



August 2, 2017

Summary of Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2018 (Three Months Ended June 30, 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, Senior Managing Director and Senior Managing Executive Officer, General Manager of Management Strategy Office | Tel: +81-3-6895-7004 |
| Scheduled date of filing of Quarterly Report: | August 8, 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 August 2, 2017 at 15:00. (GMT +9).

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2017 (April 1, 2017 – June 30, 2017)

(1) Consolidated results of operations (Percentages 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 | % |
| Three months ended Jun. 30, 2017 | 4,764 | 3.6 | 1,396 | 32.5 | 1,327 | 51.8 | 985 | 73.2 |
| Three months ended Jun. 30, 2016 | 4,598 | (0.5) | 1,054 | (3.0) | 874 | (24.0) | 569 | (23.4) |

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2017: 1,173 (up 947.5%)
Three months ended Jun. 30, 2016: 112 (down 84.5%)

| | Net income per share | Diluted net income per share |
|----------------------------------|----------------------|------------------------------|
| | Yen | Yen |
| Three months ended Jun. 30, 2017 | 70.89 | - |
| Three months ended Jun. 30, 2016 | 40.35 | - |

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 |
|---------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| As of Jun. 30, 2017 | 25,775 | 19,143 | 74.0 |
| As of Mar. 31, 2017 | 26,095 | 18,457 | 70.5 |

Reference: Shareholders' equity (million yen) As of Jun. 30, 2017: 19,071 As of Mar. 31, 2017: 18,390

2. Dividends

| | Dividend per share | | | | |
|--------------------|--------------------|--------|--------|----------|--------|
| | 1Q-end | 2Q-end | 3Q-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| FY3/17 | - | 60.00 | - | 70.00 | 130.00 |
| FY3/18 | - | - | - | - | - |
| FY3/18 (forecasts) | - | 35.00 | - | 35.00 | 70.00 |

Notes: 1. Revisions to the most recently announced dividend forecast: None

2. The Company conducted a 2-for-1 common stock split on April 1, 2017. Dividends per share for 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 | 10,000 | (4.9) | 2,850 | 10.7 | 2,800 | 22.6 | 2,000 | 18.9 | 143.77 |
| Full year | 22,000 | 6.0 | 6,200 | 12.7 | 6,150 | 11.8 | 4,500 | 9.1 | 323.43 |

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: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock)

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

| | | | |
|----------------------|-------------------|----------------------|-------------------|
| As of Jun. 30, 2017: | 14,109,600 shares | As of Mar. 31, 2017: | 14,109,600 shares |
|----------------------|-------------------|----------------------|-------------------|

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

| | | | |
|----------------------|----------------|----------------------|----------------|
| As of Jun. 30, 2017: | 201,052 shares | As of Mar. 31, 2017: | 201,042 shares |
|----------------------|----------------|----------------------|----------------|

3) Average number of shares outstanding during the period

| | | | |
|-----------------------------------|-------------------|-----------------------------------|-------------------|
| Three months ended Jun. 30, 2017: | 13,908,549 shares | Three months ended Jun. 30, 2016: | 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.

Note 1: The current quarterly financial report is not subject to quarterly review 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.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first quarter of the fiscal year ending March 31, 2018 (hereafter, “the period under review”), the JCU Group achieved sales of 4,764 million yen (up 3.6% year over year) due to continued strong sales of chemicals in domestic and overseas markets despite the impact of the strong yen. As a result, operating profit, ordinary profit and profit attributable to owners of parent amounted to 1,396 million yen (up 32.5% year over year), 1,327 million yen (up 51.8% year over year) and 985 million yen (up 73.2% year over year), respectively.

The segment performance was as follows.

Chemicals business

The chemicals business segment continued to generate steady sales of plating chemicals for PWBs in China, Taiwan and South Korea because of introduction of a new engineering method by a customer manufacturing PWBs used for high-end smartphones as well as the sustained and strong demand for smartphones for the Chinese market. Further in China, expanded production and robust sales of automobiles contributed to the strong sales of plating chemicals for automotive components. Consequently, sales increased 17.9% year over year to 4,527 million yen and segment profit jumped 34.3% year over year to 1,700 million yen.

Machine business

Orders received in the machine business segment decreased to 458 million yen (down 46.6% year over year) as the Group received large-scale orders for plating machines in Japan in the same period of the previous fiscal year. Segment sales decreased to 184 million yen (down 66.0% year over year) due to a reduction in orders received. The resulting segment loss was 17 million yen, compared with segment profit of 41 million yen a year earlier.

New businesses

Orders received in the new businesses segment decreased to 41 million yen (down 40.1% year over year) due to a reduction in orders for plasma surface treatment machines which had recorded robust sales in the same period of the previous fiscal year. Segment sales decreased to 52 million yen (down 75.7% year over year), affected by a change in the term of construction of the order backlog for plasma surface treatment machines. As a result, segment loss was 47 million yen, compared with segment loss of 38 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 decreased 320 million yen (down 1.2%) from the end of the previous fiscal year to 25,775 million yen.

Current assets decreased 572 million yen (down 3.0%) to 18,435 million yen mainly due to decreases in notes and accounts receivable-trade and deferred tax assets.

Non-current assets increased 252 million yen (up 3.6%) to 7,339 million yen mainly due to an increase in investment securities as a result of hikes of share prices.

Liabilities

Total liabilities at the end of the period under review decreased 1,007 million yen (down 13.2%) from the end of the previous fiscal year to 6,631 million yen.

Current liabilities decreased 931 million yen (down 16.8%) to 4,622 million yen mainly due to decreases in income taxes payable as a result of payment of corporate taxes as well as notes and accounts payable-trade, which were partly offset by an increase in advances received.

Non-current liabilities decreased 76 million yen (down 3.7%) to 2,008 million yen mainly due to a decrease in long-term loans payable as a result of repayment of loans.

Net assets

Net assets at the end of the period under review increased 686 million yen (up 3.7%) from the end of the previous fiscal year to 19,143 million yen mainly due to an increase in retained earnings from profit for the period under review, which was partly offset by a decrease in retained earnings as a result of payment of cash dividends.

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

For the first-half and full-year consolidated forecasts for the fiscal year ending March 31, 2018, the Company has reviewed the current performance trends and revised the previously released forecasts of May 10, 2017 as follows.

Revisions to the first-half consolidated forecast for the fiscal year ending March 31, 2018 (April 1, 2017 – September 30, 2017)

| | 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 |
| Previous forecast (A) | 9,600 | 2,700 | 2,700 | 1,900 | 136.61 |
| Revised forecast (B) | 10,000 | 2,850 | 2,800 | 2,000 | 143.77 |
| Variance (B – A) | 400 | 150 | 100 | 100 | |
| Change in percentage (%) | 4.2 | 5.6 | 3.7 | 5.3 | |
| (Reference) Results for the first half of the previous fiscal year (ended September 30, 2016) | 10,514 | 2,574 | 2,283 | 1,682 | 119.76 |

Revisions to the full-year consolidated forecast for the fiscal year ending March 31, 2018 (April 1, 2017 – March 31, 2018)

| | 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 |
| Previous forecast (A) | 21,000 | 5,900 | 5,900 | 4,300 | 309.16 |
| Revised forecast (B) | 22,000 | 6,200 | 6,150 | 4,500 | 323.43 |
| Variance (B – A) | 1,000 | 300 | 250 | 200 | |
| Change in percentage (%) | 4.8 | 5.1 | 4.2 | 4.7 | |
| (Reference) Results for the previous fiscal year (ended March 31, 2017) | 20,760 | 5,500 | 5,502 | 4,124 | 295.10 |

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.

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

(Thousands of yen)

| | FY3/17 (As of Mar. 31, 2017) | First quarter of FY3/18 (As of Jun. 30, 2017) |
|--|---------------------------------|--|
| Assets | | |
| Current assets | | |
| Cash and deposits | 9,913,204 | 9,911,304 |
| Notes and accounts receivable-trade | 6,264,007 | 6,010,504 |
| Merchandise and finished goods | 1,166,494 | 1,153,928 |
| Work in process | 110,270 | 169,946 |
| Raw materials and supplies | 386,724 | 337,962 |
| Deferred tax assets | 607,735 | 481,267 |
| Other | 750,926 | 553,030 |
| Allowance for doubtful accounts | (191,755) | (182,836) |
| Total current assets | 19,007,609 | 18,435,109 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 2,081,858 | 2,050,041 |
| Machinery, equipment and vehicles, net | 662,919 | 646,848 |
| Tools, furniture and fixtures, net | 518,069 | 493,872 |
| Land | 522,824 | 522,824 |
| Leased assets, net | 112,306 | 108,307 |
| Construction in progress | 339,195 | 487,977 |
| Total property, plant and equipment | 4,237,173 | 4,309,871 |
| Intangible assets | | |
| Goodwill | 6,295 | 4,999 |
| Other | 62,725 | 60,156 |
| Total intangible assets | 69,021 | 65,155 |
| Investments and other assets | | |
| Investment securities | 2,300,420 | 2,560,041 |
| Deferred tax assets | 107,660 | 38,848 |
| Other | 373,503 | 365,999 |
| Allowance for doubtful accounts | (0) | (0) |
| Total investments and other assets | 2,781,584 | 2,964,889 |
| Total non-current assets | 7,087,779 | 7,339,916 |
| Total assets | 26,095,388 | 25,775,025 |

| | (Thousands of yen) | |
|---|---------------------------------|--|
| | FY3/17 (As of Mar. 31, 2017) | First quarter of FY3/18 (As of Jun. 30, 2017) |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 1,461,353 | 865,925 |
| Electronically recorded obligations-operating | 1,372,499 | 1,130,994 |
| Short-term loans payable | 52,609 | 190,128 |
| Current portion of long-term loans payable | 419,184 | 420,059 |
| Lease obligations | 21,920 | 22,571 |
| Income taxes payable | 887,048 | 371,030 |
| Provision for bonuses | 335,545 | 209,758 |
| Provision for loss on construction contracts | 13,962 | 13,962 |
| Advances received | 40,461 | 449,729 |
| Deferred tax liabilities | 42,314 | 55,702 |
| Other | 907,068 | 893,049 |
| Total current liabilities | 5,553,967 | 4,622,910 |
| Non-current liabilities | | |
| Long-term loans payable | 645,741 | 537,857 |
| Lease obligations | 125,736 | 120,844 |
| Net defined benefit liability | 1,036,391 | 1,077,727 |
| Deferred tax liabilities | 1,675 | - |
| Asset retirement obligations | 214,795 | 215,906 |
| Other | 59,940 | 55,778 |
| Total non-current liabilities | 2,084,280 | 2,008,115 |
| Total liabilities | 7,638,247 | 6,631,025 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 1,176,255 | 1,176,255 |
| Capital surplus | 1,124,592 | 1,124,592 |
| Retained earnings | 15,433,294 | 15,932,469 |
| Treasury shares | (320,931) | (320,964) |
| Total shareholders' equity | 17,413,210 | 17,912,352 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 363,391 | 533,190 |
| Foreign currency translation adjustment | 613,475 | 626,028 |
| Total accumulated other comprehensive income | 976,867 | 1,159,219 |
| Non-controlling interests | 67,062 | 72,428 |
| Total net assets | 18,457,140 | 19,143,999 |
| Total liabilities and net assets | 26,095,388 | 25,775,025 |

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

(Thousands of yen)

| | First three months of FY3/17 (Apr. 1, 2016 – Jun. 30, 2016) | First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017) |
|---|--|--|
| Net sales | 4,598,059 | 4,764,317 |
| Cost of sales | 1,826,545 | 1,567,997 |
| Gross profit | 2,771,514 | 3,196,319 |
| Selling, general and administrative expenses | | |
| Salaries and allowances | 577,594 | 607,279 |
| Bonuses | 172,635 | 175,610 |
| Retirement benefit expenses | 32,455 | 36,496 |
| Depreciation | 78,462 | 86,948 |
| Other | 855,977 | 893,200 |
| Total selling, general and administrative expenses | 1,717,125 | 1,799,535 |
| Operating profit | 1,054,389 | 1,396,783 |
| Non-operating income | | |
| Interest income | 6,411 | 5,139 |
| Dividend income | 19,237 | 19,919 |
| Reversal of allowance for doubtful accounts | 9,482 | 2,739 |
| Other | 3,907 | 9,280 |
| Total non-operating income | 39,038 | 37,079 |
| Non-operating expenses | | |
| Interest expenses | 4,139 | 3,446 |
| Foreign exchange losses | 213,948 | 90,740 |
| Share of loss of entities accounted for using equity method | - | 11,528 |
| Other | 769 | 458 |
| Total non-operating expenses | 218,858 | 106,174 |
| Ordinary profit | 874,569 | 1,327,688 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | - | 2,417 |
| Loss on retirement of non-current assets | 36 | 926 |
| Loss on liquidation of business | 18,525 | - |
| Total extraordinary losses | 18,561 | 3,343 |
| Profit before income taxes | 856,007 | 1,324,344 |
| Income taxes-current | 215,667 | 206,616 |
| Income taxes-deferred | 67,115 | 130,835 |
| Total income taxes | 282,782 | 337,451 |
| Profit | 573,225 | 986,893 |
| Profit attributable to non-controlling interests | 3,953 | 919 |
| Profit attributable to owners of parent | 569,272 | 985,974 |

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

(Thousands of yen)

| | First three months of FY3/17 (Apr. 1, 2016 – Jun. 30, 2016) | First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017) |
|--|--|--|
| Profit | 573,225 | 986,893 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (63,119) | 169,799 |
| Foreign currency translation adjustment | (398,055) | 1,194 |
| Share of other comprehensive income of entities accounted for using equity method | - | 15,804 |
| Total other comprehensive income | (461,175) | 186,798 |
| Comprehensive income | 112,050 | 1,173,691 |
| Comprehensive income attributable to: | | |
| Owners of parent | 113,607 | 1,168,326 |
| Non-controlling interests | (1,557) | 5,365 |

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

Not applicable.

Significant Changes in Shareholders' Equity

Omitted because there is no significant change in the amount of shareholders' equity from the end of the previous fiscal year.

Segment and Other Information

I. First three months of FY3/17 (Apr. 1, 2016 – Jun. 30, 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 | 3,841,582 | 542,091 | 214,386 | 4,598,059 | - | 4,598,059 |
| Inter-segment sales and transfers | - | - | - | - | - | - |
| Total | 3,841,582 | 542,091 | 214,386 | 4,598,059 | - | 4,598,059 |
| Segment profit (loss) | 1,265,892 | 41,015 | (38,141) | 1,268,766 | (214,376) | 1,054,389 |

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

| To segment profit | | (Thousands of yen) |
|---------------------------------------|--|--|
| | | First three months of FY3/17 (Apr. 1, 2016 – Jun. 30, 2016) |
| Inter-segment transaction elimination | | 1,421 |
| Corporate expenses* | | (215,798) |
| Total | | (214,376) |

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

2. Segment profit (loss) is adjusted to be consistent with operating profit 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 three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)

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 | 4,527,898 | 184,376 | 52,042 | 4,764,317 | - | 4,764,317 |
| Inter-segment sales and transfers | - | - | - | - | - | - |
| Total | 4,527,898 | 184,376 | 52,042 | 4,764,317 | - | 4,764,317 |
| Segment profit (loss) | 1,700,467 | (17,730) | (47,488) | 1,635,248 | (238,464) | 1,396,783 |

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

| To segment profit | | (Thousands of yen) |
|---------------------------------------|--|--|
| | | First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017) |
| Inter-segment transaction elimination | | - |
| Corporate expenses* | | (238,464) |
| Total | | (238,464) |

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

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

* 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.