

**Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2019  
(Six Months Ended September 30, 2018)**

[Japanese GAAP]

Company name: **C. Uyemura & Co., Ltd.** Listing: Second Section of the Tokyo Stock Exchange  
 Stock code: 4966 URL: <https://www.uyemura.co.jp/>  
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 Scheduled date of filing of Quarterly Report: November 12, 2018  
 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 12, 2018 at 13:20 (GMT +9).*

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

**1. Consolidated Financial Results (April 1, 2018 – September 30, 2018)**

(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, 2018	25,163	10.3	4,038	4.6	4,272	8.3	2,758	5.6
Six months ended Sep. 30, 2017	22,812	11.4	3,860	28.6	3,944	40.5	2,612	10.5

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2018: 1,550 (down 42.3%)  
 Six months ended Sep. 30, 2017: 2,686 (-%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Six months ended Sep. 30, 2018	306.40	-
Six months ended Sep. 30, 2017	290.21	-

## (2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2018	74,258	58,425	78.7	6,490.37
As of Mar. 31, 2018	73,611	58,225	79.1	6,468.14

Reference: Shareholders' equity (million yen) As of Sep. 30, 2018: 58,425 As of Mar. 31, 2018: 58,225

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2018	-	0.00	-	150.00	150.00
Fiscal year ending Mar. 31, 2019	-	0.00			
Fiscal year ending Mar. 31, 2019 (forecast)			-	150.00	150.00

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

**3. Consolidated Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)**

(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	51,390	6.8	8,430	1.3	8,550	1.5	5,120	(4.1)	568.76

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 Sep. 30, 2018:	9,878,040 shares	As of Mar. 31, 2018:	9,878,040 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2018:	876,129 shares	As of Mar. 31, 2018:	876,091 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2018:	9,001,917 shares	Six months ended Sep. 30, 2017:	9,002,159 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 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 corporate earnings stayed resilient, and employment conditions and personal income moderately improved. Meanwhile, the world economy has been recovering, but its outlook still remains unclear due to concerns about the impacts of the U.S. economic and trade policies, as well as the risk of rising crude oil prices.

In the electronic devices market, which is the Uyemura Group’s main market area, the demand for electronic components expanded thanks to the advancement of the mounting technology that allows smartphones to be more functional and high-performing, as well as a phenomenal increase in the number of on-board electrical components for car electronics.

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 25,163 million yen (up 10.3% year-over-year), operating profit 4,038 million yen (up 4.6% year-over-year), ordinary profit 4,272 million yen (up 8.3% year-over-year), and profit attributable to owners of parent 2,758 million yen (up 5.6% 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 year-over-year thanks to the continued strong demand for electronic components used for smartphones and car electronics products. In particular for car electronics applications, trends for improved safety and eco-friendliness caused sales of the plating chemicals for automotive power devices and on-board camera modules to increase and exceed those for the same period of the previous fiscal year.

Consequently, sales in the surface finishing materials business increased 13.2% year-over-year to 19,843 million yen, and segment profit increased 16.0% year-over-year to 4,057 million yen.

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

In the electronic components industry, capital investments to accommodate demand for new thin and high-density wiring boards for high-end smartphones ran their course. This caused the segment to report a year-over-year decrease in sales. In addition, the segment reported a loss due to a squeeze in profit margin caused by price competition mainly in Greater China and additional costs incurred by a change in specifications.

Consequently, sales in the surface finishing machinery business decreased 32.4% year-over-year to 1,899 million yen, while there was a segment loss of 134 million yen (compared with a segment profit of 317 million yen in the same period of the previous fiscal year).

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

Sales of the segment increased year-over-year thanks to a solid growth in orders of plating job operations for automotive PWBs received by the consolidated subsidiary in Taiwan as well as the recovering automobile industry in Thailand and Indonesia. In terms of profitability, an improved yield helped reduce the amount of a segment loss.

Consequently, sales in the plating job business increased 34.4% year-over-year to 3,153 million yen, while there was a segment loss of 1 million yen (compared with a segment loss of 126 million yen in the same period of the previous fiscal year).

#### 4) Real estate rental business

The real estate rental business was adversely affected by an increased cost due to major renovation of an office building for rent in Shin-Osaka, resulting in a year-over-year decrease in both sales and segment profit.

Consequently, sales in the real estate rental business decreased 0.2% year-over-year to 361 million yen, and segment profit decreased 46.6% year-over-year to 110 million yen.

Meanwhile, intersegment sales and transfers are included in the above segment sales.

#### (2) Explanation of Financial Position

##### 1) Changes in financial position

Total assets increased 647 million yen from the end of the previous fiscal year to 74,258 million yen at the end of the period under review. This was primarily attributable to a 1,162 million yen increase in cash and deposits with banks, a 186 million yen increase in work in process, and a 158 million yen increase in merchandise and finished goods, which were partially offset by a 600 million yen decrease in notes and accounts receivable-trade, a 387 million yen decrease in construction in progress, and a 339 million yen decrease in machinery and vehicles, net.

Total liabilities increased 447 million yen from the end of the previous fiscal year to 15,832 million yen. This was primarily attributable to a 605 million yen increase in income taxes payable and a 359 million yen increase in electronically recorded obligations-operating, which were partially offset by a 436 million yen decrease in notes and accounts payable-trade and a 76 million yen decrease in allowance for directors' bonuses.

Total net assets increased 199 million yen from the end of the previous fiscal year to 58,425 million yen. This was primarily attributable to a 1,407 million yen increase in retained earnings, which was partially offset by a 1,191 million yen decrease in foreign currency translation adjustments.

As a result, the equity ratio decreased by 0.4 percentage points from 79.1% at the end of the previous fiscal year to 78.7%.

##### 2) Cash flows

Cash and cash equivalents (hereinafter, "net cash") at the end of the period under review increased 1,496 million yen from the end of the previous fiscal year to 29,141 million yen.

A summary of cash flows is as follows:

##### (Cash flows from operating activities)

Net cash provided by operating activities was 4,655 million yen (compared with net cash provided of 3,023 million yen in the same period of the previous fiscal year). Positive factors included profit before income taxes of 4,143 million yen, depreciation and amortization of 985 million yen, and a 711 million yen increase in notes and accounts payable-trade, while negative factors included income taxes paid of 742 million yen and a 616 million yen increase in inventories.

##### (Cash flows from investing activities)

Net cash used in investing activities was 1,310 million yen (compared with net cash used of 1,510 million yen in the same period of the previous fiscal year). Positive factors included proceeds from withdrawal of time deposits of 832 million yen, while negative factors included payment for acquisition of fixed assets of 1,490 million yen and payments into time deposits of 667 million yen.

##### (Cash flows from financing activities)

Net cash used in financing activities was 1,470 million yen (compared with net cash used of 1,867 million yen in the same period of the previous fiscal year). Negative factors included cash dividends paid of 1,350 million yen and repayments for long-term loans payable of 80 million yen.

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

We have maintained the full-year consolidated forecasts that we announced in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2018” on May 11, 2018 as our performance has largely trended in line with the plan.

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)

	FY3/2018 (As of Mar. 31, 2018)	Second quarter of FY3/2019 (As of Sep. 30, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits with banks	31,403,251	32,565,448
Notes and accounts receivable-trade	13,536,467	12,936,137
Marketable securities	40,581	39,718
Merchandise and finished goods	2,027,445	2,186,117
Work in process	1,263,488	1,449,982
Raw materials and supplies	1,146,193	1,261,546
Other current assets	782,927	1,334,997
Allowance for doubtful accounts	(51,936)	(56,143)
Total current assets	50,148,416	51,717,805
Fixed assets		
Tangible fixed assets		
Buildings and structures	20,671,622	20,904,736
Accumulated depreciation	(12,007,809)	(12,185,972)
Buildings and structures, net	8,663,812	8,718,763
Machinery and vehicles	10,890,322	10,564,537
Accumulated depreciation	(8,052,879)	(8,066,504)
Machinery and vehicles, net	2,837,443	2,498,033
Land	4,692,402	4,511,108
Lease assets	203,539	235,441
Accumulated depreciation	(115,901)	(133,418)
Lease assets, net	87,638	102,023
Construction in progress	1,950,302	1,563,274
Other tangible fixed assets	4,750,187	4,759,386
Accumulated depreciation	(3,667,656)	(3,716,258)
Other tangible fixed assets, net	1,082,531	1,043,128
Total tangible fixed assets	19,314,130	18,436,331
Intangible assets	302,273	277,528
Investments and other assets		
Investment securities	3,037,070	3,010,717
Net defined benefit asset	90,535	100,321
Deferred tax assets	243,565	243,729
Other investments and other assets	548,517	543,896
Allowance for doubtful accounts	(73,365)	(71,705)
Total investments and other assets	3,846,323	3,826,959
Total fixed assets	23,462,726	22,540,820
Total assets	73,611,143	74,258,626

	(Thousands of yen)	
	FY3/2018 (As of Mar. 31, 2018)	Second quarter of FY3/2019 (As of Sep. 30, 2018)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	2,715,595	2,278,833
Electronically recorded obligations-operating	3,179,285	3,538,564
Short-term loans payable	882,448	860,910
Current portion of long-term loans payable	171,704	124,774
Lease obligations	53,014	58,356
Income taxes payable	1,760,095	2,366,009
Accrued bonuses	154,369	284,654
Allowance for directors' bonuses	152,950	76,400
Other current liabilities	2,111,939	2,053,100
<b>Total current liabilities</b>	<b>11,181,402</b>	<b>11,641,603</b>
<b>Long-term liabilities</b>		
Long-term loans payable	42,676	-
Long-term guarantee deposit	592,790	607,584
Lease obligations	86,847	89,014
Deferred tax liabilities	2,323,677	2,320,732
Allowance for directors' retirement benefits	190,595	197,975
Net defined benefit liability	736,907	743,863
Other long-term liabilities	230,380	232,133
<b>Total long-term liabilities</b>	<b>4,203,874</b>	<b>4,191,302</b>
<b>Total liabilities</b>	<b>15,385,277</b>	<b>15,832,906</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	54,080,028	55,487,881
Treasury shares	(3,326,952)	(3,327,258)
<b>Total shareholders' equity</b>	<b>53,359,762</b>	<b>54,767,309</b>
<b>Accumulated other comprehensive income</b>		
Cumulative securities holding gain	917,857	898,808
Foreign currency translation adjustments	3,957,658	2,766,260
Remeasurements of defined benefit plans	(9,412)	(6,659)
<b>Total accumulated other comprehensive income</b>	<b>4,866,103</b>	<b>3,658,409</b>
<b>Total net assets</b>	<b>58,225,865</b>	<b>58,425,719</b>
<b>Total liabilities and net assets</b>	<b>73,611,143</b>	<b>74,258,626</b>



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

	(Thousands of yen)	
	First six months of FY3/2018 (Apr. 1, 2017 – Sep. 30, 2017)	First six months of FY3/2019 (Apr. 1, 2018 – Sep. 30, 2018)
Sales	22,812,010	25,163,119
Cost of goods sold	14,116,057	16,137,341
Gross profit	8,695,952	9,025,778
Selling, general and administrative expenses	4,835,119	4,987,461
Operating profit	3,860,833	4,038,316
Non-operating income		
Interests received	44,493	53,311
Dividends received	34,124	34,870
Gains on valuable resources recovery	17,880	33,225
Technical advisory fee	-	48,311
Other non-operating income	44,287	90,298
Total non-operating income	140,786	260,017
Non-operating expenses		
Interest expense	5,078	9,373
Foreign exchange losses	40,111	3,308
Commission fee	7,018	7,424
Other non-operating expenses	4,870	6,055
Total non-operating expenses	57,079	26,162
Ordinary profit	3,944,540	4,272,172
Extraordinary income		
Gains on sales of fixed assets	5,384	6,083
Total extraordinary income	5,384	6,083
Extraordinary loss		
Loss on disposal and sales of fixed assets	14,542	12,195
Impairment loss	-	122,929
Total extraordinary losses	14,542	135,124
Profit before income taxes	3,935,382	4,143,130
Income taxes-current	532,922	1,389,105
Income taxes-deferred	769,456	(4,120)
Total income taxes	1,302,378	1,384,984
Profit	2,633,003	2,758,145
Profit attributable to:		
Owners of parent	2,612,543	2,758,145
Non-controlling interests	20,459	-
Other comprehensive income		
Cumulative securities holding gain	50,135	(19,048)
Foreign currency translation adjustments	1,647	(1,191,397)
Remeasurements of defined benefit plans, net of tax	2,021	2,752
Total other comprehensive income	53,805	(1,207,693)
Comprehensive income	2,686,808	1,550,452
Comprehensive income attributable to:		
Owners of parent	2,657,098	1,550,452
Non-controlling interests	29,709	-

**(3) Consolidated Statements of Cash Flows**

(Thousands of yen)

	First six months of FY3/2018 (Apr. 1, 2017 – Sep. 30, 2017)	First six months of FY3/2019 (Apr. 1, 2018 – Sep. 30, 2018)
Cash flows from operating activities		
Profit before income taxes	3,935,382	4,143,130
Depreciation and amortization	966,901	985,290
Impairment loss	-	122,929
Increase (decrease) in allowance for doubtful accounts	(8,113)	6,297
Increase (decrease) in allowance for directors' bonuses	(68,125)	(76,550)
Increase (decrease) in net defined benefit liability	54,949	39,833
Decrease (increase) in net defined benefit asset	2,250	(9,957)
Increase (decrease) in allowance for directors' retirement benefits	3,850	7,380
Interests and dividends income	(78,618)	(88,181)
Interest expense	5,078	9,373
Losses (gains) on disposal and sales of fixed assets	9,158	6,280
Decrease (increase) in notes and accounts receivable-trade	(446,937)	270,063
Decrease (increase) in inventories	(502,557)	(616,786)
Increase (decrease) in notes and accounts payable-trade	732,395	711,936
Others	(776,764)	(198,447)
Subtotal	3,828,850	5,312,590
Interests and dividends received	86,306	90,492
Interests paid	(9,957)	(5,875)
Income taxes paid	(881,539)	(742,096)
Net cash provided by operating activities	3,023,659	4,655,111
Cash flows from investing activities		
Payments into time deposits	(577,027)	(667,782)
Proceeds from withdrawal of time deposits	1,039,372	832,806
Payment for acquisition of fixed assets	(1,947,668)	(1,490,484)
Proceeds from sales of fixed assets	9,636	22,981
Payment for acquisition of investment securities	(5,307)	(5,665)
Others	(29,478)	(2,392)
Net cash used in investing activities	(1,510,473)	(1,310,537)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	43,211	(12,168)
Repayments for long-term loans payable	(136,100)	(80,271)
Repayments for lease obligations	(28,336)	(27,558)
Payment for acquisition of treasury shares	(1,538)	(306)
Payment for acquisition of treasury shares of subsidiaries	(484,693)	-
Cash dividends paid	(1,260,315)	(1,350,292)
Net cash used in financing activities	(1,867,773)	(1,470,596)
Effect of exchange rate changes on cash and cash equivalents	(61,733)	(377,845)
Increase (decrease) in cash and cash equivalents	(416,320)	1,496,132
Cash and cash equivalents at beginning of period	27,731,847	27,645,553
Cash and cash equivalents at end of period	27,315,526	29,141,685

**(4) Notes to Quarterly Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Additional Information**(Application of *Partial Amendments to Accounting Standard for Tax Effect Accounting*, etc.)

Effective from the beginning of the current period, the Company applied *Partial Amendments to Accounting Standard for Tax Effect Accounting* (ASBJ Statement No. 28, February 16, 2018) and other related pronouncements. Accordingly, deferred tax assets and deferred tax liabilities have been presented in the investments and other assets section and the long-term liabilities section of the balance sheet, respectively.

**Segment and Other Information****Segment Information**

I. 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.

II. First six months of FY3/2019 (Apr. 1, 2018 – Sep. 30, 2018)

1. 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	19,772,742	1,868,883	3,152,927	361,979	25,156,532	6,587	25,163,119	-	25,163,119
Intersegment sales and transfers	70,845	30,580	394	-	101,820	-	101,820	(101,820)	-
Total	19,843,587	1,899,464	3,153,321	361,979	25,258,353	6,587	25,264,940	(101,820)	25,163,119
Segment profit (loss)	4,057,898	(134,473)	(1,143)	110,530	4,032,811	5,504	4,038,316	-	4,038,316

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.

2. Information related to impairment losses on fixed assets or goodwill, etc. for each reportable segment

Significant impairment losses related to fixed assets

An impairment loss of 122,929 thousand yen was recognized in the plating job business segment.

*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.*