

Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2017 [Japanese GAAP] (Consolidated)

August 10, 2016
Stock Listing: TSE

Name of Listed Company: UCHIYAMA HOLDINGS INC.
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Scheduled Date of Dividend Payment Start: —
Scheduled Date of Financial Statements Filing: August 12, 2016
Supplementary materials for Financial Results: None
Investor conference for Financial Results: None

(Amounts are rounded down to the nearest one million yen)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2017 (April 1, 2016 – June 30, 2016)

(1) Consolidated Financial Results (% of change from previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of patent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2017 1Q	5,885	4.7	(23)	—	23	(21.4)	2	(97.0)
FY 2016 1Q	5,619	(1.8)	(17)	—	29	(92.0)	92	(55.2)

(Note) Comprehensive income FY 2017 1Q: -¥4 million (-%) FY 2016 1Q: 94 million (-55.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
FY 2017 1Q	0.14	0.14
FY 2016 1Q	4.29	4.28

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
FY 2017 1Q	30,904	14,832	48.0
FY 2016	30,912	15,285	49.4

(Reference) Equity capital: FY 2017 1Q: ¥14,830 million FY 2016: ¥15,284 million

2. Dividends

	Dividends per share				
	End of the 1Q	End of the 2Q	End of the 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2016	—	5.00	—	5.00	10.00
FY 2017	—				
FY 2017 (forecast)		5.00	—	5.00	10.00

(Note) Changes from the latest dividend forecast: None

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(% of change from previous year for full year, same quarter of the previous year for 2Q)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of patent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2Q (cumulative)	12,398	5.7	234	205.3	271	69.6	166	(62.5)	8.36
Full year	25,618	7.2	898	597.8	907	179.5	614	(37.5)	30.77

(Note) Changes from the latest financial forecast: None

*Notes

(1) Changes in significant subsidiaries (changes of specified subsidiaries resulting in changes in scope of consolidation) during the current term: None

(2) Application of the accounting procedures for producing quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates and restatements:

- 1) Changes in accounting policies due to revisions of accounting standards: Yes
- 2) Changes in accounting policies due to reasons other than above 1): None
- 3) Changes in accounting estimates: None
- 4) Restatements: None

(4) Number of outstanding shares (common stock)

1) Number of outstanding shares (including treasury stock) at end of term	FY 2017 1Q	21,618,800 shares	FY 2016	21,618,800 shares
2) Number of treasury stock at end of term	FY 2017 1Q	2,287,776 shares	FY 2016	1,652,676 shares
3) Average number of shares	FY 2017 1Q	19,487,621 shares	FY 2016 1Q	21,618,424 shares

* Information Regarding Implementation of Auditing Procedures

- The auditing procedures of the Financial Instruments and Exchange Act do not apply to this financial notice, and at the time of release it is being audited using procedures for financial statements.

* Statement regarding the proper use of financial forecasts and other remarks

- Descriptions regarding the future, including the financial projections contained in this report, are based on certain assumptions currently available to the Company, which are, at the discretion of the Company, deemed reasonable. Actual financial results may significantly vary due to various factors. For assumptions used in forecasting financial results and precautions in using the financial projections, please refer to Appendix on Page 3, "1. Analysis concerning results of operations and financial condition (1) Analysis concerning results of operations."
- A meeting for explaining the businesses and results to individual investors will be held when necessary. For the schedule of the meeting, etc., please see the website of the company.

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1. Analysis Concerning Results of Operations and Financial Condition

(1) Analysis Concerning Results of Operations

(Results of operations during the first quarter of current FY)

In the first quarter of this consolidated fiscal year, the Japanese economy was affected by the unstable trends of the exchange and share markets, corporate earnings and consumer spending were stagnant, and the Kumamoto Earthquake, which occurred in mid-April, became a factor in the economic downturn.

In addition, the global economy remains uncertain, because there are some concerns over the British exit from the European Union, the economic slowdown of China, etc.

Amid this business environment, our corporate group has carried out sales activities, etc. actively based on our business strategies in each segment. In addition, we made efforts to improve the added values of our services, by planning and implementing various measures for boosting synergetic effects among Nursing Care, Karaoke, and Restaurant Businesses.

As for expenditures, we streamlined our business administration by reducing costs, to stabilize our business performance.

As a result, sales of the first quarter of the current consolidated fiscal year were 5,885,369 thousand yen (up 4.7% Year-on-Year (YoY)), operating loss was 23,356 thousand yen (operating loss was 17,448 thousand yen during the same term last year), ordinary income was 23,234 thousand yen (down 21.4% YoY), and profit attributable to owners of patent was 2,770 thousand yen (down 97.0% YoY).

The results of each segment were as follows.

(1) Nursing Care Business

For the Nursing Care Business segment, we established “Sawayaka Ai-no-ie Moji Kan,” an after-school day-care center for disabled children, in April. Accordingly, the number of sales footholds as of the end of the first quarter is 72 (137 offices). At existing facilities, we aimed to stabilize occupancy ratio and reduce the number of vacant rooms by promoting the cementing of cooperation with nearby hospitals and home care support offices by visiting them. We also announced that we would welcome elderly victims of the Kumamoto Earthquake, which occurred in mid April, free of charge, and a total of 38 victims moved into our facilities. As a result, sales were 3,464,008 thousand yen (up 14.1% YoY) and segment income was 231,028 thousand yen (up 105.3% YoY).

(2) Karaoke Business

For the Karaoke Business segment, we strived to increase customers for all-you-can-drink courses, etc. and mobile-service members for smartphones, to increase repeat customers, and utilized the informative websites for restaurants actively, to attract customers. However, in the wake of the Kumamoto Earthquake in April, 3 restaurants in Kumamoto Prefecture were closed for about 1 week, and customers in the entire Kyushu region decreased. As a result, sales were 1,889,249 thousand yen (down 5.3% YoY) and segment income was 21,571 thousand yen (down 82.7% YoY). In this quarter, we did not open any new stores, but closed one store. Accordingly, the number of stores is 96 as of the end of this quarter.

(3) Restaurant Business

For the Restaurant Business segment, one restaurant changed its business type, and 2 restaurants were closed down. Consequently, the number of restaurants as of the end of the first quarter is 23 in Japan, and 3 outside Japan. As for existing restaurants, customers were decreasing, and so we strived to increase them with a limited offer, and made efforts to meet the demand for banquets, etc. by visiting each enterprise, to increase corporate customers. However, one restaurant was closed for about 1 week due to the Kumamoto Earthquake, like the Karaoke Business, and the number of customers was on a decline. As a result, sales were 432,122 thousand yen (down 8.9% YoY) and segment loss was 14,181 thousand yen (segment loss was 19,651 thousand yen during the same term last year).

(4) Real Estate Business

For the Real Estate Business segment, the Company Group's core businesses activities are sales/purchase of real estate properties for sale and intermediary work for rental properties. As a result, sales were 51,721 thousand yen (up 16.9% YoY) and segment income was 13,319 thousand yen (up 76.0% YoY).

(5) Other businesses

In the Other businesses segment, for the hotel business, customers decreased as many reservations were cancelled after the Kumamoto Earthquake. As a result, sales were 48,267 thousand yen (down 30.2% YoY) and segment loss was 11,558 thousand yen (segment loss was 321 thousand yen during the same term last year).

(2) Analysis Concerning Financial Situation

Total assets as of the end of the first quarter of this consolidated fiscal year came to 30,904,017 thousand yen, down 8,391 thousand yen from the end of the previous consolidated fiscal year.

Current assets came to 13,758,982 thousand yen, down 339,933 thousand yen from the end of the previous consolidated fiscal year. This is mainly because cash and deposit and current assets (other) decreased and notes and accounts receivable-trade increased.

Noncurrent assets came to 17,145,034 thousand yen, up 331,541 thousand yen from the end of the previous consolidated fiscal year. This is mainly because land and property, plant and equipment (other) increased and buildings and structures decreased.

Liabilities as of the end of the first quarter of this consolidated fiscal year came to 16,071,484 thousand yen, up 444,830 from the end of the previous consolidated fiscal year.

Current liabilities came to 6,937,654 thousand yen, up 505,127 thousand yen from the end of the previous consolidated fiscal year. This is mainly because short-term loans payable, provision for bonuses, and current liabilities (other) augmented.

Noncurrent liabilities came to 9,133,829 thousand yen, down 60,296 thousand yen from the end of the previous consolidated fiscal year. This is mainly because long-term loans payable increased and noncurrent liabilities (other) decreased.

Net assets as of the end of the first quarter of this consolidated fiscal year came to 14,832,533 thousand yen, down 453,222 thousand yen from the end of the previous consolidated fiscal year. This is mainly because treasury stock increased and the payment of dividends decreased.

Consequently, the equity ratio as of the end of the first quarter of this consolidated fiscal year was 48.0%. As for the liquidity of funds, the current ratio as of the end of the first quarter of this consolidated fiscal year was 198.3%. We will boost this ratio, in order to secure sufficient liquidity.

(3) Analysis Concerning Future Forecasts Including Consolidated Financial Projections

As for the consolidated financial projections for the term ending March 2017, there are no changes to the estimated values announced on May 10, 2016.

2. Notes on Summary Information (Notes)

(1) Important Transfers in Subsidiaries during the Consolidated Cumulative First Quarter of This Fiscal Year

None

(2) Special Accounting Policies Applied in Preparation of the Quarterly Consolidated Financial Statements

None

(3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement

(Application of Practical Solution on a Change in Depreciation Method due to Tax Reform 2016)

In line with a revision of corporation tax law, “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (Practical Solution Report No.32 of June 17, 2016) has been applied since the current first quarter. Along with this, the depreciation method for facilities attached to buildings and structures that were acquired after April 1, 2016 has been changed from the declining balance method to the straight-line method.

The impact of this change on consolidated financial statements for the current first quarter is minor.

(4) Additional Information

(Application of the Implementation Guidance on Recoverability of Deferred Tax Assets)

“Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26 of March 28, 2016)” has been applied since the first quarter of this consolidated fiscal year.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Thousands of yen)	
	FY ended March 31, 2016 (As of March 31, 2016)	1Q of FY ending March 31, 2017 (As of June 30, 2016)
Assets		
Current assets		
Cash and deposits	9,771,970	9,661,036
Notes and accounts receivable-trade	1,551,065	1,620,067
Merchandise	64,795	66,831
Real estate for sale	948,994	952,624
Supplies	39	39
Other	1,773,223	1,469,363
Allowance for doubtful accounts	(11,173)	(10,979)
Total current assets	14,098,916	13,758,982
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	7,494,227	7,441,106
Land	3,346,595	3,514,386
Other, net	1,114,630	1,357,182
Total property, plant and equipment	11,955,453	12,312,675
Intangible assets	55,202	53,389
Investments and other assets		
Other	4,890,712	4,866,609
Allowance for doubtful accounts	(87,875)	(87,639)
Total investments and other assets	4,802,837	4,778,969
Total noncurrent assets	16,813,493	17,145,034
Total assets	30,912,409	30,904,017
Liabilities		
Current liabilities		
Notes and accounts payable-trade	343,831	281,770
Short-term loans payable	819,813	1,172,513
Current portion of bonds	35,000	35,000
Current portion of long-term loans payable	2,371,843	2,397,040
Income taxes payable	107,819	98,387
Provision for bonuses	217,384	332,228
Provision for point card certificates	387,858	390,741
Provision for shareholder benefit program	10,175	10,175
Asset retirement obligation	8,333	8,333
Other	2,130,468	2,211,464
Total current liabilities	6,432,527	6,937,654
Noncurrent liabilities		
Bonds payable	7,032,679	7,127,096
Long-term loans payable	199,340	215,652
Other	1,962,105	1,791,080
Total noncurrent liabilities	9,194,125	9,133,829
Total liabilities	15,626,653	16,071,484

(Thousands of yen)

	FY ended March 31, 2016 (As of March 31, 2016)	1Q of FY ending March 31, 2017 (As of June 30, 2016)
Net assets		
Shareholders' equity		
Capital stock	2,222,935	2,222,935
Capital surplus	2,676,892	2,676,892
Retained earnings	11,213,028	11,118,049
Treasury stock	(815,511)	(1,166,007)
Total shareholders' equity	15,297,345	14,851,870
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(13,186)	(21,781)
Foreign currency translation adjustment	650	620
Total accumulated other comprehensive income	(12,536)	(21,160)
Non-controlling interests in income	946	1,823
Total net assets	15,285,755	14,832,533
Liabilities and net assets	30,912,409	30,904,017

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

The first quarter of this consolidated fiscal year

	(Thousands of yen)	
	1Q of FY ended March 31, 2016 (April 1, 2015- June 30, 2015)	1Q of FY ending March 31, 2017 (April 1, 2016- June 30, 2016)
Net sales	5,619,192	5,885,369
Cost of sales	5,249,317	5,481,570
Gross profit	369,874	403,798
Selling, general and administrative expenses	387,322	427,154
Operating income (loss)	(17,448)	(23,356)
Non-operating income		
Interest income	1,934	1,575
Dividends income	1,027	24
Commission fee	17,207	22,041
Other	61,750	59,149
Total non-operating income	81,919	82,791
Non-operating expenses		
Interest expenses	33,299	23,962
Other	1,599	12,238
Total non-operating expenses	34,898	36,200
Ordinary income	29,573	23,234
Extraordinary income		
Gain on sales of noncurrent assets	123,537	-
Total extraordinary income	123,537	-
Income before income taxes	153,110	23,234
Income taxes-current	62,196	81,987
Income taxes-deferred	(794)	(62,473)
Total income taxes	61,402	19,514
Net income	91,708	3,720
Net profit (loss) before non-controlling interests	(995)	950
Net profit attributable to owners of parent	92,704	2,770

Consolidated Statements of comprehensive income

The first quarter of this consolidated fiscal year

(Thousands of yen)

	1Q of FY ended March 31, 2016 (April 1, 2015- June 30, 2015)	1Q of FY ending March 31, 2017 (April 1, 2016- June 30, 2016)
Income before minority interests	91,708	3,720
Other comprehensive income		
Valuation difference on available-for-sale securities	1,685	(8,594)
Foreign currency translation adjustment	664	(103)
Total other comprehensive income	2,349	(8,697)
Comprehensive income	94,058	(4,976)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	94,715	(5,854)
Comprehensive income attributable to non-controlling interests	(656)	877

(3) Notes Regarding Consolidated Financial Statements

(Notes regarding premise of a going concern)

Nothing is applicable.

(Notes on significant changes in the amount of shareholders' equity)

Based on the resolution at the meeting of the board of directors held on November 19, 2015, we acquired 635,100 treasury shares in the first quarter of this consolidated fiscal year. As a result, the amount of treasury shares increased by 350,496 thousand yen in the first quarter of this consolidated fiscal year, and the amount of treasury shares as of the end of the first quarter of this consolidated fiscal year is 1,166,007 thousand yen.

(Segment information, etc.)

[Segment information]

I. Cumulative period through the consolidated first quarter of the previous fiscal year (April 1 – June, 30, 2015)

1. Information on sales, profits or losses, assets, liabilities, and other items for each segment

(Thousands of yen)

	Reporting segments					Others (Note) *1	Total	Adjustment Amount*2	Consolidated balance sheet amount*3
	Nursing-care Business	Karaoke Business	Restaurant Business	Real Estate Business	Total				
Sales									
Sales to external customers	3,035,593	1,995,920	474,260	44,245	5,550,019	69,172	5,619,192	—	5,619,192
Internal sales or transferred amount among the segments	—	76	9,913	—	9,989	—	9,989	(9,989)	—
Total	3,035,593	1,995,996	484,173	44,245	5,560,009	69,172	5,629,181	(9,989)	5,619,192
Segment income (loss)	112,507	124,689	(19,651)	7,567	225,112	(321)	224,790	(242,238)	(17,448)

(Note) 1. The classification “other business” refers to business segments that are not included in reporting segments, and includes hotel business and communication business.

2. The segment income adjustments amount, -242,238 thousand yen, includes 114,931 thousand yen in elimination of intersegment transactions and -357,170 thousand yen in company-wide expenses that are not allocated to reporting segments. The company-wide expenses are mainly selling, general and administrative expenses that are not allocated to reporting segments.

3. Segment income (loss) is adjusted with operating losses calculated in consolidated quarterly statements of income.

2. Information on impairment of non-current assets and goodwill etc. for each reporting segment

Nothing is applicable.

I. Cumulative period through the consolidated first quarter of current fiscal year (April 1 – June, 30, 2016)

1. Information on sales, profits or losses, assets, liabilities, and other items for each segment

(Thousands of yen)

	Reporting segments					Others (Note) *1	Total	Adjustment Amount*2	Consolidated balance sheet amount*3
	Nursing-care Business	Karaoke Business	Restaurant Business	Real Estate Business	Total				
Sales									
Sales to external customers	3,464,008	1,889,249	432,122	51,721	5,837,101	48,267	5,885,369	—	5,885,369
Internal sales or transferred amount among the segments	—	96	10,882	—	10,978	—	10,978	(10,978)	—
Total	3,464,008	1,889,346	443,004	51,721	5,848,080	48,267	5,896,348	(10,978)	5,885,369
Segment income (loss)	231,028	21,571	△14,181	13,319	251,738	(11,558)	240,179	(263,535)	(23,356)

(Note) 1. The classification “other business” refers to business segments that are not included in reporting segments, and includes hotel business.

2. The segment income adjustments amount, -263,535 thousand yen, includes 117,801 thousand yen in elimination of intersegment transactions and -381,336 thousand yen in company-wide expenses that are not allocated to reporting segments. The company-wide expenses are mainly selling, general and administrative expenses that are not allocated to reporting segments.

3. Segment income (loss) is adjusted with operating losses calculated in consolidated quarterly statements of income.

2. Information on impairment of non-current assets and goodwill etc. for each reporting segment

Nothing is applicable.