

**Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2018  
(Three Months Ended June 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: August 9, 2017  
 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 9, 2017 at 15:30 (GMT +9).

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

**1. Consolidated Financial Results (April 1, 2017 – June 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	%
Three months ended Jun. 30, 2017	11,399	8.8	1,830	32.9	1,867	50.3	1,301	22.3
Three months ended Jun. 30, 2016	10,474	(15.8)	1,378	(7.1)	1,242	(17.3)	1,064	21.4

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2017: 1,344 (-%)

Three months ended Jun. 30, 2016: (491) (down 138.4%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Three months ended Jun. 30, 2017	144.63	-
Three months ended Jun. 30, 2016	116.90	-

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2017	68,315	53,720	78.0	5,919.76
As of Mar. 31, 2017	69,703	53,636	76.4	5,912.84

Reference: Shareholders' equity (million yen)

As of Jun. 30, 2017: 53,291

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	-	-	-	-	-
Fiscal year ending Mar. 31, 2018 (forecast)	-	0.00	-	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
First half	20,520	0.2	3,100	3.3	3,180	13.3	2,170	(8.2)	239.75
Full year	44,660	6.1	6,920	22.0	7,090	23.9	4,290	(19.0)	473.97

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 Jun. 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 Jun. 30, 2017:	875,785 shares	As of Mar. 31, 2017:	875,785 shares
----------------------	----------------	----------------------	----------------

3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2017:	9,002,255 shares	Three months ended Jun. 30, 2016:	9,103,846 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 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
Segment and Other Information	7

## 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 modest recovery as employment conditions and personal income continued improving. However, the future prospects for the economy remained unclear with concerns over the rise of geopolitical risks overseas as well as the slowdown of the Chinese and other emerging economies.

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 as contrasted with continued sluggish demand for PCs. On the other hand, 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 thorough cost reductions, development of high value-added products, and proposal and sales activities for these products so as to make the operations more profitable.

As a result, consolidated sales for the period under review were 11,399 million yen (up 8.8% year-over-year), operating profit 1,830 million yen (up 32.9% year-over-year), ordinary profit 1,867 million yen (up 50.3% year-over-year), and profit attributable to owners of parent 1,301 million yen (up 22.3% year-over-year).

Performance by business segment is shown as below. The year-over-year changes are presented for reference.

#### 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 14.7% year-over-year to 8,575 million yen, and segment profit increased 33.6% year-over-year to 1,705 million yen.

#### 2) Surface finishing machinery business

Segment sales decreased year-over-year due to a decline in new contracts of machines as electronics component manufacturers and automotive parts manufacturers home and abroad have taken a prudent approach to capital investments in response to unclear outlook of the economy. However, segment profit increased year-over-year, turning to profitability because there no longer was impact of additional costs incurred related to the fabrication of plating machinery for semiconductor wafers, which we had worked on to pursue advanced technology until the previous fiscal year.

Consequently, sales in the surface finishing machinery business decreased 10.9% year-over-year to 1,511 million yen, while there was a segment profit of 75 million yen (compared with a segment loss of 0 million yen in the previous fiscal year).

#### 3) Plating job business

Segment sales decreased year-over-year, reporting a segment loss, due to reduced orders for plating job operations for exterior components of automobiles caused by the slump in the automobile industry in Thailand and Indonesia.

Consequently, sales in the plating job business decreased 8.3% year-over-year to 1,172 million yen, while there was a segment loss of 54 million yen (compared with a segment profit of 45 million yen in the previous fiscal year).

#### 4) Real estate rental business

Both segment sales and profit 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 6.1% year-over-year to 183 million yen, and segment profit increased 11.9% to 102 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 1,388 million yen from the end of the previous fiscal year to 68,315 million yen at the end of the period under review. This was primarily attributable to a 704 million yen decrease in cash and deposits with banks, a 311 million yen decrease in deferred tax assets (current), and a 244 million yen decrease in merchandise and finished goods, which were partially offset by a 935 million yen increase in construction in progress and a 119 million yen increase in work in process.

Total liabilities decreased 1,472 million yen from the end of the previous fiscal year to 14,594 million yen. This was primarily attributable to a 344 million yen decrease in notes and accounts payable-trade, a 341 million yen decrease in income taxes payable, and a 102 million yen decrease in allowance for directors' bonuses, which were partially offset by a 403 million yen increase in electronically recorded obligations-operating.

Total net assets increased 83 million yen from the end of the previous fiscal year to 53,720 million yen. This was primarily attributable to a 41 million yen increase in retained earnings and a 21 million yen increase in non-controlling interests.

As a result, the equity ratio increased by 1.6 percentage points from 76.4% at the end of the previous fiscal year to 78.0%.

## **(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, 2017" on May 12, 2017 as our performance is generally trended in line with the plan.

Actual results are affected by various factors and may differ substantially.

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

	(Thousands of yen)	
	FY3/2017 (As of Mar. 31, 2017)	First quarter of FY3/2018 (As of Jun. 30, 2017)
Assets		
Current assets		
Cash and deposits with banks	31,254,565	30,550,300
Notes and accounts receivable-trade	11,276,010	11,144,606
Marketable securities	38,960	37,563
Merchandise and finished goods	2,003,559	1,758,796
Work in process	726,098	845,872
Raw materials and supplies	1,367,844	1,407,749
Deferred tax assets	976,613	665,061
Other current assets	1,792,623	922,667
Allowance for doubtful accounts	(56,210)	(44,625)
Total current assets	49,380,066	47,287,992
Fixed assets		
Tangible fixed assets		
Buildings and structures	20,153,872	20,193,112
Accumulated depreciation	(11,152,340)	(11,328,801)
Buildings and structures, net	9,001,532	8,864,310
Machinery and vehicles	9,253,396	9,319,904
Accumulated depreciation	(7,000,051)	(7,155,850)
Machinery and vehicles, net	2,253,345	2,164,053
Land	4,034,830	4,055,007
Lease assets	220,420	235,193
Accumulated depreciation	(114,030)	(125,397)
Lease assets, net	106,389	109,795
Construction in progress	996,634	1,931,999
Other tangible fixed assets	4,463,226	4,527,065
Accumulated depreciation	(3,419,923)	(3,504,830)
Other tangible fixed assets, net	1,043,302	1,022,235
Total tangible fixed assets	17,436,034	18,147,402
Intangible assets	360,424	334,123
Investments and other assets		
Investment securities	1,850,579	1,864,977
Net defined benefit asset	76,469	73,238
Deferred tax assets	138,608	146,954
Other investments and other assets	532,930	531,133
Allowance for doubtful accounts	(71,943)	(70,705)
Total investments and other assets	2,526,645	2,545,598
Total fixed assets	20,323,104	21,027,124
Total assets	69,703,170	68,315,117

	(Thousands of yen)	
	FY3/2017 (As of Mar. 31, 2017)	First quarter of FY3/2018 (As of Jun. 30, 2017)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	1,994,497	1,649,540
Electronically recorded obligations-operating	2,581,602	2,984,914
Short-term loans payable	820,000	861,896
Current portion of long-term loans payable	235,167	197,207
Lease obligations	51,814	51,090
Income taxes payable	1,904,553	1,563,317
Accrued bonuses	151,154	78,305
Allowance for directors' bonuses	136,250	34,062
Other current liabilities	3,667,002	2,643,862
<b>Total current liabilities</b>	<b>11,542,042</b>	<b>10,064,197</b>
<b>Long-term liabilities</b>		
Long-term loans payable	220,174	167,844
Long-term guarantee deposit	574,659	588,783
Lease obligations	86,265	87,258
Deferred tax liabilities	2,634,092	2,642,721
Allowance for directors' retirement benefits	179,695	179,950
Net defined benefit liability	622,605	659,718
Other long-term liabilities	207,121	204,150
<b>Total long-term liabilities</b>	<b>4,524,613</b>	<b>4,530,426</b>
<b>Total liabilities</b>	<b>16,066,656</b>	<b>14,594,624</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	1,336,936	1,336,936
Capital surplus	1,321,570	1,321,570
Retained earnings	50,003,674	50,045,342
Treasury shares	(3,324,935)	(3,324,935)
<b>Total shareholders' equity</b>	<b>49,337,246</b>	<b>49,378,914</b>
<b>Accumulated other comprehensive income</b>		
Cumulative securities holding gain	824,565	834,182
Foreign currency translation adjustments	3,091,036	3,101,025
Remeasurements of defined benefit plans	(23,958)	(22,947)
<b>Total accumulated other comprehensive income</b>	<b>3,891,642</b>	<b>3,912,260</b>
Non-controlling interests	407,625	429,318
<b>Total net assets</b>	<b>53,636,514</b>	<b>53,720,493</b>
<b>Total liabilities and net assets</b>	<b>69,703,170</b>	<b>68,315,117</b>

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

(Thousands of yen)

	First three months of FY3/2017 (Apr. 1, 2016 – Jun. 30, 2016)	First three months of FY3/2018 (Apr. 1, 2017 – Jun. 30, 2017)
Sales	10,474,494	11,399,686
Cost of goods sold	6,695,363	7,119,885
Gross profit	3,779,131	4,279,800
Selling, general and administrative expenses	2,401,104	2,448,962
Operating profit	1,378,026	1,830,837
Non-operating income		
Interests received	30,834	20,891
Dividends received	22,967	28,743
Gains on valuable resources recovery	13,790	16,443
Other non-operating income	12,966	20,840
Total non-operating income	80,557	86,918
Non-operating expenses		
Interest expense	7,157	4,966
Foreign exchange losses	190,810	40,236
Other non-operating expenses	18,519	5,109
Total non-operating expenses	216,486	50,311
Ordinary profit	1,242,097	1,867,444
Extraordinary income		
Gains on sales of fixed assets	72	2,674
Total extraordinary income	72	2,674
Extraordinary loss		
Loss on disposal and sales of fixed assets	1,460	449
Total extraordinary losses	1,460	449
Profit before income taxes	1,240,710	1,869,668
Income taxes-current	238,192	244,824
Income taxes-deferred	(74,238)	311,444
Total income taxes	163,954	556,268
Profit	1,076,755	1,313,399
Profit attributable to:		
Owners of parent	1,064,209	1,301,983
Non-controlling interests	12,546	11,415
Other comprehensive income		
Cumulative securities holding gain	(35,093)	9,617
Foreign currency translation adjustments	(1,534,172)	20,266
Remeasurements of defined benefit plans, net of tax	1,471	1,010
Total other comprehensive income	(1,567,793)	30,894
Comprehensive income	(491,038)	1,344,294
Comprehensive income attributable to:		
Owners of parent	(484,302)	1,322,601
Non-controlling interests	(6,735)	21,692



**(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 three months of FY3/2017 (Apr. 1, 2016 – Jun. 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	7,439,167	1,579,588	1,277,954	173,082	10,469,793	4,701	10,474,494	-	10,474,494
Intersegment sales and transfers	40,017	117,690	392	-	158,100	-	158,100	(158,100)	-
Total	7,479,185	1,697,279	1,278,346	173,082	10,627,893	4,701	10,632,594	(158,100)	10,474,494
Segment profit (loss)	1,276,378	(199)	45,064	91,523	1,412,766	3,667	1,416,433	(38,406)	1,378,026

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 three months of FY3/2018 (Apr. 1, 2017 – Jun. 30, 2017)

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	8,543,279	1,498,523	1,171,871	183,622	11,397,298	2,387	11,399,686	-	11,399,686
Intersegment sales and transfers	32,649	13,391	360	-	46,401	-	46,401	(46,401)	-
Total	8,575,929	1,511,915	1,172,232	183,622	11,443,699	2,387	11,446,087	(46,401)	11,399,686
Segment profit (loss)	1,705,458	75,952	(54,922)	102,372	1,828,860	1,977	1,830,837	-	1,830,837

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.

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.