

**Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2020  
(Three Months Ended June 30, 2019)**

[Japanese GAAP]

Company name: **C. Uyemura & Co., Ltd.** Listing: Second Section of the Tokyo Stock Exchange  
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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 August 8, 2019 at 15:30 (GMT +9).

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

**1. Consolidated Financial Results (April 1, 2019 – June 30, 2019)**

(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	%
Three months ended Jun. 30, 2019	11,763	(5.1)	1,400	(31.6)	1,498	(31.0)	1,094	(25.6)
Three months ended Jun. 30, 2018	12,394	8.7	2,046	11.8	2,170	16.2	1,470	13.0

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2019: 1,060 (up 488.4%)  
 Three months ended Jun. 30, 2018: 180 (down 86.6%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Three months ended Jun. 30, 2019	121.60	-
Three months ended Jun. 30, 2018	163.38	-

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2019	76,379	60,853	79.7	6,760.07
As of Mar. 31, 2019	77,943	61,142	78.4	6,792.21

Reference: Shareholders' equity (million yen) As of Jun. 30, 2019: 60,853 As of Mar. 31, 2019: 61,142

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2019	-	0.00	-	150.00	150.00
Fiscal year ending Mar. 31, 2020	-	-	-	-	-
Fiscal year ending Mar. 31, 2020 (forecast)	-	0.00	-	160.00	160.00

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

**3. Consolidated Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 – March 31, 2020)**

(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
First half	24,700	(1.8)	4,000	(0.9)	4,100	(4.0)	2,800	1.5	311.04
Full year	53,600	3.1	8,300	1.1	8,600	0.5	5,600	(0.9)	622.09

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: Yes

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

3) Changes in accounting-based estimates: None

4) Restatements: None

Note: Please refer to “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” on page 7 of the attachments for further information.

(4) Number of shares outstanding (common shares)

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

As of Jun. 30, 2019:	9,878,040 shares	As of Mar. 31, 2019:	9,878,040 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2019:	876,145 shares	As of Mar. 31, 2019:	876,129 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2019:	9,001,900 shares	Three months ended Jun. 30, 2018:	9,001,924 shares
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**\*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 Three-month Period	6
(3) Notes to Quarterly Consolidated Financial Statements	7
Going Concern Assumption	7
Significant Changes in Shareholders' Equity	7
Changes in Accounting Policies	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 quarter 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. However, concern over the prolonged U.S.-China trade friction has made the economic outlook more cautious.

In the electronic devices market, which is the Uyemura Group’s main market area, production volume of on-board electronics components remained firm along with a movement to ensure automotive safety and improved convenience; however, the PC and smartphone market clearly saw a decelerating trend due to inventory adjustment.

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 11,763 million yen (down 5.1% year-over-year), operating profit 1,400 million yen (down 31.6% year-over-year), ordinary profit 1,498 million yen (down 31.0% year-over-year), and profit attributable to owners of parent 1,094 million yen (down 25.6% year-over-year).

Performance by business segment is shown as below with year-over-year comparison presented as a reference.

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

Sales of the mainstay plating chemicals for printed wiring boards (PWBs) and package PWBs decreased year-over-year due to a decreased demand for high-end smartphones despite a continued strong demand for car electronics products.

Consequently, sales in the surface finishing materials business decreased 10.8% year-over-year to 8,692 million yen, and a segment profit decreased 37.5% year-over-year to 1,211 million yen.

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

The order-taking environment for machinery business was improving as electronics components and automotive parts manufacturers home and abroad were taking a positive attitude toward capital investments. This caused the segment to exceed year-over-year sales; however, segment profit decreased year-over-year due to a squeeze in profit margin caused by continued price competition.

Consequently, sales in the surface finishing machinery business increased 44.2% year-over-year to 1,435 million yen, but a segment profit decreased 1.3% year-over-year to 39 million yen.

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

Sales of the segment decreased year-over-year due to the withdrawal from this business in Japan; however, an improved yield in the consolidated subsidiaries in Thailand and Indonesia helped the segment increase a profit and turn into profitability.

Consequently, sales in the plating job business decreased 4.9% year-over-year to 1,455 million yen with a segment profit of 40 million yen (compared with a segment loss of 32 million yen in the same period of the previous fiscal year).

#### **4) Real estate rental business**

Both segment sales and profit of the real estate rental business increased year-over-year thanks to an improvement in the occupancy ratio of an office building for rent in Shin-Osaka.

Consequently, sales in the real estate rental business increased 8.9% year-over-year to 191 million yen, and segment profit increased 8.1% year-over-year to 105 million yen.

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

## **(2) Explanation of Financial Position**

Total assets decreased 1,563 million yen from the end of the previous fiscal year to 76,379 million yen at the end of the period under review. This was primarily attributable to a 1,469 million yen decrease in cash and deposits with banks and a 1,038 million yen decrease in notes and accounts receivable-trade, which were partially offset by a 403 million yen increase in work in process and a 260 million yen increase in construction in progress.

Total liabilities decreased 1,273 million yen from the end of the previous fiscal year to 15,526 million yen. This was primarily attributable to a 772 million yen decrease in notes and accounts payable-trade, a 741 million yen decrease in income taxes payable, and a 124 million yen decrease in allowance for directors' bonuses, which were partially offset by a 359 million yen increase in electronically recorded obligations-operating.

Total net assets decreased 289 million yen from the end of the previous fiscal year to 60,853 million yen. This was primarily attributable to a 255 million yen decrease in retained earnings, which was partially offset by a 17 million yen increase in cumulative securities holding gain.

As a result, the equity ratio increased by 1.3 percentage points from 78.4% at the end of the previous fiscal year to 79.7%.

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

We have maintained the first-half and full-year consolidated forecasts that we announced in the "Consolidated Financial Results for the Fiscal Year Ended March 31, 2019" on May 13, 2019.

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)

	FY3/2019 (As of Mar. 31, 2019)	First quarter of FY3/2020 (As of Jun. 30, 2019)
<b>Assets</b>		
Current assets		
Cash and deposits with banks	34,029,803	32,560,782
Notes and accounts receivable-trade	13,694,398	12,655,767
Marketable securities	37,285	41,750
Merchandise and finished goods	2,197,452	2,157,295
Work in process	2,004,378	2,408,337
Raw materials and supplies	1,395,019	1,477,813
Other current assets	1,134,913	1,527,752
Allowance for doubtful accounts	(90,756)	(80,800)
Total current assets	54,402,496	52,748,698
Fixed assets		
Tangible fixed assets		
Buildings and structures	20,882,827	20,739,114
Accumulated depreciation	(12,533,007)	(12,523,146)
Buildings and structures, net	8,349,819	8,215,967
Machinery and vehicles	10,729,213	10,931,507
Accumulated depreciation	(8,322,632)	(8,571,513)
Machinery and vehicles, net	2,406,580	2,359,993
Land	4,691,456	4,701,501
Lease assets	235,613	248,339
Accumulated depreciation	(121,810)	(134,746)
Lease assets, net	113,803	113,593
Construction in progress	1,874,685	2,135,665
Other tangible fixed assets	5,084,699	5,274,551
Accumulated depreciation	(3,848,718)	(3,942,528)
Other tangible fixed assets, net	1,235,980	1,332,022
Total tangible fixed assets	18,672,326	18,858,743
Intangible assets	269,301	257,053
Investments and other assets		
Investment securities	3,768,139	3,685,880
Net defined benefit asset	83,983	77,856
Deferred tax assets	268,048	273,552
Other investments and other assets	548,250	548,409
Allowance for doubtful accounts	(69,513)	(70,409)
Total investments and other assets	4,598,908	4,515,289
Total fixed assets	23,540,536	23,631,087
Total assets	77,943,032	76,379,785

	(Thousands of yen)	
	FY3/2019 (As of Mar. 31, 2019)	First quarter of FY3/2020 (As of Jun. 30, 2019)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	2,866,067	2,094,000
Electronically recorded obligations-operating	4,057,985	4,417,311
Short-term loans payable	511,503	511,103
Current portion of long-term loans payable	41,813	-
Lease obligations	54,715	123,924
Income taxes payable	2,687,876	1,946,557
Accrued bonuses	152,879	100,117
Allowance for directors' bonuses	166,650	41,662
Other current liabilities	2,238,815	2,076,202
<b>Total current liabilities</b>	<b>12,778,309</b>	<b>11,310,878</b>
<b>Long-term liabilities</b>		
Long-term guarantee deposit	608,068	618,265
Lease obligations	93,333	172,009
Deferred tax liabilities	2,131,537	2,228,323
Allowance for directors' retirement benefits	205,525	176,465
Net defined benefit liability	720,210	745,809
Other long-term liabilities	263,158	274,624
<b>Total long-term liabilities</b>	<b>4,021,833</b>	<b>4,215,495</b>
<b>Total liabilities</b>	<b>16,800,142</b>	<b>15,526,374</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	1,336,936	1,336,936
Capital surplus	1,269,750	1,269,750
Retained earnings	58,382,870	58,127,234
Treasury shares	(3,327,258)	(3,327,362)
<b>Total shareholders' equity</b>	<b>57,662,299</b>	<b>57,406,559</b>
<b>Accumulated other comprehensive income</b>		
Cumulative securities holding gain	717,304	664,009
Foreign currency translation adjustments	2,780,323	2,798,143
Remeasurements of defined benefit plans	(17,036)	(15,300)
<b>Total accumulated other comprehensive income</b>	<b>3,480,590</b>	<b>3,446,852</b>
<b>Total net assets</b>	<b>61,142,889</b>	<b>60,853,411</b>
<b>Total liabilities and net assets</b>	<b>77,943,032</b>	<b>76,379,785</b>

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

(Thousands of yen)

	First three months of FY3/2019 (Apr. 1, 2018 – Jun. 30, 2018)	First three months of FY3/2020 (Apr. 1, 2019 – Jun. 30, 2019)
Sales	12,394,262	11,763,298
Cost of goods sold	7,820,775	7,816,105
Gross profit	4,573,487	3,947,192
Selling, general and administrative expenses	2,527,264	2,546,922
Operating profit	2,046,223	1,400,269
Non-operating income		
Interests received	26,328	35,647
Dividends received	27,698	30,194
Gains on valuable resources recovery	21,709	11,526
Subsidy income	-	42,937
Technical advisory fee	32,382	2,434
Other non-operating income	31,557	45,320
Total non-operating income	139,677	168,061
Non-operating expenses		
Interest expense	3,584	3,007
Foreign exchange losses	4,950	53,666
Commission fee	3,901	3,510
Other non-operating expenses	2,695	9,404
Total non-operating expenses	15,133	69,587
Ordinary profit	2,170,767	1,498,743
Extraordinary income		
Gains on sales of fixed assets	4,228	1,341
Total extraordinary income	4,228	1,341
Extraordinary loss		
Loss on disposal and sales of fixed assets	3,304	9,154
Total extraordinary losses	3,304	9,154
Profit before income taxes	2,171,691	1,490,929
Income taxes-current	700,846	281,825
Income taxes-deferred	108	114,453
Total income taxes	700,954	396,279
Profit	1,470,736	1,094,650
Profit attributable to:		
Owners of parent	1,470,736	1,094,650
Other comprehensive income		
Cumulative securities holding gain	(77,724)	(53,294)
Foreign currency translation adjustments	(1,214,077)	17,820
Remeasurements of defined benefit plans, net of tax	1,376	1,735
Total other comprehensive income	(1,290,425)	(33,738)
Comprehensive income	180,310	1,060,911
Comprehensive income attributable to:		
Owners of parent	180,310	1,060,911

### **(3) Notes to Quarterly Consolidated Financial Statements**

#### **Going Concern Assumption**

Not applicable.

#### **Significant Changes in Shareholders' Equity**

Not applicable.

#### **Changes in Accounting Policies**

(Application of IFRS 16 *Leases*)

Our overseas subsidiaries adopting IFRS have applied IFRS 16 *Leases* (hereinafter “the standard”) from the first quarter of the fiscal year ending March 31, 2020. The standard requires a lessee to recognize, in principle, all leases as asset and liability on the balance sheet. The Group recognizes the cumulative effect of applying the standard at the date of initial application in accordance with the transitional measure permitted under the standard.

The effect of applying the standard on the quarterly consolidated financial statements is insignificant.

**Segment and Other Information**

## Segment Information

## I. First three months of FY3/2019 (Apr. 1, 2018 – Jun. 30, 2018)

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	9,711,035	974,311	1,529,721	175,975	12,391,044	3,218	12,394,262	-	12,394,262
Intersegment sales and transfers	31,542	21,005	394	-	52,941	-	52,941	(52,941)	-
Total	9,742,577	995,317	1,530,115	175,975	12,443,986	3,218	12,447,204	(52,941)	12,394,262
Segment profit (loss)	1,938,087	40,086	(32,199)	97,569	2,043,544	2,678	2,046,223	-	2,046,223

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

## II. First three months of FY3/2020 (Apr. 1, 2019 – Jun. 30, 2019)

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	8,681,401	1,431,408	1,455,845	191,701	11,760,357	2,941	11,763,298	-	11,763,298
Intersegment sales and transfers	11,520	4,311	-	-	15,832	-	15,832	(15,832)	-
Total	8,692,922	1,435,720	1,455,845	191,701	11,776,189	2,941	11,779,130	(15,832)	11,763,298
Segment profit	1,211,946	39,579	40,940	105,436	1,397,902	2,367	1,400,269	-	1,400,269

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. Total segment profit is equal to operating profit shown on the quarterly 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.*