



Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2016 [Japanese GAAP] (Consolidated)

February 10, 2016
Stock Listing: TSE

Name of Listed Company: UCHIYAMA HOLDINGS INC.
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 Scheduled Date of Financial Statements Filing: February 12, 2016
 Scheduled Date of Dividend Payment Start:
 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 Third Quarter of the Fiscal Year Ending March 31, 2016 (April 1, 2015 – December 31, 2015)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2016 3Q	17,913	1.5	230	(81.0)	330	(75.6)	778	(3.1)
FY 2015 3Q	17,651	9.2	1,210	(30.4)	1,357	(27.3)	803	(56.8)

(Note) Comprehensive income FY 2016 3Q: ¥ 728 million (-10.2%) FY 2015 3Q: 811 million (-56.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
FY 2016 3Q	36.07	36.02
FY 2015 3Q	37.15	37.09

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
FY 2016 3Q	32,267	15,691	48.6
FY 2015	32,693	15,386	47.0

(Reference) Equity capital: FY 2016 3Q: ¥15,689 million FY 2015: ¥15,378 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 2015	—	6.00	—	5.00	11.00
FY 2016	—	5.00	—	—	—
FY 2016 (forecast)	—	—	—	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, 2016 (April 1, 2015 – March 31, 2016)

(% of change from previous year for full year, same quarter of the previous year for 3Q)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	24,436	3.4	422	(70.5)	540	(65.2)	659	(48.9)	30.51

(Note) Changes from the latest financial forecast: Revised: None

*Notes

(1) Important transfers in subsidiaries during the consolidated cumulative third 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:

- 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: Yes
- 4) Restatements: None

For further details, please refer to appendix on Page 4, “2. Notes on Summary Information (Notes), (3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement.”

(4) Number of outstanding shares (common stock)

1) Number of outstanding shares (including treasury stock) at end of term	FY 2016 3Q	21,618,800 shares	FY 2015	21,618,800 shares
2) Number of treasury stock at end of term	FY 2016 3Q	423,776 shares	FY 2015	376 shares
3) Average number of shares	FY 2016 3Q	21,584,544 shares	FY 2015 3Q	21,618,424 shares

* Information Regarding Implementation of Quarterly Review Procedures

- The quarterly review procedures of the Financial Instruments and Exchange Act do not apply to the financial results, and at the time of release the review procedures of financial statements have not been completed in accordance with the Financial Instruments and Exchange Act.

* 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. Qualitative Information Concerning Financial Results (3) Analysis Concerning Future Forecasts Including Consolidated Financial Projections.”
- We hold a meeting for explaining our businesses and results to individual investors when necessary. For the schedule of the meeting, etc., please see the website of our company.

○Table of contents of the appendix

1. Qualitative Information Concerning Financial Results	2
(1) Analysis Concerning Results of Operations	2
(2) Analysis Concerning Financial Situation	3
(3) Analysis Concerning Future Forecasts Including Consolidated Financial Projections	3
2. Notes on Summary Information (Notes).....	4
(1) Important Transfers in Subsidiaries during the Consolidated Cumulative Third Quarter of This Fiscal Year	4
(2) Special Accounting Policies Applied in Preparation of the Quarterly Consolidated Financial Statements	4
(3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement.....	4
3. Consolidated Financial Statements	5
(1) Consolidated Balance Sheets.....	5
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	7
(3) Notes Regarding Consolidated Financial Statements	9
(Notes Regarding Premise of a Going Concern).....	9
(Notes on Significant Changes in the Amount of Shareholders' Equity)	9
(Segment Information, etc.)	10

1. Qualitative Information Concerning Financial Results

(1) Analysis Concerning Results of Operations (Results of operations during the third quarter of current FY)

In the third quarter of the current consolidated fiscal year, the Japanese economy has been gently recovering as corporate earnings and employment conditions have been improving, because of a weak yen and the strong performance of the Japanese stock market.

However, with low consumer spending due to the consumption tax hike threatening to drag on, as well as the price of commodities being forced down by the crash in crude oil prices, future market movements are uncertain with warnings of a switch to a deflationary mindset.

Under these management conditions, our corporate group has been proactive in undertaking a number of sales activities based on our business strategies in each segment. As a way to improve the synergy across our businesses, we have been increasing the added value of our services, such as sending one of our chefs from our Restaurant Business to a nursing home to give a tuna dissection show for the residents, and promoting our services for after-parties in the Karaoke and Restaurant Businesses to pull in more customers.

As for expenditures, we streamlined our business administration by reducing costs, to stabilize our business performance. As a result, sales of the third quarter of the current consolidated fiscal year were 17,913,472 thousand yen (up 1.5% Year-on-Year (YoY)), operating profit was 230,209 thousand yen (down 81.0% YoY), ordinary income was 330,596 thousand yen (down 75.6% YoY), and profit attributable to owners of patent was 778,600 thousand yen (down 3.1% YoY).

The results of each segment were as follows.

(1) Nursing Care Business

We strived for developing nursing care business. For instance, we established 6 charged nursing-care homes for the elderly, and newly established 1 group home, 3 temporary care facilities called “Short Stay”, and 1 after-school day care service center as day care supporting handicapped people project. Accordingly, we have 69 business sites and 134 offices as of the end of the third quarter of this fiscal term. In order to decrease the vacant rooms of our existing facilities, we strived to cement the cooperative relations with nearby hospitals and in-home nursing care supporting offices by visiting them. On the other hand, there were expenditures as the remuneration rate for nursing care decreased in Apr. 2015 and some fixed costs, including management personnel and facilities maintenance expenses, for the charge nursing-care homes for the elderly established in the previous term and this quarter, and this affected the income for this quarter. As a result, sales were 9,507,837 thousand yen (up 9.9% YoY) and segment income was 415,743 thousand yen (down 41.5% YoY).

(2) Karaoke Business

For the Karaoke Business segment, we made efforts to recover the number of customers by renewing 25 existing stores, etc. We also strived to increase repeat customers by promoting all-you-can-drink courses and soliciting customers for membership on mobile devices. In addition, we aimed to improve strategies for attracting customers by actively utilizing information websites of restaurants. As a result, sales were 6,480,353 thousand yen (down 2.3% YoY) and segment income was 523,550 thousand yen (down 50.2% YoY). In the third quarter of the current consolidated fiscal year, we have established a new store in Nagasaki Prefecture, converted a drinking establishment into a new store and closed another store in Fukuoka Prefecture, bringing our total number of stores to 100 at the end of the third quarter.

(3) Restaurant Business

For the Restaurant Business segment, we renewed 4 existing stores. We have seen the establishment of our second and third overseas restaurants in Bangkok, Thailand: “Kantekiya Thong Lo”, opened in March and “Kantekiya Phrom Phong”, opened in December. We also saw the closure of 2 restaurants in Japan, as well as the conversion of one restaurant into a karaoke parlor, resulting in a total of 25 domestic and 3 overseas restaurants as of the end of the third quarter. At existing stores, the number of customers is decreasing, and so we made efforts to increase customers with limited offers and promote drinking parties, etc. by visiting companies, to increase corporate clients. As a result, sales were 1,464,573 thousand yen (down 3.1% YoY) and segment loss was 23,045 thousand yen (segment income was 113,516 thousand yen during the same quarter 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 260,087 thousand yen (down 55.6% YoY) and segment income was 70,481 thousand yen (up 62.6% YoY).

(5) Other Business

In the Other Business segment, we are planning to capitalize on renewed domestic tourism demand resulting from the weak yen in our hotel business by increasing advertising to bring in more guests. As a result, sales were 200,620 thousand yen (down 24.7% YoY) and segment loss was 4,939 thousand yen (segment loss was 6,190 thousand yen during the same quarter last year).

(2) Analysis Concerning Financial Situation

Total assets as of the end of the third quarter of this consolidated fiscal year came to 32,267,743 thousand yen, down 425,433 thousand yen from the end of the previous consolidated fiscal year.

Current assets came to 14,427,788 thousand yen, down 1,773,738 thousand yen from the end of the previous consolidated fiscal year. This is mainly because cash and deposit decreased.

Noncurrent assets came to 17,839,955 thousand yen, up 1,348,304 thousand yen from the end of the previous consolidated fiscal year. This is mainly because buildings and structures, investments and other assets increased.

Liabilities as of the end of the third quarter of this consolidated fiscal year came to 16,576,397 thousand yen, down 730,764 from the end of the previous consolidated fiscal year.

Current liabilities came to 7,223,889 thousand yen, up 143,743 thousand yen from the end of the previous consolidated fiscal year. This is mainly because accounts payable and current liabilities (others) increased.

Noncurrent liabilities came to 9,352,508 thousand yen, down 874,507 thousand yen from the end of the previous consolidated fiscal year. This is mainly because long-term loans payable decreased.

Net assets as of the end of the third quarter of this consolidated fiscal year came to 15,691,346 thousand yen, up 305,330 thousand yen from the end of the previous consolidated fiscal year. This is mainly because the retained earnings resulting from adding up profit attributable to owners of parent increased.

Consequently, the equity ratio as of the end of the third quarter of this consolidated fiscal year was 48.6%. As for the liquidity of funds, the current ratio as of the end of the third quarter of this consolidated fiscal year was 199.7%. We will boost this ratio, in order to secure sufficient liquidity.

(3) Analysis Concerning Future Forecasts Including Consolidated Financial Projections

We maintain our estimates for the period ending March 2016, as announced on November 11, 2015.

2. Notes on Summary Information (Notes)

(1) Important Transfers in Subsidiaries during the Consolidated Cumulative Third 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

(Changes in Accounting Policies)

(Application of the Accounting Standard for Business Combination)

The “Accounting Standard for Business Combination” (ASBJ Statement No. 21, September 13, 2013, hereinafter referred to as the “Business Combination Accounting Standard.”), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013, hereinafter referred to as the “Consolidated Accounting Standard.”) and the “Revised Accounting Standard for Business Divestitures,” (ASBJ Statement No. 7, September 13, 2013, hereinafter referred to as the “Business Divestitures Accounting Standard.”) shall be applied from the consolidated first quarter of this fiscal year. In the case that ownership was to be continued, our company shall post the change in our equity on the subsidiary as capital surplus, and record acquisition-related cost as the expense for the fiscal year in which it emerged. As for the business combination after the beginning of the first quarter of this consolidated fiscal year, we shifted to the method of reflecting the revision to the allocated amount of acquisition cost based on provisional accounting settlement in the quarterly consolidated financial statements for the period including the business combination. In addition, we changed the indication of quarterly net profit, etc. and shifted from minority interest to non-controlling interest. In order to reflect these revisions, quarterly and annual consolidated financial statements for the previous third quarter and the previous consolidated financial year have been reproduced.

As for the application of the Business Combination Accounting Standard, etc., we follow the provisions for transitional handling specified in the Business Combination Accounting Standard No. 58, Section 2 (4), the Consolidated Accounting Standard No. 44, Section 5 (4) and the Business Divestiture Accounting Standard No. 57, Section 4 (4), from the beginning of this first consolidated accounting quarter to the future.

Its effect on quarterly consolidated financial statements is minor.

(Changes in Accounting Estimates)

Changes to the estimate of asset retirement obligation

In regards to asset retirement obligation calculated as obligation of recovery arising from real estate lease contracts of tenants, changes were made to the cost of restoring a tenant to its original condition when leaving and the estimated period of leasing due to the newly gained information for leaving and moving. As a result, 35,772 yen was added to the accounting estimates of the consolidated cumulative third quarter.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Thousands of yen)	
	FY ended March 31, 2015 (As of March 31, 2015)	3Q of FY ending March 31, 2016 (As of December 31, 2015)
Assets		
Current assets		
Cash and deposits	11,925,172	9,734,305
Notes and accounts receivable-trade	1,418,113	1,542,323
Merchandise	72,350	105,469
Real estate for sale	720,149	720,926
Supplies	39	39
Other	2,086,535	2,347,357
Allowance for doubtful accounts	(20,833)	(22,633)
Total current assets	16,201,527	14,427,788
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	7,129,636	7,689,290
Land	3,729,127	3,659,434
Other, net	1,447,276	1,732,500
Total property, plant and equipment	12,306,040	13,081,225
Intangible assets	61,182	56,680
Investments and other assets		
Other	4,212,393	4,790,387
Allowance for doubtful accounts	(87,966)	(88,338)
Total investments and other assets	4,124,427	4,702,048
Total noncurrent assets	16,491,650	17,839,955
Total assets	32,693,177	32,267,743
Liabilities		
Current liabilities		
Notes and accounts payable-trade	331,926	447,613
Short-term loans payable	1,489,000	1,595,500
Current portion of bonds	35,000	35,000
Current portion of long-term loans payable	2,589,297	2,368,740
Income taxes payable	140,465	11,779
Provision for bonuses	197,316	109,111
Provision for point card certificates	271,571	379,362
Provision for shareholder benefit program	12,050	-
Asset retirement obligation	-	41,054
Other	2,013,518	2,235,727
Total current liabilities	7,080,146	7,223,889
Noncurrent liabilities		
Bonds payable	35,000	17,500
Long-term loans payable	8,281,439	7,257,026
Asset retirement obligation	199,909	196,494
Other	1,710,666	1,881,486
Total noncurrent liabilities	10,227,016	9,352,508
Total liabilities	17,307,162	16,576,397

(Thousands of yen)

	FY ended March 31, 2015 (As of March 31, 2015)	3Q of FY ending March 31, 2016 (As of December 31, 2015)
Net assets		
Shareholders' equity		
Capital stock	2,222,935	2,222,935
Capital surplus	2,676,892	2,676,892
Retained earnings	10,446,116	11,008,532
Treasury stock	(237)	(207,136)
Total shareholders' equity	15,345,707	15,701,224
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	31,897	(12,365)
Foreign currency translation adjustment	705	678
Total accumulated other comprehensive income	32,602	(11,687)
Non-controlling interests in income	7,705	1,809
Total net assets	15,386,015	15,691,346
Liabilities and net assets	32,693,177	32,267,743

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

Consolidated Statements of Income

Cumulative period through the consolidated third quarter of current fiscal year

	(Thousands of yen)	
	3Q of FY ended March 31, 2015 (April 1,2014- December 31, 2014)	3Q of FY ending March 31, 2016 (April 1,2015- December 31, 2015)
Net sales	17,651,959	17,913,472
Cost of sales	15,364,743	16,520,955
Gross profit	2,287,216	1,392,516
Selling, general and administrative expenses	1,077,198	1,162,306
Operating profit	1,210,018	230,209
Non-operating income		
Interest income	6,478	8,986
Dividends income	1,904	1,277
Commission fee	103,039	66,721
Subsidy income	3,258	49,020
Other	157,767	88,520
Total non-operating income	272,448	214,526
Non-operating expenses		
Interest expenses	107,482	96,255
Other	17,461	17,883
Total non-operating expenses	124,943	114,139
Ordinary income	1,357,522	330,596
Extraordinary income		
Gain on sales of noncurrent assets	-	688,953
Gain on sales of investment securities	-	127,467
Gain on negative goodwill	-	20,605
Insurance proceeds	-	68,699
Total extraordinary income	-	905,725
Extraordinary loss		
Loss on retirement of fixed assets	12,534	-
Impairment loss	-	46,202
Total extraordinary loss	12,534	46,202
Income before income taxes	1,344,987	1,190,120
Income taxes-current	450,118	232,152
Income taxes-deferred	91,715	185,234
Total income taxes	541,834	417,387
Net income	803,153	772,733
Net profit (loss) before non-controlling interests	-	(5,867)
Profit attributable to owners of parent	803,153	778,600

Consolidated Statements of comprehensive income

Cumulative period through the consolidated third quarter of current fiscal year

	(Thousands of yen)	
	3Q of FY ended March 31, 2015 (April 1,2014- December 31, 2014)	3Q of FY ending March 31, 2016 (April 1,2015- December 31, 2015)
Net income	803, 153	772, 733
Other comprehensive income		
Valuation difference on available-for-sale securities	8, 123	(44, 263)
Foreign currency translation adjustment	-	(55)
Total other comprehensive income	8, 123	(44, 319)
Comprehensive income	811, 276	728, 413
(Breakdown)		
Comprehensive income attributable to owners of the parent	811, 276	734, 309
Comprehensive income attributable to non-controlling interests	-	(5, 895)

(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)

In the third quarter of the current consolidated fiscal year, we have bought back 423,400 shares in accordance with the resolution at the Board of Directors' Meeting on November 19, 2015. As a result, treasury share value has increased by 206,899 thousand yen year-to-date, giving a third quarter end value of 207,136 thousand yen.

(Segment Information, etc.)

I. Cumulative period through the consolidated third quarter of the previous fiscal year (April 1 – December 31, 2014)

1. Information on sales, profits or losses 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	8,652,606	6,635,517	1,511,857	585,493	17,385,475	266,484	17,651,959	—	17,651,959
Internal sales or transferred amount among the segments	—	1,139	37,191	2,826	41,157	102	41,259	(41,259)	—
Total	8,652,606	6,636,657	1,549,048	588,319	17,426,632	266,586	17,693,218	(41,259)	17,651,959
Segment income (loss)	710,605	1,050,421	113,516	43,354	1,917,898	(6,190)	1,911,707	(701,689)	1,210,018

(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 (loss) adjustments amount, -701,689 thousand yen, includes -1,043,227 thousand yen in company-wide expenses that are not allocated to reporting segments and 341,538 thousand yen in inter-segment eliminations. 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 incomes calculated in consolidated quarterly statements of income.

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

Not applicable.

I. Cumulative period through the consolidated third quarter of current fiscal year (April 1 – December 31, 2015)

1. Information on sales, profits or losses 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	9,507,837	6,480,353	1,464,573	260,087	17,712,851	200,620	17,913,472	—	17,913,472
Internal sales or transferred amount among the segments	—	750	34,675	6,361	41,787	—	41,787	(41,787)	—
Total	9,507,837	6,481,104	1,499,248	266,448	17,754,639	200,620	17,955,259	(41,787)	17,913,472
Segment income (loss)	415,743	523,550	(23,045)	70,481	986,728	(4,939)	981,789	(751,579)	230,209

(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 (loss) adjustments amount, -751,579 thousand yen, includes -1,090,582 thousand yen in company-wide expenses that are not allocated to reporting segments and 339,002 thousand yen in inter-segment eliminations. 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 incomes calculated in consolidated quarterly statements of income.

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

(Significant impairment loss relating to non-current assets)

In this quarter, regarding stores which were closed and are scheduled to transfer and close, impairment loss of the Karaoke Business segment was 24,422 thousand yen, and impairment loss of the Restaurant Business was 21,779 thousand yen.

(Significant gain on negative goodwill)

In this quarter, for the Nursing-care Business segment, the gain on negative goodwill was 20,605 thousand yen, as we took over one nursing-care facility operated by Yorozyu Co., Ltd. in Oita city, Oita prefecture on September 30, 2015.