

## Consolidated Financial Results for the Six Months Ended Sep. 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>  
 Representative Yukio Fukuju, President  
 Contact person Tsuyoshi Osawa, Senior General Manager,  
 Group Business Planning Division  
 Tel : +81-3-3491-6575

Filing date of the Quarterly Securities Report (scheduled) November 9, 2015  
 Dividend Payment Date December 7, 2015

(Millions of yen rounded down)

## 1. Consolidated results for the six months ended Sep. 30, 2015 (April 1, 2015 to September 30, 2015)

## (1) Consolidated operating results

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2015 1H	142,949	8.4	3,357	35.5	3,176	12.0	2,297	29.3
FY2014 1H	131,870	Δ19.6	2,478	Δ21.9	2,836	Δ8.9	1,777	Δ0.8

(Note) Comprehensive income

FY2015 1H: 1,875 million yen (Δ9.0%) FY2014 1H: 2,061 million yen (Δ20.6%)

	Net income per share	Net income per share after dilution
	Yen	Yen
FY2015 1H	146.39	—
FY2014 1H	113.24	—

## (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 2Q	132,819	57,921	43.3	3,665.75
Fiscal 2014	131,784	56,370	42.5	3,565.03

(Reference) Shareholders equity:

September 30, 2015: 57,542 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	—	25.00			
Fiscal 2015 (Forecast)			—	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)

	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
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			
September 30, 2015	15,700,021 shares	March 31, 2015	15,700,021 shares
2. Total number of treasury stock as of the period-end			
September 30, 2015	2,800 shares	March 31, 2015	2,491 shares
3. Average number of shares outstanding during the period			
FY2015 1H	15,697,348 shares	FY2014 1H	15,698,138 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 half has been on a gradual recovery path thanks to improvements in corporate earnings, employment and capital spending. On the other hand, there remain downturn risks for global and Japan's economy such as economic slowdowns in Asian emerging nations including China 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 142,949 million yen (up 8.4% year on year), consolidated operating income of 3,357 million yen (up 35.5% year on year), consolidated ordinary income of 3,176 million yen (up 12.0% year on year), and consolidated net income attributable to owners of parent of 2,297 million yen (up 29.3% 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 grew because of an absence of the negative impact of the allowance for doubtful accounts pertaining to Wintek last year in addition to the rise in net sales.

As a result, net sales grew to 134,969 million yen (up 8.7% year on year) and segment income grew to 3,460 million yen (up 41.9% year on year).

##### b. Electronic equipment

Net sales grew mainly due to a recovery of customers' demand for professional-use electronic equipment. Meanwhile, segment income fell into the red on account of a slump in the software business with considerably high margin.

As a result, net sales grew to 7,507 million yen (up 8.7% year on year) and segment loss was 31 million yen (37 million yen of segment income last 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 stayed about the same 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 1,440 million yen (up 8.5% year on year) and segment income dropped to 32 million yen (down 71.3% year on year).

## 2. Financial Condition

### (1) Total Assets, Liabilities and Net assets

Total assets at the end of the second quarter amounted to 132,819 million yen, up 1,035 million yen from the end of fiscal 2014 mainly attributable to increases in notes and accounts receivable-trade (up 3,876 million yen), inventories (up 163 million yen) and other current assets (up 1,689 million yen), and decreases in cash and deposit (down 4,273million yen) and investment securities (down 304 million yen).

Total liabilities at the end of the second quarter amounted to 74,897 million yen, down 515 million yen from the end of fiscal 2014 mainly attributable to decreases in long-term borrowings (down 3,101 million yen), notes and accounts payable-trade (down 3,054 million yen), income taxes payable (down 496 million) and other current liabilities (down 339 million yen), and increases in short-term borrowings (up 4,526 million yen) and current portion of long-term debt (up 2,056 million yen).

Net assets were 57,921 million yen, up 1,550 million yen from the end of fiscal 2014 mainly attributable to net income attributable to owners of parent of 2,297 million yen, dividends from retained earnings of 313 million yen and a change in accumulated other comprehensive income of 403 million yen mainly due to a decrease in foreign currency translation adjustments of 205 million yen.

### (2) Cash Flows

Cash flows from various business activities during this first half and relevant factors are as follows.

#### [Cash flows from operating activities]

Net cash used by operating activities was 7,163 million yen (1,760 million yen provided for the same period previous year) mainly due to income before income taxes (3,176 million yen), increases in notes and accounts receivable (4,403 million yen) and inventories (279 million yen), and a decrease in notes and accounts payable (2,515 million yen), as well as income taxes paid (1,317 million yen).

#### [Cash flows from investing activities]

Net cash provided by investing activities was 335 million yen (536 million yen used for the same period previous year) mainly due to proceeds from withdrawal of time deposits (1,216 million yen), payments into time deposits (600 million yen), and purchase of property, plant and equipment (229 million yen).

[Cash flows from financing activities]

Net cash provided in financing activities was 3,189 million yen (3,104 million yen provided for the same period previous year) mainly due to a net increase in short-term borrowings (4,576 million yen) for operating capital, repayments of long-term borrowings (1,065 million yen), and cash dividends paid (313 million yen).

3. Forecast of Consolidated Financial Results

Forecast of financial results for the 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)	Second Quarter Ended September 30, 2015 (As of Sep. 30, 2015)
<b>(Assets)</b>		
Current assets		
Cash and deposit	27,542	23,268
Notes and accounts receivable-trade	71,857	75,734
Merchandise and finished goods	17,716	17,885
Work in process	479	645
Raw materials and supplies	786	614
Other	5,609	7,299
Allowance for doubtful accounts	△263	△338
Total current assets	<u>123,728</u>	<u>125,108</u>
Noncurrent assets		
Total property, plant and equipment	2,441	2,420
Total intangible assets	385	381
Investments and other assets		
Investment securities	4,159	3,854
Other	2,456	2,344
Allowance for doubtful accounts	△1,387	△1,290
Total investments and other assets	<u>5,229</u>	<u>4,908</u>
Total noncurrent assets	<u>8,055</u>	<u>7,710</u>
Total assets	<u>131,784</u>	<u>132,819</u>
<b>(Liabilities)</b>		
Current liabilities		
Notes and accounts payable-trade	43,563	40,508
Short-term borrowings	18,617	23,144
Current portion of long-term debt	970	3,027
Income taxes payable	1,035	538
Reserve for bonuses	387	414
Other	2,747	2,407
Total current liabilities	<u>67,322</u>	<u>70,041</u>
Noncurrent liabilities		
Long-term borrowings	7,104	4,003
Net defined benefit liability	299	287
Reserve for directors' retirement benefits	35	36
Other	651	528
Total noncurrent liabilities	<u>8,091</u>	<u>4,855</u>
Total liabilities	<u>75,413</u>	<u>74,897</u>
<b>(Net assets)</b>		
Shareholders' equity		
Common stock	4,383	4,383
Capital surplus	6,342	6,342
Retained earnings	41,273	43,258
Treasury stock	△3	△4
Total shareholders' equity	<u>51,996</u>	<u>53,979</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	894	697
Foreign currency translation adjustments	3,045	2,839
Pension liability adjustments	25	25
Total accumulated other comprehensive income	<u>3,965</u>	<u>3,562</u>
Non-controlling interests	408	379
Total net assets	<u>56,370</u>	<u>57,921</u>
Total liabilities and net assets	<u>131,784</u>	<u>132,819</u>

[Consolidated Statements of Income]

	(Millions of yen rounded down)	
	Six Months Ended September 30, 2014	Six Months Ended September 30, 2015
Net sales	131,870	142,949
Cost of sales	123,504	133,838
Gross profit	8,366	9,111
Selling, general, and administrative expenses	5,888	5,753
Operating income	2,478	3,357
Non-operating income		
Interest income	45	44
Dividends income	22	16
Cash discount	3	3
Foreign exchange profit	334	—
Other	122	44
Total non-operating income	529	108
Non-operating expenses		
Interest payable	137	147
Loss on sales of accounts receivable	0	1
Foreign exchange losses	—	111
Other	32	29
Total non-operating expenses	170	289
Ordinary income	2,836	3,176
Extraordinary income		
Gain on sale of fixed assets	0	—
Total extraordinary income	0	0
Extraordinary loss		
Loss on disposal of fixed assets	0	—
Loss on sale of fixed assets	0	—
Loss on valuation of membership	3	—
Loss on sale of membership	7	—
Other	2	—
Total extraordinary losses	14	—
Income before income taxes	2,822	3,176
Total income taxes	1,028	897
Net income	1,793	2,278
Net income attributable to non-controlling interests	15	△19
Net income attributable to owners of parent	1,777	2,297

[Consolidated Comprehensive Statements of Income]

	(Millions of yen rounded down) of yen rounded down)	
	Six Months Ended September 30, 2014	Six Months Ended September 30, 2015
Net income	1,793	2,278
Other comprehensive income		
Net unrealized gain on other marketable securities	81	△197
Foreign currency translation adjustments	140	△205
Pension liability adjustments	46	△0
Total other comprehensive income	268	△403
Comprehensive income	2,061	1,875
(Details)		
Comprehensive income relating to owners of parent	2,045	1,894
Comprehensive income relating to non-controlling interests	15	△19

[Consolidated Statements of Cash Flows]

	(Millions of yen rounded down)	
	Six Months Ended Sep. 30, 2014	Six Months Ended Sep. 30, 2015
I Net cash provided by (used in) operating activities		
Income before income taxes	2,822	3,176
Depreciation and amortization	316	278
Increase (decrease) in net defined benefit liability	△167	△12
Increase (decrease) in allowance for doubtful accounts	445	△15
Decrease (increase) in notes and accounts receivable-trade	7,191	△4,403
Decrease (increase) in inventories	△662	△279
Increase (decrease) in notes and accounts payable-trade	△3,925	△2,515
Other, net	△2,179	△1,973
Sub-total	<u>3,842</u>	<u>△5,744</u>
Interest and dividends income received	68	60
Interest expenses paid	△137	△161
Income taxes paid	<u>△2,012</u>	<u>△1,317</u>
Net cash provided by (used in) operating activities	<u>1,760</u>	<u>△7,163</u>
II Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	△189	△229
Income on sales of property, plant and equipment	7	20
Purchase of investment securities	△297	△3
Payments into time deposits	△600	△600
Proceeds from withdrawal of time deposits	600	1,216
Other, net	△57	△68
Net cash provided by (used in) investing activities	<u>△536</u>	<u>335</u>
III Net cash provided by (used in) financing activities		
Increase (decrease) in short-term borrowings	3,690	4,576
Proceeds from issuance of long-term borrowings	1,030	—
Repayments of long-term borrowings	△1,221	△1,065
Purchase of treasury stock	△0	△0
Cash dividends paid	△313	△313
Dividends distributions to minority interests	△20	△10
Other, net	△59	2
Net cash provided by (used in) financing activities	<u>3,104</u>	<u>3,189</u>
IV Effective of exchange rate change on cash and cash equivalents	<u>△91</u>	<u>△34</u>
V Net increase (decrease) in cash and cash equivalents	<u>4,237</u>	<u>△3,673</u>
VI Cash and cash equivalents at beginning of period	<u>15,829</u>	<u>26,141</u>
VIII Cash and cash equivalents at end of period	<u>20,066</u>	<u>22,468</u>



[Segment Information]

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

For the first half ended September 30, 2014 (April 1, 2014 to September 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	124,159	6,383	1,326	131,870	—	131,870
Internal sales or transfers between segments	12	524	—	537	△537	—
Total	124,172	6,908	1,326	132,407	△537	131,870
Operating income	2,438	37	114	2,589	△111	2,478

(Note)

An adjustment of △111 million yen for segment income includes an elimination of inter-segment transactions of △1 million yen and corporate expenses of △110 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 half ended September 30, 2015 (April 1, 2015 to September 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	134,924	6,755	1,269	142,949	—	142,949
Internal sales or transfers between segments	44	751	170	967	△967	—
Total	134,969	7,507	1,440	143,917	△967	142,949
Operating income	3,460	△31	32	3,462	△104	3,357

(Note)

An adjustment of △104 million yen for segment income includes an elimination of inter-segment transactions of △1 million yen and corporate expenses of △103 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 same period last year.