

**Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2018  
(Nine Months Ended December 31, 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: February 9, 2018  
 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 9, 2018 at 15:30 (GMT +9).

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

**1. Consolidated Financial Results (April 1, 2017 – December 31, 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	%
Nine months ended Dec. 31, 2017	35,988	13.5	6,422	24.4	6,568	26.3	4,396	11.4
Nine months ended Dec. 31, 2016	31,696	(12.0)	5,162	8.6	5,201	10.0	3,947	25.5

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2017: 4,939 (-%)  
 Nine months ended Dec. 31, 2016: (319) (-%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Nine months ended Dec. 31, 2017	488.35	-
Nine months ended Dec. 31, 2016	435.37	-

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2017	71,929	56,826	79.0	6,312.58
As of Mar. 31, 2017	69,703	53,636	76.4	5,912.84

Reference: Shareholders' equity (million yen) As of Dec. 31, 2017: 56,825 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)				150.00	150.00

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

Regarding revisions to the dividend forecast, please refer to the press release "Revisions to Dividend Forecast (Dividend Increase)" that was announced today (February 9, 2018, Japanese version only).

**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: 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, 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 Dec. 31, 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

Nine months ended Dec. 31, 2017:	9,002,108 shares	Nine months ended Dec. 31, 2016:	9,067,608 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 3 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 nine months 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.

In the electronic devices market, which is the Uyemura Group’s main market area, demand for electronic components expanded due to improvement of automobile safety and convenience that has caused the number of on-board electrical components to increase, and sophistication of smartphones that has also caused the number of parts per unit to increase.

In this management environment, the Group has focused 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 35,988 million yen (up 13.5% year-over-year), operating profit 6,422 million yen (up 24.4% year-over-year), ordinary profit 6,568 million yen (up 26.3% year-over-year), and profit attributable to owners of parent 4,396 million yen (up 11.4% 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 15.9% year-over-year to 27,211 million yen, and segment profit increased 19.4% year-over-year to 5,788 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 12.1% year-over-year to 4,844 million yen, and there was a segment profit of 514 million yen (compared with a segment loss of 23 million yen for the same period of the previous fiscal year).

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

At the consolidated subsidiary in Thailand, which is our main manufacturing base, order environment has improved as the automobile industry in Thailand is showing signs of recovery. However, there was the effect of the slowing exports and sluggish domestic demand since the beginning of the fiscal year.

Thanks to stabilizing economy in Indonesia and recovering automobile industry, sales of the consolidated subsidiary in Indonesia rose 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 increased 1.3% year-over-year to 3,651 million yen, while there was a segment loss of 155 million yen (compared with a segment profit of 87 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 1.4% year-over-year to 541 million yen, and segment profit increased 4.5% to 310 million yen.

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

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

Total assets increased 2,225 million yen from the end of the previous fiscal year to 71,929 million yen at the end of the period under review. This was primarily attributable to a 2,123 million yen increase in notes and accounts receivable-trade, a 656 million yen increase in machinery and vehicles, net, a 631 million yen increase in land, and a 536 million yen increase in work in process, which were partially offset by a 754 million yen decrease in deferred tax assets (current), and a 172 million yen decrease in raw materials and supplies.

Total liabilities decreased 963 million yen from the end of the previous fiscal year to 15,102 million yen. This was primarily attributable to a 477 million yen decrease in income taxes payable and a 135 million yen decrease in long-term loans payable, which were partially offset by a 772 million yen increase in electronically recorded obligations-operating and a 310 million yen increase in deferred tax liabilities (non-current).

Total net assets increased 3,189 million yen from the end of the previous fiscal year to 56,826 million yen. This was primarily attributable to a 3,135 million yen increase in retained earnings and a 354 million yen increase in foreign currency translation adjustments, which were partially offset by a 407 million yen decrease in non-controlling interests.

As a result, the equity ratio increased by 2.6 percentage points from 76.4% at the end of the previous fiscal year to 79.0%.

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

We maintain the full-year consolidated forecasts for the fiscal year ending March 31, 2018 that we announced in the “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) dated November 10, 2017.

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)	Third quarter of FY3/2018 (As of Dec. 31, 2017)
<b>Assets</b>		
Current assets		
Cash and deposits with banks	31,254,565	31,205,842
Notes and accounts receivable-trade	11,276,010	13,399,170
Marketable securities	38,960	38,618
Merchandise and finished goods	2,003,559	1,960,782
Work in process	726,098	1,262,200
Raw materials and supplies	1,367,844	1,195,167
Deferred tax assets	976,613	222,174
Other current assets	1,792,623	696,589
Allowance for doubtful accounts	(56,210)	(51,886)
Total current assets	49,380,066	49,928,659
Fixed assets		
Tangible fixed assets		
Buildings and structures	20,153,872	20,525,128
Accumulated depreciation	(11,152,340)	(11,583,139)
Buildings and structures, net	9,001,532	8,941,988
Machinery and vehicles	9,253,396	10,503,129
Accumulated depreciation	(7,000,051)	(7,593,017)
Machinery and vehicles, net	2,253,345	2,910,112
Land	4,034,830	4,665,838
Lease assets	220,420	245,458
Accumulated depreciation	(114,030)	(121,638)
Lease assets, net	106,389	123,819
Construction in progress	996,634	1,233,906
Other tangible fixed assets	4,463,226	4,605,477
Accumulated depreciation	(3,419,923)	(3,580,753)
Other tangible fixed assets, net	1,043,302	1,024,724
Total tangible fixed assets	17,436,034	18,900,390
Intangible assets	360,424	305,780
Investments and other assets		
Investment securities	1,850,579	2,082,157
Net defined benefit asset	76,469	95,154
Deferred tax assets	138,608	161,361
Other investments and other assets	532,930	528,123
Allowance for doubtful accounts	(71,943)	(72,469)
Total investments and other assets	2,526,645	2,794,327
Total fixed assets	20,323,104	22,000,498
Total assets	69,703,170	71,929,157

	(Thousands of yen)	
	FY3/2017 (As of Mar. 31, 2017)	Third quarter of FY3/2018 (As of Dec. 31, 2017)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	1,994,497	1,973,067
Electronically recorded obligations-operating	2,581,602	3,354,534
Short-term loans payable	820,000	863,332
Current portion of long-term loans payable	235,167	175,199
Lease obligations	51,814	53,317
Income taxes payable	1,904,553	1,427,089
Accrued bonuses	151,154	51,974
Allowance for directors' bonuses	136,250	102,187
Other current liabilities	3,667,002	2,266,949
<b>Total current liabilities</b>	<b>11,542,042</b>	<b>10,267,652</b>
<b>Long-term liabilities</b>		
Long-term loans payable	220,174	84,999
Long-term guarantee deposit	574,659	588,936
Lease obligations	86,265	92,980
Deferred tax liabilities	2,634,092	2,944,103
Allowance for directors' retirement benefits	179,695	187,070
Net defined benefit liability	622,605	712,164
Other long-term liabilities	207,121	225,046
<b>Total long-term liabilities</b>	<b>4,524,613</b>	<b>4,835,301</b>
<b>Total liabilities</b>	<b>16,066,656</b>	<b>15,102,954</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	1,336,936	1,336,936
Capital surplus	1,321,570	1,270,978
Retained earnings	50,003,674	53,139,513
Treasury shares	(3,324,935)	(3,326,473)
<b>Total shareholders' equity</b>	<b>49,337,246</b>	<b>52,420,954</b>
<b>Accumulated other comprehensive income</b>		
Cumulative securities holding gain	824,565	980,503
Foreign currency translation adjustments	3,091,036	3,445,378
Remeasurements of defined benefit plans	(23,958)	(20,926)
<b>Total accumulated other comprehensive income</b>	<b>3,891,642</b>	<b>4,404,955</b>
<b>Non-controlling interests</b>	<b>407,625</b>	<b>293</b>
<b>Total net assets</b>	<b>53,636,514</b>	<b>56,826,203</b>
<b>Total liabilities and net assets</b>	<b>69,703,170</b>	<b>71,929,157</b>

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

(Thousands of yen)

	First nine months of FY3/2017 (Apr. 1, 2016 – Dec. 31, 2016)	First nine months of FY3/2018 (Apr. 1, 2017 – Dec. 31, 2017)
Sales	31,696,296	35,988,213
Cost of goods sold	19,546,459	22,225,831
Gross profit	12,149,836	13,762,382
Selling, general and administrative expenses	6,987,388	7,339,951
Operating profit	5,162,448	6,422,430
Non-operating income		
Interests received	84,419	77,015
Dividends received	32,871	41,194
Gains on valuable resources recovery	40,016	27,939
Other non-operating income	68,001	71,162
Total non-operating income	225,309	217,311
Non-operating expenses		
Interest expense	19,460	9,048
Foreign exchange losses	140,008	41,257
Commission fee	9,917	10,183
Other non-operating expenses	16,886	10,524
Total non-operating expenses	186,273	71,013
Ordinary profit	5,201,484	6,568,728
Extraordinary income		
Gains on sales of fixed assets	2,244	6,611
Total extraordinary income	2,244	6,611
Extraordinary loss		
Loss on disposal and sales of fixed assets	7,710	26,774
Total extraordinary losses	7,710	26,774
Profit before income taxes	5,196,018	6,548,565
Income taxes-current	1,354,346	1,155,039
Income taxes-deferred	(138,009)	976,986
Total income taxes	1,216,336	2,132,026
Profit	3,979,682	4,416,538
Profit attributable to:		
Owners of parent	3,947,756	4,396,154
Non-controlling interests	31,925	20,384
Other comprehensive income		
Cumulative securities holding gain	72,546	155,938
Foreign currency translation adjustments	(4,375,954)	363,641
Remeasurements of defined benefit plans, net of tax	4,415	3,032
Total other comprehensive income	(4,298,992)	522,611
Comprehensive income	(319,310)	4,939,150
Comprehensive income attributable to:		
Owners of parent	(300,646)	4,909,517
Non-controlling interests	(18,664)	29,633

**(3) 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 nine months of FY3/2017 (Apr. 1, 2016 – Dec. 31, 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	23,397,342	4,153,865	3,602,832	534,379	31,688,419	7,877	31,696,296	-	31,696,296
Intersegment sales and transfers	78,956	168,164	504	-	247,625	-	247,625	(247,625)	-
Total	23,476,299	4,322,029	3,603,336	534,379	31,936,044	7,877	31,943,921	(247,625)	31,696,296
Segment profit (loss)	4,848,166	(23,450)	87,564	297,263	5,209,544	6,238	5,215,783	(53,334)	5,162,448

- 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 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 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.