

**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/>  
Representative: Hiroya Uyemura, President  
Contact: Yoshitsugu Katayama, Managing Director and Head of Corporate Management Division  
Telephone: +81-6-6202-8518

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
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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
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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
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**\*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 (As of Mar. 31, 2017)	Second quarter of FY3/2018 (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 (As of Mar. 31, 2017)	Second quarter of FY3/2018 (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 (Apr. 1, 2016 – Sep. 30, 2016)	First six months of FY3/2018 (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 (Apr. 1, 2016 – Sep. 30, 2016)	First six months of FY3/2018 (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 (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 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 (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	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.*