



May 10, 2017

Summary of Financial Results for the Fiscal Year Ended March 31, 2017

[Japanese GAAP]

Company name: JCU CORPORATION Listing: Tokyo Stock Exchange, First Section
 Stock code: 4975 URL: <http://www.jcu-i.com/>
 Representative: Keiji Ozawa, Chairman and CEO
 Contact: Masashi Kimura, Director and Managing Executive Officer,
 General Manager of Management Strategy Office Tel: +81-3-6895-7004
 Scheduled date of Annual General Meeting of Shareholders: June 28, 2017
 Scheduled date of filing of Annual Securities Report: June 29, 2017
 Scheduled date of payment of dividend: June 12, 2017
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

Note: The original disclosure in Japanese was released on May 10, 2017 at 15:00. (GMT +9).

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)

(1) Consolidated results of operations (Percentages shown for sales and profits represent year-over-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY3/17	20,760	4.8	5,500	12.1	5,502	11.7	4,124	20.9
FY3/16	19,818	0.1	4,906	6.5	4,926	1.9	3,410	6.4

Note: Comprehensive income (million yen) FY3/17: 3,922 (up 37.4%) FY3/16: 2,855 (down 30.3%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to sales
	Yen	Yen	%	%	%
FY3/17	295.10	-	24.3	22.8	26.5
FY3/16	241.76	-	23.4	22.5	24.8

Reference: Equity in earnings of affiliates (million yen) FY3/17: 8 FY3/16: (0)

Note: The Company conducted a 2-for-1 common stock split on April 1, 2017. Net income per share has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2017	26,095	18,457	70.5	1,322.21
As of Mar. 31, 2016	22,208	15,704	70.4	1,107.49

Reference: Shareholders' equity (million yen) As of Mar. 31, 2017: 18,390 As of Mar. 31, 2016: 15,625

Note: The Company conducted a 2-for-1 common stock split on April 1, 2017. Net assets per share have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(3) Consolidated cash flow position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY3/17	4,847	(1,579)	(1,188)	8,764
FY3/16	3,123	(1,057)	(1,510)	6,799

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY3/16	-	60.00	-	60.00	120.00	846	24.8	5.8
FY3/17	-	60.00	-	70.00	130.00	904	22.0	5.4
FY3/18 (forecasts)	-	35.00	-	35.00	70.00		22.6	

Notes 1: 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

2: The Company conducted a 2-for-1 common stock split on April 1, 2017. Dividends per share for FY3/16 and FY3/17 are the actual amount before the stock split.

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(Percentages represent year-over-year changes)

	Net 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	9,600	(8.7)	2,700	4.9	2,700	18.2	1,900	12.9	136.61
Full year	21,000	1.2	5,900	7.3	5,900	7.2	4,300	4.2	309.16

Note: The Company conducted a 2-for-1 common stock split on April 1, 2017. Net income per share forecast have been calculated based on the number of shares outstanding (excluding treasury shares) after the stock split.

*** 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) 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 “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements, Changes in Accounting Policies” on page 15 of the attachments for further information.

(3) Number of outstanding shares (common stock)

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

As of Mar. 31, 2017: 14,109,600 shares As of Mar. 31, 2016: 14,109,600 shares

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

As of Mar. 31, 2017: 201,042 shares As of Mar. 31, 2016: 932 shares

3) Average number of shares outstanding during the period

FY3/17: 13,977,650 shares FY3/16: 14,108,668 shares

Note: The Company conducted a 2-for-1 common stock split on April 1, 2017. Number of outstanding shares (common stock) has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)

(1) Non-consolidated results of operations

(Percentages represent year-over-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY3/17	13,509	16.8	2,385	94.1	4,272	51.3	3,593	65.0
FY3/16	11,562	(10.6)	1,229	(25.2)	2,824	(20.8)	2,178	(16.8)

	Net income per share	Diluted net income per share
	Yen	Yen
FY3/17	257.07	-
FY3/16	154.37	-

Note: The Company conducted a 2-for-1 common stock split on April 1, 2017. Net income per share has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2017	19,993	14,438	72.2	1,038.12
As of Mar. 31, 2016	16,788	11,787	70.2	835.47

Reference: Shareholders' equity (million yen): As of Mar. 31, 2017: 14,438 As of Mar. 31, 2016: 11,787

Note: The Company conducted a 2-for-1 common stock split on April 1, 2017. Net assets per share has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

Note 1: The current financial report is not subject to audit procedures.

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

Please note English translation is available with respect to major sections of the following only

1. Overview of Results of Operations	2
(1) Results of Operations	2
(2) Financial Position	3
(3) Cash Flows	3
(4) Outlook	3
2. Basic Approach for the Selection of Accounting Standards	3
3. Consolidated Financial Statements and Notes	4
(1) Consolidated Balance Sheets	4
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	6
Consolidated Statements of Income	5
Consolidated Statements of Comprehensive Income	7
(3) Consolidated Statements of Changes in Shareholders' Equity	8
(4) Consolidated Statements of Cash Flows	10
(5) Notes to Consolidated Financial Statements	12
Going Concern Assumption	12
Significant Accounting Policies in the Preparation of Consolidated Financial Statements	12
Changes in Accounting Policies	14
Segment and Other Information	15
Material Subsequent Events	17

1. Overview of Results of Operations

(1) Results of Operations

Looking back in the fiscal year ended March 31, 2017 (hereinafter, “the period under review”), the world economy saw a continued modest recovery mainly in the economies of developed countries such as the U.S. and Europe, despite uncertainty in the policy of the new U.S. administration. 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 with sustained improvement in corporate earnings and employment situation. On the other hand, as the global economy faces a downward fluctuation risk such as concerns over the rise of protectionism in the U.S and Europe and the rise of geopolitical risks in the Middle East and the Asian region, its outlook remains uncertain.

Against this backdrop, the JCU Group achieved sales of 20,760 million yen (up 4.8% 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 plating machines and solar power generation equipment in Japan. As a result, operating profit, ordinary profit and profit attributable to owners of parent amounted to 5,500 million yen (up 12.1% year over year), 5,502 million yen (up 11.7% year over year) and 4,124 million yen (up 20.9% year over year), respectively.

The segment performance was as follows. As the classification of reportable segments has been changed from the period under review, comparison and analysis of the segment for the period under review were performed based on the new classification. Please refer to “3. Consolidated Financial Statements and Notes, (5) Notes to 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 throughout the year for smartphones for the Chinese market, making up for the negative effect caused by the production adjustment of high-end smartphones in first half of the period under review. 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 1.9% year over year to 16,817 million yen and segment profit increased 2.2% year over year to 6,127 million yen.

Machine business

Orders received in the machine business segment increased significantly to 2,155 million yen (up 80.0% year over year) as we received orders for large-scale plating machines in Japan and overseas. Segment sales increased to 2,203 million yen (up 9.3% year over year) with the smooth progress of construction contract backlog. The resulting segment profit was 146 million yen (up 11.9% year over year).

New businesses

Orders received in the new businesses segment decreased to 1,615 million yen (down 4.3% year over year), despite the steady receipt of orders for plasma surface treatment machines and achieving orders for solar power generation equipment. Segment sales increased to 1,739 million yen (up 160.8% year over year) due to strong 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 19 million yen, compared with segment loss of 248 million yen a year earlier.

(2) Financial Position

Assets

Total assets at the end of the period under review increased 3,887 million yen (up 17.5%) from the end of the previous fiscal year to 26,095 million yen.

Current assets increased 3,135 million yen (up 19.8%) to 19,007 million yen mainly due to increases in cash and deposits, and notes and accounts receivable-trade.

Non-current assets increased 752 million yen (up 11.9%) to 7,087 million yen mainly due to an increase in investment securities as a result of hikes of share prices and the purchase of additional shares.

Liabilities

Total liabilities at the end of the period under review increased 1,134 million yen (up 17.4%) from the end of the previous fiscal year to 7,638 million yen.

Current liabilities increased 927 million yen (up 20.0%) to 5,553 million yen mainly due to an increase in electronically recorded obligations-operating.

Non-current liabilities increased 207 million yen (up 11.0%) to 2,084 million yen mainly due to an increase in net defined benefit liability.

Net assets

Net assets at the end of the period under review increased 2,752 million yen (up 17.5%) from the end of the previous fiscal year to 18,457 million yen mainly because of a decrease in retained earnings due to payment of cash dividends and a decrease in foreign currency translation adjustment caused by the appreciation of the yen, which was more than offset by an increase in retained earnings from profit attributable to owners of parent.

(3) Cash Flows

Cash and cash equivalents at the end of the current fiscal year increased 1,964 million yen (up 28.9%) over the end of the previous fiscal year to 8,764 million yen.

The details of cash flows from each activity and the major components of changes are as follows.

Cash flows from operating activities

Net cash provided by operating activities increased 1,724 million yen (up 55.2%) year over year to 4,847 million yen due mainly to an increase in notes and accounts payable-trade in addition to a year-over-year increase of 560 million yen (up 11.4%) in income before income taxes.

Cash flows from investing activities

Net cash used in investing activities increased 522 million yen (up 49.4%) year over year to 1,579 million yen. This outflow of cash can be explained mainly by an increase in payment for acquisition of property, plant and equipment as well as an increase in payment into time deposits.

Cash flows from financing activities

Net cash used in financing activities decreased 321 million yen (down 21.3%) year over year to 1,188 million yen due to an increase in payment for purchase of treasury shares, which was partially offset by the drawdown of long-term loans payable.

(4) Outlook

Regarding the outlook for the future, sales of chemicals for smartphones and for the automotive sector are expected to remain solid in overseas markets. In the domestic market, however, sales of our products are expected to remain flat or slightly increase.

Under this business environment, we will maintain and increase our market share by launching new products that meet customers' needs through cost reduction and the development of highly functional plating chemicals compatible with next generation technologies.

2. Basic Approach for the Selection of Accounting Standards

The Group will continue to prepare its consolidated financial statements using Japanese GAAP for the time being, primarily to ensure cross-sectional as well as inter-temporal comparability.

We will, however, make an appropriate policy decision on whether or not we should apply the International Financial Reporting Standards (IFRS) by carefully considering trends in our foreign investor ownership ratio and application of IFRS by our industry peers.

3. Consolidated Financial Statements and Notes
(1) Consolidated Balance Sheets

	(Thousands of yen)	
	FY3/16 (As of Mar. 31, 2016)	FY3/17 (As of Mar. 31, 2017)
Assets		
Current assets		
Cash and deposits	7,543,845	9,913,204
Notes and accounts receivable-trade	5,814,147	6,264,007
Merchandise and finished goods	997,214	1,166,494
Work in process	*4 199,595	*4 110,270
Raw materials and supplies	363,302	386,724
Deferred tax assets	422,705	607,735
Other	*3 753,976	*3 750,926
Allowance for doubtful accounts	(222,263)	(191,755)
Total current assets	15,872,524	19,007,609
Non-current assets		
Property, plant and equipment		
Buildings and structures	*1 3,409,734	*1 3,553,896
Accumulated depreciation	(1,322,250)	(1,472,038)
Buildings and structures, net	*1 2,087,484	*1 2,081,858
Machinery, equipment and vehicles	*1 2,144,868	*1 2,222,935
Accumulated depreciation	(1,465,849)	(1,560,015)
Machinery, equipment and vehicles, net	*1 679,019	*1 662,919
Tools, furniture and fixtures	*1 1,815,840	*1 2,053,524
Accumulated depreciation	(1,360,055)	(1,535,455)
Tools, furniture and fixtures, net	*1 455,785	*1 518,069
Land	522,824	522,824
Leased assets	227,458	215,533
Accumulated depreciation	(98,731)	(103,227)
Leased assets, net	128,726	112,306
Construction in progress	214,841	339,195
Total property, plant and equipment	4,088,681	4,237,173
Intangible assets		
Goodwill	13,631	6,295
Other	76,410	62,725
Total intangible assets	90,042	69,021
Investments and other assets		
Investment securities	*2 1,635,542	*2 2,300,420
Deferred tax assets	123,049	107,660
Other	398,367	373,503
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	2,156,959	2,781,584
Total non-current assets	6,335,682	7,087,779
Total assets	22,208,207	26,095,388

	(Thousands of yen)	
	FY3/16 (As of Mar. 31, 2016)	FY3/17 (As of Mar. 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,357,696	1,461,353
Electronically recorded obligations-operating	623,851	1,372,499
Short-term loans payable	114,596	52,609
Current portion of long-term loans payable	468,963	419,184
Lease obligations	21,051	21,920
Income taxes payable	592,728	887,048
Provision for bonuses	312,853	335,545
Provision for loss on construction contracts	*4 13,962	*4 13,962
Advances received	153,401	40,461
Deferred tax liabilities	22,978	42,314
Other	944,609	907,068
Total current liabilities	4,626,692	5,553,967
Non-current liabilities		
Long-term loans payable	541,731	645,741
Lease obligations	144,413	125,736
Net defined benefit liability	897,539	1,036,391
Deferred tax liabilities	-	1,675
Asset retirement obligations	211,109	214,795
Other	82,214	59,940
Total non-current liabilities	1,877,008	2,084,280
Total liabilities	6,503,700	7,638,247
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	15,433,294
Treasury shares	(714)	(320,931)
Total shareholders' equity	14,454,442	17,413,210
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	147,448	363,391
Foreign currency translation adjustment	1,023,352	613,475
Total accumulated other comprehensive income	1,170,800	976,867
Non-controlling interests	79,263	67,062
Total net assets	15,704,507	18,457,140
Total liabilities and net assets	22,208,207	26,095,388

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

	(Thousands of yen)	
	FY3/16	FY3/17
	(Apr. 1, 2015 – Mar. 31, 2016)	(Apr. 1, 2016 – Mar. 31, 2017)
Net sales	19,818,840	20,760,609
Cost of sales	7,712,608	8,443,144
Gross profit	12,106,231	12,317,464
Selling, general and administrative expenses		
Salaries and allowances	2,247,210	2,237,777
Bonuses	645,202	663,943
Retirement benefit expenses	132,948	172,625
Depreciation	324,819	370,462
Provision of allowance for doubtful accounts	52,964	1,571
Other	3,796,511	3,370,341
Total selling, general and administrative expenses	*1 7,199,655	*1 6,816,721
Operating profit	4,906,575	5,500,743
Non-operating income		
Interest income	23,864	24,160
Dividend income	31,017	35,241
Share of profit of entities accounted for using equity method	-	8,442
Subsidy income	18,451	16,090
Insurance income	12,313	5,955
House rent income	21,364	13,575
Other	7,208	13,526
Total non-operating income	114,218	116,993
Non-operating expenses		
Interest expenses	22,024	16,281
Foreign exchange losses	58,527	80,049
Share of loss of entities accounted for using equity method	143	-
Other	13,716	19,277
Total non-operating expenses	94,412	115,608
Ordinary profit	4,926,381	5,502,127
Extraordinary income		
Gain on sales of non-current assets	*2 4,223	*2 652
Insurance income	-	22,239
Total extraordinary income	4,223	22,892
Extraordinary losses		
Loss on sales of non-current assets	*3 378	*3 539
Loss on retirement of non-current assets	*4 3,863	*4 12,760
Impairment loss	-	*5 25,177
Loss on liquidation of business	-	17,890
Company funeral expenses	18,086	-
Total extraordinary losses	22,328	56,368
Profit before income taxes	4,908,275	5,468,652
Income taxes-current	1,511,194	1,603,118
Income taxes-deferred	(24,112)	(264,605)
Total income taxes	1,487,082	1,338,513
Profit	3,421,193	4,130,138
Profit attributable to non-controlling interests	10,348	5,293
Profit attributable to owners of parent	3,410,844	4,124,845

Consolidated Statements of Comprehensive Income

	(Thousands of yen)	
	FY3/16	FY3/17
	(Apr. 1, 2015 – Mar. 31, 2016)	(Apr. 1, 2016 – Mar. 31, 2017)
Profit	3,421,193	4,130,138
Other comprehensive income		
Valuation difference on available-for-sale securities	(135,632)	215,943
Foreign currency translation adjustment	(430,158)	(404,414)
Share of other comprehensive income of entities accounted for using equity method	-	(19,088)
Total other comprehensive income	* (565,790)	* (207,559)
Comprehensive income	2,855,402	3,922,578
Comprehensive income attributable to:		
Owners of parent	2,854,825	3,930,911
Non-controlling interests	576	(8,332)

(3) Consolidated Statements of Changes in Shareholders' Equity

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	1,176,255	1,128,904	9,514,099	(714)	11,818,545
Changes of items during period					
Dividends of surplus			(775,976)		(775,976)
Profit attributable to owners of parent			3,410,844		3,410,844
Change in ownership interest of parent due to transactions with non-controlling interests		1,029			1,029
Net changes of items other than shareholders' equity					
Total changes of items during period	-	1,029	2,634,867	-	2,635,897
Balance at the end of current period	1,176,255	1,129,933	12,148,967	(714)	14,454,442

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of current period	283,080	1,443,739	1,726,819	87,692	13,633,057
Changes of items during period					
Dividends of surplus					(775,976)
Profit attributable to owners of parent					3,410,844
Change in ownership interest of parent due to transactions with non-controlling interests					1,029
Net changes of items other than shareholders' equity	(135,632)	(420,386)	(556,019)	(8,429)	(564,448)
Total changes of items during period	(135,632)	(420,386)	(556,019)	(8,429)	2,071,449
Balance at the end of current period	147,448	1,023,352	1,170,800	79,263	15,704,507

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	1,176,255	1,129,933	12,148,967	(714)	14,454,442
Changes of items during period					
Dividends of surplus			(840,518)		(840,518)
Profit attributable to owners of parent			4,124,845		4,124,845
Change in ownership interest of parent due to transactions with non-controlling interests		(5,341)			(5,341)
Purchase of treasury shares				(320,217)	(320,217)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(5,341)	3,284,326	(320,217)	2,958,768
Balance at the end of current period	1,176,255	1,124,592	15,433,294	(320,931)	17,413,210

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of current period	147,448	1,023,352	1,170,800	79,263	15,704,507
Changes of items during period					
Dividends of surplus					(840,518)
Profit attributable to owners of parent					4,124,845
Change in ownership interest of parent due to transactions with non-controlling interests					(5,341)
Purchase of treasury shares					(320,217)
Net changes of items other than shareholders' equity	215,943	(409,876)	(193,933)	(12,200)	(206,134)
Total changes of items during period	215,943	(409,876)	(193,933)	(12,200)	2,752,633
Balance at the end of current period	363,391	613,475	976,867	67,062	18,457,140

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Cash flows from operating activities		
Profit before income taxes	4,908,275	5,468,652
Depreciation	526,859	576,102
Impairment loss	-	25,177
Amortization of goodwill	6,680	5,546
Increase (decrease) in allowance for doubtful accounts	50,875	(9,146)
Increase (decrease) in provision for bonuses	(48,735)	22,692
Increase (decrease) in net defined benefit liability	98,310	140,401
Interest and dividend income	(54,882)	(59,401)
Interest expenses	22,024	16,281
Foreign exchange losses (gains)	34,986	82,835
Share of (profit) loss of entities accounted for using equity method	143	(8,442)
Gain on sales of non-current assets	(4,223)	(652)
Loss on sales of non-current assets	378	539
Loss on retirement of non-current assets	3,863	9,760
Insurance income	-	(22,239)
Decrease (increase) in notes and accounts receivable-trade	(336,563)	(693,849)
Increase (decrease) in advances received	(76,107)	(107,149)
Decrease (increase) in inventories	(16,002)	(215,463)
Increase (decrease) in notes and accounts payable-trade	(311,406)	860,692
Decrease (increase) in advance payments	(48,305)	133,407
Other, net	365,457	(137,794)
Subtotal	5,121,628	6,087,949
Interest and dividend income received	53,648	57,463
Interest expenses paid	(22,751)	(16,420)
Proceeds from insurance income	-	35,228
Income taxes paid	(2,033,504)	(1,373,315)
Income taxes refund	4,350	56,543
Net cash provided by (used in) operating activities	3,123,370	4,847,448
Cash flows from investing activities		
Decrease (increase) in time deposits	(181,084)	(404,299)
Purchase of property, plant and equipment	(492,152)	(786,043)
Proceeds from sales of property, plant and equipment	18,048	1,197
Purchase of intangible assets	(26,505)	(10,831)
Purchase of investment securities	(356,431)	(379,465)
Purchase of golf club memberships	(19,259)	-
Other, net	(87)	(351)
Net cash provided by (used in) investing activities	(1,057,472)	(1,579,793)

	(Thousands of yen)	
	FY3/16	FY3/17
	(Apr. 1, 2015 – Mar. 31, 2016)	(Apr. 1, 2016 – Mar. 31, 2017)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(154,350)	(57,452)
Proceeds from long-term loans payable	-	600,000
Repayments of long-term loans payable	(551,844)	(536,144)
Repayments of finance lease obligations	(21,377)	(21,424)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(4,456)	(5,866)
Purchase of treasury shares	-	(320,217)
Cash dividends paid	(775,582)	(839,734)
Proceeds from share issuance to non-controlling shareholders	3,790	6,544
Dividends paid to non-controlling interests	(6,377)	(12,885)
Other, net	-	(1,193)
Net cash provided by (used in) financing activities	(1,510,198)	(1,188,374)
Effect of exchange rate change on cash and cash equivalents	(177,122)	(114,370)
Net increase (decrease) in cash and cash equivalents	378,576	1,964,910
Cash and cash equivalents at beginning of period	6,420,519	6,799,096
Cash and cash equivalents at end of period	* 6,799,096	* 8,764,006

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Accounting Policies in the Preparation of Consolidated Financial Statements

1. Scope of consolidation

Number of consolidated subsidiaries: 15

Names of consolidated subsidiaries:

JCU (SHANGHAI) TRADING CO., LTD.

JCU (THAILAND) CO., LTD.

TAIWAN JCU CO., LTD.

JCU VIETNAM CORPORATION

JCU KOREA CORPORATION

JCU (HONG KONG) CO., LTD.

JCU (SHENZHEN) TRADING CO., LTD.

Ginza Suzurando Cosmetics Co., Ltd.

PT. JCU INDONESIA

JCU Technology (Shenzhen) Co., Ltd.

JCU (BEIJING) TRADING CO., LTD.

JCU AMERICA, S.A. DE C.V.

JCU INTERNATIONAL, INC.

JCU CHEMICALS INDIA PVT. LTD.

Sakur Roku Spring Shanghai International Trading Co., Ltd.

2. Application of equity method

Number of affiliates: 1

Name of affiliate:

YUKEN SURFACE TECHNOLOGY, S.A. DE C.V.

Note: YUKEN SURFACE TECHNOLOGY, S.A. DE C.V. was newly incorporated by the Company and has been subject to the equity method from the current fiscal year.

3. Fiscal year of consolidated subsidiaries

The fiscal year of consolidated subsidiary JCU CHEMICALS INDIA PVT. LTD. ends on the consolidated balance sheet date. The consolidated financial statements include the preliminary financial statements of JCU CHEMICALS INDIA as of December 31. The fiscal years of other consolidated subsidiaries end on December 31. The consolidated financial statements include the financial statements of consolidated subsidiaries as of December 31 or provisional closing date, and necessary adjustments have been made for the consolidation concerning material transactions arising between this date and the consolidated balance sheet date.

4. Accounting standards

(1) Valuation standards and methods for principal assets

a. Marketable securities

Available-for sale securities

Securities with market quotations

Stated at market value on the balance sheet date. (Valuation difference is included directly in net assets. Cost of securities sold is determined by the moving-average method.)

Securities without market quotations

Stated mainly at cost determined by the moving-average method. Investments in investment limited partnerships and similar partnerships (those which are regarded as securities in accordance with Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are stated at the net amount equivalent to equity on the most recent financial statements that are available on the reporting date as specified in the partnership agreement.

b. Derivatives

Stated at fair value.

c. Inventories

Merchandise

Stated at cost determined primarily by the specific identification method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

Merchandise held by overseas consolidated subsidiaries is stated at cost determined by the periodic-average method or the moving average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

Chemicals, work-in-process chemicals, raw materials

Stated at cost determined by the monthly-periodic-average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

Machines, work-in-process machines

Stated at cost determined by the specific identification method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

Supplies

Stated at cost determined by the first-in first-out method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

(2) Depreciation and amortization of principal assets

a. Property, plant and equipment (excluding lease assets)

Depreciation of property, plant and equipment is calculated by the declining-balance method, except for buildings (excluding attached structures) acquired on or after April 1, 1998, as well as facilities attached to buildings and structures acquired on or after April 1, 2016 on which depreciation is calculated by the straight-line method.

Overseas consolidated subsidiaries compute depreciation primarily using the straight-line method.

Useful lives of principle assets are as follows:

Buildings and structures:	3 - 45 years
Machinery, equipment and vehicles:	3 - 17 years
Tools, furniture and fixtures:	2 - 20 years

b. Intangible fixed assets (excluding lease assets)

Amortization of intangible fixed assets is calculated by the straight-line method.

Software for internal use is amortized over an expected useful life of three to ten years by the straight-line method.

c. Lease assets

Lease assets associated with finance leases where there is transfer of ownership

The same method as amortization method used for fixed assets held by the Company is applied.

Lease assets associated with finance leases where there is no transfer of ownership

The straight-line method with no residual value is applied with the lease period used as the useful life of the asset.

(3) Accounting for significant deferred assets

Stock issue expenses

Stock issue expenses are changed to expenses as accrued.

(4) Recognition of significant allowances

a. Allowance for doubtful accounts

Allowances equal to the estimated amount of uncollectible receivables are provided for general receivables based on the historical write-off ratio and bad receivables based on case-by-case determination of collectibility.

b. Reserve for bonuses

To provide for employee bonus obligation, an amount accrued for the current fiscal year among the estimated future obligations is designated in the reserve account.

c. Provision for loss on construction contracts

With respect to a contract work outstanding as at the end of the current fiscal year, if a loss is expected to incur on the work and can be reasonably estimated, an allowance equal to such an estimated loss amount is provided.

(5) Recognition of significant revenue and expenses

Recognition criteria for sales and cost of sales

a. The portion of contracted work deemed to have been completed by the end of the current fiscal year

The percentage-of-completion standard (with the percentage of completion estimated on the cost-to-cost basis)

b. Other contracted work

The completed-contract standard

(6) Accounting for retirement benefits

The Company and its consolidated subsidiaries calculate net defined benefit liability and retirement benefit expenses by using a simplified method in which these retirement benefit obligations are equal to the amount that would be paid if all employees voluntarily requested benefits at the end of the fiscal year.

(7) Translation of significant foreign currency-denominated assets and liabilities

Foreign currency monetary assets and liabilities are translated into yen at the spot rate of exchange prevailing at the consolidated balance sheet date and the resulting translation gains or losses are included in the determination of income/loss for the period.

Assets and liabilities of the overseas consolidated subsidiaries are translated into yen at the spot rates of exchange prevailing at the balance sheet dates, while revenues and expenses are translated into yen by the annual average rates of exchange. The resulting translation gains or losses are included in the net assets section of the consolidated balance sheet as foreign currency translation adjustments and non-controlling interests.

(8) Accounting for significant hedges

a. Hedge accounting

The Company applies the deferred hedge accounting method. With respect to foreign currency risk, a hedge is accounted by the short-cut method if the hedging relationship meets certain criteria.

b. Hedging instrument and risk hedged

Hedging instrument:

Forward exchange contracts

Risk hedged:

Foreign currency-denominated trading transactions and foreign currency-denominated forecasted transactions

c. Hedging policy

The Company uses forward exchange contracts to reduce exposure to market risks from fluctuations in exchange rates on foreign currency-denominated trading transactions and foreign currency-denominated forecasted transactions.

d. Evaluation method for effectiveness of hedging

Effectiveness is assessed by rate analysis of the sum total of price fluctuation involving hedging instrument and risk hedged. However, effectiveness of forward exchange contracts accounted by the short-cut method is not assessed.

(9) Amortization method and amortization period of goodwill

Goodwill is amortized by the straight-line method over a period of five years.

(10) Scope of cash and cash equivalents on consolidated statements of cash flows

For the purpose of statements of cash flows, cash and cash equivalents consists of vault cash, deposits that can be withdrawn on demand, and short-term investments, with original maturities of three months or less, that are readily convertible known amounts of cash and present insignificant risk of change in value.

(11) Other significant accounting policies

Accounting for consumption taxes

All amounts stated are exclusive of national and local consumption taxes. Non-deductible national and local consumption taxes are changed to expenses in the current fiscal year.

Changes in Accounting Policies

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 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 consolidated financial statements for the period under review is insignificant.

Segment and Other Information

Segment Information

1. Overview of reportable segments

(1) Method for identifying reportable segments

Segments used for financial reporting are the Company's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

Based on the form of the management organization and details on products and services, the Company has identified the following three reporting segments: the chemicals business, machine business and new business.

(2) Types of products and services belonging to each reportable segment

The chemicals business manufactures and sells surface treatment chemicals (wet process) and related materials in domestic and overseas markets.

The machine business manufactures and sells surface treatment machines (wet process) in domestic and overseas markets.

The new businesses refers to fields the Company aims to grow into new business pillars as opposed to its wet process surface treatment chemicals and machine businesses which traditionally formed the core of its activities. The main products and services of the new businesses include PWB cleaning equipment utilizing plasma technology, solar power generation equipment, generation of solar power, and drinking water.

(3) Revisions to reportable segments

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

The segment information for 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.

2. Calculation methods for sales, profits/losses, assets, liabilities, and other items for each reportable segment

The accounting treatment methods for reportable business segments are generally the same as those listed in "Significant Accounting Policies in the Preparation of Consolidated Financial Statements."

Profits for reportable segments are generally operating profit figures.

Internal revenues and transfer amounts between segments are based on transaction prices determined as the result of price negotiations between the transaction parties using asking prices calculated, with market prices and total cost taken into account.

Segment assets and liabilities are not listed as they are not allocable by business segment.

3. Information related to sales and profit/losses, assets, liabilities, and other items for each reportable segment

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

(Thousands of yen)

	Reportable segment				Adjustments *1	Amounts shown on consolidated financial statements *3
	Chemicals Business	Machine Business	New Businesses	Total		
Sales						
Sales to outside customers	17,134,898	2,017,022	666,919	19,818,840	-	19,818,840
Inter-segment sales and transfers	-	-	378	378	(378)	-
Total	17,134,898	2,017,022	667,297	19,819,218	(378)	19,818,840
Segment profit (loss)	5,996,224	130,957	(248,328)	5,878,854	(972,278)	4,906,575
Other items						
Depreciation expense *2	450,750	3,538	42,611	496,900	29,958	526,859

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

(Thousands of yen)

	Reportable segment				Adjustments *1	Amounts shown on consolidated financial statements *3
	Chemicals Business	Machine Business	New Businesses	Total		
Sales						
Sales to outside customers	16,817,728	2,203,741	1,739,138	20,760,609	-	20,760,609
Inter-segment sales and transfers	-	-	-	-	-	-
Total	16,817,728	2,203,741	1,739,138	20,760,609	-	20,760,609
Segment profit (loss)	6,127,139	146,599	19,466	6,293,205	(792,462)	5,500,743
Other items						
Depreciation expense *2	504,126	3,626	43,392	551,145	24,957	576,102

Notes: 1. Details of the above adjustments are as follows.

To segment profit	(Thousands of yen)	
	FY3/16	FY3/17
Inter-segment transaction elimination	6,349	3,207
Corporate expenses *	(978,628)	(795,669)
Total	(972,278)	(792,462)

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

2. Depreciation expenses include amortization related to long-term prepaid expenses. The adjusted amounts of depreciation for the previous and current fiscal years are corporate expenses.
3. Segment profit (loss) is adjusted to be consistent with operating profit shown on the consolidated financial statements.

Material Subsequent Events

Stock split

Based on the resolution made by the Board of Directors on February 17, 2017, the Company executed the stock split as follows with effective date of April 1, 2017.

1. Purpose of the stock split

The Company intends to reduce the price of share-trading unit by stock split with an aim to improve liquidity of the shares and expand the investor base.

2. Overview of the stock split

(1) Method of the stock split

Each share of common stock owned by shareholders listed or recorded in the final shareholders registry on March 31, 2017, the record date, was split into two shares.

(2) Number of shares to be increased due to the stock split

Total number of shares outstanding before the stock split:	7,054,800 shares
Number of shares increased due to the stock split:	7,054,800 shares
Total number of shares outstanding after the stock split:	14,109,600 shares
Total number of authorized shares after the stock split:	38,784,000 shares

(3) Schedule for the stock split

Record date	March 31, 2017
Effective date	April 1, 2017

3. Effect on per-share information

The effect on per share information has been reflected in Per Share Information (Japanese version only).

** 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.*