

**Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2017
(Three Months Ended June 30, 2016)**

[Japanese GAAP]

Company name: **C. Uyemura & Co., Ltd.** Listing: Second Section of the Tokyo Stock Exchange
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Scheduled date of filing of Quarterly Report: August 9, 2016

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, 2016 at 15:30 (GMT +9).

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

1. Consolidated Financial Results (April 1, 2016 – June 30, 2016)

(1) Results of operations

(Percentages represent year-over-year changes.)

	Sales		Operating income		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 30, 2016	10,474	(15.8)	1,378	(7.1)	1,242	(17.3)	1,064	21.4
Three months ended Jun. 30, 2015	12,440	23.2	1,482	16.1	1,502	10.0	876	7.0

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2016: (491) (down 138.4%)

Three months ended Jun. 30, 2015: 1,279 (up 687.8%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Three months ended Jun. 30, 2016	116.90	-
Three months ended Jun. 30, 2015	96.26	-

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2016	65,045	48,939	74.6	5,333.03
As of Mar. 31, 2016	67,931	50,522	73.8	5,506.23

Reference: Shareholders' equity (million yen)

As of Jun. 30, 2016: 48,551

As of Mar. 31, 2016: 50,127

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2016	-	0.00	-	120.00	120.00
Fiscal year ending Mar. 31, 2017	-	-	-	-	-
Fiscal year ending Mar. 31, 2017 (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, 2017 (April 1, 2016 – March 31, 2017)

(Percentages represent year-over-year changes.)

	Sales		Operating income		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	21,450	(12.9)	3,320	7.4	3,330	6.8	2,070	16.9	227.38
Full year	45,310	(4.7)	7,030	4.9	7,040	5.4	3,970	(6.6)	436.08

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, 2016:	9,878,040 shares	As of Mar. 31, 2016:	9,878,040 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2016:	774,194 shares	As of Mar. 31, 2016:	774,194 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2016:	9,103,846 shares	Three months ended Jun. 30, 2015:	9,103,846 shares
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***Indication of quarterly review procedure implementation status**

This quarterly summary report is not subject to the quarterly review procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure, the review procedures for the quarterly consolidated financial statements have been completed.

***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 quarter of the fiscal year under review remained on track to modest recovery as employment conditions and personal income kept improving. However, the future prospects for the economy remained uncertain with disruption of production of automotive parts and electronics parts due to the 2016 Kumamoto Earthquake that occurred in April, as well as the slowdown of the Chinese and other emerging economies, and a sharp fluctuation of foreign exchange rate caused by the decision of the UK leaving the EU.

In the electronic devices market, which is the Uyemura Group's main market area, the production of on-board electronics components increased along with a movement to ensure automotive safety and improved convenience, but the production of smartphones, which had been a driver of the market, was weak and it was especially so for the high-end models.

In this management environment, the Group has focused its management efforts on thorough cost reductions, development of high value-added products and proposal and sales activities over them so as to make the operations more profitable. However, it was affected by the production adjustment of the smartphone suppliers and slowdown of the emerging economies.

As a result, consolidated sales for the first three months amounted to 10,474 million yen (down 15.8% year-over-year), operating income 1,378 million yen (down 7.1% year-over-year), ordinary profit 1,242 million yen (down 17.3% year-over-year), and profit attributable to owners of parent 1,064 million yen (up 21.4% 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 decreased due to the production adjustment on the high-end smartphones. Sales of plating chemicals for hard disks also decreased due to the production adjustment on the aluminum magnetic disks for servers.

Furthermore, sales of non-ferrous metals, industrial chemicals and other merchandise also decreased year-over-year due to the reduction in unit selling prices in conjunction with a falling market prices of nickel and cooper, as well as a downturn in the Chinese and other emerging economies.

Consequently, sales in the surface finishing materials business decreased 20.8% year-over-year to 7,479 million yen, and segment profit decreased 18.0% to 1,276 million yen.

2) Surface finishing machinery business

Sales decreased year-over-year due to 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 profits improved as a result of cost reductions and review of production efficiency.

Consequently, sales in the surface finishing machinery business decreased 8.6% year-over-year to 1,697 million yen, while there was a segment loss of 0 million yen (compared with a segment loss of 78 million yen in the same period of the previous fiscal year).

3) Plating job business

As the consolidated subsidiary in Thailand, which is our main manufacturing base in this segment, continued steady mass production of a plating job for rigid polycarbonate ABS plastics—materials used for door-knobs on automobiles, both the segment sales and profits rose year-over-year.

Consequently, sales in the plating job business increased 25.8% year-over-year to 1,278 million yen, while there

was a segment profit of 45 million yen (compared with a segment loss of 97 million yen in the same period of the previous fiscal year).

4) Real estate rental business

Both sales and segment profit decreased year-over-year due to a slight decline in the occupancy rate of the office buildings and due to conducting repair of the facilities.

Consequently, sales in the real estate rental business decreased 3.3% year-over-year to 173 million yen, and segment profit decreased 9.5% to 91 million yen.

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

(2) Explanation of Financial Position

Total assets decreased 2,886 million yen from the end of the previous fiscal year to 65,045 million yen at the end of the first quarter of the current fiscal year. This was primarily attributable to a 923 million yen decrease in cash and deposits, a 590 million yen decrease in notes and accounts receivable-trade and a 379 million yen decrease in construction in progress, which were partially offset by a 268 million yen increase in machinery and vehicles, net and a 197 million yen increase in work in process.

Total liabilities decreased 1,303 million yen from the end of the previous fiscal year to 16,105 million yen. This was primarily attributable to a 347 million yen decrease in electronically recorded obligations-operating, a 305 million yen decrease in income taxes payable and a 209 million yen decrease in notes and accounts payable-trade, which were partially offset by a 100 million yen increase in short-term loans payable.

Total net assets decreased 1,583 million yen from the end of the previous fiscal year to 48,939 million yen. This was primarily attributable to a 1,514 million yen decrease in foreign currency translation adjustments, a 35 million yen decrease in cumulative securities holding gain and a 28 million yen decrease in retained earnings, which were partially offset by a 1 million yen increase in remeasurements of defined benefit plans.

As a result, the equity ratio increased by 0.8 percentage point from 73.8% at the end of the previous fiscal year to 74.6%.

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

We maintain the first-half and full-year consolidated forecasts that we announced in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2016” on May 13, 2016 as our performance is generally trended in line with the plan.

It is, however, noted that actual results are affected by various factors and may differ substantially.

2. Matters Related to Summary Information (Notes)

(1) Changes in Consolidated Subsidiaries during the Period

Not applicable.

(2) Application of the Specific Method for Accounting Treatment for Preparation of Quarterly Consolidated Financial Statements

Not applicable.

(3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements

Not applicable.

(4) Additional information

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)

Effective from the first quarter of the current fiscal year, the Company has applied the “Implementation Guidance on Recoverability of Deferred Tax Assets” (Accounting Standards Board of Japan (ASBJ) Guidance No. 26, March 28, 2016).

3. Important Information about Going Concern Assumption

Not applicable.

4. Quarterly Consolidated Financial Statements**(1) Consolidated Balance Sheets**

(Thousands of yen)

	FY3/2016 (As of Mar. 31, 2016)	First quarter of FY3/2017 (As of Jun. 30, 2016)
Assets		
Current assets		
Cash and deposits with banks	28,559,208	27,635,400
Notes and accounts receivable-trade	11,428,997	10,838,348
Marketable securities	40,377	37,128
Merchandise and finished goods	1,808,629	1,695,574
Work in process	771,100	968,834
Raw materials and supplies	1,529,009	1,340,980
Deferred tax assets	791,640	742,504
Other current assets	2,553,753	2,061,470
Allowance for doubtful accounts	(45,579)	(43,401)
Total current assets	47,437,138	45,276,840
Fixed assets		
Tangible fixed assets		
Buildings and structures	20,129,516	19,797,920
Accumulated depreciation	(10,565,778)	(10,608,248)
Buildings and structures, net	9,563,737	9,189,671
Machinery and vehicles	9,077,255	9,247,873
Accumulated depreciation	(6,932,522)	(6,834,250)
Machinery and vehicles, net	2,144,732	2,413,623
Land	3,771,683	3,694,090
Lease assets	215,577	224,170
Accumulated depreciation	(95,836)	(106,415)
Lease assets, net	119,740	117,754
Construction in progress	900,928	521,353
Other tangible fixed assets	4,108,583	4,067,720
Accumulated depreciation	(3,148,791)	(3,187,812)
Other tangible fixed assets, net	959,792	879,908
Total tangible fixed assets	17,460,615	16,816,401
Intangible assets	429,520	417,254
Investments and other assets		
Investment securities	1,529,839	1,470,154
Net defined benefit asset	49,162	50,539
Deferred tax assets	90,263	103,937
Other investments and other assets	1,011,478	983,786
Allowance for doubtful accounts	(76,104)	(73,602)
Total investments and other assets	2,604,639	2,534,815
Total fixed assets	20,494,774	19,768,471
Total assets	67,931,912	65,045,311

	(Thousands of yen)	
	FY3/2016 (As of Mar. 31, 2016)	First quarter of FY3/2017 (As of Jun. 30, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,727,654	1,518,229
Electronically recorded obligations-operating	2,901,329	2,553,646
Short-term loans payable	851,396	951,683
Current portion of long-term loans payable	399,514	355,646
Lease obligations	51,002	51,653
Income taxes payable	1,912,422	1,607,243
Accrued bonuses	144,671	77,243
Allowance for directors' bonuses	120,200	30,050
Other current liabilities	3,360,950	3,310,061
Total current liabilities	11,469,140	10,455,458
Long-term liabilities		
Long-term loans payable	473,428	367,618
Long-term guarantee deposit	580,317	574,824
Lease obligations	113,280	106,944
Deferred tax liabilities	3,900,650	3,778,512
Allowance for directors' retirement benefits	165,595	169,120
Net defined benefit liability	502,512	509,174
Other long-term liabilities	204,008	144,180
Total long-term liabilities	5,939,792	5,650,374
Total liabilities	17,408,933	16,105,832
Net assets		
Shareholders' equity		
Common stock	1,336,936	1,336,936
Capital surplus	1,321,581	1,321,581
Retained earnings	45,802,745	45,774,493
Treasury shares	(2,826,802)	(2,826,802)
Total shareholders' equity	45,634,461	45,606,209
Accumulated other comprehensive income		
Cumulative securities holding gain	675,459	640,366
Foreign currency translation adjustments	3,859,873	2,344,983
Remeasurements of defined benefit plans	(41,970)	(40,498)
Total accumulated other comprehensive income	4,493,363	2,944,851
Non-controlling interests	395,154	388,418
Total net assets	50,522,979	48,939,479
Total liabilities and net assets	67,931,912	65,045,311

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

(Thousands of yen)

	First three months of FY3/2016 (Apr. 1, 2015 – Jun. 30, 2015)	First three months of FY3/2017 (Apr. 1, 2016 – Jun. 30, 2016)
Sales	12,440,561	10,474,494
Cost of goods sold	8,471,986	6,695,363
Gross profit	3,968,575	3,779,131
Selling, general and administrative expenses	2,485,821	2,401,104
Operating income	1,482,753	1,378,026
Non-operating income		
Interests received	41,727	30,834
Dividends received	21,196	22,967
Gains on valuable resources recovery	10,594	13,790
Other non-operating income	19,533	12,966
Total non-operating income	93,051	80,557
Non-operating expenses		
Interest expense	10,788	7,157
Foreign exchange losses	52,159	190,810
Other non-operating expenses	10,731	18,519
Total non-operating expenses	73,679	216,486
Ordinary profit	1,502,125	1,242,097
Extraordinary income		
Gains on sales of fixed assets	875	72
Total extraordinary income	875	72
Extraordinary loss		
Loss on disposal and sales of fixed assets	1,218	1,460
Total extraordinary losses	1,218	1,460
Profit before income taxes	1,501,782	1,240,710
Income taxes-current	432,459	238,192
Income taxes-deferred	176,637	(74,238)
Total income taxes	609,096	163,954
Profit	892,686	1,076,755
Profit attributable to:		
Owners of parent	876,365	1,064,209
Non-controlling interests	16,320	12,546
Other comprehensive income		
Cumulative securities holding gain	185,560	(35,093)
Foreign currency translation adjustments	201,013	(1,534,172)
Remeasurements of defined benefit plans, net of tax	181	1,471
Total other comprehensive income	386,755	(1,567,793)
Comprehensive income	1,279,441	(491,038)
Comprehensive income attributable to:		
Owners of parent	1,250,853	(484,302)
Non-controlling interests	28,588	(6,735)

(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 FY3/2016 (Apr. 1, 2015 – Jun. 30, 2015)

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	9,389,198	1,854,688	1,016,014	179,051	12,438,953	1,607	12,440,561	-	12,440,561
Intersegment sales and transfers	52,494	2,226	402	-	55,123	-	55,123	(55,123)	-
Total	9,441,693	1,856,915	1,016,416	179,051	12,494,077	1,607	12,495,685	(55,123)	12,440,561
Segment profit (loss)	1,557,172	(78,954)	(97,889)	101,150	1,481,477	1,275	1,482,753	-	1,482,753

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

II. 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 consists of activities that are not included in any of the four reportable segments, and its sales include loyalty revenue.

2. Adjustment of segment profit (loss) includes elimination of inter-segment transaction.

3. Segment profit (loss) is adjusted to be consistent with operating income 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.