

Consolidated Financial Results for the Fiscal Year Ended March 31, 2015 [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, Executive Vice President Tel : +81-3-3491-6575
Date of the ordinary general shareholders' meeting (scheduled)	June 26, 2015
Payment date of fiscal year-end dividend (scheduled)	June 11, 2015
Filing date of the Annual Securities Report (scheduled)	June 26, 2015

(Millions of yen rounded down)

1. Consolidated results for the fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(1) Consolidated operating results

% of change from previous year

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2014	280,672	Δ11.5	5,578	Δ19.5	6,233	Δ13.9	4,037	Δ8.2
Fiscal 2013	317,042	11.4	6,925	Δ5.9	7,237	Δ11.3	4,398	Δ12.5

(Note) Comprehensive income

FY2014: 6,548 million yen (8.8%) FY2013: 6,019 million yen (Δ5.2%)

	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 2014	257.21	—	7.6	5.0	2.0
Fiscal 2013	280.21	—	9.3	6.2	2.2

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

FY2014 — million yen FY2013 — 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 2014	131,784	56,370	42.5	3,565.03
Fiscal 2013	118,436	50,425	42.2	3,186.08

(Reference) Shareholders equity:

March 31, 2015: 55,962 million yen March 31, 2014: 50,015 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 2014	10,242	Δ249	Δ1,130	26,141
Fiscal 2013	11,628	Δ1,026	Δ7,245	15,829

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 2013	—	20.00	—	20.00	40.00	627	14.3	1.3
Fiscal 2014	—	20.00	—	20.00	40.00	627	15.6	1.2
Fiscal 2015 (Forecast)	—	25.00	—	25.00	50.00		18.7	

3. Forecast of results for the fiscal year ending March 31, 2016 (April 1, 2015 to March 31, 2016)

(% 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	145,000	10.0	2,900	17.0	2,800	Δ1.3	1,900	6.9	121.03
Full Year	300,000	6.9	6,500	16.5	6,300	1.1	4,200	4.0	267.55

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: 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, 2015	15,700,021 shares	March 31, 2014	15,700,021 shares
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2. Total number of treasury stock as of the period-end

March 31, 2015	2,491 shares	March 31, 2014	1,859 shares
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3. Average number of shares outstanding during the period

March 31, 2015	15,697,979 shares	March 31, 2014	15,698,334 shares
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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 for the fiscal year ended March 31, 2015 has been on a gradual recovery path illustrated by improvements in corporate earnings and employment although experienced a sluggish personal spending triggered by a backlash of the rush demand before the sales tax increase. From a global perspective, there remain economic downturn risks such as slowdown in economic growth in China and other Asian emerging nations, and political tensions in the Middle East and Russia.

The electronics industry to which UKC group belongs increasingly depends on smartphones for its growth. In addition, smartphone market is seeing a change in manufacturers' market share and a decline in average selling price as emerging nations like China and India begin to play the primary role in market growth. Meanwhile in the automotive area, development of electronics is essential to drive informatization and automation. Also, environmental and energy issues of globally high interest call for contributions of the electronics industry for solutions.

Under these circumstances, UKC group, with sales of semiconductors and electronic parts manufactured by Sony as its core business, focused on expanding high value-added businesses such as EMS (Electronic Manufacturing Service), extending product lines, and creating new businesses by utilizing business and capital alliances with other corporations. However, the business performance was affected by a temporary slowdown in sales for foreign smartphones.

As a result, UKC group recorded consolidated net sales of 280,672 million yen (down 11.5% year on year), consolidated operating income of 5,578 million yen (down 19.5% year on year), consolidated ordinary income of 6,233 million yen (down 13.9% year on year), and consolidated net income of 4,037 million yen (down 8.2% year on year).

[Business Segment Information]

a. Semiconductors and electronic components

Net sales and segment income dropped mainly due to a slowdown in sales of products for foreign smartphones.

As a result, net sales dropped to 263,344 million yen (down 11.4% year on year) and segment income dropped to 5,393 million yen (down 16.4% year on year).

b. Electronic equipment

Net sales dropped on account of the prolonged backlash of the increase in customer demand last fiscal year triggered by economic stimulus policies. The drop in net sales led to a significant drop in segment income despite a reduction in fixed cost.

As a result, net sales dropped to 15,639 million yen (down 14.1% year on year) and segment income dropped to 130 million yen (down 71.7% year on year).

c. System equipment

Contactless IC card business expanded its sales attributable to the continuously strong e-money related business.

Contracted reliability test and environmental material analysis service business showed improved gross margin with a slight decline in net sales year on year.

As a result, net sales grew to 2,796 million yen (up 8.6% year on year) and segment income grew to 219 million yen (up 14.3% year on year).

2) Forecasts for the Fiscal Year Ending March 31, 2016

Although Japan's economy is expected to continuously improve in corporate earnings, personal spending and capital expenditure, there are concerns of a delay in the financial reconstruction and a setback of enrichment and stability of the social security brought about by a delay of another rise in consumption tax. Additionally, there are potential downturn risks such as sovereign crises in U.S. and Europe, and economic reforms in emerging nations such as China and India.

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 solid business environments of small and medium-size LCD for automobiles and EMS by its own factories in addition to a recovery in share for foreign smartphones for the next fiscal year, while concerns severe competition. UKC group strives to develop new products, promote Sony image sensors for automotive market, and pursue tangible results from extension of product lines and transformation to solution-oriented business through business and capital partnerships.

In consideration of the above, UKC forecasts consolidated net sales of 300,000 million yen (up 6.9% year on year), consolidated operating income of 6,500 million yen (up 16.5% year on year), consolidated ordinary income of 6,300 million yen (up 1.1% year on year), and consolidated net income of 4,200 million yen (up 4.0% 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 131,784 million yen,

up 13,347 million yen from the end of fiscal 2013 mainly attributable to increases in cash and deposit (up 9,884 million yen), notes and accounts receivable-trade (up 2,224 million yen), inventories (up 565 million yen) and investment securities (up 1,147 million yen).

Total liabilities at the end of the current consolidated fiscal year amounted to 75,413 million yen, up 7,402 million yen from the end of fiscal 2013 mainly attributable to increases in notes and accounts payable-trade (up 6,075 million yen), short-term borrowings (up 2,497 million yen) and long-term borrowings (up 1,210 million yen), and decreases in current portion of long-term borrowings (down 1,073 million yen) and income taxes payable (down 600 million yen).

Net assets were 56,370 million yen, up 5,945 million yen from the end of fiscal 2013 mainly attributable to net income of 4,037 million yen, dividends from retained earnings of 627 million yen, and change in accumulated other comprehensive income of 2,492 million yen mainly due to increase in foreign currency translation adjustments of 1,783 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 10,242 million yen (11,628 million yen provided in the previous fiscal year) mainly due to income before income taxes and minority interests (6,208 million yen), decrease in notes and accounts receivable (2,813 million yen), decrease in inventories (471 million yen), and increase in notes and accounts payable (1,828 million yen), as well as income taxes paid (2,578 million yen).

[Cash flows from investing activities]

Net cash used in investing activities was 249 million yen (1,026 million yen used in the previous fiscal year) mainly due to purchase of property, plant and equipment (346 million yen), proceeds from withdrawal of time deposits (2,382 million yen), payments into time deposits (1,781 million yen), and purchase of investment securities (360 million yen).

[Cash flows from financing activities]

Net cash used in financing activities was 1,130 million yen (7,245 million yen used in the previous fiscal year) mainly due to net decrease in short-term borrowings (58 million yen), proceeds from issuance of long-term borrowings (1,732 million yen), repayments of long-term borrowings (2,069 million yen), and cash dividends paid (627 million yen).

[Trends in cash flow indicators]

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Net assets to total assets (%)	33.0%	37.7%	39.4%	42.2%	42.5%
Net assets to total assets (%) (Market capitalization basis)	14.6%	18.3%	29.5%	23.6%	24.8%

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 above, UKC aims for consolidated payout ratio at about 20% in the short term (within two years) and 25% to 30% in the medium term (within five years).

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 50 yen per common share (end of second quarter 25 yen, year-end 25 yen).

(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, debt collecting risk, 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 tries to sustainably grow and increase corporate value through improving profitability accompanied by productivity and capital efficiency. Medium-term (within five years) goals are 3% for operating income margin and over 10% for ROE.

(3) Medium- and Long-Term Management Strategies

The electronics industry to which UKC group belongs is one of the most globalized industries

along with the automotive industry. As technologies evolve day and night, a shift in market and rises and declines of manufacturers occur globally. Especially these days, a consumer market expansion and rises of manufacturers in emerging nations such as China and India are significant while markets of industrial nations which have been leading the market so far get mature and sluggish. This trend seems to irreversibly continue despite temporary economic standstills which economic structural reforms in emerging nations may trigger.

Under these business circumstances, UKC continuously strives to improve its corporate value by extending its business to growth markets in addition to its core business in the imaging field.

(4) Issues to Address

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

1) Extend product lines

UKC group tries to find and promote new products for high growth application markets such as environment & energy, automotive, medical and other industrial equipment as well as those for growth areas such as China and ASEAN nations in addition to products to help strengthen and expand the imaging business as its competitive advantage.

2) Extend sales channel

In order to cope with the business shift to Asia centered on China and ASEAN nations, UKC group tries to strengthen sales to such area by efficiently deploying its own business resources and promoting business partnerships including M&A.

3) Extend business fields

Semiconductors and electronic components business which consists of more than 90% of UKC's sales mainly includes products sales with related engineering supports, and EMS. Considering conveniences of customers, UKC considers it important to realize a solution-oriented systematization which totally satisfies customers' needs rather than just to handle each product or its combination. In order to realize the goal, UKC will proactively introduce hardware and software technologies and services from the outside which complement its own business resources.

3. Basic Approach to Selection of Accounting Standards

UKC group adopts the Japanese Standards in order to ensure comparisons with other companies and its financial results in the past. Regarding the future, UKC will proceed examination on the adoption of the International Standards in view of circumstances such as the trend of adopting the International Standards in the same industry as it belongs to.

[Consolidated Balance Sheets]

	(Millions of yen rounded down)	
	Fiscal Year Ended March 31, 2014 (As of March 31, 2014)	Fiscal Year Ended March 31, 2015 (As of March 31, 2015)
(Assets)		
Current assets		
Cash and deposit	17,658	27,542
Notes and accounts receivable-trade	69,633	71,857
Merchandise and finished goods	17,611	17,716
Work in process	434	479
Raw materials and supplies	370	786
Deferred tax assets	677	534
Other	5,297	5,074
Allowance for doubtful accounts	△170	△263
Total current assets	<u>111,512</u>	<u>123,728</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	1,389	1,468
Accumulated depreciation	△694	△769
Buildings and structures (net)	<u>695</u>	<u>698</u>
Tools, furniture and fixtures	1,444	1,578
Accumulated depreciation	△1,139	△1,313
Tools, furniture and fixtures (net)	<u>305</u>	<u>265</u>
Lease assets	542	514
Accumulated depreciation	△326	△336
Lease assets (net)	<u>215</u>	<u>178</u>
Other tangible assets	2,079	2,395
Accumulated depreciation	△911	△1,097
Other tangible assets (net)	<u>1,168</u>	<u>1,298</u>
Total property, plant and equipment	<u>2,384</u>	<u>2,441</u>
Intangible assets		
Lease assets	25	—
Other	449	385
Total intangible assets	<u>475</u>	<u>385</u>
Investments and other assets		
Investment securities	3,011	4,159
Deferred tax assets	104	24
Other	2,109	2,432
Allowance for doubtful accounts	△1,160	△1,387
Total investments and other assets	<u>4,064</u>	<u>5,229</u>
Total noncurrent assets	<u>6,924</u>	<u>8,055</u>
Total assets	<u>118,436</u>	<u>131,784</u>

	(Millions of yen rounded down)	
	Fiscal Year Ended March 31, 2014 (As of March 31, 2014)	Fiscal Year Ended March 31, 2015 (As of March 31, 2015)
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	37,487	43,563
Short-term borrowings	16,120	18,617
Current portion of long-term debt	2,044	970
Lease obligations	98	62
Income taxes payable	1,636	1,035
Reserve for bonuses	454	387
Other	3,198	2,685
Total current liabilities	<u>61,040</u>	<u>67,322</u>
Noncurrent liabilities		
Long-term borrowings	5,893	7,104
Lease obligations	152	120
Deferred tax liabilities	38	377
Reserve for directors' retirement benefits	40	35
Net defined benefit liability	692	299
Other	152	154
Total noncurrent liabilities	<u>6,970</u>	<u>8,091</u>
Total liabilities	<u>68,010</u>	<u>75,413</u>
(Net assets)		
Shareholders' equity		
Common stock	4,383	4,383
Capital surplus	6,342	6,342
Retained earnings	37,818	41,273
Treasury stock	△2	△3
Total shareholders' equity	<u>48,541</u>	<u>51,996</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	254	894
Foreign currency translation adjustments	1,262	3,045
Remeasurements of defined benefit plans	△43	25
Total valuation and translation adjustments	<u>1,473</u>	<u>3,965</u>
Minority interests	410	408
Total net assets	<u>50,425</u>	<u>56,370</u>
Total liabilities and net assets	<u>118,436</u>	<u>131,784</u>

[Consolidated Statements of Income]

	(Millions of yen rounded down)	
	Fiscal Year Ended March 31, 2014	Fiscal Year Ended March 31, 2015
Sales	317,042	280,672
Cost of sales	297,631	263,640
Gross Profit	19,411	17,032
Selling, general, and administrative expenses	12,485	11,454
Operating income	6,925	5,578
Non-operating income		
Interest income	56	83
Dividends income	33	33
Cash discount	9	7
Foreign exchange profit	365	707
Commission income	—	0
Other	237	162
Total non-operating income	701	994
Non-operating expenses		
Interest payable	278	285
Loss on sales of accounts receivable	10	1
Other	100	51
Total non-operating expenses	389	339
Ordinary profit	7,237	6,233
Extraordinary income		
Gain on sale of fixed assets	3	2
Gain on sale of investment securities	5	—
Other	2	—
Total extraordinary income	11	2
Extraordinary loss		
Loss on sale of fixed assets	4	1
Loss on disposal of fixed assets	8	3
Loss on valuation of investment securities	1	—
Loss on sale of membership	—	9
Loss on valuation of membership	23	11
Other	—	0
Total extraordinary losses	38	27
Income before income taxes and minority interests	7,210	6,208
Income taxes-current	2,603	1,933
Income taxes-deferred	146	219
Total income taxes	2,750	2,152
Income before Minority interest in income	4,459	4,056
Minority interests in income	61	18
Net income	4,398	4,037

[Consolidated Comprehensive Statements of Income]

	(Millions of yen rounded down)	
	Fiscal Year Ended March 31, 2014	Fiscal Year Ended March 31, 2015
Income before Minority interest in income	4,459	4,056
Other comprehensive income		
Net unrealized gain on other marketable securities	△ 109	640
Foreign currency translation adjustments	1,668	1,783
Pension liability adjustments	—	68
Total other comprehensive income	<u>1,559</u>	<u>2,492</u>
Comprehensive Income	<u>6,019</u>	<u>6,548</u>
(Details)		
Comprehensive income relating to shareholders of parent company	5,958	6,529
Comprehensive income relating to minority shareholders	61	18

[Consolidated Statements of Changes in Net Assets]

Fiscal Year Ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(Millions of yen rounded down)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of the beginning of the period	4,383	6,342	34,361	△1	45,085
Accumulated effect of change of accounting policies					—
Balance as of the beginning of the period reflecting change in accounting policies	4,383	6,342	34,361	△1	45,085
Change during the period					
Cash dividends from retained earnings			△941		△941
Net income for the period			4,398		4,398
Acquisition of treasury stock				△0	△0
Change of scope of consolidation					—
Change of items other than shareholders' equity (net)					
Total change during the period	—	—	3,456	△0	3,455
Balance as of the end of the period	4,383	6,342	37,818	△2	48,541

	Other accumulated comprehensive income				Minority interests	Total net assets
	Net unrealized gain on other marketable securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other accumulated comprehensive incomes		
Balance as of the beginning of the period	363	△406	—	△42	359	45,402
Accumulated effect of change of accounting policies						—
Balance as of the beginning of the period reflecting change in accounting policies	363	△406	—	△42	359	45,402
Change during the period						
Cash dividends from retained earnings						△941
Net income for the period						4,398
Acquisition of treasury stock						△0
Change of scope of consolidation						—
Change of items other than shareholders' equity (net)	△109	1,668	△43	1,516	51	1,567
Total change during the period	△109	1,668	△43	1,516	51	5,023
Balance as of the end of the period	254	1,262	△43	1,473	410	50,425

Fiscal Year Ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(Millions of yen rounded down)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of the beginning of the period	4,383	6,342	37,818	△2	48,541
Accumulated effect of change of accounting policies			45		45
Balance as of the beginning of the period reflecting change in accounting policies	4,383	6,342	37,864	△2	48,587
Change during the period					
Cash dividends from retained earnings			△627		△627
Net income for the period			4,037		4,037
Acquisition of treasury stock				△1	△1
Change of scope of consolidation					
Change of items other than shareholders' equity (net)					
Total change during the period	—	—	3,409	△1	3,408
Balance as of the end of the period	4,383	6,342	41,273	△3	51,996

	Other accumulated comprehensive income				Minority interests	Total net assets
	Net unrealized gain on other marketable securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other accumulated comprehensive incomes		
Balance as of the beginning of the period	254	1,262	△43	1,473	410	50,425
Accumulated effect of change of accounting policies						45
Balance as of the beginning of the period reflecting change in accounting policies	254	1,262	△43	1,473	410	50,471
Change during the period						
Cash dividends from retained earnings						△627
Net income for the period						4,037
Acquisition of treasury stock						△1
Change of scope of consolidation						
Change of items other than shareholders' equity (net)	640	1,783	68	2,492	△1	2,490
Total change during the period	640	1,783	68	2,492	△1	5,899
Balance as of the end of the period	894	3,045	25	3,965	408	56,370

[Consolidated Statements of Cash Flows]

(Millions of yen rounded down)

	Fiscal Year Ended March 31, 2014	Fiscal Year Ended March 31, 2015
I Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	7,210	6,208
Depreciation and amortization	607	593
Loss (gain) on sale of fixed assets	1	△0
Loss (gain) on disposal of fixed assets	8	3
Loss (Gain) on sale of investment securities	△3	—
Loss on valuation of membership	23	11
Increase (decrease) in allowance for doubtful accounts	1,060	109
Increase (decrease) in reserve for directors' retirement benefits	3	△5
Increase (decrease) in reserve for retirement benefits	△7	△218
Foreign exchange losses (gains), net	651	645
Interest and dividends income	△89	△116
Interest expenses	278	285
Decrease (increase) in notes and accounts receivable-trade	△201	2,813
Increase (decrease) in notes and accounts payable-trade	△2,780	1,828
Decrease (increase) in inventories	6,768	471
Other, net	1,142	350
Sub-total	<u>14,672</u>	<u>12,981</u>
Interest and dividends income received	89	116
Interest expenses paid	△266	△277
Income taxes paid	△2,868	△2,578
Net cash provided by (used in) operating activities	<u>11,628</u>	<u>10,242</u>
II Net cash provided by (used in) investing activities		
Purchase of investment securities	△708	△360
Proceeds from sales of investment securities	14	—
Purchase of property, plant and equipment	△450	△346
Income on sales of property, plant and equipment	7	20
Payments into time deposits	△1,200	△1,781
Proceeds from withdrawal of time deposits	1,500	2,382
Other, net	△189	△164
Net cash provided by (used in) investing activities	<u>△1,026</u>	<u>△249</u>
III Net cash provided by (used in) financing activities		
Increase (decrease) in short-term borrowings	△6,695	△58
Proceeds from issuance of long-term borrowings	5,024	1,732
Repayments of long-term borrowings	△4,498	△2,069
Purchase of treasury stock	△0	△1
Cash dividends paid	△941	△627
Dividends distributions to minority interests	△10	△20
Other, net	△123	△86
Net cash provided by (used in) financing activities	<u>△7,245</u>	<u>△1,130</u>
IV Effective of exchange rate change on cash and cash equivalents	<u>1,910</u>	<u>1,450</u>
V Net increase (decrease) in cash and cash equivalents	<u>5,267</u>	<u>10,312</u>
VI Cash and cash equivalents at beginning of period	<u>10,561</u>	<u>15,829</u>
VII Cash and cash equivalents at end of period	<u>15,829</u>	<u>26,141</u>

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

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.

For the consolidated fiscal year ended March 31, 2015

(Millions of yen rounded down)

	Semiconductors and Electronic Parts	Electronic Equipment	System Equipment	Total	Eliminations and/or Corporate	Consolidated
Sales						
Sales to external customers	263,314	14,562	2,796	280,672	—	280,672
Internal sales or transfers between segments	30	1,076	—	1,107	△1,107	—
Total	263,344	15,639	2,796	281,780	△1,107	280,672
Operating income	5,393	130	219	5,743	△165	5,578
Assets	118,758	8,120	1,569	128,447	3,336	131,784
Depreciation	308	162	70	541	51	593
Capital expenditure	237	157	27	422	28	450

(Note)

- a) An adjustment of △165 million yen for segment income includes an elimination of inter-segment transactions of △1 million yen and corporate expenses of △164 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 3,336 million yen for segment assets includes an elimination of inter-segment transactions of △751 million yen and corporate assets of 4,087 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 51 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.