



November 2, 2017

**Summary of Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2018  
(Six Months Ended September 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:			November 8, 2017
Scheduled date of payment of dividend:			December 4, 2017
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 2, 2017 at 15:00. (GMT +9).

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

**1. Consolidated Financial Results for the Six Months Ended September 30, 2017**

(April 1, 2017 – September 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	%
Six months ended Sep. 30, 2017	10,255	(2.5)	3,108	20.7	3,060	34.0	2,248	33.7
Six months ended Sep. 30, 2016	10,514	5.9	2,574	9.5	2,283	(4.3)	1,682	4.8

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2017: 2,652 (up 416.4%)  
Six months ended Sep. 30, 2016: 513 (down 67.6%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended Sep. 30, 2017	161.63		-	
Six months ended Sep. 30, 2016	119.76		-	

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 Sep. 30, 2017	28,692		20,651		71.7	
As of Mar. 31, 2017	26,095		18,457		70.5	

Reference: Shareholders' equity (million yen) As of Sep. 30, 2017: 20,569 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	-	35.00	-	-	-
FY3/18 (forecasts)	-	-	-	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
Full year	22,500	8.4	6,650	20.9	6,650	20.9	4,900	18.8	352.18

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 Sep. 30, 2017:	14,117,037 shares	As of Mar. 31, 2017:	14,109,600 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2017:	201,080 shares	As of Mar. 31, 2017:	201,042 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2017:	13,910,775 shares	Six months ended Sep. 30, 2016:	14,046,359 shares
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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 half of the fiscal year ending March 31, 2018 (hereafter, “the period under review”), the JCU Group reported net sales of 10,255 million yen (down 2.5% year over year), which were affected by a decrease in sales of large-scale plating machines and plasma surface treatment machines despite sales of chemicals in domestic and overseas markets remaining strong. On the other hand, operating profit, ordinary profit and profit attributable to owners of parent amounted to 3,108 million yen (up 20.7% year over year), 3,060 million yen (up 34.0% year over year) and 2,248 million yen (up 33.7% 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. In China, expanded production and robust sales of Japanese automobiles continued to contribute to the strong sales of plating chemicals for automotive components. Furthermore, domestic sales of chemicals saw a continued modest recovery. Consequently, sales increased 18.7% year over year to 9,349 million yen and segment profit up 28.3% year over year to 3,611 million yen.

#### Machine business

Orders received in the machine business segment decreased to 1,671 million yen (down 2.3% year over year) despite receiving an order for large-scale plating machines. While there was an increase in the construction contract backlog, production and installation works require some time to complete. Consequently, sales decreased 69.2% year over year to 522 million yen with a segment loss of 24 million yen (as compared with a segment profit of 169 million yen a year earlier). The order backlog increased to 1,514 million yen (up 60.8% year over year).

#### New businesses

Orders received in the new businesses segment decreased to 167 million yen (down 24.7% 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. The decrease in orders received resulted in sales of 384 million yen (down 59.1% year over year) with a segment loss of 34 million yen (as compared with a segment loss of 2 million yen a year earlier). The order backlog increased to 1,131 million yen (up 57.5% year over year).

### (2) Explanation of Financial Position

#### 1) Assets, liabilities and net assets

##### Assets

Total assets at the end of the period under review increased 2,597 million yen (up 10.0%) from the end of the previous fiscal year to 28,692 million yen.

Current assets increased 2,125 million yen (up 11.2%) to 21,132 million yen mainly due to an increase in cash and deposits.

Non-current assets increased 472 million yen (up 6.7%) to 7,559 million yen mainly due to an increase in investment securities as a result of a rise in the market prices of securities owned.

##### Liabilities

Total liabilities at the end of the period under review increased 402 million yen (up 5.3%) from the end of the previous fiscal year to 8,041 million yen.

Current liabilities increased 113 million yen (up 2.0%) to 5,667 million yen mainly due to an increase in advances received, which was partly offset by decreases in income taxes payable and notes and accounts payable-trade.

Non-current liabilities increased 289 million yen (up 13.9%) to 2,373 million yen mainly due to an increase in long-term loans payable as a result of drawdown of loans.

### Net assets

Net assets at the end of the period under review increased 2,194 million yen (up 11.9%) from the end of the previous fiscal year to 20,651 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.

## 2) Cash Flows

Cash and cash equivalents at the end of the period under review increased 2,290 million yen from the end of the previous fiscal year to 11,054 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 744 million yen (up 47.0%) year over year to 2,330 million yen mainly due to an increase in advances received in addition to a year-over-year increase of 800 million yen (up 35.5%) in profit before income taxes.

### Cash flows from investing activities

Net cash used in investing activities decreased 562 million yen (down 89.2%) year over year to 68 million yen mainly due to a decrease in the payment for purchase of investment securities.

### Cash flows from financing activities

Net cash provided by financing activities amounted to 49 million yen (compared with 432 million yen used in the same period of the previous fiscal year) mainly due to a decrease in the payment for purchase of treasury shares.

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

For the 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 forecast of August 2, 2017 as follows.

### 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)	22,000	6,200	6,150	4,500	323.43
Revised forecast (B)	22,500	6,650	6,650	4,900	352.18
Variance (B – A)	500	450	500	400	
Change in percentage (%)	2.3	7.3	8.1	8.9	
(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)	Second quarter of FY3/18 (As of Sep. 30, 2017)
Assets		
Current assets		
Cash and deposits	9,913,204	11,987,279
Notes and accounts receivable-trade	6,264,007	6,348,386
Merchandise and finished goods	1,166,494	1,188,421
Work in process	110,270	168,590
Raw materials and supplies	386,724	361,320
Deferred tax assets	607,735	510,432
Other	750,926	741,873
Allowance for doubtful accounts	(191,755)	(173,597)
Total current assets	19,007,609	21,132,705
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,081,858	2,044,588
Machinery, equipment and vehicles, net	662,919	648,907
Tools, furniture and fixtures, net	518,069	477,514
Land	522,824	522,824
Leased assets, net	112,306	99,120
Construction in progress	339,195	481,004
Total property, plant and equipment	4,237,173	4,273,959
Intangible assets		
Goodwill	6,295	3,716
Other	62,725	56,221
Total intangible assets	69,021	59,937
Investments and other assets		
Investment securities	2,300,420	2,830,477
Deferred tax assets	107,660	37,749
Other	373,503	357,798
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	2,781,584	3,226,024
Total non-current assets	7,087,779	7,559,922
Total assets	26,095,388	28,692,628

	(Thousands of yen)	
	FY3/17 (As of Mar. 31, 2017)	Second quarter of FY3/18 (As of Sep. 30, 2017)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	1,461,353	1,157,838
Electronically recorded obligations-operating	1,372,499	1,187,313
Short-term loans payable	52,609	322,423
Current portion of long-term loans payable	419,184	526,843
Lease obligations	21,920	18,013
Income taxes payable	887,048	571,443
Provision for bonuses	335,545	413,543
Provision for loss on construction contracts	13,962	13,962
Advances received	40,461	749,471
Deferred tax liabilities	42,314	65,565
Other	907,068	641,225
<b>Total current liabilities</b>	<b>5,553,967</b>	<b>5,667,643</b>
<b>Non-current liabilities</b>		
Long-term loans payable	645,741	821,045
Lease obligations	125,736	117,136
Net defined benefit liability	1,036,391	1,080,953
Deferred tax liabilities	1,675	81,681
Asset retirement obligations	214,795	217,162
Other	59,940	55,566
<b>Total non-current liabilities</b>	<b>2,084,280</b>	<b>2,373,545</b>
<b>Total liabilities</b>	<b>7,638,247</b>	<b>8,041,189</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	1,176,255	1,191,575
Capital surplus	1,124,592	1,142,759
Retained earnings	15,433,294	17,194,907
Treasury shares	(320,931)	(321,081)
<b>Total shareholders' equity</b>	<b>17,413,210</b>	<b>19,208,161</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	363,391	723,712
Foreign currency translation adjustment	613,475	637,230
<b>Total accumulated other comprehensive income</b>	<b>976,867</b>	<b>1,360,942</b>
<b>Non-controlling interests</b>	<b>67,062</b>	<b>82,335</b>
<b>Total net assets</b>	<b>18,457,140</b>	<b>20,651,439</b>
<b>Total liabilities and net assets</b>	<b>26,095,388</b>	<b>28,692,628</b>

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

(Thousands of yen)

	First six months of FY3/17 (Apr. 1, 2016 – Sep. 30, 2016)	First six months of FY3/18 (Apr. 1, 2017 – Sep. 30, 2017)
Net sales	10,514,309	10,255,609
Cost of sales	4,544,467	3,601,688
Gross profit	5,969,842	6,653,921
Selling, general and administrative expenses		
Salaries and allowances	1,134,922	1,178,183
Bonuses	340,414	345,943
Retirement benefit expenses	62,877	68,353
Depreciation	174,116	175,485
Other	1,682,869	1,777,888
Total selling, general and administrative expenses	3,395,200	3,545,854
Operating profit	2,574,641	3,108,066
Non-operating income		
Interest income	13,157	11,892
Dividend income	19,401	20,095
Share of profit of entities accounted for using equity method	10,418	-
Reversal of allowance for doubtful accounts	546	14,276
Other	10,781	15,191
Total non-operating income	54,305	61,456
Non-operating expenses		
Interest expenses	8,231	9,309
Foreign exchange losses	328,588	77,956
Share of loss of entities accounted for using equity method	-	20,210
Other	8,551	1,340
Total non-operating expenses	345,371	108,816
Ordinary profit	2,283,575	3,060,706
Extraordinary income		
Gain on sales of non-current assets	86	355
Total extraordinary income	86	355
Extraordinary losses		
Loss on sales of non-current assets	562	2,453
Loss on retirement of non-current assets	7,872	1,107
Loss on liquidation of business	18,102	-
Total extraordinary losses	26,537	3,560
Profit before income taxes	2,257,124	3,057,501
Income taxes-current	570,137	685,942
Income taxes-deferred	(4,067)	110,304
Total income taxes	566,070	796,246
Profit	1,691,054	2,261,254
Profit attributable to non-controlling interests	8,820	12,841
Profit attributable to owners of parent	1,682,233	2,248,412



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

	(Thousands of yen)	
	First six months of FY3/17 (Apr. 1, 2016 – Sep. 30, 2016)	First six months of FY3/18 (Apr. 1, 2017 – Sep. 30, 2017)
Profit	1,691,054	2,261,254
Other comprehensive income		
Valuation difference on available-for-sale securities	56,069	360,321
Foreign currency translation adjustment	(1,210,672)	4,991
Share of other comprehensive income of entities accounted for using equity method	(22,863)	25,616
Total other comprehensive income	(1,177,466)	390,929
Comprehensive income	513,588	2,652,183
Comprehensive income attributable to:		
Owners of parent	520,797	2,632,488
Non-controlling interests	(7,209)	19,695

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

(Thousands of yen)

	First six months of FY3/17 (Apr. 1, 2016 – Sep. 30, 2016)	First six months of FY3/18 (Apr. 1, 2017 – Sep. 30, 2017)
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,257,124	3,057,501
Depreciation	272,348	275,573
Amortization of goodwill	2,903	2,770
Increase (decrease) in allowance for doubtful accounts	(6,507)	(17,811)
Increase (decrease) in provision for bonuses	73,779	77,489
Increase (decrease) in net defined benefit liability	75,769	44,088
Interest and dividend income	(32,559)	(31,988)
Interest expenses	8,231	9,309
Foreign exchange losses (gains)	136,769	512
Share of (profit) loss of entities accounted for using equity method	(10,418)	20,210
Loss (gain) on sales of non-current assets	476	2,097
Loss on retirement of non-current assets	7,872	787
Decrease (increase) in notes and accounts receivable-trade	(246,940)	(99,376)
Increase (decrease) in advances received	(90,921)	709,626
Decrease (increase) in inventories	(247,976)	(55,339)
Increase (decrease) in notes and accounts payable-trade	(3,592)	(509,870)
Decrease (increase) in advance payments	329,800	(7,801)
Other, net	(245,609)	(195,845)
Subtotal	2,280,553	3,281,933
Interest and dividend income received	38,132	39,562
Interest expenses paid	(8,350)	(6,582)
Income taxes paid	(779,109)	(996,998)
Income taxes refund	54,655	12,868
Net cash provided by (used in) operating activities	1,585,880	2,330,785
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	162,274	236,766
Purchase of property, plant and equipment	(340,511)	(306,966)
Proceeds from sales of property, plant and equipment	230	1,778
Purchase of intangible assets	(4,783)	(6,553)
Purchase of investment securities	(329,056)	(447)
Other, net	(118,566)	7,091
Net cash provided by (used in) investing activities	(630,413)	(68,331)

(Thousands of yen)

	First six months of FY3/17 (Apr. 1, 2016 – Sep. 30, 2016)	First six months of FY3/18 (Apr. 1, 2017 – Sep. 30, 2017)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(5,892)	271,029
Proceeds from long-term loans payable	600,000	500,000
Repayments of long-term loans payable	(260,259)	(219,361)
Repayments of finance lease obligations	(11,206)	(13,553)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(5,866)	-
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	12,143
Purchase of treasury shares	(320,108)	(149)
Cash dividends paid	(422,583)	(486,501)
Proceeds from share issuance to non-controlling shareholders	6,544	-
Dividends paid to non-controlling interests	(12,808)	(14,134)
Other, net	-	(379)
Net cash provided by (used in) financing activities	(432,181)	49,092
Effect of exchange rate change on cash and cash equivalents	(464,501)	(20,689)
Net increase (decrease) in cash and cash equivalents	58,784	2,290,857
Cash and cash equivalents at beginning of period	6,799,096	8,764,006
Cash and cash equivalents at end of period	6,857,881	11,054,863

**(4) 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 six months of FY3/17 (Apr. 1, 2016 – Sep. 30, 2016)

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

	Reportable segment				Adjustments (Note 1)	(Thousands of yen) Amounts shown on quarterly consolidated statement of income (Note 2)
	Chemicals business	Machine business	New businesses	Total		
Sales						
Sales to outside customers	7,879,504	1,695,613	939,191	10,514,309	-	10,514,309
Inter-segment sales and transfers	-	-	-	-	-	-
Total	7,879,504	1,695,613	939,191	10,514,309	-	10,514,309
Segment profit (loss)	2,816,018	169,015	(2,823)	2,982,209	(407,567)	2,574,641

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

To segment profit	(Thousands of yen)
	First six months of FY3/17 (Apr. 1, 2016 – Sep. 30, 2016)
Inter-segment transaction elimination	2,883
Corporate expenses*	(410,451)
Total	(407,567)

\* 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 six months of FY3/18 (Apr. 1, 2017 – Sep. 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	9,349,155	522,251	384,202	10,255,609	-	10,255,609
Inter-segment sales and transfers	-	-	-	-	-	-
Total	9,349,155	522,251	384,202	10,255,609	-	10,255,609
Segment profit (loss)	3,611,990	(24,392)	(34,381)	3,553,217	(445,150)	3,108,066

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

To segment profit (Thousands of yen)

	First six months of FY3/18 (Apr. 1, 2017 – Sep. 30, 2017)
Inter-segment transaction elimination	-
Corporate expenses*	(445,150)
Total	(445,150)

\* 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.