

May 9, 2014

Consolidated Financial Results for the Fiscal Year Ended March 31, 2014 [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, 2014
Payment date of fiscal year-end dividend (scheduled)	June 12, 2014
Filing date of the Annual Securities Report (scheduled)	June 27, 2014

(Millions of yen rounded down)

1. Consolidated results for the fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(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 2013	317,042	11.4	6,925	Δ5.9	7,237	Δ11.3	4,398	Δ12.5
Fiscal 2012	284,508	10.7	7,360	36.6	8,162	63.0	5,025	84.6

(Note) Comprehensive income

FY2013: 6,019 million yen (Δ5.2%) FY2012: 6,346 million yen (178.8%)

	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 2013	280.21	—	9.3	6.2	2.2
Fiscal 2012	320.14	—	11.9	7.5	2.6

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

FY2013 — million yen FY2012 — 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 2013	118,436	50,425	42.2	3,186.08
Fiscal 2012	114,223	45,402	39.4	2,869.23

(Reference) Shareholders equity:

March 31, 2014: 50,015 million yen March 31, 2013: 45,043 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 2013	11,628	Δ1,026	Δ7,245	15,829
Fiscal 2012	Δ8,416	Δ1,592	2,958	10,561

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 2012	—	0.00	—	40.00	40.00	627	12.5	1.5
Fiscal 2013	—	20.00	—	20.00	40.00	627	14.3	1.3
Fiscal 2014 (Forecast)	—	20.00	—	20.00	40.00		14.3	

3. Forecast of results for the fiscal year ending March 31, 2015 (April 1, 2014 to March 31, 2015)

(% of change from FY2013 or 1st Half of FY2013)

	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	140,000	Δ14.7	2,900	Δ8.6	2,800	Δ10.1	1,800	0.4	114.66
Full Year	300,000	Δ5.4	7,200	4.0	6,900	Δ4.7	4,400	0.0	280.28

4. Other

(1) Transfer of major subsidiaries during term

(transfer of specified subsidiaries in line with changes in the consolidated range): No

(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: No

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, 2014	15,700,021 shares	March 31, 2013	15,700,021 shares
----------------	-------------------	----------------	-------------------

2. Total number of treasury stock as of the period-end

March 31, 2014	1,859 shares	March 31, 2013	1,387 shares
----------------	--------------	----------------	--------------

3. Average number of shares outstanding during the period

March 31, 2014	15,698,334 shares	March 31, 2013	15,699,076 shares
----------------	-------------------	----------------	-------------------

Note :

The original financial report in Japanese is not subject to the audit procedures based on the Financial Instruments and Exchange Act.

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

1) Overview

Japan's economy during this fiscal year showed improvements in corporate earnings, capital expenditure, employment, and personal spending along with a weaker yen and rising stock prices driven by a series of monetary policy measures. However, there still remain economic downturn risks such as an anticipated reaction following the rush demand ahead of the consumption tax hike in Japan, slowdown in economic growth in emerging nations like China and debt problems in Europe.

The electronics industry to which UKC group belongs showed a market polarization. Markets of smartphones and tablets remain strong, while those of flat TVs, compact digital still cameras, and PCs have been weak. Additionally, even a strong smartphone market includes many uncertainties such as increasing market shares of Chinese manufacturers.

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.

The business itself mainly overseas went well. However, selling, general and administrative expenses significantly increased as bad debt reserve was recorded in the second quarter for all the doubtful accounts receivable of 1,090 million yen (\$10.6 million) of a subsidiary overseas. Measures such as filing lawsuits against the account in question and its representative have been taken in order to collect the accounts receivable.

As a result, UKC group recorded consolidated net sales of 317,042 million yen (up 11.4% year on year), consolidated operating income of 6,925 million yen (down 5.9% year on year), consolidated ordinary income of 7,237 million yen (down 11.3% year on year), and consolidated net income of 4,398 million yen (down 12.5% year on year).

[Business Segment Information]

a. Semiconductors and electronic parts

Net sales and gross profit rose mainly due to good sales of image sensors, touch screen panels and EMS by our own factories for smartphones. On the other hand, segment income dropped on account of recording bad debt reserve of 1,090 million yen (\$10.6 million) as stated above.

As a result, net sales grew to 297,206 million yen (up 11.1% year on year) and segment income dropped to 6,451 million yen (down 7.8% year on year).

b. Electronic equipment

Sales to corporations, surveillance camera customers, educational institutions and medical

institutions rose thanks to improving capital expenditures of customers through the fiscal year triggered by economic stimulus policies. This revenue growth greatly increased the segment income.

As a result, net sales grew to 18,214 million yen (up 16.0% year on year) and segment income grew to 462 million yen (up 112.4% year on year).

c. System equipment

Contactless IC card business recorded improved sales and profit 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 a result, net sales grew to 2,575 million yen (up 14.8% year on year) and segment income dropped to 191 million yen (down 17.5% year on year) on account of the drop in sales and margin of the contracted reliability test and environmental material analysis service with comparably high margin.

2) Forecasts for the Fiscal Year Ending March 31, 2015

Although Japan's economy is expected to continuously improve in corporate earnings, capital expenditure and employment, there is a concern of a temporary stagnation of personal spending after the consumption tax hike. Additionally, there are potential downturn risks such as sovereign crises in U.S. and Europe, and economic reforms in emerging nations like India and China.

In the electronics industry, although portable information devices such as smartphones are expected to continuously lead the market, the situation allows no optimism as some expect a slowdown in market growth on account of price decline brought about by severer competitions and higher proportion of emerging market.

UKC foresees continuous favorable business environments of small and medium-size LCD for automotives, EMS by its own factories, and electronic equipment for the next fiscal year, while considering severe competition and uncertainties in smartphone market.

Under these circumstances, UKC group strives to continuously improve corporate value through developing new products and expanding sales for high growth markets, and building business partnerships in order to evolve its business domains from simply selling goods to offering solutions. As part of this initiative, UKC concluded business and capital partnership agreement with Digital Media Professionals Inc. (DMP Inc.), IP (Intellectual Properties) vendor of GPU (Graphics Processing Unit), on May 9, 2014. In combination of each competitive advantage, DMP's graphics technology and UKC's solid imaging-related business foundation, UKC will

extend its business domains and expand businesses for growing automotive and medical market. In consideration of the above, UKC forecasts consolidated net sales of 300,000 million yen (down 5.4% year on year), consolidated operating income of 7,200 million yen (up 4.0% year on year), consolidated ordinary income of 6,900 million yen (down 4.7% year on year), and consolidated net income of 4,400 million yen (up 0.0% year on year).

(2) Analysis of Financial Condition

1) Assets, Liabilities and Net Assets

Total assets at the end of the current consolidated fiscal year amounted to 118,436 million yen, up 4,213 million yen from the end of fiscal 2012 mainly attributable to increases in cash and deposit (up 5,056 million yen) and notes and accounts receivable-trade (up 4,513 million yen), and a decrease in merchandise and finished goods (down 5,693 million yen).

Total liabilities at the end of the current consolidated fiscal year amounted to 68,010 million yen, down 810 million yen from the end of fiscal 2012 mainly attributable to increases in notes and accounts payable-trade (up 2,116 million yen) and long-term borrowings (up 3,283 million yen), and decreases in short-term borrowings (down 4,816 million yen), current portion of long-term borrowings (down 2,251 million yen) and income taxes payable (down 420 million yen).

Net assets were 50,425 million yen, up 5,023 million yen from the end of fiscal 2012 mainly attributable to net income of 4,398 million yen, dividends from retained earnings of 941 million yen, change in valuation and translation adjustments of 1,516 million yen mainly due to increase in foreign currency translation adjustments of 1,668 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 provided by operating activities was 11,628 million yen (8,416 million yen used in the previous fiscal year) mainly due to income before income taxes and minority interests (7,210 million yen), increase in notes and accounts receivable (201 million yen), decrease in inventories (6,768 million yen), decrease in notes and accounts payable (2,780 million yen), as well as income taxes paid (2,868 million yen).

[Cash flows from investing activities]

Net cash used in investing activities was 1,026 million yen (1,592 million yen used in the previous fiscal year) mainly due to purchase of property, plant and equipment (450 million yen), proceeds from withdrawal of time deposits (1,500 million yen), payments into time deposits (1,200 million yen), and purchase of investment securities (708 million yen).

[Cash flows from financing activities]

Net cash used in financing activities was 7,245 million yen (2,958 million yen provided in the previous fiscal year) mainly due to net decrease in short-term borrowings (6,695 million yen), proceeds from issuance of long-term borrowings (5,024 million yen), repayments of long-term borrowings (4,498 million yen), and cash dividends paid (941 million yen).

[Trends in cash flow indicators]

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Net assets to total assets (%)	36.1%	33.0%	37.7%	39.4%	42.2%
Net assets to total assets (%) (Market capitalization basis)	17.9%	14.6%	18.3%	29.5%	23.6%

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.

Considering the basic policy and operating results, UKC plans to pay a year-end dividend of 20 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.

1) 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.

2) 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.

3) 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.

4) 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.

5) 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.

6) 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.

7) 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.

8) 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.

9) 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.

10) 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.

2. 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.

1) Expand sales of new products and tap high growth markets

UKC group tries to find and promote new products for high growth markets such as environment & energy, automotive, and medical as well as products to help strengthen and expand the imaging business as its competitive advantage.

2) 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 including M&A and business partnership strategies, develop Asian products, and expand EMS business in China.

3) 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, strengthening high value-added EMS business, and extending its business domains from simply selling goods to offering solutions.

[Consolidated Balance Sheets]

	(Millions of yen rounded down)	
	Fiscal Year Ended March 31, 2013 (As of March 31, 2013)	Fiscal Year Ended March 31, 2014 (As of March 31, 2014)
(Assets)		
Current assets		
Cash and deposit	12,601	17,658
Notes and accounts receivable-trade	65,119	69,633
Merchandise and finished goods	23,304	17,611
Work in process	297	434
Raw materials and supplies	489	370
Deferred tax assets	877	677
Other	5,802	5,297
Allowance for doubtful accounts	△144	△170
Total current assets	<u>108,349</u>	<u>111,512</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	1,322	1,389
Accumulated depreciation	△607	△694
Buildings and structures (net)	<u>714</u>	<u>695</u>
Tools, furniture and fixtures	1,301	1,444
Accumulated depreciation	△1,008	△1,139
Tools, furniture and fixtures (net)	<u>293</u>	<u>305</u>
Lease assets	427	542
Accumulated depreciation	△255	△326
Lease assets (net)	<u>171</u>	<u>215</u>
Other tangible assets	1,514	2,079
Accumulated depreciation	△618	△911
Other tangible assets (net)	<u>896</u>	<u>1,168</u>
Total property, plant and equipment	<u>2,076</u>	<u>2,384</u>
Intangible assets		
Lease assets	67	25
Other	393	449
Total intangible assets	<u>461</u>	<u>475</u>
Investments and other assets		
Investment securities	2,427	3,011
Deferred tax assets	39	104
Other	944	2,109
Allowance for doubtful accounts	△76	△1,160
Total investments and other assets	<u>3,336</u>	<u>4,064</u>
Total noncurrent assets	<u>5,874</u>	<u>6,924</u>
Total assets	<u>114,223</u>	<u>118,436</u>

	(Millions of yen rounded down)	
	Fiscal Year Ended March 31, 2013 (As of March 31, 2013)	Fiscal Year Ended March 31, 2014 (As of March 31, 2014)
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	35,371	37,487
Short-term borrowings	20,937	16,120
Current portion of long-term debt	4,295	2,044
Lease obligations	105	98
Income taxes payable	2,056	1,636
Reserve for bonuses	420	454
Other	1,827	3,198
Total current liabilities	<u>65,014</u>	<u>61,040</u>
Noncurrent liabilities		
Long-term borrowings	2,610	5,893
Lease obligations	145	152
Deferred tax liabilities	114	38
Reserve for retirement benefits	627	—
Reserve for directors' retirement benefits	37	40
Net defined benefit liability	—	692
Other	272	152
Total noncurrent liabilities	<u>3,806</u>	<u>6,970</u>
Total liabilities	<u>68,821</u>	<u>68,010</u>
(Net assets)		
Shareholders' equity		
Common stock	4,383	4,383
Capital surplus	6,342	6,342
Retained earnings	34,361	37,818
Treasury stock	△1	△2
Total shareholders' equity	<u>45,085</u>	<u>48,541</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	363	254
Foreign currency translation adjustments	△406	1,262
Remeasurements of defined benefit plans	—	△43
Total valuation and translation adjustments	<u>△42</u>	<u>1,473</u>
Minority interests	359	410
Total net assets	<u>45,402</u>	<u>50,425</u>
Total liabilities and net assets	<u>114,223</u>	<u>118,436</u>

[Consolidated Statements of Income]

	(Millions of yen rounded down)	
	Fiscal Year Ended March 31, 2013	Fiscal Year Ended March 31, 2014
Sales	284,508	317,042
Cost of sales	266,657	297,631
Gross Profit	17,851	19,411
Selling, general, and administrative expenses	10,490	12,485
Operating income	7,360	6,925
Non-operating income		
Interest income	29	56
Dividends income	38	33
Cash discount	7	9
Foreign exchange profit	893	365
Commission income	17	—
Other	198	237
Total non-operating income	1,184	701
Non-operating expenses		
Interest payable	308	278
Loss on sales of accounts receivable	40	10
Other	33	100
Total non-operating expenses	382	389
Ordinary profit	8,162	7,237
Extraordinary income		
Gain on sale of fixed assets	2	3
Gain on sale of investment securities	0	5
Other	—	2
Total extraordinary income	2	11
Extraordinary loss		
Loss on sale of fixed assets	—	4
Loss on disposal of fixed assets	11	8
Loss on valuation of investment securities	—	1
Loss on valuation of membership	—	23
Extra retirement benefits	497	—
Other	5	—
Total extraordinary losses	514	38
Income before income taxes and minority interests	7,650	7,210
Income taxes-current	2,897	2,603
Income taxes-deferred	△293	146
Total income taxes	2,603	2,750
Income before Minority interest in income	5,046	4,459
Minority interests in income	20	61
Net income	5,025	4,398

[Consolidated Comprehensive Statements of Income]

	(Millions of yen rounded down)	
	Fiscal Year Ended March 31, 2013	Fiscal Year Ended March 31, 2014
Income before Minority interest in income	5,046	4,459
Other comprehensive income		
Net unrealized gain on other marketable securities	146	△109
Foreign currency translation adjustments	1,153	1,668
Total other comprehensive income	1,299	1,559
Comprehensive Income	6,346	6,019
(Details)		
Comprehensive income relating to shareholders of parent company	6,325	5,958
Comprehensive income relating to minority shareholders	20	61

[Consolidated Statements of Changes in Net Assets]

(Millions of yen rounded down)

	Fiscal Year Ended March 31, 2013	Fiscal Year Ended March 31, 2014
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	30,061	34,361
Increase (decrease) during the period		
Cash dividends from retained earnings	△549	△941
Net income for the period	5,025	4,398
Change of scope of consolidation	△177	—
Total increase (decrease) during the period	4,299	3,456
Balance as of the end of the period	34,361	37,818
Treasury stock		
Balance as of the end of the previous period	△0	△1
Increase (decrease) during the period		
Acquisition of treasury stock	△1	△0
Total increase (decrease) during the period	△1	0
Balance as of the end of the period	△1	△2
Total shareholders' equity		
Balance as of the end of the previous period	40,787	45,085
Increase (decrease) during the period		
Cash dividends from retained earnings	△549	△941
Net income for the period	5,025	4,398
Acquisition of treasury stock	△1	△0
Total increase (decrease) during the period	4,298	3,455
Balance as of the end of the period	45,085	48,541

	(Millions of yen rounded down)	
	Fiscal Year Ended March 31, 2013	Fiscal Year Ended March 31, 2014
Other accumulated comprehensive income		
Net unrealized gain on other marketable securities		
Balance as of the end of the previous period	217	363
Increase (decrease) during the period		
Net changes in items excluding shareholders' equity during the period	146	△109
Total increase (decrease) during the period	146	△109
Balance as of the end of the period	363	254
Foreign currency translation adjustments		
Balance as of the end of the previous period	△1,676	△406
Increase (decrease) during the period		
Net changes in items excluding shareholders' equity during the period	1,269	1,668
Total increase (decrease) during the period	1,269	1,668
Balance as of the end of the period	△406	1,262
Remeasurements of defined benefit plans		
Balance as of the end of the previous period	—	—
Increase (decrease) during the period		
Net changes in items excluding shareholders' equity during the period	—	△43
Total increase (decrease) during the period	—	△43
Balance as of the end of the period	—	△43
Total other accumulated comprehensive incomes		
Balance as of the end of the previous period	△1,459	△42
Increase (decrease) during the period		
Net changes in items excluding shareholders' equity during the period	1,416	1,516
Total increase (decrease) during the period	1,416	1,516
Balance as of the end of the period	△42	1,473
Minority interests		
Balance as of the end of the previous period	342	359
Increase (decrease) during the period		
Net changes in items excluding shareholders' equity during the period	16	51
Total increase (decrease) during the period	16	51
Balance as of the end of the period	359	410
Total net assets		
Balance as of the end of the previous period	39,671	45,402
Increase (decrease) during the period		
Cash dividends from retained earnings	△549	△941
Net income for the period	5,025	4,398
Acquisition of treasury stock	△1	△0
Change of scope of consolidation	△177	—
Net changes in items excluding shareholders' equity during the period	1,433	1,567
Increase (decrease) during the period	5,731	5,023
Balance as of the end of the period	45,402	50,425

[Consolidated Statements of Cash Flows]

(Millions of yen rounded down)

	Fiscal Year Ended March 31, 2013	Fiscal Year Ended March 31, 2014
I Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	7,650	7,210
Depreciation and amortization	475	607
Extra retirement benefits	497	—
Loss (gain) on sale of fixed assets	△2	1
Loss (gain) on disposal of fixed assets	11	8
Loss (Gain) on sale of investment securities	△0	△3
Loss on valuation of membership	—	23
Increase (decrease) in allowance for doubtful accounts	△73	1,060
Increase (decrease) in reserve for directors' retirement benefits	3	3
Increase (decrease) in reserve for retirement benefits	36	△7
Foreign exchange losses (gains), net	1,870	651
Interest and dividends income	△67	△89
Interest expenses	308	278
Decrease (increase) in notes and accounts receivable-trade	△426	△201
Increase (decrease) in notes and accounts payable-trade	△6,965	△2,780
Decrease (increase) in inventories	△6,267	6,768
Other, net	△2,368	1,142
Sub-total	△5,318	14,672
Interest and dividends income received	67	89
Interest expenses paid	△308	△266
Payments for extra retirement benefits	△497	—
Income taxes paid	△2,359	△2,868
Net cash provided by (used in) operating activities	△8,416	11,628
II Net cash provided by (used in) investing activities		
Purchase of investment securities	△76	△708
Proceeds from sales of investment securities	12	14
Purchase of property, plant and equipment	△588	△450
Income on sales of property, plant and equipment	2	7
Payments into time deposits	△2,031	△1,200
Proceeds from withdrawal of time deposits	1,260	1,500
Purchase of subsidiaries and affiliates' stocks	△101	—
Other, net	△70	△189
Net cash provided by (used in) investing activities	△1,592	△1,026
III Net cash provided by (used in) financing activities		
Increase (decrease) in short-term borrowings	2,475	△6,695
Proceeds from issuance of long-term borrowings	2,076	5,024
Repayments of long-term borrowings	△928	△4,498
Purchase of treasury stock	△1	△0
Cash dividends paid	△549	△941
Dividends distributions to minority interests	△4	△10
Other, net	△110	△123
Net cash provided by (used in) financing activities	2,958	△7,245
IV Effective of exchange rate change on cash and cash equivalents	1,236	1,910
V Net increase (decrease) in cash and cash equivalents	△5,813	5,267
VI Cash and cash equivalents at beginning of period	16,765	10,561
VII Decrease in cash and cash equivalents resulting from change in scope of consolidation	△390	—
VIII Cash and cash equivalents at end of period	10,561	15,829

[Segment Information]

1. Reporting Segments

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.

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 consolidated fiscal year ended March 31, 2013

3. Net sales, operating income (loss), assets and other indicators of reporting segments

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	267,402	14,863	2,242	284,508	—	284,508
Internal sales or transfers between segments	14	837	—	852	△852	—
Total	267,417	15,700	2,242	285,360	△852	284,508
Operating income	6,998	217	232	7,449	△88	7,360
Assets	104,110	7,701	1,501	113,314	909	114,223
Depreciation	220	123	87	431	44	475
Capital expenditure	149	123	317	590	105	696

(Note)

a) An adjustment of △88 million yen for segment income includes an elimination of inter-segment transactions of 10 million yen and corporate expenses of △98 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.

b) An adjustment of 909 million yen for segment assets includes an elimination of inter-segment transactions of △1,518 million yen and corporate assets of 2,428 million yen that are not allocated to each segment. Corporate

assets mainly include buildings, tools, furniture and fixtures of corporate that do not belong to any reporting segments.

c) An adjustment of depreciation of 44 million yen is mainly depreciation of corporate assets. Depreciation includes that of long-term prepaid expenses.

d) Adjustment of capital expenditure mainly includes capital expenditure of buildings, tools, furniture and fixtures of corporate that do not belong to any reporting segments.

e) Operating income (loss) by reporting segment is adjusted to correspond to operating income of the consolidated income statements.

For the consolidated fiscal year ended March 31, 2014

(Millions of yen rounded down)

	Semiconductors and Electronic Parts	Electronic Equipment	System Equipment	Total	Eliminations and/or Corporate	Consolidated
Sales						
Sales to external customers	297,201	17,266	2,575	317,042	—	317,042
Internal sales or transfers between segments	5	947	—	953	△953	—
Total	297,206	18,214	2,575	317,996	△953	317,042
Operating income	6,451	462	191	7,105	△179	6,925
Assets	105,489	8,775	1,547	115,813	2,623	118,436
Depreciation	320	152	88	561	45	607
Capital expenditure	338	278	29	646	51	697

(Note)

a) An adjustment of △179 million yen for segment income includes an elimination of inter-segment transactions of △1 million yen and corporate expenses of △178 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.

b) An adjustment of 2,623 million yen for segment assets includes an elimination of inter-segment transactions of △149 million yen and corporate assets of 2,772 million yen that are not allocated to each segment. Corporate assets mainly include buildings, tools, furniture and fixtures of corporate that do not belong to any reporting segments.

c) An adjustment of depreciation of 45 million yen is mainly depreciation of corporate assets. Depreciation includes that of long-term prepaid expenses.

d) Adjustment of capital expenditure mainly includes capital expenditure of buildings, tools, furniture and fixtures of corporate that do not belong to any reporting segments.

e) Operating income (loss) by reporting segment is adjusted to correspond to operating income of the consolidated income statements.