

August 9, 2013

Consolidated Financial Results for the First Quarter Ended June 30, 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	<a href="http://www.ukcgroup.com/english/index.html">http://www.ukcgroup.com/english/index.html</a>
Representative	Yukio Fukuju, President
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Filing date of the Quarterly Securities Report (scheduled) August 12, 2013

(Millions of yen rounded down)

1. Consolidated results for the first quarter ended June 30, 2013 (April 1, 2013 to June 30, 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	%
FY2013 1Q	73,529	10.9	1,815	Δ1.3	1,817	28.3	1,254	43.1
FY2012 1Q	66,322	Δ8.8	1,839	83.5	1,416	54.5	876	42.3

(Note) Comprehensive income

FY2013 1Q: 1,748 million yen (211.7%) FY2012 1Q: 560 million yen (57.6%)

	Net income per share	Net income per share after dilution
	Yen	Yen
FY2013 1Q	79.88	—
FY2012 1Q	55.82	—

(2) Consolidated financial position

	Total assets	Net assets	Net assets to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2013 1Q	117,079	46,512	39.5	2,942.90
Fiscal 2012	114,223	45,402	39.4	2,869.23

(Reference) Shareholders equity:

June 30, 2013: 46,198 million yen March 31, 2013: 45,043 million yen

2. Dividends

	Dividends per share (Yen)				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Total
Fiscal 2012	—	0.00	—	40.00	40.00
Fiscal 2013	—				
Fiscal 2013 (Forecast)		20.00	—	20.00	40.00

Note: Revisions to forecast of dividends in this quarter: No

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
First Half	160,000	10.5	3,900	Δ10.8	3,900	3.5	2,600	31.4	165.62
Full Year	290,000	1.9	7,400	0.5	7,000	Δ14.2	4,500	Δ10.5	286.65

Note: Revisions to forecast of financial results in this quarter: Yes

4. Other

- (1) Transfer of major subsidiaries during term  
(transfer of specified subsidiaries in line with changes in the consolidated range): No
- (2) Application of accounting procedures specific to preparation of quarterly consolidated financial statements: No
- (3) Changes to principles, procedures and display methods for accounting procedures
  - 1. Changes in accordance with revisions to accounting standards and related practices: No
  - 2. Changes in items other than 1. above: No
  - 3. Changes in accounting estimates: No
  - 4. Retrospective restatement: No
- (4) Number of shares issued and outstanding (Common stock)
  - 1. Total number of shares issued and outstanding (including treasury stock) as of the period-end
    - June 30, 2013      15,700,021 shares      March 31, 2013      15,700,021 shares
  - 2. Total number of treasury stock as of the period-end
    - June 30, 2013      1,636 shares      March 31, 2013      1,387 shares
  - 3. Average number of shares outstanding during the period
    - FY2013 1Q      15,698,504 shares      FY2012 1Q      15,699,413 shares

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.

## [Business Results]

### 1. Business Results

#### (1) Overview

Japan's economy during this first quarter showed improvements in corporate activities and consumer spending driven by various policies for quickly ending deflation and revitalizing the economy. In the meantime, there still remain economic downturn risks such as debt problems in Europe and slowdown in economic growth in emerging nations like China.

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 growing.

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

As the result, UKC group recorded consolidated net sales of 73,529 million yen (up 10.9% year on year), consolidated operating income of 1,815 million yen (down 1.3% year on year), consolidated ordinary income of 1,817 million yen (up 28.3% year on year), and consolidated net income of 1,254 million yen (up 43.1% year on year).

#### (2) Business Segment Information

##### a. Semiconductors and electronic parts

Net sales rose mainly due to good sales of products for foreign smartphones. On the other hand, segment income slightly dropped as the sales of domestic business with comparably higher gross margin decreased.

As the result, net sales grew to 70,252 million yen (up 10.4% year on year) and segment income dropped to 2,027 million yen (down 1.1% year on year).

##### b. Electronic equipment

Sales to corporations and medical institutions rose thanks to improving capital expenditures of customers triggered by economic stimulus policies.

As the result, net sales grew to 3,070 million yen (up 22.6% year on year) and segment loss was 164 million yen (improved 58 million yen year on year).

##### c. System equipment

Contactless IC card business recorded good sales with flat profit. The increase in sales was

attributable to the revitalization in the areas of digital signage and electronic money.

Contracted reliability test and environmental material analysis service business showed a weak result attributable to decreasing number of tests.

As the result, net sales grew to 471 million yen (up 6.9% year on year) and segment income dropped to 25 million yen (down 55.0% year on year).

## 2. Financial Condition

Total assets at the end of the first quarter amounted to 117,079 million yen, up 2,855 million yen from the end of fiscal 2012 mainly attributable to increases in cash and deposit (up 3,195 million yen).

Total liabilities at the end of the first quarter amounted to 70,566 million yen, up 1,745 million yen from the end of fiscal 2012 mainly attributable to increases in notes and accounts payable-trade (up 6,162 million yen) and decreases in short-term borrowings (down 3,331 million yen) and income taxes payable (down 1,633 million yen).

Net assets were 46,512 million yen, up 1,110 million yen from the end of fiscal 2012 mainly attributable to net income of 1,254 million yen, dividends from retained earnings of 627 million yen, change in valuation and translation adjustments of 530 million yen mainly due to increase in foreign currency translation adjustments of 529 million yen and decrease in minority interests of 45 million yen.

## 3. Forecast of Consolidated Financial Results

### (1) Revision to the consolidated earnings forecast for the first half ending September 30, 2013

	Net Sales (Million Yen)	Operating Income (Million Yen)	Ordinary Income (Million Yen)	Net Profit (Million Yen)	Earnings Per Share (Yen)
Previous Forecast (A) (May 10, 2013)	142,000	3,400	3,200	2,100	133.76
Revised Forecast (B) (August 9, 2013)	160,000	3,900	3,900	2,600	165.62
Difference (B-A)	18,000	500	700	500	—
Difference (%)	12.7	14.7	21.9	23.8	—
Result of the first half Ended Sep. 30, 2012	144,772	4,371	3,769	1,978	125.99

### (2) Reasons for the revision

Earnings result for the first quarter was steady and better than expected. In addition, an increase of overseas sales is expected in the businesses of semiconductors and EMS for the second quarter.

Forecast for full fiscal year remains unchanged as many uncertainties lie ahead.

[Consolidated Balance Sheets]

	(Millions of yen rounded down)	
	Fiscal Year Ended March 31, 2013 (As of March 31, 2013)	First Quarter Ended June 30, 2013 (As of June 30, 2013)
<b>(Assets)</b>		
Current assets		
Cash and deposit	12,601	15,797
Notes and accounts receivable-trade	65,119	65,720
Merchandise and finished goods	23,304	23,565
Work in process	297	793
Raw materials and supplies	489	671
Other	6,680	4,633
Allowance for doubtful accounts	△144	△83
Total current assets	108,349	111,098
Noncurrent assets		
Total property, plant and equipment	2,076	2,127
Total intangible assets	461	499
Investments and other assets		
Investment securities	2,427	2,465
Other	984	964
Allowance for doubtful accounts	△76	△75
Total investments and other assets	3,336	3,354
Total noncurrent assets	5,874	5,981
Total assets	114,223	117,079
<b>(Liabilities)</b>		
Current liabilities		
Notes and accounts payable-trade	35,371	41,534
Short-term borrowings	20,937	17,606
Current portion of long-term debt	4,295	4,958
Income taxes payable	2,056	423
Reserve for bonuses	420	219
Other	1,932	2,775
Total current liabilities	65,014	67,517
Noncurrent liabilities		
Long-term borrowings	2,610	1,896
Reserve for retirement benefits	627	626
Reserve for directors' retirement benefits	37	38
Other	531	488
Total noncurrent liabilities	3,806	3,049
Total liabilities	68,821	70,566
<b>(Net assets)</b>		
Shareholders' equity		
Common stock	4,383	4,383
Capital surplus	6,342	6,342
Retained earnings	34,361	34,987
Treasury stock	△1	△2
Total shareholders' equity	45,085	45,711
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	363	364
Foreign currency translation adjustments	△406	123
Total valuation and translation adjustments	△42	487
Minority interests	359	313
Total net assets	45,402	46,512
Total liabilities and net assets	114,223	117,079

[Consolidated Statements of Income]

	(Millions of yen rounded down)	
	First Quarter Ended June 30, 2012	First Quarter Ended June 30, 2013
Sales	66,322	73,529
Cost of sales	61,784	69,028
Gross Profit	4,537	4,500
Selling, general, and administrative expenses	2,698	2,685
Operating income	1,839	1,815
Non-operating income		
Interest income	5	11
Dividends income	19	24
Cash discount	1	1
Foreign exchange profit	—	46
Other	72	21
Total non-operating income	100	106
Non-operating expenses		
Interest payable	69	68
Loss on sales of accounts receivable	7	2
Foreign exchange losses	435	—
Other	10	31
Total non-operating expenses	523	103
Ordinary profit	1,416	1,817
Extraordinary income		
Gain on sale of fixed assets	1	—
Total extraordinary income	1	—
Extraordinary loss		
Loss on disposal of fixed assets	1	0
Other	2	3
Total extraordinary losses	3	4
Income before income taxes and minority interests	1,414	1,813
Total income taxes	580	595
Income before Minority interest in income	834	1,218
Minority interests in income	△42	△35
Net income	876	1,254

[Consolidated Comprehensive Statements of Income]

	(Millions of yen rounded down)	
	First Quarter Ended June 30, 2012	First Quarter Ended June 30, 2013
Income before Minority interest in income	834	1,218
Other comprehensive income		
Net unrealized gain on other marketable securities	△60	0
Foreign currency translation adjustments	△212	529
Total other comprehensive income	△273	530
Comprehensive Income	560	1,748
(Details)		
Comprehensive income relating to shareholders of parent company	606	1,785
Comprehensive income relating to minority shareholders	△45	△35

[Segment Information]

1. Net sales and operating income (loss) of reporting segments

For the first quarter ended June 30, 2012 (April 1, 2012 to June 30, 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	63,640	2,240	441	66,322	—	66,322
Internal sales or transfers between segments	9	264	—	274	Δ274	—
Total	63,650	2,505	441	66,596	Δ274	66,322
Operating income	2,049	Δ223	57	1,883	Δ43	1,839

(Note)

An adjustment of Δ43 million yen for segment income includes an elimination of inter-segment transactions of Δ6 million yen and corporate expenses of Δ36 million yen that are not allocated to each segment. Corporate expenses mainly include general and administration expenses that do not belong to any reporting segments. Operating income (loss) by reporting segment is adjusted to correspond to operating income of the consolidated quarterly statements of income.

For the first quarter ended June 30, 2013 (April 1, 2013 to June 30, 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	70,251	2,805	471	73,529	—	73,529
Internal sales or transfers between segments	1	264	—	266	Δ266	—
Total	70,252	3,070	471	73,795	Δ266	73,529
Operating income	2,027	Δ164	25	1,888	Δ73	1,815

(Note)

An adjustment of Δ73 million yen for segment income includes an elimination of inter-segment transactions of 11 million yen and corporate expenses of Δ84 million yen that are not allocated to each segment. Corporate expenses mainly include general and administration expenses that do not belong to any reporting segments. Operating income (loss) by reporting segment is adjusted to correspond to operating income of the consolidated quarterly statements of income.

2. Changes in reporting segments

(1) Some products regarded as “Electronic Equipment” are reclassified as “Semiconductors and Electronic Parts” from this fiscal year in line with the realignment of our group sales structure.

(2) General and administration expenses which were treated as unallocated corporate expenses until last fiscal year are allocated to appropriate segments in order to more clearly represent segment operating income from this fiscal year.

The changes above are retrospectively applied to the segment figures of the first quarter ended June 30, 2012.