

**Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2019
(Nine Months Ended December 31, 2018)**

[Japanese GAAP]

Company name: **C. Uyemura & Co., Ltd.** Listing: Second Section of the Tokyo Stock Exchange
 Stock code: 4966 URL: <https://www.uyemura.co.jp/>
 Representative: Hiroya Uyemura, President
 Contact: Shigeo Sakabe, Director and Head of Corporate Management Division
 Telephone: +81-6-6202-8518
 Scheduled date of filing of Quarterly Report: February 8, 2019
 Starting date of dividend payment: -
 Preparation of supplementary materials for quarterly financial results: None
 Holding of quarterly financial results meeting: None

Note: The original disclosure in Japanese was released on February 8, 2019 at 15:30 (GMT +9).

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

1. Consolidated Financial Results (April 1, 2018 – December 31, 2018)

(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	%
Nine months ended Dec. 31, 2018	38,679	7.5	6,613	3.0	6,887	4.9	4,469	1.7
Nine months ended Dec. 31, 2017	35,988	13.5	6,422	24.4	6,568	26.3	4,396	11.4

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2018: 3,862 (down 21.8%)
 Nine months ended Dec. 31, 2017: 4,939 (-%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Nine months ended Dec. 31, 2018	496.49	-
Nine months ended Dec. 31, 2017	488.35	-

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2018	77,069	60,737	78.8	6,747.21
As of Mar. 31, 2018	73,611	58,225	79.1	6,468.14

Reference: Shareholders' equity (million yen) As of Dec. 31, 2018: 60,737 As of Mar. 31, 2018: 58,225

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2018	-	0.00	-	150.00	150.00
Fiscal year ending Mar. 31, 2019	-	0.00	-		
Fiscal year ending Mar. 31, 2019 (forecast)				150.00	150.00

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

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(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	51,390	6.8	8,430	1.3	8,550	1.5	5,120	(4.1)	568.76

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 Dec. 31, 2018:	9,878,040 shares	As of Mar. 31, 2018:	9,878,040 shares
----------------------	------------------	----------------------	------------------

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

As of Dec. 31, 2018:	876,129 shares	As of Mar. 31, 2018:	876,091 shares
----------------------	----------------	----------------------	----------------

3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2018:	9,001,915 shares	Nine months ended Dec. 31, 2017:	9,002,108 shares
----------------------------------	------------------	----------------------------------	------------------

***The quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.**

***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 3 of the attachments.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Forecast and Other Forward-looking Statements	3
2. Quarterly Consolidated Financial Statements and Notes	4
(1) Consolidated Balance Sheets	4
(2) Consolidated Statements of Income and Comprehensive Income	6
For the Nine-month Period	6
(3) Notes to Quarterly Consolidated Financial Statements	7
Going Concern Assumption	7
Significant Changes in Shareholders' Equity	7
Additional Information	7
Segment and Other Information	8

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

The Japanese economy for the first nine months of the fiscal year under review (hereinafter “the period under review”) remained on track to recovery as corporate earnings stayed resilient, and employment conditions and personal income moderately improved. Meanwhile, the world economy has been recovering, but its outlook still remains unclear due to factors such as uncertainties over trends of the U.S. administration and its trade policies, intensified global trade frictions, and sharp fluctuations of the financial and capital markets.

In the electronic devices market, which is the Uyemura Group’s main market area, the demand for electronic components expanded thanks to the advancement of the mounting technology that allows smartphones to be more functional and high-performing, as well as a phenomenal increase in the number of on-board electrical components for car electronics.

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

As a result, consolidated sales for the period under review were 38,679 million yen (up 7.5% year-over-year), operating profit 6,613 million yen (up 3.0% year-over-year), ordinary profit 6,887 million yen (up 4.9% year-over-year), and profit attributable to owners of parent 4,469 million yen (up 1.7% 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 year-over-year thanks to the continued strong demand for electronic components used for smartphones and car electronics products. In particular for car electronics applications, trends for improved safety and eco-friendliness caused sales of the plating chemicals for automotive power devices and on-board camera modules to increase and exceed those for the same period of the previous fiscal year.

Consequently, sales in the surface finishing materials business increased 10.1% year-over-year to 29,972 million yen, and segment profit increased 8.8% year-over-year to 6,297 million yen.

2) Surface finishing machinery business

In the electronic components industry, capital investments to accommodate demand for new thin and high-density wiring boards for high-end smartphones ran their course. This caused the segment to report a year-over-year decrease in sales. In addition, the segment reported a loss due to a squeeze in profit margin caused by price competition mainly in Greater China and additional costs incurred by a change in specifications.

Consequently, sales in the surface finishing machinery business decreased 29.6% year-over-year to 3,412 million yen, while there was a segment loss of 1 million yen (compared with a segment profit of 514 million yen in the same period of the previous fiscal year).

3) Plating job business

Sales of the segment increased year-over-year thanks to a solid growth in orders of plating job operations for automotive PWBs received by the consolidated subsidiary in Taiwan as well as the recovering automobile industry in Thailand and Indonesia. Furthermore, an improved yield helped the segment turn into the black in terms of profitability.

Consequently, sales in the plating job business increased 33.4% year-over-year to 4,872 million yen with a segment profit of 100 million yen (compared with a segment loss of 155 million yen in the same period of the previous fiscal year).

4) Real estate rental business

The real estate rental business was adversely affected by an increased cost due to major renovation of an office building for rent in Shin-Osaka, resulting in a year-over-year decrease in segment profit, whereas sales of the segment increased year-over-year thanks to an improvement in the occupancy ratio of the office building.

Consequently, sales in the real estate rental business increased 1.7% year-over-year to 551 million yen, but a segment profit decreased 33.2% year-over-year to 207 million yen.

Meanwhile, intersegment sales and transfers are included in the above segment sales.

(2) Explanation of Financial Position

Total assets increased 3,457 million yen from the end of the previous fiscal year to 77,069 million yen at the end of the period under review. This was primarily attributable to a 1,943 million yen increase in cash and deposits with banks, a 742 million yen increase in work in process, a 577 million yen increase in investment securities, and a 272 million yen increase in notes and accounts receivable-trade, which were partially offset by a 384 million yen decrease in machinery and vehicles, net, a 165 million yen decrease in construction in progress, and a 127 million yen decrease in land.

Total liabilities increased 946 million yen from the end of the previous fiscal year to 16,331 million yen. This was primarily attributable to a 1,131 million yen increase in electronically recorded obligations-operating and a 697 million yen increase in income taxes payable, which were partially offset by an 872 million yen decrease in notes and accounts payable-trade and a 100 million yen decrease in accrued bonuses.

Total net assets increased 2,511 million yen from the end of the previous fiscal year to 60,737 million yen. This was primarily attributable to a 3,119 million yen increase in retained earnings, which was partially offset by a 308 million yen decrease in cumulative securities holding gain and a 302 million yen decrease in foreign currency translation adjustments.

As a result, the equity ratio decreased by 0.3 percentage points from 79.1% at the end of the previous fiscal year to 78.8%.

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

We have maintained the full-year consolidated forecasts that we announced in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2018” on May 11, 2018 as our performance has largely trended in line with the plan.

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)

	FY3/2018 (As of Mar. 31, 2018)	Third quarter of FY3/2019 (As of Dec. 31, 2018)
Assets		
Current assets		
Cash and deposits with banks	31,403,251	33,346,558
Notes and accounts receivable-trade	13,536,467	13,808,468
Marketable securities	40,581	43,136
Merchandise and finished goods	2,027,445	2,110,852
Work in process	1,263,488	2,006,070
Raw materials and supplies	1,146,193	1,303,190
Other current assets	782,927	1,086,850
Allowance for doubtful accounts	(51,936)	(50,506)
Total current assets	50,148,416	53,654,621
Fixed assets		
Tangible fixed assets		
Buildings and structures	20,671,622	21,085,789
Accumulated depreciation	(12,007,809)	(12,428,776)
Buildings and structures, net	8,663,812	8,657,012
Machinery and vehicles	10,890,322	10,863,678
Accumulated depreciation	(8,052,879)	(8,410,557)
Machinery and vehicles, net	2,837,443	2,453,121
Land	4,692,402	4,565,246
Lease assets	203,539	239,965
Accumulated depreciation	(115,901)	(120,061)
Lease assets, net	87,638	119,904
Construction in progress	1,950,302	1,784,494
Other tangible fixed assets	4,750,187	4,908,246
Accumulated depreciation	(3,667,656)	(3,787,002)
Other tangible fixed assets, net	1,082,531	1,121,243
Total tangible fixed assets	19,314,130	18,701,023
Intangible assets	302,273	277,047
Investments and other assets		
Investment securities	3,037,070	3,614,561
Net defined benefit asset	90,535	94,534
Deferred tax assets	243,565	248,582
Other investments and other assets	548,517	549,186
Allowance for doubtful accounts	(73,365)	(70,462)
Total investments and other assets	3,846,323	4,436,402
Total fixed assets	23,462,726	23,414,473
Total assets	73,611,143	77,069,095

	(Thousands of yen)	
	FY3/2018 (As of Mar. 31, 2018)	Third quarter of FY3/2019 (As of Dec. 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,715,595	1,843,185
Electronically recorded obligations-operating	3,179,285	4,310,865
Short-term loans payable	882,448	863,460
Current portion of long-term loans payable	171,704	85,095
Lease obligations	53,014	58,255
Income taxes payable	1,760,095	2,457,927
Accrued bonuses	154,369	54,195
Allowance for directors' bonuses	152,950	114,600
Other current liabilities	2,111,939	2,183,106
Total current liabilities	11,181,402	11,970,691
Long-term liabilities		
Long-term loans payable	42,676	-
Long-term guarantee deposit	592,790	608,005
Lease obligations	86,847	100,958
Deferred tax liabilities	2,323,677	2,430,937
Allowance for directors' retirement benefits	190,595	201,750
Net defined benefit liability	736,907	781,705
Other long-term liabilities	230,380	237,253
Total long-term liabilities	4,203,874	4,360,610
Total liabilities	15,385,277	16,331,301
Net assets		
Shareholders' equity		
Common stock	1,336,936	1,336,936
Capital surplus	1,269,750	1,269,750
Retained earnings	54,080,028	57,199,090
Treasury shares	(3,326,952)	(3,327,258)
Total shareholders' equity	53,359,762	56,478,518
Accumulated other comprehensive income		
Cumulative securities holding gain	917,857	609,833
Foreign currency translation adjustments	3,957,658	3,654,724
Remeasurements of defined benefit plans	(9,412)	(5,283)
Total accumulated other comprehensive income	4,866,103	4,259,274
Total net assets	58,225,865	60,737,793
Total liabilities and net assets	73,611,143	77,069,095

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

	(Thousands of yen)	
	First nine months of FY3/2018 (Apr. 1, 2017 – Dec. 31, 2017)	First nine months of FY3/2019 (Apr. 1, 2018 – Dec. 31, 2018)
Sales	35,988,213	38,679,884
Cost of goods sold	22,225,831	24,535,182
Gross profit	13,762,382	14,144,701
Selling, general and administrative expenses	7,339,951	7,531,501
Operating profit	6,422,430	6,613,200
Non-operating income		
Interests received	77,015	87,972
Dividends received	41,194	43,270
Gains on valuable resources recovery	27,939	41,533
Technical advisory fee	-	64,239
Other non-operating income	71,162	124,644
Total non-operating income	217,311	361,660
Non-operating expenses		
Interest expense	9,048	17,060
Foreign exchange losses	41,257	41,827
Commission fee	10,183	10,882
Other non-operating expenses	10,524	17,368
Total non-operating expenses	71,013	87,138
Ordinary profit	6,568,728	6,887,721
Extraordinary income		
Gains on sales of fixed assets	6,611	9,863
Total extraordinary income	6,611	9,863
Extraordinary loss		
Loss on disposal and sales of fixed assets	26,774	14,881
Impairment loss	-	122,929
Special retirement expenses	-	26,000
Total extraordinary losses	26,774	163,810
Profit before income taxes	6,548,565	6,733,774
Income taxes-current	1,155,039	2,031,481
Income taxes-deferred	976,986	232,938
Total income taxes	2,132,026	2,264,420
Profit	4,416,538	4,469,354
Profit attributable to:		
Owners of parent	4,396,154	4,469,354
Non-controlling interests	20,384	-
Other comprehensive income		
Cumulative securities holding gain	155,938	(308,024)
Foreign currency translation adjustments	363,641	(302,933)
Remeasurements of defined benefit plans, net of tax	3,032	4,129
Total other comprehensive income	522,611	(606,828)
Comprehensive income	4,939,150	3,862,526
Comprehensive income attributable to:		
Owners of parent	4,909,517	3,862,526
Non-controlling interests	29,633	-

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Additional Information

(Application of *Partial Amendments to Accounting Standard for Tax Effect Accounting*, etc.)

Effective from the beginning of the current period, the Company applied *Partial Amendments to Accounting Standard for Tax Effect Accounting* (ASBJ Statement No. 28, February 16, 2018) and other related pronouncements. Accordingly, deferred tax assets and deferred tax liabilities have been presented in the investments and other assets section and the long-term liabilities section of the balance sheet, respectively.

Segment and Other Information**Segment Information**

I. First nine months of FY3/2018 (Apr. 1, 2017 – Dec. 31, 2017)

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	27,116,456	4,672,132	3,650,928	541,958	35,981,476	6,737	35,988,213	-	35,988,213
Intersegment sales and transfers	95,042	172,537	360	-	267,940	-	267,940	(267,940)	-
Total	27,211,498	4,844,670	3,651,289	541,958	36,249,416	6,737	36,256,154	(267,940)	35,988,213
Segment profit (loss)	5,788,002	514,974	(155,120)	310,722	6,458,578	5,650	6,464,228	(41,798)	6,422,430

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 the 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 nine months of FY3/2019 (Apr. 1, 2018 – Dec. 31, 2018)

1. 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	29,872,717	3,374,184	4,872,173	551,049	38,670,124	9,760	38,679,884	-	38,679,884
Intersegment sales and transfers	99,957	38,323	394	-	138,675	-	138,675	(138,675)	-
Total	29,972,674	3,412,507	4,872,567	551,049	38,808,799	9,760	38,818,559	(138,675)	38,679,884
Segment profit (loss)	6,297,943	(1,037)	100,407	207,661	6,604,976	8,223	6,613,200	-	6,613,200

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

2. Information related to impairment losses on fixed assets or goodwill, etc. for each reportable segment

Significant impairment losses related to fixed assets

An impairment loss of 122,929 thousand yen was recognized in the plating job business segment.

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.