

Consolidated Financial Results for the First Quarter Ended June 30, 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
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Filing date of the Quarterly Securities Report (scheduled) August 10, 2015

(Millions of yen rounded down)

1. Consolidated results for the first quarter ended June 30, 2015 (April 1, 2015 to June 30, 2015)

(1) Consolidated operating results

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2015 1Q	69,889	8.6	1,434	Δ7.2	1,535	9.2	1,147	24.5
FY2014 1Q	64,339	Δ12.5	1,545	Δ14.9	1,406	Δ22.6	921	Δ26.5

(Note) Comprehensive income

FY2015 1Q: 1,246 million yen (56.7%) FY2014 1Q: 795 million yen (Δ54.5%)

	Net income per share	Net income per share after dilution
	Yen	Yen
FY2015 1Q	73.09	—
FY2014 1Q	58.72	—

(2) Consolidated financial position

	Total assets	Net assets	Net assets to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2015 1Q	129,841	57,292	43.8	3,626.91
Fiscal 2014	131,784	56,370	42.5	3,565.03

(Reference) Shareholders equity:

June 30, 2015: 56,932 million yen March 31, 2015: 55,962 million yen

2. Dividends

	Dividends per share (Yen)				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Total
Fiscal 2014	—	20.00	—	20.00	40.00
Fiscal 2015	—				
Fiscal 2015 (Forecast)		25.00	—	25.00	50.00

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

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

(% of change from FY2014 or 1st Half of FY2014)

	Net Sales		Operating Income		Ordinary Income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First 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

Note: Revisions to forecast of financial results in this quarter; No

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: Yes

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, 2015 15,700,021 shares March 31, 2015 15,700,021 shares

2. Total number of treasury stock as of the period-end
June 30, 2015 2,661 shares March 31, 2015 2,491 shares

3. Average number of shares outstanding during the period
FY2015 1Q 15,697,443 shares FY2014 1Q 15,698,156 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.

[Business Results]

1. Business Results

(1) Overview

Japan's economy during this first quarter has been on a gradual recovery path thanks to improvements in corporate earnings, employment and capital spending. From a global perspective, there remain economic downturn risks such as a further slowdown of China economy and the Greece debt problem.

The electronics industry to which UKC group belongs still depends on smartphones for its growth although market growth of smartphone in China is currently slowing. Meanwhile in the automotive area, informatization and automation by electronics technology are progressing so significantly that the market is expected to grow.

Under these circumstances, UKC group, with sales of semiconductors and electronic components manufactured by Sony as its core business, continuously 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.

As a result, UKC group recorded consolidated net sales of 69,889 million yen (up 8.6% year on year), consolidated operating income of 1,434 million yen (down 7.2% year on year), consolidated ordinary income of 1,535 million yen (up 9.2% year on year), and consolidated net income attributable to owners of parent of 1,147 million yen (up 24.5% year on year).

(2) Business Segment Information

a. Semiconductors and electronic components

Net sales grew mainly due to a recovery in sales of products for foreign smartphones. Segment income dropped on account of a decline in sales of high margin products.

As a result, net sales grew to 66,663 million yen (up 8.6% year on year) and segment income dropped to 1,652 million yen (down 8.5% year on year).

b. Electronic equipment

Net sales grew due to a recovery of customers' demand.

As a result, net sales grew to 3,013 million yen (up 11.5% year on year) and segment loss was 175 million yen (improved 72 million yen year on year).

c. System equipment

Contactless IC card business substantially expanded its sales attributable to the continuously strong e-money related business. On the other hand, contracted reliability test and environmental material analysis service business showed a drop in sales. Segment income dropped as selling and general administrative expenses increased with prior investment and the like.

As a result, net sales grew to 777 million yen (up 27.3% year on year) and segment income dropped to 12 million yen (down 70.7% year on year).

2. Financial Condition

Total assets at the end of the first quarter amounted to 129,841 million yen, down 1,943 million yen from the end of fiscal 2014 mainly attributable to decreases in cash and deposit (down 2,983 million yen) and notes and accounts receivable-trade (down 1,750 million yen), and increases in inventories (up 28 million yen) and other current assets (up 2,622 million yen).

Total liabilities at the end of the first quarter amounted to 72,548 million yen, down 2,864 million yen from the end of fiscal 2014 mainly attributable to decreases in notes and accounts payable-trade (down 6,709 million yen), current portion of long-term debt (down 154 million yen), income taxes payable (down 507 million) and long-term borrowings (down 154 million yen), and an increase in short-term borrowings (up 4,924 million yen).

Net assets were 57,292 million yen, up 921 million yen from the end of fiscal 2014 mainly attributable to net income attributable to owners of parent of 1,147 million yen, dividends from retained earnings of 313 million yen and a change in accumulated other comprehensive income of 137 million yen mainly due to an increase in valuation difference on available-for-sale securities of 92 million yen.

3. Forecast of Consolidated Financial Results

Forecast of financial results for the first half and full fiscal year remains unchanged from the original disclosed on May 8, 2015.

[Consolidated Balance Sheets]

(Millions of yen rounded down)

	Fiscal Year Ended March 31, 2015 (As of March 31, 2015)	First Quarter Ended June 30, 2015 (As of June 30, 2015)
(Assets)		
Current assets		
Cash and deposit	27,542	24,559
Notes and accounts receivable-trade	71,857	70,107
Merchandise and finished goods	17,716	17,543
Work in process	479	629
Raw materials and supplies	786	838
Other	5,609	8,232
Allowance for doubtful accounts	△263	△260
Total current assets	123,728	121,649
Noncurrent assets		
Total property, plant and equipment	2,441	2,432
Total intangible assets	385	426
Investments and other assets		
Investment securities	4,159	4,285
Other	2,456	2,444
Allowance for doubtful accounts	△1,387	△1,398
Total investments and other assets	5,229	5,332
Total noncurrent assets	8,055	8,191
Total assets	131,784	129,841
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	43,563	36,853
Short-term borrowings	18,617	23,542
Current portion of long-term debt	970	816
Income taxes payable	1,035	528
Reserve for bonuses	387	196
Other	2,747	2,662
Total current liabilities	67,322	64,599
Noncurrent liabilities		
Long-term borrowings	7,104	6,949
Net defined benefit liability	299	291
Reserve for directors' retirement benefits	35	36
Other	651	671
Total noncurrent liabilities	8,091	7,948
Total liabilities	75,413	72,548
(Net assets)		
Shareholders' equity		
Common stock	4,383	4,383
Capital surplus	6,342	6,342
Retained earnings	41,273	42,107
Treasury stock	△3	△4
Total shareholders' equity	51,996	52,829
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	894	987
Foreign currency translation adjustments	3,045	3,090
Pension liability adjustments	25	25
Total accumulated other comprehensive income	3,965	4,103
Non-controlling interests	408	359
Total net assets	56,370	57,292
Total liabilities and net assets	131,784	129,841

[Consolidated Statements of Income]

	(Millions of yen rounded down)	
	First Quarter Ended June 30, 2014	First Quarter Ended June 30, 2015
Net sales	64,339	69,889
Cost of sales	59,982	65,556
Gross profit	4,357	4,333
Selling, general, and administrative expenses	2,811	2,898
Operating income	1,545	1,434
Non-operating income		
Interest income	23	21
Dividends income	22	15
Cash discount	2	1
Foreign exchange profit	—	116
Other	54	34
Total non-operating income	101	189
Non-operating expenses		
Interest payable	66	71
Loss on sales of accounts receivable	0	1
Foreign exchange losses	167	—
Other	6	16
Total non-operating expenses	240	88
Ordinary income	1,406	1,535
Extraordinary income		
Gain on sale of fixed assets	0	—
Total extraordinary income	0	—
Extraordinary loss		
Loss on disposal of fixed assets	0	—
Loss on valuation of membership	1	—
Other	0	—
Total extraordinary losses	2	—
Income before income taxes	1,404	1,535
Total income taxes	524	427
Net income	879	1,108
Net income attributable to non-controlling interests	△42	△38
Net income attributable to owners of parent	921	1,147

[Consolidated Comprehensive Statements of Income]

	(Millions of yen rounded down)	
	First Quarter Ended June 30, 2014	First Quarter Ended June 30, 2015
Net income	879	1,108
Other comprehensive income		
Net unrealized gain on other marketable securities	9	92
Foreign currency translation adjustments	△94	45
Pension liability adjustments	1	△0
Total other comprehensive income	△84	137
Comprehensive income	795	1,246
(Details)		
Comprehensive income relating to owners of parent	837	1,285
Comprehensive income relating to non-controlling interests	△42	△38

[Segment Information]

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

For the first quarter ended June 30, 2014 (April 1, 2014 to June 30, 2014)

(Millions of yen rounded down)

	Semiconductors and electronic components	Electronic equipment	System equipment	Total	Eliminations and/or corporate	Consolidated
Net sales						
Sales to external customers	61,356	2,372	610	64,339	—	64,339
Internal sales or transfers between segments	6	331	—	337	Δ337	—
Total	61,362	2,703	610	64,676	Δ337	64,339
Operating income	1,806	Δ248	42	1,600	Δ55	1,545

(Note)

An adjustment of Δ55 million yen for segment income includes an elimination of inter-segment transactions of Δ0 million yen and corporate expenses of Δ55 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, 2015 (April 1, 2015 to June 30, 2015)

(Millions of yen rounded down)

	Semiconductors and electronic components	Electronic equipment	System equipment	Total	Eliminations and/or corporate	Consolidated
Net sales						
Sales to external customers	66,639	2,564	685	69,889	—	69,889
Internal sales or transfers between segments	24	448	92	565	Δ565	—
Total	66,663	3,013	777	70,445	Δ565	69,889
Operating income	1,652	Δ175	12	1,489	Δ55	1,434

(Note)

An adjustment of Δ55 million yen for segment income includes an elimination of inter-segment transactions of Δ3 million yen and corporate expenses of Δ52 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

UKC Holdings succeeded the semiconductors and electronic components business from UKC Electronics (currently “UKC Technosolution”) on April 1, 2015 through an absorption-type company split. With this move, UKC holdings, which had been a pure holding company with a business purpose of controlling and managing the business activities of its group, belongs to the semiconductors and electronic components business from this first quarter. Accordingly, operations consignment fee income from subsidiaries and a part of corporate expenses previously involved in an adjustment amount are now included in the semiconductors and electronic components business. This change is retrospectively applied to the segment figures of the first quarter ended June 30, 2014.