



February 3, 2017

**Summary of Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2017
(Nine Months Ended December 31, 2016)**

[Japanese GAAP]

Company name: JCU CORPORATION
 Stock code: 4975
 Representative: Keiji Ozawa, Chairman and CEO
 Contact: Masashi Kimura,

Listing: Tokyo Stock Exchange, First Section
 URL: <http://www.jcu-i.com/>

Director and Managing Executive Officer, General Manager of Management Strategy Office

Tel: +81-3-6895-7004

Scheduled date of filing of Quarterly Report:

February 9, 2017

Scheduled date of payment of dividend:

-

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 3, 2017 at 15:30. (GMT +9).

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

**1. Consolidated Financial Results for the Nine Months Ended December 31, 2016
(April 1, 2016 – December 31, 2016)**

(1) Consolidated results of operations

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Dec. 31, 2016	15,852	8.0	4,198	12.0	3,983	5.1	2,931	13.2
Nine months ended Dec. 31, 2015	14,678	(0.4)	3,748	5.7	3,790	2.5	2,589	3.6

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2016: 1,741 (down 20.3%)

Nine months ended Dec. 31, 2015: 2,185 (down 24.1%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2016	418.81	-
Nine months ended Dec. 31, 2015	367.14	-

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of Dec. 31, 2016	23,232		16,276		69.7	
As of Mar. 31, 2016	22,208		15,704		70.4	

Reference: Shareholders' equity (million yen) As of Dec. 31, 2016: 16,195 As of Mar. 31, 2016: 15,625

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY3/16	-	60.00	-	60.00	120.00
FY3/17	-	60.00	-	-	-
FY3/17 (forecasts)	-	-	-	70.00	130.00

Note 1: Revisions to the most recently announced dividend forecast: Yes

Note 2: Breakdown of dividend per share:

2Q-end FY3/16: Ordinary dividend of 50.00 yen, commemorative dividend of 10.00 yen

Year-end FY3/16: Ordinary dividend of 50.00 yen, commemorative dividend of 10.00 yen

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	20,500	3.4	5,400	10.1	5,400	9.6	3,900	14.3	558.03

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

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None

Newly added: -

Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting 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 estimates: None

4) Restatements: None

Note: Please refer to "2. Matters Related to Summary Information (Notes), (3) Changes in Accounting Policies and Accounting Estimates, and Restatements" on page 4 of the attachments for further information.

(4) Number of outstanding shares (common stock)

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

As of Dec. 31, 2016:	7,054,800 shares	As of Mar. 31, 2016:	7,054,800 shares
----------------------	------------------	----------------------	------------------

2) Number of treasury shares at the end of the period

As of Dec. 31, 2016:	100,521 shares	As of Mar. 31, 2016:	466 shares
----------------------	----------------	----------------------	------------

3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2016:	7,000,131 shares	Nine months ended Dec. 31, 2015:	7,054,334 shares
----------------------------------	------------------	----------------------------------	------------------

Note 1: Information regarding the implementation of quarterly review procedures

The current quarterly financial summary is exempted from quarterly review procedures based on the Financial Instruments and Exchange Act. At the time of disclosure, the review procedures for the quarterly financial statements based on the Act have not been completed.

Note 2: 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. Actual results may differ substantially from these forecasts for a number of reasons.

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. Matters Related to Summary Information (Notes)	4
(1) Changes in Significant Subsidiaries during the Period	4
(2) Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements	4
(3) Changes in Accounting Policies and Accounting Estimates, and Restatements	4
3. Quarterly Consolidated Financial Statements	5
(1) Quarterly Consolidated Balance Sheet	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	7
(3) Notes to Quarterly Consolidated Financial Statements	9
Going Concern Assumption	9
Significant Changes in Shareholders' Equity	9
Segment and Other Information	9

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

The world economy for the first nine months of the fiscal year ending March 31, 2017 (hereafter, “the period under review”) saw a continued modest recovery mainly in the economies of developed countries such as U.S. and Europe, due to expectations for the Trump administration of the U.S. since November 2016. In China, its economy stopped slowing down for a while, supported by strong sales of automobiles due to the tax reduction on smaller vehicles, and backed by increased investments in public sector. The Japanese economy continued a modest recovery, supported by the government’s economic policy. On the other hand, as the global economy may face a downward fluctuation risk depending on how further the U.S. will pursue a protectionist trade policy, its outlook remains uncertain.

Against this backdrop, the JCU Group achieved sales of 15,852 million yen (up 8.0% year over year) due to strong sales of chemicals in overseas markets and solid sales of plasma surface treatment machines, as well as strong sales of solar power generation equipment in Japan. As a result, operating income, ordinary income and profit attributable to owners of parent amounted to 4,198 million yen (up 12.0% year over year), 3,983 million yen (up 5.1% year over year) and 2,931 million yen (up 13.2% year over year), respectively.

The segment performance was as follows. As the classification of reportable segments has been changed from the first quarter of the current fiscal year, comparison and analysis of the segment for the period under review were performed based on the new classification. Please refer to “3. Quarterly Consolidated Financial Statements, (3) Notes to Quarterly Consolidated Financial Statements, Segment and Other Information” for more details.

Chemicals business

The chemicals business segment continued to generate steady sales of plating chemicals for PWBs in China, Taiwan and South Korea, backed by the sustainable and strong demand for smartphones for the Chinese market, as well as increased demand for new models of high-end smartphones. In China, increased demand for automobiles supported by the tax reduction on smaller vehicles contributed to the strong sales of plating chemicals for automotive components. Meanwhile, the appreciation of the yen affected the business significantly. As a result, sales decreased 3.8% year over year to 12,315 million yen and segment profit decreased 0.2% year over year to 4,581 million yen.

Machine business

Orders received in the machine business segment increased significantly to 1,835 million yen (up 124.0% year over year) as we received orders for large-scale plating machines in Japan and overseas. Segment sales increased to 1,976 million yen (up 49.3% year over year) with the smooth progress of construction contract backlog. The resulting segment profit was 171 million yen (up 315.7% year over year).

New businesses

Orders received in the new businesses segment decreased to 528 million yen (down 44.9% year over year) due to the lack of orders for large-scale equipment such as those for solar power generation equipment received in the same period of the previous fiscal year, despite the steady receipt of orders for plasma surface treatment machines. Segment sales increased to 1,561 million yen (up 185.6% year over year) due to solid sales of plasma surface treatment machines and the smooth progress of construction contract backlog on solar power generation equipment. As a result, segment profit was 51 million yen, compared with segment loss of 138 million yen a year earlier.

(2) Explanation of Financial Position**Assets, liabilities and net assets****Assets**

Total assets at the end of the period under review increased 1,024 million yen (up 4.6%) from the end of the previous fiscal year to 23,232 million yen.

Current assets increased 795 million yen (up 5.0%) to 16,667 million yen mainly due to increases in cash and deposits, and notes and accounts receivable-trade.

Non-current assets increased 228 million yen (up 3.6%) to 6,564 million yen mainly due to an increase in investment securities through the purchase of equity shares.

Liabilities

Total liabilities at the end of the period under review increased 452 million yen (up 7.0%) from the end of the previous fiscal year to 6,956 million yen.

Current liabilities increased 185 million yen (up 4.0%) to 4,812 million yen mainly due to an increase in electronically recorded obligations-operating.

Non-current liabilities increased 267 million yen (up 14.2%) to 2,144 million yen mainly due to an increase in long-term loans payable as a result of obtaining a new loan.

Net assets

Net assets at the end of the period under review increased 571 million yen (up 3.6%) from the end of the previous fiscal year to 16,276 million yen mainly due to a decrease in foreign currency translation adjustment due to the appreciation of the yen and the payment of cash dividends, which was more than offset by an increase in retained earnings from profit.

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

For the full-year consolidated forecast for the fiscal year ending March 31, 2017, the Company has reviewed the current performance trends and revised the previously released forecast of November 2, 2016 as follows.

Full-year consolidated forecast for the fiscal year ending March 31, 2017

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Yen)
Previous forecast (A)	20,300	4,850	4,550	3,250	465.03
Revised forecast (B)	20,500	5,400	5,400	3,900	558.03
Variance (B – A)	200	550	850	650	
Change in percentage (%)	1.0	11.3	18.7	20.0	
(Reference) Results for the previous fiscal year (ended March 31, 2016)	19,818	4,906	4,926	3,410	483.51

The above projections are based on information available at the time of release of this summary report. Actual results may differ significantly from these projections due to changes in the economic environment and other factors in the future.

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

Not applicable.

(2) Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

Not applicable.

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

Following the revision of the Corporation Tax Act, the Company has applied the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force (PITF) No. 32, June 17, 2016) from the first quarter of the current fiscal year and changed the method for the depreciation of facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.

The effect of this change on the quarterly consolidated financial statements for the period under review is insignificant.

3. Quarterly Consolidated Financial Statements**(1) Quarterly Consolidated Balance Sheet**

	(Thousands of yen)	
	FY3/16 (As of Mar. 31, 2016)	Third quarter of FY3/17 (As of Dec. 31, 2016)
Assets		
Current assets		
Cash and deposits	7,543,845	8,215,610
Notes and accounts receivable-trade	5,814,147	6,242,374
Merchandise and finished goods	997,214	1,023,902
Work in process	199,595	179,448
Raw materials and supplies	363,302	372,235
Deferred tax assets	422,705	315,140
Other	753,976	495,823
Allowance for doubtful accounts	(222,263)	(176,546)
Total current assets	15,872,524	16,667,988
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,087,484	2,056,787
Machinery, equipment and vehicles, net	679,019	617,956
Tools, furniture and fixtures, net	455,785	500,274
Land	522,824	522,824
Leased assets, net	128,726	116,168
Construction in progress	214,841	72,074
Total property, plant and equipment	4,088,681	3,886,084
Intangible assets		
Goodwill	13,631	7,000
Other	76,410	61,273
Total intangible assets	90,042	68,273
Investments and other assets		
Investment securities	1,635,542	2,044,024
Deferred tax assets	123,049	175,902
Other	398,367	390,196
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	2,156,959	2,610,123
Total non-current assets	6,335,682	6,564,481
Total assets	22,208,207	23,232,469

	(Thousands of yen)	
	FY3/16 (As of Mar. 31, 2016)	Third quarter of FY3/17 (As of Dec. 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,357,696	1,158,006
Electronically recorded obligations-operating	623,851	1,619,331
Short-term loans payable	114,596	90,904
Current portion of long-term loans payable	468,963	434,479
Lease obligations	21,051	21,916
Income taxes payable	592,728	400,348
Provision for bonuses	312,853	221,384
Provision for loss on construction contracts	13,962	13,962
Advances received	153,401	31,124
Deferred tax liabilities	22,978	39,107
Other	944,609	781,550
Total current liabilities	4,626,692	4,812,116
Non-current liabilities		
Long-term loans payable	541,731	745,837
Lease obligations	144,413	129,959
Net defined benefit liability	897,539	1,005,263
Asset retirement obligations	211,109	212,121
Other	82,214	51,155
Total non-current liabilities	1,877,008	2,144,337
Total liabilities	6,503,700	6,956,454
Net assets		
Shareholders' equity		
Capital stock	1,176,255	1,176,255
Capital surplus	1,129,933	1,124,592
Retained earnings	12,148,967	14,240,183
Treasury shares	(714)	(320,931)
Total shareholders' equity	14,454,442	16,220,099
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	147,448	250,756
Foreign currency translation adjustment	1,023,352	(274,874)
Total accumulated other comprehensive income	1,170,800	(24,118)
Non-controlling interests	79,263	80,034
Total net assets	15,704,507	16,276,015
Total liabilities and net assets	22,208,207	23,232,469

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

(Thousands of yen)

	First nine months of FY3/16 (Apr. 1, 2015 – Dec. 31, 2015)	First nine months of FY3/17 (Apr. 1, 2016 – Dec. 31, 2016)
Net sales	14,678,003	15,852,961
Cost of sales	5,526,161	6,598,055
Gross profit	9,151,842	9,254,905
Selling, general and administrative expenses		
Salaries and allowances	1,714,992	1,678,891
Bonuses	497,317	490,595
Retirement benefit expenses	102,728	94,629
Depreciation	237,967	268,258
Provision of allowance for doubtful accounts	20,686	373
Other	2,829,425	2,523,867
Total selling, general and administrative expenses	5,403,117	5,056,615
Operating income	3,748,724	4,198,289
Non-operating income		
Interest income	16,958	17,503
Dividend income	27,121	29,277
Share of profit of entities accounted for using equity method	-	14,954
Subsidy income	18,547	213
House rent income	17,962	9,297
Other	6,563	11,190
Total non-operating income	87,153	82,436
Non-operating expenses		
Interest expenses	17,222	12,504
Foreign exchange losses	25,150	270,698
Share of loss of entities accounted for using equity method	143	-
Other	2,795	13,628
Total non-operating expenses	45,312	296,832
Ordinary income	3,790,566	3,983,894
Extraordinary income		
Gain on sales of non-current assets	4,252	88
Insurance income	-	20,014
Total extraordinary income	4,252	20,102
Extraordinary losses		
Loss on sales of non-current assets	153	543
Loss on retirement of non-current assets	7,564	9,941
Impairment loss	-	24,954
Loss on liquidation of business	-	17,731
Total extraordinary losses	7,718	53,170
Profit before income taxes	3,787,100	3,950,826
Income taxes-current	898,948	978,748
Income taxes-deferred	274,727	13,532
Total income taxes	1,173,675	992,280
Profit	2,613,425	2,958,545
Profit attributable to non-controlling interests	23,506	26,811
Profit attributable to owners of parent	2,589,918	2,931,734

Quarterly Consolidated Statement of Comprehensive Income
(For the Nine-month Period)

(Thousands of yen)

	First nine months of FY3/16 (Apr. 1, 2015 – Dec. 31, 2015)	First nine months of FY3/17 (Apr. 1, 2016 – Dec. 31, 2016)
Profit	2,613,425	2,958,545
Other comprehensive income		
Valuation difference on available-for-sale securities	(39,960)	103,307
Foreign currency translation adjustment	(388,208)	(1,278,427)
Share of other comprehensive income of entities accounted for using equity method	-	(41,971)
Total other comprehensive income	(428,168)	(1,217,091)
Comprehensive income	2,185,256	1,741,453
Comprehensive income attributable to:		
Owners of parent	2,170,423	1,736,814
Non-controlling interests	14,833	4,638

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

Not applicable.

Significant Changes in Shareholders' Equity

Omitted because there is no significant year-over-year changes in the amount of shareholders' equity.

Segment and Other Information

I. First nine months of FY3/16 (Apr. 1, 2015 – Dec. 31, 2015)

1. Information related to sales and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment				Adjustments (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Chemicals business	Machine business	New businesses	Total		
Sales						
Sales to outside customers	12,807,181	1,323,931	546,890	14,678,003	-	14,678,003
Inter-segment sales and transfers	-	-	381	381	(381)	-
Total	12,807,181	1,323,931	547,271	14,678,384	(381)	14,678,003
Segment profit (loss)	4,592,724	41,255	(138,926)	4,495,053	(746,328)	3,748,724

Notes: 1. The above adjustments are as follows.

To segment profit

(Thousands of yen)

	First nine months of FY3/16 (Apr. 1, 2015 – Dec. 31, 2015)
Inter-segment transaction elimination	4,767
Corporate expenses *	(751,095)
Total	(746,328)

* Corporate expenses mainly include general and administrative expenses that cannot be attributed to any reportable segment.

2. Segment profit (loss) is adjusted with operating income shown on the quarterly consolidated statement of income.

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

Significant impairment losses related to non-current assets

Not applicable.

Significant change in goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

II. First nine months of FY3/17 (Apr. 1, 2016 – Dec. 31, 2016)

1. Information related to sales and profit or loss for each reportable segment

	Reportable segment				Adjustments (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Chemicals business	Machine business	New businesses	Total		
Sales						
Sales to outside customers	12,315,091	1,976,163	1,561,705	15,852,961	-	15,852,961
Inter-segment sales and transfers	-	-	-	-	-	-
Total	12,315,091	1,976,163	1,561,705	15,852,961	-	15,852,961
Segment profit	4,581,867	171,491	51,173	4,804,531	(606,241)	4,198,289

Notes: 1. The above adjustments are as follows.

To segment profit	(Thousands of yen)
	First nine months of FY3/17 (Apr. 1, 2016 – Dec. 31, 2016)
Inter-segment transaction elimination	3,157
Corporate expenses*	(609,399)
Total	(606,241)

* Corporate expenses mainly include general and administrative expenses that cannot be attributed to any reportable segment.

2. Segment profit is adjusted with operating income shown on the quarterly consolidated statement of income.

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

Significant impairment losses related to non-current assets

As impairment loss on non-current assets of 24 million yen is related to idle assets, it is not allocated to any reportable segment.

Significant change in goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

3. Revisions to reportable segments

Effective from the first quarter of the current fiscal year, precious metal plating chemicals and new functional coating materials which had previously been classified into the “new businesses” segment were presented as part of the “chemicals business” segment due to the organizational change.

The segment information for the first nine months of the previous fiscal year is prepared and disclosed based on the new classification.

In addition, as explained in the section on changes in accounting policies, the Company has changed the method for the depreciation of facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method, following the revision of the Corporation Tax Act. Thus the depreciation method applied to calculate the figures shown in the segment information has been changed accordingly.

The effect of this change on the segment reporting for the period under review is insignificant.

* This summary report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.