

Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 [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	Nobuki Kurita, President
Contact person	Tsuyoshi Osawa, Group Executive Officer General Manager, IR Department Tel : +81-3-3491-6575
Date of the ordinary general shareholders' meeting (scheduled)	June 26, 2018
Filing date of the Annual Securities Report (scheduled)	June 26, 2018

(Millions of yen rounded down)

1. Consolidated results for the fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(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	%
Fiscal 2017	301,449	10.1	4,384	—	3,908	—	2,129	—
Fiscal 2016	273,752	Δ1.1	Δ6,603	—	Δ7,385	—	Δ8,688	—

(Note) Comprehensive income

FY2017: 3,576 million yen (—%) FY2016: Δ9,029 million yen (—%)

	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 2017	135.64	—	5.6	3.2	1.5
Fiscal 2016	Δ553.49	—	Δ20.8	Δ6.2	Δ2.4

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

FY2017 — million yen FY2016 — 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 2017	116,388	39,768	33.8	2,506.08
Fiscal 2016	124,237	37,154	29.6	2,340.69

(Reference) Shareholders equity:

March 31, 2018: 39,337 million yen March 31, 2017: 36,741 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 2017	Δ3,793	Δ176	2,247	17,362
Fiscal 2016	Δ8,140	Δ1,070	6,293	19,276

2. Dividends

	Dividends per share (Yen)					Dividends (Full fiscal year) (million yen)	Payout ratio (consolidated) %	Dividends to net assets ratio (consolidated) %
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Total			
Fiscal 2016	—	30.00	—	0.00	30.00	470	—	1.1
Fiscal 2017	—	30.00	—	30.00	60.00	941	44.2	2.5
Fiscal 2018 (Forecast)	—	37.50	—	37.50	75.00		42.0	

The Company was yet to settle its financial statements for the fiscal year ended March 31, 2017 and thus was unable to begin proceedings regarding the payment of year-end dividend for the record date of March 31, 2017 scheduled on June 14, 2017. In addition, based on the resolution of the board of directors meeting on August 28, 2017, the Company paid a dividend of 30 yen per share for the new record date of July 31, 2017. Regarding the dividend at the record date, the dividend source was capital surplus. For details, please refer to "Dividend of surplus for the extraordinary record date" and "Breakdown of dividend from capital surplus" below.

3. Forecast of results for the fiscal year ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(% of change from FY2017 or 1st Half of FY2017)

	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
1st Half	110,000	Δ32.3	1,900	Δ28.6	1,650	Δ34.5	1,200	Δ16.2	76.44
Full Year	220,000	Δ27.0	4,500	2.6	4,000	2.3	2,800	31.5	178.38

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: No
 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, 2018	15,700,021 shares	March 31, 2017	15,700,021 shares		
2. Total number of treasury stock as of the period-end					
March 31, 2018	3,367 shares	March 31, 2017	3,142 shares		
3. Average number of shares outstanding during the period					
March 31, 2018	15,696,718 shares	March 31, 2017	15,697,009 shares		

Note :

The original financial report in Japanese is not subject to the audit procedures.

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.

Note : Dividend of Surplus Based on the Temporary Record Date

The Company paid dividend (30 yen per share) for the new record date of July 31, 2017, set based on the resolution of Board of Directors Meetings on August 28, 2017.

The situation of dividends for the Fiscal year ended march 31, 2018 as below.

	Dividend for Fiscal 2017					
	End of 1Q (30th, Jun)	Temporary (31th, Jul)	End of 2Q (30th, Sep)	End of 3Q (31th, Dec)	End of 4Q (31th, Mar)	Total
	yen	yen	yen	yen	yen	yen
Fiscal 2017	—	30.00	30.00	—	30.00	90.00

Note : Details of the Dividend Resourced from Capital Surplus

Details of the dividend which was resourced from capital surplus among the dividends for Fiscal year ended march 31, 2018 as below.

Record Date	Temporary (31th, Jul)
Dividend per stock	30.00yen
Total Dividend	470 million yen

Net asset decrease ratio 0.011

1. Business Results

(1) Overview of Business Results

Although Japan's economy for the fiscal year ended March 31, 2018 has been on a gradual recovery path thanks to improvements in corporate earnings, employment and capital spending, backed by the domestic economic and monetary policy, uncertainties still lie ahead with concerns about a rise of protectionism including in the U.S., the Brexit and geopolitical risks.

The electronics industry to which UKC group belongs still depends on smartphones for its growth although the market growth rate of smartphone is slowing. On the other hand, automobile- and industry-related market is expected to grow with evolutions of car electronics and automation, IoT (Internet of Things) and AI (Artificial Intelligence).

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.

As a result, UKC group recorded consolidated net sales of 301,449 million yen (up 10.1% year on year), consolidated operating profit of 4,384 million yen (loss of 6,603 million yen last year), consolidated ordinary profit of 3,908 million yen (loss of 7,385 million yen last year) and consolidated net profit attributable to owners of parent of 2,129 million yen (loss of 8,688 million yen last year). Consolidated operating loss, consolidated ordinary loss, and consolidated net loss attributable to owners of parent were recorded last year on account of the provision of allowance for doubtful accounts recorded at the subsidiaries in Hong Kong and Singapore.

[Business Segment Information]

a. Semiconductors and electronic components

Net sales grew due to good sales to foreign smartphones. Segment income turned into the black due to a strip of the impact of the provision of allowance for doubtful accounts recorded at the subsidiaries in Hong Kong and Singapore last year in addition to an increase in net sales.

As a result, net sales grew to 282,420 million yen (up 10.5% year on year) and segment profit was 3,954 million yen (loss of 6,880 million yen last year).

b. Electronic equipment

Net sales grew due to an increase in demands of 4K and surveillance cameras. Segment income grew significantly due to an increase in net sales and profitability.

As a result, net sales grew to 18,091 million yen (up 6.5% year on year) and segment income grew to 401 million yen (up 60.2% year on year).

c. System equipment

Net sales of contactless IC card business slightly dropped with a recent slowdown in demand although e-money applications continues to expand in the contactless IC card business.

Net sales of the contracted reliability test and environmental material analysis service business slightly dropped on account of the heavy rain in Kyushu although automobile-related inquiries are active.

As a result, net sales dropped to 2,809 million yen (down 2.8% year on year) and segment income dropped to 201 million yen (down 1.9% year on year).

(2) Financial Condition

Total assets at the end of the current consolidated fiscal year amounted to 116,388 million yen, down 7,849 million yen from the end of fiscal 2016 mainly attributable to decreases in notes and accounts receivable-trade (down 15,355 million yen), advance payments (down 6,188 million yen) and cash and deposit (down 1,913 million yen), and increases in electronically recorded monetary claims-operating (up 1,188 million yen), inventories (up 1,801 million yen), other current assets (up 610 million yen), investment securities (up 802 million yen) and fixed operating receivable (up 10,440 million yen).

Total liabilities at the end of the current consolidated fiscal year amounted to 76,619 million yen, down 10,463 million yen from the end of fiscal 2016 mainly attributable to decreases in notes and accounts payable-trade (down 13,008 million yen), long-term borrowings (down 2,300 million yen) and income taxes payable (down 613 million yen), and increases in short-term borrowings (up 2,592 million yen), current portion of long-term borrowings (up 974 million yen) and other current liabilities (up 1,637 million yen).

Net assets were 39,768 million yen, up 2,614 million yen from the end of fiscal 2016 mainly attributable to net income attributable to owners of parent of 2,129 million yen, dividends from capital surplus and retained earnings of 941 million yen, and a change in accumulated other comprehensive income of 1,408 million yen mainly due to increases in foreign currency translation adjustments of 780 million yen and valuation difference on available-for-sale securities of 600 million yen.

(3) 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 used by operating activities was 3,793 million yen (8,140 million yen used in the previous fiscal year) mainly due to income before income taxes (3,266 million yen), decreases in notes and accounts receivable (7,384 million yen), notes and accounts payable (12,579 million yen), advance payments (1,028 million yen), and an increase in inventories (1,967 million yen) as well as income taxes paid (2,071 million yen).

[Cash flows from investing activities]

Net cash used in investing activities was 176 million yen (1,070 million yen used in the previous fiscal year) mainly due to purchase of property, plant and equipment (505 million yen), proceeds from withdrawal of time deposits (1,200 million yen), payments into time deposits (1,200 million yen), purchase of investment securities (65 million yen) and proceeds from sales of investment securities (448 million yen).

[Cash flows from financing activities]

Net cash provided in financing activities was 2,247 million yen (6,293 million yen provided in the previous fiscal year) mainly due to a net increase in short-term borrowings (4,627 million yen), repayments of long-term borrowings (1,319 million yen) and cash dividends paid (945 million yen).

[Trends in cash flow indicators]

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Net assets to total assets (%)	42.2%	41.6%	40.3%	29.6%	33.8%
Net assets to total assets (%) (Market capitalization basis)	23.6%	25.2%	30.3%	25.8%	29.9%

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

(4) Forecasts for the Fiscal Year Ending March 31, 2018

Although Japan's economy is expected to continuously be on a gradual recovery path, uncertainties lie ahead with concerns of foreign economies and a rise in protectionism.

Under these circumstances, UKC group, with sales of semiconductors and electronic components manufactured by Sony as its core business, strives to promote a selection and concentration strategy and a shift to solution-oriented business.

In consideration of the above, UKC forecasts consolidated net sales of 220,000 million yen, consolidated operating income of 4,500 million yen, consolidated ordinary income of 4,000 million yen and consolidated net income attributable to owners of parent of 2,800 million yen.

(5) 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 and corporate governance system that ensures an 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 sets a target for consolidated payout ratio at about 35% to 40%.

Regarding the year-end dividend for this fiscal year, UKC plans to pay a dividend of 30 yen per common share.

Regarding the dividends for the next fiscal year, UKC plans to pay a dividend of 75 yen per common share (end of second quarter 37.5 yen, year-end 37.5 yen).

(6) 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. 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, 2017 (As of March 31, 2017)	Fiscal Year Ended March 31, 2018 (As of March 31, 2018)
(Assets)		
Current assets		
Cash and deposit	20,076	18,162
Notes and accounts receivable-trade	73,655	58,299
Electronically recorded monetary claims-operating	2,678	3,866
Merchandise and finished goods	19,219	21,033
Work in process	653	837
Raw materials and supplies	784	589
Advance payments	6,435	246
Deferred tax assets	466	365
Other	4,406	5,016
Allowance for doubtful accounts	△11,950	△626
Total current assets	<u>116,426</u>	<u>107,791</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	2,132	2,249
Accumulated depreciation	△992	△1,136
Buildings and structures (net)	<u>1,139</u>	<u>1,112</u>
Machinery and equipment	2,577	2,606
Accumulated depreciation	△1,301	△1,338
Machinery and equipment (net)	<u>1,276</u>	<u>1,267</u>
Tools, furniture and fixtures	1,748	1,770
Accumulated depreciation	△1,425	△1,452
Tools, furniture and fixtures (net)	<u>323</u>	<u>317</u>
Lease assets	418	479
Accumulated depreciation	△190	△202
Lease assets (net)	<u>227</u>	<u>277</u>
Other	112	124
Total property, plant and equipment	<u>3,079</u>	<u>3,100</u>
Intangible assets	425	263
Investments and other assets		
Investment securities	3,388	4,191
Deferred tax assets	41	126
Fixed operating receivable	—	10,440
Other	2,404	2,110
Allowance for doubtful accounts	△1,528	△11,635
Total investments and other assets	<u>4,306</u>	<u>5,233</u>
Total noncurrent assets	<u>7,811</u>	<u>8,596</u>
Total assets	<u>124,237</u>	<u>116,388</u>

(Millions of yen rounded down)

	Fiscal Year Ended March 31, 2017 (As of March 31, 2017)	Fiscal Year Ended March 31, 2018 (As of March 31, 2018)
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	45,562	32,554
Short-term borrowings	32,926	35,518
Current portion of long-term debt	1,325	2,300
Lease obligations	79	84
Income taxes payable	1,094	480
Reserve for bonuses	422	424
Other	2,412	4,050
Total current liabilities	83,823	75,413
Noncurrent liabilities		
Long-term borrowings	2,300	—
Lease obligations	151	199
Deferred tax liabilities	283	581
Provision for directors' retirement benefits	40	43
Net defined benefit liability	301	197
Other	182	183
Total noncurrent liabilities	3,260	1,206
Total liabilities	87,083	76,619
(Net assets)		
Shareholders' equity		
Capital stock	4,383	4,383
Capital surplus	6,342	5,871
Retained earnings	23,010	24,668
Treasury stock	△5	△5
Total shareholders' equity	33,731	34,918
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	765	1,366
Foreign currency translation adjustments	2,289	3,069
Remeasurements of defined benefit plans	△44	△16
Total accumulated other comprehensive income	3,010	4,419
Non-controlling interests	412	431
Total net assets	37,154	39,768
Total liabilities and net assets	124,237	116,388

[Consolidated Statements of Income]

	(Millions of yen rounded down)	
	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2018
Net sales	273,752	301,449
Cost of sales	257,739	285,678
Gross profit	16,012	15,771
Selling, general, and administrative expenses	22,615	11,386
Operating income (loss)	Δ6,603	4,384
Non-operating income		
Interest income	32	30
Dividends income	35	33
Cash discount	9	8
Gain on revaluation of investment securities	—	56
Compensation income	—	168
Other	76	117
Total non-operating income	153	415
Non-operating expenses		
Interest payable	407	727
Foreign exchange loss	384	88
Other	144	74
Total non-operating expenses	936	890
Ordinary profit (loss)	Δ7,385	3,908
Extraordinary income		
Gain on sale of investment securities	230	330
Total extraordinary income	230	330
Extraordinary loss		
Impairment loss	—	63
Loss on retirement of non-current assets	—	65
Loss on business liquidation	—	482
Cost for correcting financial results for past fiscal years	—	362
Total extraordinary losses	—	973
Income before income taxes	Δ7,154	3,266
Income taxes-current	1,496	1,083
Income taxes-deferred	20	14
Total income taxes	1,516	1,098
Net income	Δ8,671	2,167
Net income attributable to non-controlling interests	16	38
Net income attributable to owners of parent	Δ8,688	2,129

[Consolidated Comprehensive Statements of Income]

	(Millions of yen rounded down)	
	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2018
Net income (loss)	Δ8,671	2,167
Other comprehensive income		
Valuation difference on available-for-sale securities	177	600
Foreign currency translation adjustments	Δ553	780
Remeasurements of defined benefit plans	18	27
Total other comprehensive income	Δ358	1,408
Comprehensive income	Δ9,029	3,576
(Details)		
Comprehensive income relating to owners of parent	Δ9,046	3,537
Comprehensive income relating to non-controlling interests	16	38

[Consolidated Statements of Changes in Net Assets]

Fiscal Year Ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Millions of yen)

	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	32,579	△4	43,300
Change during the period					
Cash dividends from retained earnings			△863		△863
Net income attributable to owners of parent			△8,688		△8,688
Acquisition of treasury stock				△0	△0
Change of scope of consolidation			△17		△17
Change of items other than shareholders' equity (net)					
Total change during the period	—	—	△9,569	△0	△9,569
Balance as of the end of the period	4,383	6,342	23,010	△5	33,731

	Other accumulated comprehensive income				Non-controlling interests	Total net assets
	Net unrealized gain on other	Foreign currency	Remeasurements of defined benefit	Total other accumulated		
Balance as of the beginning of the period	588	2,843	△62	3,368	409	47,078
Change during the period						
Cash dividends from retained earnings						△863
Net income attributable to owners of parent						△8,688
Acquisition of treasury stock						△0
Change of scope of consolidation						△17
Change of items other than shareholders' equity (net)	177	△553	18	△358	3	△354
Total change during the period	177	△553	18	△358	3	△9,924
Balance as of the end of the period	765	2,289	△44	3,010	412	37,154

Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	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	23,010	△5	33,731
Change during the period					
Cash dividends from retained earnings		△470	△470		△941
Net income attributable to owners of parent			2,129		2,129
Acquisition of treasury stock				△0	△0
Change of items other than shareholders' equity (net)					
Total change during the period	—	△470	1,658	△0	1,186
Balance as of the end of the period	4,383	5,871	24,668	△5	34,918

	Other accumulated comprehensive income				Non-controlling 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	765	2,289	△44	3,010	412	37,154
Change during the period						
Cash dividends from retained earnings						△941
Net income attributable to owners of parent						2,129
Acquisition of treasury stock						△0
Change of items other than shareholders' equity (net)	600	780	27	1,408	18	1,427
Total change during the period	600	780	27	1,408	18	2,614
Balance as of the end of the period	1,366	3,069	△16	4,419	431	39,768

[Consolidated Statements of Cash Flows]

(Millions of yen rounded down)

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2018
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	Δ7,154	3,266
Depreciation	598	635
Loss on retirement of non-current assets	—	65
Impairment loss	—	63
Loss on business liquidation	—	482
Loss (gain) on sale of investment securities	Δ230	Δ330
Increase (decrease) in allowance for doubtful accounts	11,728	Δ532
Increase (decrease) in provision for directors' retirement benefits	2	2
Increase (decrease) in net defined benefit liability	Δ38	Δ64
Foreign exchange losses (gains)	649	Δ608
Interest and dividends income	Δ67	Δ64
Interest expenses	407	727
Decrease (increase) in notes and accounts receivable-trade	Δ15,325	7,384
Decrease (increase) in fixed operating receivable	—	443
Increase (decrease) in notes and accounts payable-trade	10,420	Δ12,579
Decrease (increase) in inventories	Δ2,025	Δ1,967
Decrease (increase) in advance payments	Δ4,796	1,028
Other, net	Δ565	993
Sub-total	Δ6,397	Δ1,056
Interest and dividend income received	68	64
Interest expenses paid	Δ408	Δ729
Income taxes paid	Δ1,402	Δ2,071
Net cash provided by (used in) operating activities	Δ8,140	Δ3,793
Net cash provided by (used in) investing activities		
Purchase of investment securities	Δ65	Δ65
Proceeds from sales of investment securities	314	448
Purchase of property, plant and equipment	Δ1,290	Δ505
Proceeds from sales of non-current assets	0	19
Payments into time deposits	Δ1,200	Δ1,200
Proceeds from withdrawal of time deposits	1,200	1,200
Other, net	Δ30	Δ74
Net cash provided by (used in) investing activities	Δ1,070	Δ176
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term borrowings	9,818	4,627
Repayments of long-term borrowings	Δ2,655	Δ1,319
Purchase of treasury stock	Δ0	Δ0
Cash dividends paid	Δ863	Δ945
Dividends paid to non-controlling interests	Δ13	Δ20
Other, net	6	Δ94
Net cash provided by (used in) financing activities	6,293	2,247
Effect of exchange rate change on cash and cash equivalents	106	Δ190
Net increase (decrease) in cash and cash equivalents	Δ2,811	Δ1,913
Balance of cash and cash equivalents at beginning of period	21,905	19,276
Increase in cash and cash equivalents from newly consolidated subsidiary	181	—
Balance of cash and cash equivalents at end of period	19,276	17,362

[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 components 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, 2017

(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	255,467	15,621	2,663	273,752	—	273,752
Internal sales or transfers between segments	100	1,366	228	1,695	△1,695	—
Total	255,567	16,988	2,891	275,447	△1,695	273,752
Operating income	△6,880	250	204	△6,425	△177	△6,603
Assets	114,477	9,617	3,547	127,641	△3,403	124,237
Depreciation	389	136	72	598	—	598
Capital expenditure	1,066	235	110	1,411	—	1,411

(Note)

a) An adjustment of △177 million yen for segment income includes an elimination of inter-segment transactions of 0 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 △3,403 million yen for segment assets includes an elimination of inter-segment transactions of △3,428 million yen and corporate assets of 24 million yen that are not allocated to each segment. Corporate assets includes goodwill that does not belong to any reporting segments.

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

d) Depreciation includes amortization of long-term prepaid expenses.

For the consolidated fiscal year ended March 31, 2018

(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	282,352	16,386	2,710	301,449	—	301,449
Internal sales or transfers between segments	68	1,704	98	1,871	△1,871	—
Total	282,420	18,091	2,809	303,321	△1,871	301,449
Operating income	3,954	401	201	4,556	△172	4,384
Assets	105,894	9,632	3,633	119,159	△2,771	116,388
Depreciation	416	157	61	635	—	635
Capital expenditure	438	249	69	757	—	757

(Note)

- a) An adjustment of △172 million yen for segment income includes an elimination of inter-segment transactions of 0 million yen and corporate expenses of △173 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 △2,771 million yen for segment assets includes an elimination of inter-segment transactions of △2,771 million yen.
- c) Operating income (loss) by reporting segment is adjusted to correspond to operating income of the consolidated income statements.
- d) Depreciation includes amortization of long-term prepaid expenses.

[Geographical Information]

For the consolidated fiscal year ended March 31, 2017

(Millions of yen rounded down)

	Japan	China	South Korea	Vietnam	Others	Total
Net sales	106,216	74,855	28,276	35,029	29,374	273,752
Property, plant and equipment	1,050	824	358	838	6	3,079

(Note) Sales information is based on the geographical location of head office of customers and is classified by country or region.

For the consolidated fiscal year ended March 31, 2018

(Millions of yen rounded down)

	Japan	China	South Korea	Vietnam	Others	Total
Net sales	104,225	79,848	54,383	22,764	40,226	301,449
Property, plant and equipment	1,077	802	311	904	3	3,100

(Note) Sales information is based on the geographical location of head office of customers and is classified by country or region.