

**Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2018  
(Six Months Ended September 30, 2017)**

[Japanese GAAP]

Company name: **C. Uyemura & Co., Ltd.** Listing: Second Section of the Tokyo Stock Exchange  
Stock code: 4966 URL: <http://www.uyemura.co.jp/>  
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Scheduled date of filing of Quarterly Report: November 10, 2017  
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 10, 2017 at 13:20 (GMT +9).*

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

**1. Consolidated Financial Results (April 1, 2017 – September 30, 2017)**

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

|                                | Sales       |        | Operating profit |       | Ordinary profit |        | Profit attributable to owners of parent |      |
|--------------------------------|-------------|--------|------------------|-------|-----------------|--------|---|------|
|                                | Million yen | %      | Million yen      | %     | Million yen     | %      | Million yen                             | %    |
| Six months ended Sep. 30, 2017 | 22,812      | 11.4   | 3,860            | 28.6  | 3,944           | 40.5   | 2,612                                   | 10.5 |
| Six months ended Sep. 30, 2016 | 20,478      | (16.8) | 3,001            | (2.9) | 2,806           | (10.0) | 2,363                                   | 33.5 |

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2017: 2,686 (-%)  
Six months ended Sep. 30, 2016: (1,785) (-%)

|                                | Net income per share (basic) | Net income per share (diluted) |
|--------------------------------|------------------------------|--------------------------------|
|                                | Yen                          | Yen                            |
| Six months ended Sep. 30, 2017 | 290.21                       | -                              |
| Six months ended Sep. 30, 2016 | 259.72                       | -                              |

(2) Financial position

|                     | Total assets | Net assets  | Equity ratio | Net assets per share |
|---------------------|--------------|-------------|--------------|----------------------|
|                     | Million yen  | Million yen | %            | Yen                  |
| As of Sep. 30, 2017 | 69,795       | 54,574      | 78.2         | 6,062.42             |
| As of Mar. 31, 2017 | 69,703       | 53,636      | 76.4         | 5,912.84             |

Reference: Shareholders' equity (million yen) As of Sep. 30, 2017: 54,573 As of Mar. 31, 2017: 53,228

**2. Dividends**

|   | Dividend per share |        |        |          |        |
|---|--------------------|--------|--------|----------|--------|
|   | 1Q-end             | 2Q-end | 3Q-end | Year-end | Total  |
|   | Yen                | Yen    | Yen    | Yen      | Yen    |
| Fiscal year ended Mar. 31, 2017             | -                  | 0.00   | -      | 140.00   | 140.00 |
| Fiscal year ending Mar. 31, 2018            | -                  | 0.00   | -      | -        | -      |
| Fiscal year ending Mar. 31, 2018 (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, 2018 (April 1, 2017 – March 31, 2018)**

(Percentages represent year-over-year changes.)

|           | Sales       |     | Operating profit |      | Ordinary profit |      | Profit attributable to owners of parent |       | Net income per share |
|-----------|-------------|-----|------------------|------|-----------------|------|---|-------|----------------------|
|           | Million yen | %   | Million yen      | %    | Million yen     | %    | Million yen                             | %     | Yen                  |
| Full year | 45,890      | 9.1 | 7,910            | 39.5 | 8,140           | 42.3 | 5,050                                   | (4.6) | 560.98               |

Note: Revisions to the most recently announced consolidated forecast: Yes

**\* 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, 2017: | 9,878,040 shares | As of Mar. 31, 2017: | 9,878,040 shares |
|----------------------|------------------|----------------------|------------------|

2) Number of treasury shares at the end of the period

|                      |                |                      |                |
|----------------------|----------------|----------------------|----------------|
| As of Sep. 30, 2017: | 876,036 shares | As of Mar. 31, 2017: | 875,785 shares |
|----------------------|----------------|----------------------|----------------|

3) Average number of shares outstanding during the period

|                                 |                  |                                 |                  |
|---------------------------------|------------------|---------------------------------|------------------|
| Six months ended Sep. 30, 2017: | 9,002,159 shares | Six months ended Sep. 30, 2016: | 9,100,213 shares |
|---------------------------------|------------------|---------------------------------|------------------|

**\*The current quarterly financial report is not subject to quarterly review procedures.**

**\*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 recovery as employment conditions and personal income continued improving. Such a recovery was realized by the strong US economy and a moderate growth in the world economy overall despite concerns over the rise of geopolitical risks overseas.

The electronic devices market, which is the Uyemura Group’s main market area, was characterized by a moderate growth in demand for smartphones and tablet terminals with signs of recovery observed in the PC market as well. Players in IoT, on-board products, data center and other growth sectors were busy with their activities of new product development and proposals.

In this management environment, the Group has focused its efforts on development of high value-added products, and proposal and sales activities for these products, while strengthening efforts to improve productivity, so as to make the operations more profitable.

As a result, consolidated sales for the period under review were 22,812 million yen (up 11.4% year-over-year), operating profit 3,860 million yen (up 28.6% year-over-year), ordinary profit 3,944 million yen (up 40.5% year-over-year), and profit attributable to owners of parent 2,612 million yen (up 10.5% year-over-year).

Performance by business segment is shown as below.

#### **1) Surface finishing materials business**

Sales of the mainstay plating chemicals for printed wiring boards (PWBs) and package PWBs increased thanks to expanding demand for electronic components used for smartphones and car electronics products. In addition, sales of plating chemicals for automotive power devices and on-board products requiring lubricity remained strong, exceeding sales for the same period of the previous fiscal year.

Consequently, sales in the surface finishing materials business increased 15.3% year-over-year to 17,524 million yen, and segment profit increased 23.9% year-over-year to 3,499 million yen.

#### **2) Surface finishing machinery business**

Supported by the recovering economy, order-taking environment for machines has improved as capital investment in the electronic components and automotive parts industry home and abroad remained strong, leading to a year-over-year increase in both sales and segment profit.

Consequently, sales in the surface finishing machinery business increased 5.5% year-over-year to 2,809 million yen, while there was a segment profit of 317 million yen (compared with a segment loss of 46 million yen for the same period of the previous fiscal year).

#### **3) Plating job business**

The consolidated subsidiary in Thailand, which is our main manufacturing base, reduced the volume of orders received because of the automobile industry in Thailand being affected by the slowing export and weakened consumer confidence with people restraining themselves from buying luxury goods following the demise of their King.

Thanks to stabilizing economy in Indonesia and recovering automobile industry, the consolidated subsidiary in Indonesia enjoyed a rise in sales caused by increased orders for plating job operations on exterior components for automobiles. However, profitability of the business continued to suffer because orders of large-scaled items requiring high level of expertise lowered the yield and replacement of production facilities to cope with the orders increased the production cost.

Consequently, sales in the plating job business decreased 3.7% year-over-year to 2,345 million yen, while there was a segment loss of 126 million yen (compared with a segment profit of 69 million yen for the same period of the previous fiscal year).

#### 4) Real estate rental business

Both segment sales and profits increased year-over-year due to an improvement in the occupancy rate of the office buildings and also an effort to reduce overhead costs.

Consequently, sales in the real estate rental business increased 3.4% year-over-year to 362 million yen, and segment profit increased 10.1% to 207 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 increased 91 million yen from the end of the previous fiscal year to 69,795 million yen at the end of the period under review. This was primarily attributable to a 1,352 million yen increase in construction in progress, a 750 million yen increase in work in process, and a 543 million yen increase in land, which were partially offset by an 822 million yen decrease in cash and deposits with banks, and a 666 million yen decrease in deferred tax assets (current).

Total liabilities decreased 845 million yen from the end of the previous fiscal year to 15,220 million yen. This was primarily attributable to a 401 million yen decrease in income taxes payable and a 94 million yen decrease in long-term loans payable, which were partially offset by a 769 million yen increase in electronically recorded obligations-operating and a 300 million yen increase in notes and accounts payable-trade.

Total net assets increased 937 million yen from the end of the previous fiscal year to 54,574 million yen. This was primarily attributable to a 1,352 million yen increase in retained earnings, which was partially offset by a 407 million yen decrease in non-controlling interests.

As a result, the equity ratio increased by 1.8 percentage points from 76.4% at the end of the previous fiscal year to 78.2%.

##### 2) Cash flows

Cash and cash equivalents (hereinafter "net cash") at the end of the period under review decreased 416 million yen from the end of the previous fiscal year to 27,315 million yen.

A summary of cash flows is as follows.

##### (Cash flows from operating activities)

Net cash provided by operating activities was 3,023 million yen (compared with net cash provided of 2,884 million yen for the same period of the previous fiscal year). The main factors include profit before income taxes of 3,935 million yen, depreciation and amortization of 966 million yen, and a 732 million yen increase in notes and accounts payable-trade, which were partially offset by income taxes paid of 881 million yen, a 502 million yen increase in inventories, and a 446 million yen increase in notes and accounts receivable-trade.

##### (Cash flows from investing activities)

Net cash used in investing activities was 1,510 million yen (compared with 963 million yen used for the same period of the previous fiscal year). The main factors include payment for acquisition of fixed assets of 1,947 million yen and payments into time deposits of 577 million yen, which were partially offset by proceeds from withdrawal of time deposits of 1,039 million yen.

##### (Cash flows from financing activities)

Net cash used in financing activities was 1,867 million yen (compared with 1,231 million yen used for the same period of the previous fiscal year). The main factors include cash dividends paid of 1,260 million yen and payment for acquisition of treasury shares of subsidiaries of 484 million yen, which were partially offset by a net increase in short-term loans payable of 43 million yen.

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

We have revised the consolidated forecast for the fiscal year ending March 31, 2018 that was announced on May 12, 2017. For more details, please see the press release dated today (November 10, 2017) titled “Notice of Differences between the Consolidated Forecast and Results for the First Half of FY3/18 and Revisions to the Consolidated Forecast for FY3/18” (Japanese version only).

The earnings forecasts are based on information available at the time of the release of this report. Actual results may differ from these forecasts for a number of reasons.

**2. Quarterly Consolidated Financial Statements and Notes****(1) Consolidated Balance Sheets**

(Thousands of yen)

|                                     | FY3/2017<br>(As of Mar. 31, 2017) | Second quarter of FY3/2018<br>(As of Sep. 30, 2017) |
|-------------------------------------|-----------------------------------|---|
| <b>Assets</b>                       |                                   |   |
| Current assets                      |                                   |   |
| Cash and deposits with banks        | 31,254,565                        | 30,432,183  |
| Notes and accounts receivable-trade | 11,276,010                        | 11,649,506  |
| Marketable securities               | 38,960                            | 37,347  |
| Merchandise and finished goods      | 2,003,559                         | 1,858,129   |
| Work in process                     | 726,098                           | 1,476,504   |
| Raw materials and supplies          | 1,367,844                         | 1,245,715   |
| Deferred tax assets                 | 976,613                           | 309,734   |
| Other current assets                | 1,792,623                         | 1,057,775   |
| Allowance for doubtful accounts     | (56,210)                          | (47,165)  |
| Total current assets                | 49,380,066                        | 48,019,731  |
| Fixed assets                        |                                   |   |
| Tangible fixed assets               |                                   |   |
| Buildings and structures            | 20,153,872                        | 20,057,640  |
| Accumulated depreciation            | (11,152,340)                      | (11,358,505)  |
| Buildings and structures, net       | 9,001,532                         | 8,699,135   |
| Machinery and vehicles              | 9,253,396                         | 9,388,703   |
| Accumulated depreciation            | (7,000,051)                       | (7,325,072)   |
| Machinery and vehicles, net         | 2,253,345                         | 2,063,631   |
| Land                                | 4,034,830                         | 4,578,132   |
| Lease assets                        | 220,420                           | 228,640   |
| Accumulated depreciation            | (114,030)                         | (115,155)   |
| Lease assets, net                   | 106,389                           | 113,485   |
| Construction in progress            | 996,634                           | 2,349,567   |
| Other tangible fixed assets         | 4,463,226                         | 4,529,012   |
| Accumulated depreciation            | (3,419,923)                       | (3,495,236)   |
| Other tangible fixed assets, net    | 1,043,302                         | 1,033,776   |
| Total tangible fixed assets         | 17,436,034                        | 18,837,727  |
| Intangible assets                   | 360,424                           | 326,043   |
| Investments and other assets        |                                   |   |
| Investment securities               | 1,850,579                         | 1,926,743   |
| Net defined benefit asset           | 76,469                            | 74,219  |
| Deferred tax assets                 | 138,608                           | 156,004   |
| Other investments and other assets  | 532,930                           | 525,810   |
| Allowance for doubtful accounts     | (71,943)                          | (71,231)  |
| Total investments and other assets  | 2,526,645                         | 2,611,545   |
| Total fixed assets                  | 20,323,104                        | 21,775,315  |
| Total assets                        | 69,703,170                        | 69,795,047  |

|   | (Thousands of yen)                |   |
|---|-----------------------------------|---|
|   | FY3/2017<br>(As of Mar. 31, 2017) | Second quarter of FY3/2018<br>(As of Sep. 30, 2017) |
| <b>Liabilities</b>                                  |                                   |   |
| <b>Current liabilities</b>                          |                                   |   |
| Notes and accounts payable-trade                    | 1,994,497                         | 2,295,061   |
| Electronically recorded obligations-operating       | 2,581,602                         | 3,350,704   |
| Short-term loans payable                            | 820,000                           | 861,879   |
| Current portion of long-term loans payable          | 235,167                           | 179,034   |
| Lease obligations                                   | 51,814                            | 52,580  |
| Income taxes payable                                | 1,904,553                         | 1,503,065   |
| Accrued bonuses                                     | 151,154                           | 231,741   |
| Allowance for directors' bonuses                    | 136,250                           | 68,125  |
| Other current liabilities                           | 3,667,002                         | 2,015,068   |
| <b>Total current liabilities</b>                    | <b>11,542,042</b>                 | <b>10,557,259</b>                                   |
| <b>Long-term liabilities</b>                        |                                   |   |
| Long-term loans payable                             | 220,174                           | 125,864   |
| Long-term guarantee deposit                         | 574,659                           | 588,724   |
| Lease obligations                                   | 86,265                            | 86,578  |
| Deferred tax liabilities                            | 2,634,092                         | 2,772,759   |
| Allowance for directors' retirement benefits        | 179,695                           | 183,545   |
| Net defined benefit liability                       | 622,605                           | 690,076   |
| Other long-term liabilities                         | 207,121                           | 216,104   |
| <b>Total long-term liabilities</b>                  | <b>4,524,613</b>                  | <b>4,663,653</b>                                    |
| <b>Total liabilities</b>                            | <b>16,066,656</b>                 | <b>15,220,913</b>                                   |
| <b>Net assets</b>                                   |                                   |   |
| <b>Shareholders' equity</b>                         |                                   |   |
| Common stock  | 1,336,936                         | 1,336,936   |
| Capital surplus                                     | 1,321,570                         | 1,271,236   |
| Retained earnings                                   | 50,003,674                        | 51,355,902  |
| Treasury shares                                     | (3,324,935)                       | (3,326,473)   |
| <b>Total shareholders' equity</b>                   | <b>49,337,246</b>                 | <b>50,637,601</b>                                   |
| <b>Accumulated other comprehensive income</b>       |                                   |   |
| Cumulative securities holding gain                  | 824,565                           | 874,701   |
| Foreign currency translation adjustments            | 3,091,036                         | 3,083,588   |
| Remeasurements of defined benefit plans             | (23,958)                          | (21,937)  |
| <b>Total accumulated other comprehensive income</b> | <b>3,891,642</b>                  | <b>3,936,352</b>                                    |
| <b>Non-controlling interests</b>                    | <b>407,625</b>                    | <b>181</b>  |
| <b>Total net assets</b>                             | <b>53,636,514</b>                 | <b>54,574,134</b>                                   |
| <b>Total liabilities and net assets</b>             | <b>69,703,170</b>                 | <b>69,795,047</b>                                   |



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

(Thousands of yen)

|   | First six months of FY3/2017<br>(Apr. 1, 2016 – Sep. 30, 2016) | First six months of FY3/2018<br>(Apr. 1, 2017 – Sep. 30, 2017) |
|---|--|--|
| Sales   | 20,478,473   | 22,812,010   |
| Cost of goods sold                                  | 12,797,636   | 14,116,057   |
| Gross profit  | 7,680,837  | 8,695,952  |
| Selling, general and administrative expenses        | 4,679,433  | 4,835,119  |
| Operating profit                                    | 3,001,403  | 3,860,833  |
| Non-operating income                                |  |  |
| Interests received                                  | 56,098   | 44,493   |
| Dividends received                                  | 27,000   | 34,124   |
| Gains on valuable resources recovery                | 23,168   | 17,880   |
| Other non-operating income                          | 33,219   | 44,287   |
| Total non-operating income                          | 139,487  | 140,786  |
| Non-operating expenses                              |  |  |
| Interest expense                                    | 13,528   | 5,078  |
| Foreign exchange losses                             | 292,203  | 40,111   |
| Commission fee                                      | 6,926  | 7,018  |
| Other non-operating expenses                        | 21,593   | 4,870  |
| Total non-operating expenses                        | 334,252  | 57,079   |
| Ordinary profit                                     | 2,806,638  | 3,944,540  |
| Extraordinary income                                |  |  |
| Gains on sales of fixed assets                      | 1,358  | 5,384  |
| Total extraordinary income                          | 1,358  | 5,384  |
| Extraordinary loss                                  |  |  |
| Loss on disposal and sales of fixed assets          | 2,072  | 14,542   |
| Total extraordinary losses                          | 2,072  | 14,542   |
| Profit before income taxes                          | 2,805,924  | 3,935,382  |
| Income taxes-current                                | 745,835  | 532,922  |
| Income taxes-deferred                               | (323,892)  | 769,456  |
| Total income taxes                                  | 421,942  | 1,302,378  |
| Profit  | 2,383,982  | 2,633,003  |
| Profit attributable to:                             |  |  |
| Owners of parent                                    | 2,363,475  | 2,612,543  |
| Non-controlling interests                           | 20,506   | 20,459   |
| Other comprehensive income                          |  |  |
| Cumulative securities holding gain                  | (14,662)   | 50,135   |
| Foreign currency translation adjustments            | (4,157,855)  | 1,647  |
| Remeasurements of defined benefit plans, net of tax | 2,943  | 2,021  |
| Total other comprehensive income                    | (4,169,573)  | 53,805   |
| Comprehensive income                                | (1,785,591)  | 2,686,808  |
| Comprehensive income attributable to:               |  |  |
| Owners of parent                                    | (1,752,209)  | 2,657,098  |
| Non-controlling interests                           | (33,381)   | 29,709   |

**(3) Consolidated Statements of Cash Flows**

(Thousands of yen)

|   | First six months of FY3/2017<br>(Apr. 1, 2016 – Sep. 30, 2016) | First six months of FY3/2018<br>(Apr. 1, 2017 – Sep. 30, 2017) |
|---|--|--|
| Cash flows from operating activities                                |  |  |
| Profit before income taxes  | 2,805,924  | 3,935,382  |
| Depreciation and amortization                                       | 955,765  | 966,901  |
| Increase (decrease) in allowance for doubtful accounts              | 499  | (8,113)  |
| Increase (decrease) in allowance for directors' bonuses             | (60,100)   | (68,125)   |
| Increase (decrease) in net defined benefit liability                | 48,778   | 54,949   |
| Decrease (increase) in net defined benefit asset                    | (2,799)  | 2,250  |
| Increase (decrease) in allowance for directors' retirement benefits | 7,050  | 3,850  |
| Interests and dividends income                                      | (83,099)   | (78,618)   |
| Interest expense  | 13,528   | 5,078  |
| Losses (gains) on disposal and sales of fixed assets                | 714  | 9,158  |
| Decrease (increase) in notes and accounts receivable-trade          | 131,504  | (446,937)  |
| Decrease (increase) in inventories                                  | (135,025)  | (502,557)  |
| Increase (decrease) in notes and accounts payable-trade             | (481,530)  | 732,395  |
| Others  | 495,198  | (776,764)  |
| Subtotal  | 3,696,408  | 3,828,850  |
| Interests and dividends received                                    | 85,861   | 86,306   |
| Interests paid  | (12,650)   | (9,957)  |
| Income taxes paid   | (885,254)  | (881,539)  |
| Net cash provided by operating activities                           | 2,884,364  | 3,023,659  |
| Cash flows from investing activities                                |  |  |
| Payments into time deposits   | (3,363,159)  | (577,027)  |
| Proceeds from withdrawal of time deposits                           | 3,152,295  | 1,039,372  |
| Payment for acquisition of fixed assets                             | (741,369)  | (1,947,668)  |
| Proceeds from sales of fixed assets                                 | 6,769  | 9,636  |
| Payment for acquisition of investment securities                    | (4,625)  | (5,307)  |
| Others  | (13,901)   | (29,478)   |
| Net cash used in investing activities                               | (963,991)  | (1,510,473)  |
| Cash flows from financing activities                                |  |  |
| Net increase (decrease) in short-term loans payable                 | 184,074  | 43,211   |
| Repayments for long-term loans payable                              | (198,128)  | (136,100)  |
| Repayments for lease obligations                                    | (28,024)   | (28,336)   |
| Payment for acquisition of treasury shares                          | (96,611)   | (1,538)  |
| Payment for acquisition of treasury shares of subsidiaries          | -  | (484,693)  |
| Cash dividends paid   | (1,092,461)  | (1,260,315)  |
| Net cash used in financing activities                               | (1,231,151)  | (1,867,773)  |
| Effect of exchange rate changes on cash and cash equivalents        | (1,676,566)  | (61,733)   |
| Increase (decrease) in cash and cash equivalents                    | (987,344)  | (416,320)  |
| Cash and cash equivalents at beginning of period                    | 23,653,188   | 27,731,847   |
| Cash and cash equivalents at end of period                          | 22,665,844   | 27,315,526   |

**(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 FY3/2017 (Apr. 1, 2016 – Sep. 30, 2016)

Information related to sales and profit or loss for each reportable segment

(Thousands of yen)

|                                  | Reportable segment                |                                   |                |                          |            | Other<br>(Note 1) | Total      | Adjustment<br>(Note 2) | Amounts shown<br>on consolidated<br>statements of<br>income/<br>comprehensive<br>income (Note 3) |
|----------------------------------|-----------------------------------|-----------------------------------|----------------|--------------------------|------------|-------------------|------------|------------------------|--|
|                                  | Surface<br>Finishing<br>Materials | Surface<br>Finishing<br>Machinery | Plating<br>Job | Real<br>Estate<br>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 represents activities that are not included in any of the four reportable segments, and its sales include loyalty revenue.

2. Adjustment of segment profit (loss) is elimination of inter-segment transactions.

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

II. First six months of FY3/2018 (Apr. 1, 2017 – Sep. 30, 2017)

Information related to sales and profit or loss for each reportable segment

(Thousands of yen)

|                                  | Reportable segment                |                                   |                |                          |            | Other<br>(Note 1) | Total      | Adjustment<br>(Note 2) | Amounts shown<br>on consolidated<br>statements of<br>income/<br>comprehensive<br>income (Note 3) |
|----------------------------------|-----------------------------------|-----------------------------------|----------------|--------------------------|------------|-------------------|------------|------------------------|--|
|                                  | Surface<br>Finishing<br>Materials | Surface<br>Finishing<br>Machinery | Plating<br>Job | Real<br>Estate<br>Rental | Subtotal   |                   |            |                        |  |
| Sales                            |                                   |                                   |                |                          |            |                   |            |                        |  |
| Sales to third parties           | 17,458,156                        | 2,640,865                         | 2,345,546      | 362,834                  | 22,807,403 | 4,606             | 22,812,010 | -                      | 22,812,010   |
| Intersegment sales and transfers | 66,693                            | 168,592                           | 360            | -                        | 235,645    | -                 | 235,645    | (235,645)              | -  |
| Total                            | 17,524,849                        | 2,809,457                         | 2,345,907      | 362,834                  | 23,043,049 | 4,606             | 23,047,656 | (235,645)              | 22,812,010   |
| Segment profit (loss)            | 3,499,472                         | 317,708                           | (126,678)      | 207,144                  | 3,897,648  | 3,842             | 3,901,490  | (40,657)               | 3,860,833  |

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

2. Adjustment of segment profit (loss) is elimination of inter-segment transactions.

3. Total segment profit (loss) is adjusted to be consistent with operating profit 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.