

**Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2017
(Six Months Ended September 30, 2016)**

[Japanese GAAP]

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Scheduled date of filing of Quarterly Report: November 11, 2016

Starting date of dividend payment: -

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

Note: The original disclosure in Japanese was released on November 11, 2016 at 13:20 (GMT +9).

(All amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Results (April 1, 2016 – September 30, 2016)

(1) Results of operations (Percentages represent year-over-year changes.)

	Sales		Operating income		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2016	20,478	(16.8)	3,001	(2.9)	2,806	(10.0)	2,363	33.5
Six months ended Sep. 30, 2015	24,619	14.7	3,091	1.5	3,118	(3.2)	1,770	(5.6)

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2016: (1,785) (down 167.9%)

Six months ended Sep. 30, 2015: 2,628 (up 149.6%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Six months ended Sep. 30, 2016	259.72	-
Six months ended Sep. 30, 2015	194.50	-

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2016	62,739	47,548	75.2	5,195.58
As of Mar. 31, 2016	67,931	50,522	73.8	5,506.23

Reference: Shareholders' equity (million yen) As of Sep. 30, 2016: 47,186 As of Mar. 31, 2016: 50,127

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2016	-	0.00	-	120.00	120.00
Fiscal year ending Mar. 31, 2017	-	0.00	-	-	-
Fiscal year ending Mar. 31, 2017 (forecast)	-	-	-	120.00	120.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(Percentages represent year-over-year changes.)

	Sales		Operating income		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	45,310	(4.7)	7,030	4.9	7,040	5.4	3,970	(6.6)	436.08

Note: Revisions to the most recently announced consolidated forecast: None

*** Notes**

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

Newly added: -

Excluded: -

(2) Application of the specific method for accounting treatment for preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of shares outstanding (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Sep. 30, 2016:	9,878,040 shares	As of Mar. 31, 2016:	9,878,040 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2016:	795,994 shares	As of Mar. 31, 2016:	774,194 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2016:	9,100,213 shares	Six months ended Sep. 30, 2015:	9,103,846 shares
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***Indication of quarterly review procedure implementation status**

This quarterly summary report is not subject to the quarterly review procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure, the review procedures for the quarterly consolidated financial statements have been completed.

***Cautionary statement with respect to forward-looking statements and other special items**

Forecasts of future performance in this report are based on assumptions judged to be valid and information currently available to the Company, but are not promises by the Company regarding future performance. Actual results are affected by various factors and may differ substantially. For discussion of the assumptions and notes of caution for usage, please refer to 1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 4 of the attachments.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

The Japanese economy for the first half of the fiscal year under review (hereinafter “the period under review”) remained on track to modest recovery as employment conditions and personal income kept improving. However, the future prospects for the economy remained uncertain with the slowdown of the Chinese and other emerging economies, as well as a fluctuation of foreign exchange rate caused by the decision of the Brexit.

In the electronic devices market, which is the Uyemura Group’s main market area, the production of on-board electronics components increased along with a movement to ensure automotive safety and improved convenience, but the production of smartphones, which had been a driver of the market, somewhat slowed down as the market adoption of smartphones largely had run its course.

In this management environment, the Group has focused its management efforts on thorough cost reductions, development of high value-added products and proposal and sales activities over these products so as to make the operations more profitable. However, there was the effect of production adjustment of the smartphone suppliers and the stronger yen.

As a result, consolidated sales for the period under review amounted to 20,478 million yen (down 16.8% year-over-year), operating income 3,001 million yen (down 2.9% year-over-year), ordinary profit 2,806 million yen (down 10.0% year-over-year), and profit attributable to owners of parent 2,363 million yen (up 33.5% year-over-year).

Performance by business segment is shown as below. The year-over-year changes are presented for reference.

1) Surface finishing materials business

Sales of the mainstay plating chemicals for printed wiring boards (PWBs) and package PWBs decreased due to the production adjustment on the high-end smartphones. Sales of plating chemicals for hard disks also decreased due to the production adjustment on the aluminum magnetic disks for servers.

Furthermore, sales of non-ferrous metals, industrial chemicals and other merchandise also decreased year-over-year due to the reduction in unit selling prices in conjunction with a falling market prices of nickel and cooper, as well as a downturn in the Chinese and other emerging economies.

Consequently, sales in the surface finishing materials business decreased 17.0% year-over-year to 15,203 million yen, and segment profit decreased 13.3% to 2,823 million yen.

2) Surface finishing machinery business

Sales decreased year-over-year due to decline in new contracts of machines as electronics component manufacturers and automotive parts manufacturers home and abroad have taken a prudent approach to capital investments in response to unclear outlook of the economy. However, segment profit improved as a result of cost reductions and review of production efficiency.

Consequently, sales in the surface finishing machinery business decreased 31.1% year-over-year to 2,662 million yen, while there was a segment loss of 46 million yen (compared with a segment loss of 184 million yen in the same period of the previous fiscal year).

3) Plating job business

As the consolidated subsidiary in Thailand, which is our main manufacturing base in this segment, continued steady mass production of a plating job for rigid polycarbonate ABS plastics—materials used for door-knobs on automobiles, both the segment sales and profit rose year-over-year.

Consequently, sales in the plating job business increased 10.9% year-over-year to 2,436 million yen, while there was a segment profit of 69 million yen (compared with a segment loss of 181 million yen in the same period of the previous fiscal year).

4) Real estate rental business

Both sales and segment profit decreased year-over-year due to a slight decline in the occupancy rate of the office buildings and due to conducting repair of the facilities.

Consequently, sales in the real estate rental business decreased 1.7% year-over-year to 350 million yen, and segment profit decreased 4.0% to 188 million yen.

It is noted that intersegment sales and transfers are included in the above segment sales.

(2) Explanation of Financial Position

1) Changes in financial position

Total assets decreased 5,192 million yen from the end of the previous fiscal year to 62,739 million yen at the end of the period under review. This was primarily attributable to a 1,189 million yen decrease in notes and accounts receivable-trade, a 938 million yen decrease in cash and deposits, and an 888 million yen decrease in buildings and structures, net, which were partially offset by a 107 million yen increase in work in process and a 47 million yen increase in machinery and vehicles, net.

Total liabilities decreased 2,217 million yen from the end of the previous fiscal year to 15,191 million yen. This was primarily attributable to a 534 million yen decrease in electronically recorded obligations-operating, a 404 million yen decrease in notes and accounts payable-trade, and a 358 million yen decrease in deferred tax liabilities, which were partially offset by a 164 million yen increase in short-term loans payable.

Total net assets decreased 2,974 million yen from the end of the previous fiscal year to 47,548 million yen. This was primarily attributable to a 4,103 million yen decrease in foreign currency translation adjustments, which was partially offset by a 1,271 million yen increase in retained earnings.

As a result, the equity ratio increased by 1.4 percentage points from 73.8% at the end of the previous fiscal year to 75.2%.

2) Cash flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the period under review decreased 987 million yen from the end of the previous fiscal year to 22,665 million yen.

A summary of cash flows is as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 2,884 million yen (compared with net cash provided of 2,860 million yen in the same period of the previous fiscal year). The main factors include profit before income taxes of 2,805 million yen and depreciation and amortization of 955 million yen, which were partially offset by income taxes paid of 885 million yen and a 481 million yen decrease in notes and accounts payable-trade.

(Cash flows from investing activities)

Net cash used in investing activities was 963 million yen (compared with 594 million yen provided in the same period of the previous fiscal year). The main factors include payments into time deposits of 3,363 million yen and payment for acquisition of fixed assets of 741 million yen, which were partially offset by proceeds from withdrawal of time deposits of 3,152 million yen.

(Cash flows from financing activities)

Net cash used in financing activities was 1,231 million yen (compared with 2,186 million yen used in the same period of the previous fiscal year). The main factors include cash dividends paid of 1,092 million yen and repayments for long-term loans payable of 198 million yen, which were partially offset by a net increase in short-term loans payable of 184 million yen.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

We maintain the full-year consolidated forecasts for the fiscal year ending March 31, 2017 that we announced in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2016” on May 13, 2016.

Actual results are affected by various factors and may differ substantially.

2. Matters Related to Summary Information (Notes)

(1) Changes in Consolidated Subsidiaries during the Period

Not applicable.

(2) Application of the Specific Method for Accounting Treatment for Preparation of Quarterly Consolidated Financial Statements

Not applicable.

(3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements

Not applicable.

(4) Additional Information

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

Effective from the first quarter of the current fiscal year, the Company has applied the “Implementation Guidance on Recoverability of Deferred Tax Assets” (Accounting Standards Board of Japan (ASBJ) Guidance No. 26, March 28, 2016).

3. Important Information about Going Concern Assumption

Not applicable.

4. Quarterly Consolidated Financial Statements**(1) Consolidated Balance Sheets**

(Thousands of yen)

	FY3/2016 (As of Mar. 31, 2016)	Second quarter of FY3/2017 (As of Sep. 30, 2016)
Assets		
Current assets		
Cash and deposits with banks	28,559,208	27,620,873
Notes and accounts receivable-trade	11,428,997	10,239,853
Marketable securities	40,377	34,504
Merchandise and finished goods	1,808,629	1,665,281
Work in process	771,100	878,798
Raw materials and supplies	1,529,009	1,188,556
Deferred tax assets	791,640	739,222
Other current assets	2,553,753	1,903,636
Allowance for doubtful accounts	(45,579)	(39,415)
Total current assets	47,437,138	44,231,310
Fixed assets		
Tangible fixed assets		
Buildings and structures	20,129,516	19,228,292
Accumulated depreciation	(10,565,778)	(10,553,227)
Buildings and structures, net	9,563,737	8,675,065
Machinery and vehicles	9,077,255	8,804,268
Accumulated depreciation	(6,932,522)	(6,612,365)
Machinery and vehicles, net	2,144,732	2,191,903
Land	3,771,683	3,557,885
Lease assets	215,577	233,774
Accumulated depreciation	(95,836)	(117,309)
Lease assets, net	119,740	116,465
Construction in progress	900,928	550,945
Other tangible fixed assets	4,108,583	4,098,922
Accumulated depreciation	(3,148,791)	(3,159,196)
Other tangible fixed assets, net	959,792	939,725
Total tangible fixed assets	17,460,615	16,031,990
Intangible assets	429,520	363,580
Investments and other assets		
Investment securities	1,529,839	1,504,542
Net defined benefit asset	49,162	51,961
Deferred tax assets	90,263	104,239
Other investments and other assets	1,011,478	520,399
Allowance for doubtful accounts	(76,104)	(68,518)
Total investments and other assets	2,604,639	2,112,624
Total fixed assets	20,494,774	18,508,195
Total assets	67,931,912	62,739,506

	(Thousands of yen)	
	FY3/2016 (As of Mar. 31, 2016)	Second quarter of FY3/2017 (As of Sep. 30, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,727,654	1,323,118
Electronically recorded obligations-operating	2,901,329	2,367,076
Short-term loans payable	851,396	1,015,552
Current portion of long-term loans payable	399,514	293,272
Lease obligations	51,002	52,256
Income taxes payable	1,912,422	1,682,756
Accrued bonuses	144,671	230,856
Allowance for directors' bonuses	120,200	60,100
Other current liabilities	3,360,950	2,866,262
Total current liabilities	11,469,140	9,891,253
Long-term liabilities		
Long-term loans payable	473,428	284,377
Long-term guarantee deposit	580,317	575,151
Lease obligations	113,280	102,040
Deferred tax liabilities	3,900,650	3,542,544
Allowance for directors' retirement benefits	165,595	172,645
Net defined benefit liability	502,512	485,891
Other long-term liabilities	204,008	137,288
Total long-term liabilities	5,939,792	5,299,938
Total liabilities	17,408,933	15,191,191
Net assets		
Shareholders' equity		
Common stock	1,336,936	1,336,936
Capital surplus	1,321,581	1,321,570
Retained earnings	45,802,745	47,073,759
Treasury shares	(2,826,802)	(2,923,413)
Total shareholders' equity	45,634,461	46,808,853
Accumulated other comprehensive income		
Cumulative securities holding gain	675,459	660,797
Foreign currency translation adjustments	3,859,873	(244,092)
Remeasurements of defined benefit plans	(41,970)	(39,026)
Total accumulated other comprehensive income	4,493,363	377,678
Non-controlling interests	395,154	361,783
Total net assets	50,522,979	47,548,315
Total liabilities and net assets	67,931,912	62,739,506

(2) Consolidated Statements of Income and Comprehensive Income
(For the Six-month Period)

(Thousands of yen)

	First six months of FY3/2016 (Apr. 1, 2015 – Sep. 30, 2015)	First six months of FY3/2017 (Apr. 1, 2016 – Sep. 30, 2016)
Sales	24,619,323	20,478,473
Cost of goods sold	16,571,579	12,797,636
Gross profit	8,047,744	7,680,837
Selling, general and administrative expenses	4,956,641	4,679,433
Operating income	3,091,103	3,001,403
Non-operating income		
Interests received	81,901	56,098
Dividends received	24,894	27,000
Gains on valuable resources recovery	22,597	23,168
Other non-operating income	55,148	33,219
Total non-operating income	184,542	139,487
Non-operating expenses		
Interest expense	19,347	13,528
Foreign exchange losses	120,147	292,203
Commission fee	8,116	6,926
Other non-operating expenses	9,895	21,593
Total non-operating expenses	157,507	334,252
Ordinary profit	3,118,138	2,806,638
Extraordinary income		
Gains on sales of fixed assets	12,002	1,358
Total extraordinary income	12,002	1,358
Extraordinary loss		
Loss on disposal and sales of fixed assets	2,495	2,072
Total extraordinary losses	2,495	2,072
Profit before income taxes	3,127,645	2,805,924
Income taxes-current	1,137,158	745,835
Income taxes-deferred	191,914	(323,892)
Total income taxes	1,329,073	421,942
Profit	1,798,571	2,383,982
Profit attributable to:		
Owners of parent	1,770,723	2,363,475
Non-controlling interests	27,848	20,506
Other comprehensive income		
Cumulative securities holding gain	58,074	(14,662)
Foreign currency translation adjustments	771,709	(4,157,855)
Remeasurements of defined benefit plans, net of tax	367	2,943
Total other comprehensive income	830,151	(4,169,573)
Comprehensive income	2,628,722	(1,785,591)
Comprehensive income attributable to:		
Owners of parent	2,591,230	(1,752,209)
Non-controlling interests	37,492	(33,381)

(3) Consolidated Statements of Cash Flows

(Thousands of yen)

	First six months of FY3/2016 (Apr. 1, 2015 – Sep. 30, 2015)	First six months of FY3/2017 (Apr. 1, 2016 – Sep. 30, 2016)
Cash flows from operating activities		
Profit before income taxes	3,127,645	2,805,924
Depreciation and amortization	989,063	955,765
Increase (decrease) in allowance for doubtful accounts	1,398	499
Increase (decrease) in allowance for directors' bonuses	(59,800)	(60,100)
Increase (decrease) in net defined benefit liability	51,379	48,778
Decrease (increase) in net defined benefit asset	(3,277)	(2,799)
Increase (decrease) in allowance for directors' retirement benefits	(7,842)	7,050
Interests and dividends income	(106,796)	(83,099)
Interest expense	19,347	13,528
Losses (gains) on disposal and sales of fixed assets	(9,506)	714
Decrease (increase) in notes and accounts receivable-trade	256,296	131,504
Decrease (increase) in inventories	834,919	(135,025)
Increase (decrease) in notes and accounts payable-trade	(1,009,320)	(481,530)
Others	162,083	495,198
Subtotal	4,245,591	3,696,408
Interests and dividends received	100,026	85,861
Interests paid	(20,717)	(12,650)
Income taxes paid	(1,464,178)	(885,254)
Net cash provided by operating activities	2,860,721	2,884,364
Cash flows from investing activities		
Payments into time deposits	(898,127)	(3,363,159)
Proceeds from withdrawal of time deposits	2,299,239	3,152,295
Payment for acquisition of fixed assets	(817,816)	(741,369)
Proceeds from sales of fixed assets	36,307	6,769
Payment for acquisition of investment securities	(4,558)	(4,625)
Others	(20,475)	(13,901)
Net cash provided by (used in) investing activities	594,569	(963,991)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(95,388)	184,074
Proceeds from long-term loans payable	50,000	-
Repayments for long-term loans payable	(197,812)	(198,128)
Repayments for lease obligations	(27,318)	(28,024)
Payment for acquisition of treasury shares	(17)	(96,611)
Payment for acquisition of treasury shares of subsidiaries	(10,434)	-
Cash dividends paid	(910,384)	(1,092,461)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(994,700)	-
Net cash used in financing activities	(2,186,056)	(1,231,151)
Effect of exchange rate changes on cash and cash equivalents	206,185	(1,676,566)
Increase (decrease) in cash and cash equivalents	1,475,420	(987,344)
Cash and cash equivalents at beginning of period	19,686,460	23,653,188
Cash and cash equivalents at end of period	21,161,880	22,665,844

(4) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

Segment Information

I. First six months of FY3/2016 (Apr. 1, 2015 – Sep. 30, 2015)

Information related to sales and profit or loss for each reportable segment (Thousands of yen)

	Reportable segment					Other (Note 1)	Total	Adjustment	Amounts shown on consolidated statements of income/ comprehensive income (Note 2)
	Surface Finishing Materials	Surface Finishing Machinery	Plating Job	Real Estate Rental	Subtotal				
Sales									
Sales to third parties	18,214,677	3,849,218	2,195,418	356,709	24,616,023	3,300	24,619,323	-	24,619,323
Intersegment sales and transfers	110,613	16,289	1,561	-	128,464	-	128,464	(128,464)	-
Total	18,325,290	3,865,507	2,196,980	356,709	24,744,488	3,300	24,747,788	(128,464)	24,619,323
Segment profit (loss)	3,258,172	(184,499)	(181,247)	196,029	3,088,455	2,648	3,091,103	-	3,091,103

Notes: 1. The "Other" business segment consists of activities that are not included in any of the four reportable segments, and its sales include loyalty revenue.

2. Segment profit (loss) is equal to operating income shown on the consolidated statements of income and comprehensive income.

II. First six months of FY3/2017 (Apr. 1, 2016 – Sep. 30, 2016)

Information related to sales and profit or loss for each reportable segment (Thousands of yen)

	Reportable segment					Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated statements of income/ comprehensive income (Note 3)
	Surface Finishing Materials	Surface Finishing Machinery	Plating Job	Real Estate Rental	Subtotal				
Sales									
Sales to third parties	15,143,681	2,541,813	2,435,863	350,820	20,472,178	6,294	20,478,473	-	20,478,473
Intersegment sales and transfers	59,505	120,914	504	-	180,924	-	180,924	(180,924)	-
Total	15,203,186	2,662,728	2,436,367	350,820	20,653,103	6,294	20,659,397	(180,924)	20,478,473
Segment profit (loss)	2,823,617	(46,340)	69,292	188,210	3,034,778	5,031	3,039,810	(38,406)	3,001,403

Notes: 1. The "Other" business segment consists of activities that are not included in any of the four reportable segments, and its sales include loyalty revenue.

2. Adjustment of segment profit (loss) includes elimination of inter-segment transaction.

3. Segment profit (loss) is adjusted to be consistent with operating income shown on the consolidated statements of income and comprehensive income.

Note: This report of consolidated financial results is solely a translation of summary of Japanese "Kessan Tanshin" (including the attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer English translation. All readers are recommended to refer to the original version in Japanese of the report for complete information.