

Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2018 [Japanese GAAP] (Consolidated)

August 10, 2017
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 14, 2017
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, 2018 (April 1, 2017 – June 30, 2017)

(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 2018 1Q	6,306	7.2	208	—	256	—	164	—
FY 2017 1Q	5,885	4.7	(23)	—	23	(21.4)	2	(97.0)

(Note) Comprehensive income FY 2018 1Q: ¥172 million (- %) FY 2017 1Q: -4 million (- %)

	Net income per share	Diluted net income per share
	Yen	Yen
FY 2018 1Q	8.49	—
FY 2017 1Q	0.14	0.14

Since the year-on-year growth rates of ordinary income and profit attributable to owners of parent for the 1st quarter of the term ending March 2018 exceed 1000%, “—” is used.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
FY 2018 1Q	31,490	14,870	47.2
FY 2017	30,355	14,794	48.7

(Reference) Equity capital: FY 2018 1Q: ¥14,870 million FY 2017: ¥14,794 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 2017	—	5.00	—	5.00	10.00
FY 2018	—				
FY 2018 (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, 2018 (April 1, 2017 – March 31, 2018)

(% of change from previous year for full year)

	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
2Q (cumulative)	13,120	8.1	586	171.5	570	62.9	380	81.7	19.69
Full year	26,810	5.9	1,120	44.2	1,081	7.2	702	—	36.32

(Note) 1 Changes from the latest financial forecast: None

2 Since the year-on-year growth rate of annual profit attributable to owners of parent for the term ending March 2018 exceeds 1000%, “—” is used.

*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: None
- 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 2018 1Q	21,618,800 shares	FY 2017	21,618,800 shares
2) Number of treasury stock at end of term	FY 2018 1Q	2,287,776 shares	FY 2017	2,287,776 shares
3) Average number of shares	FY 2018 1Q	19,331,024 shares	FY 2017 1Q	19,487,621 shares

* Summary of financial results is out of scope of quarterly review.

* 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 “Analysis Concerning Future Forecasts Including Consolidated Financial Projections” on page 3 of the Appendix.
- 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

In the first quarter of this consolidated term, the Japanese economy saw a gentle recovery trend, thanks to the economic policies of the government, the improvements in corporate earnings and the employment environment, etc., but there are many uncertainties in overseas circumstances, including the trends of governmental policies in Europe and the U.S. and the risk of a military clash in North Korea and Syria, and so the future outlook remains unclear.

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 6,306,310 thousand yen (up 7.2% Year-on-Year (YoY)), operating income was 208,339 thousand yen (operating loss of 23,356 thousand yen in the same term last year), ordinary income was 256,714 thousand yen (23,234 thousand yen in the same term last year), and profit attributable to owners of parent was 164,026 thousand yen (2,770 thousand yen in the same term last year).

The results of each segment were as follows.

1) Nursing Care Business

For the Nursing Care Business segment, we opened the paid nursing home with nursing care services “Sawayaka Seaside Kukinoumi” and the day-care facilities in a project for supporting disabled children in commuting to facilities after school, etc. “Sawayaka Ai-no-ie Setouchi-kan” and “Sawayaka Ai-no-ie Niihama-kan” in June. As a result, the number of sales footholds as of the end of the first quarter is 83 (155 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. Consequently, the average occupancy ratio of existing facilities in the first quarter of this consolidated term was 93.4% (91.7% in the same term last year). As a result, sales were 3,893,498 thousand yen (up 12.4% YoY) and segment income was 337,213 thousand yen (up 46.0% YoY).

2) Karaoke Business

For the Karaoke Business segment, we strived to reel in customers by actively promoting students to use the all-you-can-drink counter and increasing repeat customers by continuously urging the customers to subscribe to mobile membership for smartphone. As a result, sales were 1,785,760 thousand yen (down 5.5% YoY) and segment income was 110,627 thousand yen (up 412.8% YoY). In the first quarter of the current consolidated fiscal year, we closed two stores without opening any new stores. Accordingly, the number of stores is 94 as of the end of this quarter.

3) Restaurant Business

For the Restaurant Business segment, one existing store changed its business type, one karaoke shop changed its business type to a restaurant, and closed one store. Accordingly, the number of stores as of the end of this first quarter is 23 inside Japan, and 3 outside Japan. The number of customers at existing stores was stable. As a new type of store, we opened the highball-specialized store “Highball Bar Gintengai 1923” in Kokurakita-ku, Kitakyushu-shi, to create new demand. As a result, sales were 435,273 thousand yen (up 0.7% YoY) and segment loss was 9,250 thousand yen (segment loss was 14,181 thousand yen during the same term last year).

4) Real Estate Business

For the Real Estate Business segment, our corporate 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 126,667 thousand yen (up 144.9% YoY) and segment income was 35,112 thousand yen (up 163.6% YoY).

5) Other businesses

In the Other businesses segment, we strived to increase hotel guests by utilizing the advertisement media, with the aim of meeting the demand as domestic travels increased due to the yen depreciation, in the hotel business. As a result, sales were 65,109 thousand yen (up 34.9% YoY) and segment loss was 7,956 thousand yen (segment loss was 11,558 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 31,490,210 thousand yen, up 1,134,334 thousand yen from the end of the previous consolidated fiscal year.

Current assets came to 13,320,115 thousand yen, up 148,264 thousand yen from the end of the previous consolidated fiscal year. This is mainly because real estate for sale and current assets (other) increased and cash and deposit decreased.

Noncurrent assets came to 18,170,095 thousand yen, up 986,070 thousand yen from the end of the previous consolidated fiscal year. This is mainly because buildings and structures and land increased.

Liabilities as of the end of the first quarter of this consolidated fiscal year came to 16,619,642 thousand yen, up 1,058,664 thousand yen from the end of the previous consolidated fiscal year.

Current liabilities came to 6,585,025 thousand yen, up 328,368 thousand yen from the end of the previous consolidated fiscal year. This is mainly because short-term loans payable and provision for bonuses increased and notes and accounts payable-trade decreased.

Noncurrent liabilities came to 10,034,616 thousand yen, up 730,296 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 14,870,568 thousand yen, up 75,670 thousand yen from the end of the previous consolidated fiscal year. This is mainly because of an increase in retained earnings arising from profit attributable to owners of parent and a decrease due to cash dividends paid.

Consequently, the equity ratio as of the end of the first quarter of this consolidated fiscal year was 48.7%.

(3) Analysis Concerning Future Forecasts Including Consolidated Financial Projections

As for the consolidated financial projections for the term ending March 2018, there are no changes to the estimated values announced on May 12, 2017.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	FY ended March 31, 2017 (As of March 31, 2017)	1Q of FY ending March 31, 2018 (As of June 30, 2017)
Assets		
Current assets		
Cash and deposits	9,249,929	9,019,574
Notes and accounts receivable-trade	1,731,381	1,801,705
Securities	5,003	-
Merchandise	68,073	65,850
Real estate for sale	1,049,738	1,173,155
Supplies	174	174
Other	1,080,688	1,273,357
Allowance for doubtful accounts	(13,138)	(13,702)
Total current assets	13,171,850	13,320,115
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	7,721,059	8,437,714
Land	3,629,089	3,843,306
Other, net	1,011,502	996,808
Total property, plant and equipment	12,361,651	13,277,829
Intangible assets	45,800	53,538
Investments and other assets		
Other	4,849,802	4,911,580
Allowance for doubtful accounts	(73,229)	(72,852)
Total investments and other assets	4,776,572	4,838,727
Total noncurrent assets	17,184,025	18,170,095
Total assets	30,355,875	31,490,210
Liabilities		
Current liabilities		
Notes and accounts payable-trade	347,593	279,879
Short-term loans payable	844,600	1,115,720
Current portion of long-term loans payable	2,225,201	2,302,332
Income taxes payable	162,427	135,932
Provision for bonuses	235,260	362,630
Provision for point card certificates	229,762	194,396
Provision for shareholder benefit program	11,815	11,815
Asset retirement obligation	6,833	-
Other	2,193,162	2,182,318
Total current liabilities	6,256,657	6,585,025
Noncurrent liabilities		
Long-term loans payable	7,516,797	8,308,790
Asset retirement obligation	214,653	228,072
Other	1,572,869	1,497,753
Total noncurrent liabilities	9,304,320	10,034,616
Total liabilities	15,560,977	16,619,642

(Thousands of yen)

	FY ended March 31, 2017 (As of March 31, 2017)	1Q of FY ending March 31, 2018 (As of June 30, 2017)
Net assets		
Shareholders' equity		
Capital stock	2,222,935	2,222,935
Capital surplus	2,666,282	2,666,282
Retained earnings	11,076,529	11,143,901
Treasury stock	(1,166,007)	(1,166,007)
Total shareholders' equity	14,799,740	14,867,111
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(5,814)	2,479
Foreign currency translation adjustment	972	977
Total accumulated other comprehensive income	(4,842)	3,456
Total net assets	14,794,897	14,870,568
Liabilities and net assets	30,355,875	31,490,210

(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, 2017 (April 1, 2016- June 30, 2016)	1Q of FY ending March 31, 2018 (April 1, 2017- June 30, 2017)
Net sales	5,885,369	6,306,310
Cost of sales	5,481,570	5,683,184
Gross profit	403,798	623,125
Selling, general and administrative expenses	427,154	414,786
Operating income (loss)	(23,356)	208,339
Non-operating income		
Interest income	1,575	1,414
Dividends income	24	22
Commission fee	22,041	34,664
Other	59,149	34,966
Total non-operating income	82,791	71,067
Non-operating expenses		
Interest expenses	23,962	18,720
Other	12,238	3,972
Total non-operating expenses	36,200	22,693
Ordinary income	23,234	256,714
Income before income taxes	23,234	256,714
Income taxes-current	81,987	120,033
Income taxes-deferred	(62,473)	(27,345)
Total income taxes	19,514	92,688
Net income	3,720	164,026
Net profit attributable to non-controlling interests	950	-
Net profit attributable to owners of parent	2,770	164,026

Consolidated Statements of comprehensive income

The first quarter of this consolidated fiscal year

(Thousands of yen)

	1Q of FY ended March 31, 2017 (April 1, 2016- June 30, 2016)	1Q of FY ending March 31, 2018 (April 1, 2017- June 30, 2017)
Net income	3,720	164,026
Other comprehensive income		
Valuation difference on available-for-sale securities	(8,594)	8,294
Foreign currency translation adjustment	(103)	5
Total other comprehensive income	(8,697)	8,299
Comprehensive income	(4,976)	172,325
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(5,854)	172,325
Comprehensive income attributable to non-controlling interests	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)

Nothing is applicable.

(Segment information, etc.)

[Segment information]

I. Cumulative period through the consolidated first quarter of the previous 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 (loss) 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 loss 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.

II. Cumulative period through the consolidated first quarter of current fiscal year (April 1 – June 30, 2017)

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	3,893,498	1,785,760	435,273	126,667	6,241,200	65,109	6,306,310	—	6,306,310
Internal sales or transferred amount among the segments	—	2,550	9,685	345	12,581	—	12,581	(12,581)	—
Total	3,893,498	1,788,310	444,959	127,012	6,253,781	65,109	6,318,891	(12,581)	6,306,310
Segment income (loss)	337,213	110,627	(9,250)	35,112	473,701	(7,956)	465,745	(257,405)	208,339

(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 (loss) adjustments amount, -257,405 thousand yen, includes 120,854 thousand yen in elimination of intersegment transactions and -378,260 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 income 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.