2012)

	Net Sales		Operating Income		Ordinary Income		Net Profit		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
1st Half	142,000	Δ1.9	3,400	Δ22.2	3,200	Δ15.1	2,100	6.2	133.76
Full Year	290,000	1.9	7,400	0.5	7,000	Δ14.2	4,500	Δ10.5	286.65

4. Other

(1) Transfer of major subsidiaries during term

(transfer of specified subsidiaries in line with changes in the consolidated range): Yes

Excluded: 1 KYOSHIN TECHNOSONIC (ASIA) LTD.

(2) Changes to principles, procedures and display methods for accounting procedures

1. Changes in accordance with revisions to accounting standards and related practices: Yes

2. Changes in items other than 1. above: No

3. Changes in accounting estimates: Yes

4. Retrospective restatement: No

(3) Number of shares issued and outstanding (Common stock)

1. Total number of shares issued and outstanding (including treasury stock) as of the period-end

March 31, 2013	15,700,021 shares	March 31, 2012	15,700,021 shares
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2. Total number of treasury stock as of the period-end

March 31, 2013	1,387 shares	March 31, 2012	608 shares
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3. Average number of shares outstanding during the period

March 31, 2013	15,699,076 shares	March 31, 2012	15,699,597 shares
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Note :

The financial statements in Japanese are under the audit procedures based on the Financial Instruments and Exchange Act, while this summary in English is not subject to that process.

Note :

Financial forecasts are based on judgments made in accordance with information available at the time this material was prepared. Actual results may differ significantly from these forecasts for a number of factors.

1. Business Results

(1) Analysis of Business Results (Fiscal Year Ended March 31, 2013)

1) Overview

Although Japan's economy this fiscal year had been slow in the first half, it has shown some signs of recovery along with a weaker yen and rising stock prices driven by economic stimulus policies against the deflation in the second half. In the meantime, weak domestic consumer spending, prolonged debt problems in Europe and the USA, and symptoms of slowdown in emerging nations like China make global economic outlook still uncertain.

The electronics industry to which UKC group belongs showed a market polarization. Markets of conventional digital home appliances like flat panel TVs, compact digital still cameras, and PCs, have been slow. On the other hand, markets of portable information devices like smartphones and tablets have been rapidly growing.

Under these circumstances, UKC group strengthened its core business of selling semiconductors and electronic parts manufactured by Sony, and high value-added businesses such as EMS (Electronic Manufacturing Service).

As the result, UKC group recorded consolidated net sales of 284,508 million yen (up 10.7% year on year), consolidated operating income of 7,360 million yen (up 36.6% year on year), consolidated ordinary income of 8,162 million yen (up 63.0% year on year), and consolidated net income of 5,025 million yen (up 84.6% year on year).

497 million yen of extraordinary loss was recorded as the result of the voluntary retirement carried out in September 2012 for drastically improving the operational efficiencies.

2) Business Segment Information

a. Semiconductors and electronic parts

A rise in sales of products for digital still cameras and smartphones, and contracted surface mounting service of LCD modules (EMS) exceeded a decline in sales due to the transfer of the business of Uni Device Corporation (currently UW Technologies Corporation), a subsidiary of UKC Holdings on July 1, 2011.

Sales increase and fixed cost reduction improved the segment profitability.

As the result, net sales grew to 266,231 million yen (up 11.6% year on year) and segment income grew to 8,530 million yen (up 25.4% year on year).

b. Electronic equipment

Net sales and segment profit dropped due to stagnant capital expenditures of customers although the efforts were made to concentrate on high value-added businesses such as maintenance services.

As the result, net sales dropped to 16,033 million yen (down 3.4% year on year) and segment income dropped to 362 million yen (down 10.4% year on year).

c. System equipment

Contactless IC card business showed a drastic performance improvement along with the revitalization in the areas of digital signage and electronic money.

Contracted reliability test and environmental material analysis service business showed a steady result.

As the result, net sales grew to 2,242 million yen (up 14.7% year on year) and segment income grew to 232 million yen (up 34.5% year on year).

3) Forecasts for the Fiscal Year Ending March 31, 2014

Although Japan's economy is expected to pick up along with a stable weaker Japanese Yen, stock price rise and recovery of capital investment by exporting companies supported by economic policies executed by the Government and the Bank of Japan, there are potential downturn risks such as resurgence of sovereign crises in Europe and economic slowdown in emerging nations.

In the electronics industry, although market of portable information devices such as smartphones and demand in emerging nations are expected to grow, the situation allows no optimism as some expect limited effectiveness for demand growth of home appliances created by Sochi Olympics and Brazil World Cup.

Under these circumstances, UKC group strives to continuously improve corporate value through strengthening sales of electronic parts centered on Sony semiconductors for smartphones and high-end digital still cameras with high market growth, and concentrating on overseas businesses and high value-added businesses.

In consideration of the above, UKC forecasts consolidated net sales of 290,000 million yen (up 1.9% year on year), consolidated operating income of 7,400 million yen (up 0.5% year on year), consolidated ordinary income of 7,000 million yen (down 14.2% year on year), and consolidated net income of 4,500 million yen (down 10.5% year on year).

(2) Analysis of Financial Condition

1) Total Assets, Liabilities and Net assets

Total assets at the end of the current consolidated fiscal year amounted to 114,223 million yen, up 9,838 million yen year on year mainly attributable to increases in notes and accounts receivable-trade (up 4,103 million yen) and merchandise and finished goods (up 7,222 million yen).

Total liabilities at the end of the current consolidated fiscal year amounted to 68,821 million yen,

up 4,107 million yen year on year mainly attributable to decreases in notes and accounts payable-trade (down 3,466 million yen) and increases in short-term borrowings (up 6,120 million yen) and income taxes payable (up 564 million yen).

Net assets were 45,402 million yen, up 5,731 million yen year on year mainly attributable to net income of 5,025 million yen, dividends from retained earnings of 549 million yen, change in valuation and translation adjustments of 1,416 million yen mainly due to foreign currency translation adjustments of 1,269 million yen.

2) Cash Flows

Cash flows from various business activities during the current consolidated fiscal year and relevant factors are as follows.

[Cash flows from operating activities]

Net cash used by operating activities was 8,416 million yen (2,385 million yen provided in the previous fiscal year) mainly due to income before income taxes and minority interests (7,650 million yen), increase in notes and accounts receivable (426 million yen), increase in inventories (6,267 million yen), decrease in notes and accounts payable (6,965 million yen), as well as income taxes paid (2,359 million yen).

[Cash flows from investing activities]

Net cash used by investing activities was 1,592 million yen (5,027 million yen provided in the previous fiscal year) mainly due to purchase of property, plant and equipment (588 million yen), proceeds from withdrawal of time deposits (1,260 million yen), payments into time deposits (2,031 million yen), and purchase of subsidiaries and affiliates' stocks (101 million yen).

[Cash flows from financing activities]

Net cash provided in financing activities was 2,958 million yen (3,980 million yen used in the previous fiscal year) mainly due to net increase in short-term borrowings (2,475 million yen), proceeds from issuance of long-term borrowings (2,076 million yen), repayments of long-term borrowings (928 million yen), and cash dividends paid (549 million yen).

[Trends in cash flow indicators]

	FY 2009	FY 2010	FY 2011	FY 2012
Net assets to total assets (%)	36.1%	33.0%	37.7%	39.4%
Net assets to total assets (%) (Market capitalization basis)	17.9%	14.6%	18.3%	29.5%

Net assets to total assets: Net assets / Total assets

Net assets to total assets (Market capitalization basis): Market capitalization / Total assets

*Each indicator is calculated from consolidated financial figures.

*Market capitalization is calculated by:

Closing price of UKC's common share on the Tokyo Stock Exchange at fiscal year-end multiplied by number of shares issued and outstanding less treasury stock

(3) Basic Policy for Profit Distribution and Dividends for the Current and the Next Fiscal Year

UKC regards a profit distribution to its shareholders as one of the highest priority issues, and sets a basic policy to pay dividends according to its earnings position.

UKC strives to establish its group management system that ensures improvement of middle- and long-term corporate value by investing to growing business domains and for rationalization, and consequently maintain stable dividends and improve dividends level.

Internal reserves are prepared for an increase in working capital accompanied by business expansion in addition to the above-mentioned investments.

By considering the basic policy and operating results, UKC plans to pay a year-end dividend of 40 yen per common share for the current consolidated fiscal year.

Regarding the dividends for the next fiscal year, UKC plans to pay a dividend of 40 yen per common share (end of second quarter 20 yen, year-end 20 yen) same as that of the current fiscal year from a standpoint of paying continuous and stable dividends.

(4) Risk Factors

As of the end of the current consolidated fiscal year, UKC recognizes that its group is exposed to risks which may affect operating results and financial position of UKC group, including, without limitation, the following.

a. Customers' demands and business seasonality

Customers of UKC group include manufacturers of AV products, PCs, cameras, and communication devices, broadcasters, and other enterprises.

Semiconductors and electronic parts that UKC group handles are integrated into finished goods manufactured by our customers. Also, equipment that UKC group handles is incorporated in operating processes of customers. Therefore, demands to and functions of finished goods manufactured by customers, and capital expenditure trend of customers may affect operating results of UKC group. In addition, sales of Electronic equipment business are concentrated in September and March when primary customers such as broadcasters, enterprises, schools, and governments execute capital expenditure budgets. Overestimating sales forecast in those periods may affect earnings forecast of UKC group.

b. High dependence on specific supplier

As UKC group primarily handles semiconductors and electronic parts manufactured by Sony, one of UKC's major shareholders, dependence on Sony and its subsidiaries is high. Therefore, changes in management policies of Sony may affect operating results of UKC group.

c. Relations with suppliers

UKC group procures products from various suppliers inside and outside Japan.

Losses and shrinks in sales channels resulting from business restructuring such as M&A of suppliers and suppliers' strategy changes in sales channels may affect operating results and financial position of UKC group.

d. Foreign Currency Fluctuations

UKC group has global business operations in Japan and Asia, and is vulnerable to risks associated with fluctuations in foreign currency exchange rates. Therefore, it tries to offset the risk with foreign exchange contracts. However, significant fluctuations may affect operating results.

e. Competition

As there are a number of competitions handling the same product categories as UKC group, severe price competition and product obsolescence accompanied by technology innovation may affect operating results.

f. Retirement benefit obligations

Employees' retirement benefits expenses and obligations of UKC group are calculated based on the premise of actuarial calculation such as discount rate and expected return on plan assets. In case actual results differ from the premises, or premises change, the impact will be accumulated and recognized evenly into the future and affect costs and liabilities in the future in general. Declines in interest rates or expected returns on plan assets could affect operating results and financial position of UKC group.

g. Securing and developing human resources

UKC group recognizes that hiring and developing human resources with excellent skills and know-how is important for its business expansion and sustainable growth. Failure to hire and develop those resources may affect business deployment and operating results of UKC group.

h. Overseas business

UKC group regards expanding overseas business as its critical goal and has business operations outside Japan. Therefore, changes in political and economic situations, regulations, and tax systems, workforce shortages and labor cost elevations in related foreign countries may affect operating results of UKC group.

i. Investment on new business

UKC group recognizes that promoting new businesses such as finding and selling new products, and moving into new areas, is important in order to sustainably grow. Before launching new businesses, decisions are made after thoroughly examining marketability and profitability.

However, in case of failure in establishing the original business plan due to a drastic change in market and a contingency, investment burden of human resources, facilities, and R&D may affect operating results of UKC group.

j. Investment on technology

UKC group as an electronics trade company strives to strengthen technological capabilities in order to differentiate itself from competitions and offer added value to customers. It also focuses in investing in human resources for the purpose of establishing a close cooperative relationship with suppliers and enhancing its raison d'être. However, scale of investment to respond to fast-evolving technology of semiconductors is steadily increasing. Failure to get a fair return on investment as the result of a setback of business may affect operating results and financial position of UKC group.

k. Natural disasters

UKC group is a trading company in a supply chain of the electronics industry. Natural disasters such as earthquakes, floods, and typhoons and accidents like fires could result in a breakdown of group-owned facilities as well as mill shutdown of suppliers and customers, and interrupt business operations of UKC group.

3. Management Policies

(1) Fundamental Management Policies

UKC group with "United Knowledge Company" as a key word of its management principle tries to make the most of hard elements such as business infrastructures and management resources, and soft elements such as knowledge, experiences, and abilities expanded and enriched by the management integration. Its fundamental management policy is to sustainably grow and improve corporate value by realizing its management vision, "offer the highest quality with the optimum cost", "evolve and grow with customers", and "create new markets and new values" in the field of electronics.

(2) Targeted Management Indicators

Targeted management indicators of UKC group include operating (ordinary) income margin and ROE (Return on Equity). UKC group aims to sustainably grow and increase corporate value through improving profitability accompanied by productivity and capital efficiency.

(3) Medium- and Long-Term Management Strategies

In the electronics industry, China and ASEAN once achieved economic growths as production bases of the world, are increasing their presences as "markets". Emerging markets including China, ASEAN, as well as India are expected to substitute those of US, EU, and Japan with slow economic growth, and drive demand growth in the world.

Japan's leading manufacturers as our main customers struggle to ensure their profitability in

the middle of fierce competition with global corporations.

UKC group regards this irreversible change in the industry as an opportunity, and strategically and continuously strives to improve its corporate value by promoting and expanding high value-added businesses, tapping growing markets such as in Asia and environment & energy market, and selecting and complementing business domains in addition to sales of semiconductors manufactured by Sony as its core business in the medium- and long-term.

(4) Issues to Address

Key issues of UKC group to address in line with the medium- and long-term strategies are as follows.

a. Expand sales of new products and tap growing markets

UKC group tries to launch into new areas and explore opportunities to grow by finding new products such as those relating to green energy, tapping growing markets, and studying M&As and business alliances.

b. Expand Asian business

In order to cope with the business shift to Asia centered on China, UKC group tries to strengthen sales to such area, develop Asian products, and expand EMS business in China.

c. Improve profitability

UKC group tries to improve profitability by strengthening sales to automotive, medical and security market with the needs of high performance and high quality in addition to conventional digital and consumer electronics market, and sales of high value-added EMS business.

[Consolidated Balance Sheets]

	(Millions of yen rounded down)	
	Fiscal Year Ended March 31, 2012 (As of March 31, 2012)	Fiscal Year Ended March 31, 2013 (As of March 31, 2013)
(Assets)		
Current assets		
Cash and deposit	17,925	12,601
Notes and accounts receivable-trade	61,015	65,119
Merchandise and finished goods	16,081	23,304
Work in process	352	297
Raw materials and supplies	458	489
Deferred tax assets	534	877
Other	3,194	5,802
Allowance for doubtful accounts	△101	△144
Total current assets	<u>99,461</u>	<u>108,349</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	1,112	1,322
Accumulated depreciation	△568	△607
Buildings and structures (net)	<u>543</u>	<u>714</u>
Tools, furniture and fixtures	1,143	1,301
Accumulated depreciation	△872	△1,008
Tools, furniture and fixtures (net)	<u>270</u>	<u>293</u>
Lease assets	406	427
Accumulated depreciation	△223	△255
Lease assets (net)	<u>183</u>	<u>171</u>
Other tangible assets	1,266	1,514
Accumulated depreciation	△476	△618
Other tangible assets (net)	<u>790</u>	<u>896</u>
Total property, plant and equipment	<u>1,787</u>	<u>2,076</u>
Intangible assets		
Lease assets	109	67
Other	191	393
Total intangible assets	<u>300</u>	<u>461</u>
Investments and other assets		
Investment securities	1,803	2,427
Deferred tax assets	130	39
Other	1,078	944
Allowance for doubtful accounts	△177	△76
Total investments and other assets	<u>2,835</u>	<u>3,336</u>
Total noncurrent assets	<u>4,923</u>	<u>5,874</u>
Total assets	<u>104,385</u>	<u>114,223</u>

(Millions of yen rounded down)		
	Fiscal Year Ended 2012/3/31 (As of March 31, 2012)	Fiscal Year Ended 2013/3/31 (As of March 31, 2013)
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	38,837	35,371
Short-term borrowings	14,817	20,937
Current portion of long-term debt	697	4,295
Lease obligations	106	105
Income taxes payable	1,492	2,056
Reserve for bonuses	527	420
Other	2,126	1,827
Total current liabilities	<u>58,605</u>	<u>65,014</u>
Noncurrent liabilities		
Long-term borrowings	4,865	2,610
Lease obligations	198	145
Deferred tax liabilities	49	114
Reserve for retirement benefits	588	627
Reserve for directors' retirement benefits	34	37
Other	372	272
Total noncurrent liabilities	<u>6,108</u>	<u>3,806</u>
Total liabilities	<u>64,714</u>	<u>68,821</u>
(Net assets)		
Shareholders' equity		
Common stock	4,383	4,383
Capital surplus	6,342	6,342
Retained earnings	30,061	34,361
Treasury stock	Δ0	Δ1
Total shareholders' equity	<u>40,787</u>	<u>45,085</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	217	363
Deferred hedge gains and losses	—	—
Foreign currency translation adjustments	Δ1,676	Δ406
Total valuation and translation adjustments	<u>Δ1,459</u>	<u>Δ42</u>
Minority interests	342	359
Total net assets	<u>39,671</u>	<u>45,402</u>
Total liabilities and net assets	<u>104,385</u>	<u>114,223</u>

[Consolidated Statements of Income]

	(Millions of yen rounded down)	
	Fiscal Year Ended March 31, 2012	Fiscal Year Ended March 31, 2013
Sales	257,088	284,508
Cost of sales	240,422	266,657
Gross Profit	16,665	17,851
Selling, general, and administrative expenses	11,275	10,490
Operating income	5,389	7,360
Non-operating income		
Interest income	24	29
Dividends income	38	38
Cash discount	60	7
Foreign exchange profit	—	893
Commission income	40	17
Other	117	198
Total non-operating income	281	1,184
Non-operating expenses		
Interest payable	254	308
Loss on sales of accounts receivable	32	40
Foreign exchange losses	276	—
Other	99	33
Total non-operating expenses	663	382
Ordinary profit	5,008	8,162
Extraordinary income		
Gain on sale of fixed assets	2	2
Gain on negative goodwill	71	—
Gain on sale of investment securities	516	0
Other	0	—
Total extraordinary income	590	2
Extraordinary loss		
Loss on disposal of fixed assets	9	11
Impairment loss	29	—
Loss on valuation of investment securities	15	—
Loss on transfer of business	117	—
Extra retirement benefits	93	497
Loss on withdrawal from pension fund	481	—
Other	15	5
Total extraordinary losses	764	514
Income before income taxes and minority interests	4,834	7,650
Income taxes-current	2,219	2,897
Income taxes-deferred	△53	△293
Total income taxes	2,165	2,603
Income before Minority interest in income	2,668	5,046
Minority interests in income	△54	20
Net income	2,722	5,025

[Consolidated Comprehensive Statements of Income]

(Millions of yen rounded down)

	Fiscal Year Ended March 31, 2012	Fiscal Year Ended March 31, 2013
Income before Minority interest in income	2,668	5,046
Other comprehensive income		
Net unrealized gain on other marketable securities	Δ314	146
Gain (loss) on deferred hedges	14	—
Foreign currency translation adjustments	Δ92	1,153
Total other comprehensive income	Δ392	1,299
Comprehensive Income	2,276	6,346
(Details)		
Comprehensive income relating to shareholders of parent company	2,296	6,325
Comprehensive income relating to minority shareholders	Δ19	20

[Consolidated Statements of Changes in Net Assets]

	(Millions of yen rounded down)	
	Fiscal Year Ended March 31, 2012	Fiscal Year Ended March 31, 2013
Shareholders' equity		
Common stock		
Balance as of the end of the previous period	4,383	4,383
Balance as of the end of the period	4,383	4,383
Capital Surplus		
Balance as of the end of the previous period	6,342	6,342
Balance as of the end of the period	6,342	6,342
Retained earnings		
Balance as of the end of the previous period	27,870	30,061
Increase (decrease) during the period		
Cash dividends from retained earnings	△549	△549
Net income for the period	2,722	5,025
Change of scope of consolidation	18	△177
Total increase (decrease) during the period	2,191	4,299
Balance as of the end of the period	30,061	34,361
Treasury stock		
Balance as of the end of the previous period	△0	△0
Increase (decrease) during the period		
Acquisition of treasury stock	△0	△1
Total increase (decrease) during the period	△0	△1
Balance as of the end of the period	△0	△1
Total shareholders' equity		
Balance as of the end of the previous period	38,595	40,787
Increase (decrease) during the period		
Cash dividends from retained earnings	△549	△549
Net income for the period	2,722	5,025
Acquisition of treasury stock	△0	△1
Change of scope of consolidation	18	△177
Total increase (decrease) during the period	2,191	4,298
Balance as of the end of the period	40,787	45,085

	(Millions of yen rounded down)	
	Fiscal Year Ended March 31, 2012	Fiscal Year Ended March 31, 2013
Other accumulated comprehensive income		
Net unrealized gain on other marketable securities		
Balance as of the end of the previous period	530	217
Increase (decrease) during the period		
Net changes in items excluding shareholders' equity during the period	△313	146
Total increase (decrease) during the period	△313	146
Balance as of the end of the period	217	363
Gain (loss) on deferred hedges		
Balance as of the end of the previous period	△12	—
Increase (decrease) during the period		
Net changes in items excluding shareholders' equity during the period	12	—
Total increase (decrease) during the period	12	—
Balance as of the end of the period	—	—
Foreign currency translation adjustments		
Balance as of the end of the previous period	△1,551	△1,676
Increase (decrease) during the period		
Net changes in items excluding shareholders' equity during the period	△125	1,269
Total increase (decrease) during the period	△125	1,269
Balance as of the end of the period	△1,676	△406
Total other accumulated comprehensive incomes		
Balance as of the end of the previous period	△1,032	△1,459
Increase (decrease) during the period		
Net changes in items excluding shareholders' equity during the period	△426	1,416
Total increase (decrease) during the period	△426	1,416
Balance as of the end of the period	△1,459	42
Minority interests		
Balance as of the end of the previous period	1,131	342
Increase (decrease) during the period		
Net changes in items excluding shareholders' equity during the period	△788	16
Total increase (decrease) during the period	△788	16
Balance as of the end of the period	342	359
Total net assets		
Balance as of the end of the previous period	38,694	39,671
Increase (decrease) during the period		
Cash dividends from retained earnings	△549	△549
Net income for the period	2,722	5,025
Acquisition of treasury stock	△0	△1
Change of scope of consolidation	18	△177
Net changes in items excluding shareholders' equity during the period	△1,214	1,433
Increase (decrease) during the period	976	5,731
Balance as of the end of the period	39,671	45,402

[Consolidated Statements of Cash Flows]

(Millions of yen rounded down)

	Fiscal Year Ended March 31, 2012	Fiscal Year Ended March 31, 2013
I Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	4,834	7,650
Depreciation and amortization	419	475
Loss (gain) on transfer of business	117	—
Extra retirement benefits	93	497
Loss on withdrawal from pension fund	481	—
Loss (gain) on sale of fixed assets	△2	△2
Loss (gain) on disposal of fixed assets	9	11
Loss (Gain) on sale of investment securities	△516	△0
Loss (Gain) on valuation of investment securities	15	—
Impairment loss	29	—
Gain on negative goodwill	△71	—
Increase (decrease) in allowance for doubtful accounts	72	△73
Increase (decrease) in reserve for directors' retirement benefits	△166	3
Increase (decrease) in reserve for directors' bonuses	△25	—
Increase (decrease) in reserve for retirement benefits	51	36
Foreign exchange losses (gains), net	△96	1,870
Interest and dividends income	△63	△67
Interest expenses	254	308
Decrease (increase) in notes and accounts receivable-trade	8,370	△426
Increase (decrease) in notes and accounts payable-trade	△6,857	△6,965
Decrease (increase) in inventories	△2,968	△6,267
Other, net	918	△2,368
Sub-total	4,902	△5,318
Interest and dividends income received	63	67
Interest expenses paid	△254	△308
Payments for extra retirement benefits	△93	△497
Payments for withdrawal from pension fund	△481	—
Income taxes paid	△1,750	△2,359
Net cash provided by (used in) operating activities	2,385	△8,416
II Net cash provided by (used in) investing activities		
Purchase of investment securities	△28	△76
Proceeds from sales of investment securities	624	12
Purchase of property, plant and equipment	△648	△588
Income on sales of property, plant and equipment	0	2
Payments into time deposits	△1,320	△2,031
Proceeds from withdrawal of time deposits	1,260	1,260
Purchase of subsidiaries and affiliates' stocks	△652	△101
Proceeds from transfer of business	5,776	—
Other, net	16	△70
Net cash provided by (used in) investing activities	5,027	△1,592
III Net cash provided by (used in) financing activities		
Increase (decrease) in short-term borrowings	△3,297	2,475
Proceeds from issuance of long-term borrowings	1,170	2,076
Repayments of long-term borrowings	△1,188	△928
Purchase of treasury stock	△0	△1
Cash dividends paid	△548	△549
Dividends distributions to minority interests	△11	△4
Other, net	△104	△110
Net cash provided by (used in) financing activities	△3,980	2,958
IV Effective of exchange rate change on cash and cash equivalents	△279	1,236
V Net increase (decrease) in cash and cash equivalents	3,153	△5,813
VI Cash and cash equivalents at beginning of period	13,653	16,765
VII Decrease in cash and cash equivalents		
resulting from change in scope of consolidation	△40	△390
VIII Cash and cash equivalents at end of period	16,765	10,561

[Segment Information]

Reporting segments of UKC group are business units from which UKC is able to obtain separate financial information in order for the board of directors to regularly evaluate their business results and determine distribution of management resources.

UKC has three reporting segments based on similarities in characteristics and markets of products and services.

Semiconductors and electronic parts business handles products such as image sensors, memories, and LCDs. Electronic equipment business handles various AV products for broadcasting and enterprise market. System equipment business develops, manufactures, and sells industrial electronic equipment and transmission terminal equipment, and offers contracted quality inspection service and contracted analysis service.

For the consolidated fiscal year ended March 31, 2012

(Millions of yen rounded down)

	Semiconductors and Electronic Parts	Electronic Equipment	System Equipment	Total	Eliminations and/or Corporate	Consolidated
Sales						
Sales to external customers	238,542	16,589	1,956	257,088	—	257,088
Internal sales or transfers between segments	—	—	—	—	—	—
Total	238,542	16,589	1,956	257,088	—	257,088
Operating income	6,802	404	172	7,379	Δ1,989	5,389
Assets	92,277	8,219	1,080	101,577	2,807	104,385
Depreciation	187	117	60	365	54	419
Capital expenditure	643	126	183	953	14	967

For the consolidated fiscal year ended March 31, 2013

(Millions of yen rounded down)

	Semiconductors and Electronic Parts	Electronic Equipment	System Equipment	Total	Eliminations and/or Corporate	Consolidated
Sales						
Sales to external customers	266,231	16,033	2,242	284,508	—	284,508
Internal sales or transfers between segments	—	—	—	—	—	—
Total	266,231	16,033	2,242	284,508	—	284,508
Operating income	8,530	362	232	9,125	Δ1,764	7,360
Assets	102,456	7,837	1,501	111,795	2,428	114,223
Depreciation	220	123	87	431	44	475
Capital expenditure	149	123	317	590	105	696