



August 3, 2018

## Summary of Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2019 (Three Months Ended June 30, 2018)

**[Japanese GAAP]**

Company name: JCU CORPORATION

Listing: Tokyo Stock Exchange, First Section

Stock code: 4975

URL: <https://www.jcu-i.com/>

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Scheduled date of filing of Quarterly Report: August 8, 2018

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 3, 2018 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, 2018

(April 1, 2018 – June 30, 2018)

(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, 2018	6,599	38.5	1,726	23.6	1,738	30.9	1,288	30.7
Three months ended Jun. 30, 2017	4,764	3.6	1,396	32.5	1,327	51.8	985	73.2

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2018: 700 (down 40.4%)  
Three months ended Jun. 30, 2017: 1,173 (up 947.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2018	46.30	-
Three months ended Jun. 30, 2017	35.44	-

Note: The Company conducted a 2-for-1 common stock split on April 1, 2018. 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, 2018	30,302	23,000	75.7
As of Mar. 31, 2018	32,230	22,996	71.1

Reference: Shareholders' equity (million yen) As of Jun. 30, 2018: 22,930 As of Mar. 31, 2018: 22,925

### 2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY3/18	-	35.00	-	50.00	85.00
FY3/19	-	-	-	-	-
FY3/19 (forecasts)	-	22.50	-	22.50	45.00

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

2. Breakdown of year-end FY3/18 dividend forecast: Ordinary dividend of 45.00 yen, commemorative dividend of 5.00 yen

3. The Company conducted a 2-for-1 common stock split on April 1, 2018. Dividends per share for FY3/18 are the actual amount before the stock split.

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

(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	13,000	26.8	3,300	6.2	3,300	7.8	2,300	2.3	82.64
Full year	26,000	12.5	7,300	5.1	7,300	4.7	5,200	6.0	186.84

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

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): Yes

Newly added: 1 (Sorapuchi Farm Corporation)

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, 2018:	27,831,914 shares	As of Mar. 31, 2018:	27,831,914 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2018:	- shares	As of Mar. 31, 2018:	- shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2018:	27,831,914 shares	Three months ended Jun. 30, 2017:	27,817,098 shares
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Note: The Company conducted a 2-for-1 common stock split on April 1, 2018. 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 quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

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, 2019 (hereafter, "the period under review"), the JCU Group achieved sales of 6,599 million yen (up 38.5% year over year) thanks to continued strong sales of plating machines on top of continued solid sales of chemicals in overseas markets. As a result, operating profit, ordinary profit, and profit attributable to owners of parent amounted to 1,726 million yen (up 23.6% year over year), 1,738 million yen (up 30.9% year over year), and 1,288 million yen (up 30.7% year over year), respectively.

The segment performance was as follows.

As the Company revised its reportable segment structure in the period under review, a comparative analysis of segment performance for the period under review is presented based on the revised reportable segments.

#### Chemicals Business

The Chemicals Business segment continued to generate steady sales of plating chemicals for PWBs in China and South Korea because, despite sluggish demand for high-end smartphones, demand for smartphones for the Chinese market remained strong in line with a trend of high functionality, and demand for other electronics devices was also solid. In China, expanded sales to new customers continued to contribute to the strong sales of plating chemicals for automotive components. Consequently, sales increased 7.9% year over year to 4,887 million yen with a segment profit up 12.1% year over year to 1,905 million yen.

#### Machine Business

Orders received in the Machine Business segment decreased to 214 million yen (down 55.0% year over year) due to a reduction in orders for large-scale plating machines. Thanks to the smooth progress of construction contract backlog, sales increased 651.4% year over year to 1,703 million yen (of which sales in the former New Businesses segment was 419 million yen) with a segment profit of 90 million yen (as compared with a segment loss of 45 million yen a year earlier). The order backlog increased to 2,398 million yen (up 21.7% year over year).

#### Other

The Other businesses segment posted sales of 9 million yen (down 6.2% year over year) with a segment loss of 13 million yen (as compared with a segment loss of 19 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 1,928 million yen (down 6.0%) from the end of the previous fiscal year to 30,302 million yen.

Current assets decreased 2,014 million yen (down 8.3%) to 22,124 million yen mainly due to decreases in cash and deposits, notes and accounts receivable-trade, and advance payments-trade.

Non-current assets increased 85 million yen (up 1.1%) to 8,177 million yen mainly due to an increase in construction in progress that represents a plant under construction at JCU Surface Technology Hubei Co., Ltd.

##### Liabilities

Total liabilities at the end of the period under review decreased 1,932 million yen (down 20.9%) from the end of the previous fiscal year to 7,302 million yen.

Current liabilities decreased 1,843 million yen (down 26.4%) to 5,134 million yen mainly due to decreases in notes and accounts payable-trade, advances received, and income taxes payable for the payment of income taxes.

Non-current liabilities decreased 88 million yen (down 3.9%) to 2,168 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 3 million yen (up 0.0%) from the end of the previous fiscal year to 23,000 million yen. This was mainly due to an increase in retained earnings from profit attributable to owners of parent, which was partly offset by a decrease in foreign currency translation adjustment caused by the appreciation of yen and a decrease in retained earnings as a result of payment of cash dividends.

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

There are no revisions to the first-half and full-year consolidated forecast for the current fiscal year disclosed in Summary of Financial Results for the Fiscal Year Ended March 31, 2018 dated May 9, 2018.

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

(Thousands of yen)

	FY3/18 (As of Mar. 31, 2018)	First quarter of FY3/19 (As of Jun. 30, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	13,528,085	12,299,937
Notes and accounts receivable-trade	7,437,495	7,156,692
Merchandise and finished goods	1,318,175	1,311,126
Work in process	285,899	204,196
Raw materials and supplies	415,774	446,605
Other	1,332,732	875,978
Allowance for doubtful accounts	(178,684)	(169,684)
Total current assets	24,139,478	22,124,851
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,426,631	2,329,191
Machinery, equipment and vehicles, net	631,270	599,150
Tools, furniture and fixtures, net	472,073	432,423
Land	522,824	522,824
Leased assets, net	90,122	86,274
Construction in progress	48,112	496,338
Total property, plant and equipment	4,191,034	4,466,202
Intangible assets		
Goodwill	1,823	1,548
Other	48,876	45,892
Total intangible assets	50,699	47,441
Investments and other assets		
Investment securities	2,801,022	2,765,662
Deferred tax assets	702,019	559,302
Other	346,689	338,747
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	3,849,730	3,663,712
Total non-current assets	8,091,464	8,177,356
Total assets	32,230,943	30,302,207

	(Thousands of yen)	
	FY3/18 (As of Mar. 31, 2018)	First quarter of FY3/19 (As of Jun. 30, 2018)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	1,796,520	1,168,234
Electronically recorded obligations-operating	1,518,545	1,348,302
Short-term loans payable	177,398	219,194
Current portion of long-term loans payable	431,168	384,193
Lease obligations	17,048	15,606
Income taxes payable	954,646	450,115
Provision for bonuses	352,980	212,773
Provision for loss on construction contracts	17,101	14,181
Advances received	686,396	202,145
Other	1,026,080	1,119,287
Total current liabilities	6,977,886	5,134,035
Non-current liabilities		
Long-term loans payable	647,749	564,982
Lease obligations	108,890	105,578
Net defined benefit liability	1,137,844	1,171,962
Deferred tax liabilities	62,793	30,453
Asset retirement obligations	230,643	231,066
Other	69,056	64,094
Total non-current liabilities	2,256,976	2,168,136
Total liabilities	9,234,863	7,302,171
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,191,575	1,191,575
Capital surplus	1,138,544	1,138,464
Retained earnings	19,044,487	19,637,437
Total shareholders' equity	21,374,607	21,967,476
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	509,994	450,115
Foreign currency translation adjustment	1,040,946	512,931
Total accumulated other comprehensive income	1,550,941	963,046
Non-controlling interests	70,531	69,512
Total net assets	22,996,079	23,000,036
Total liabilities and net assets	32,230,943	30,302,207

**(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 FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)	First three months of FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)
Net sales	4,764,317	6,599,750
Cost of sales	1,567,997	3,026,694
Gross profit	3,196,319	3,573,056
Selling, general and administrative expenses		
Salaries and allowances	607,279	585,218
Bonuses	175,610	174,036
Retirement benefit expenses	36,496	47,387
Depreciation	86,948	90,037
Other	893,200	949,801
Total selling, general and administrative expenses	1,799,535	1,846,481
Operating profit	1,396,783	1,726,574
Non-operating income		
Interest income	5,139	7,345
Dividend income	19,919	22,545
Reversal of allowance for doubtful accounts	2,739	5,399
Other	9,280	9,981
Total non-operating income	37,079	45,271
Non-operating expenses		
Interest expenses	3,446	4,320
Foreign exchange losses	90,740	21,463
Share of loss of entities accounted for using equity method	11,528	5,496
Other	458	2,386
Total non-operating expenses	106,174	33,666
Ordinary profit	1,327,688	1,738,179
Extraordinary income		
Gain on sales of non-current assets	-	142
Total extraordinary income	-	142
Extraordinary losses		
Loss on sales of non-current assets	2,417	-
Loss on retirement of non-current assets	926	344
Total extraordinary losses	3,343	344
Profit before income taxes	1,324,344	1,737,977
Income taxes-current	206,616	317,994
Income taxes-deferred	130,835	133,359
Total income taxes	337,451	451,354
Profit	986,893	1,286,623
Profit (loss) attributable to non-controlling interests	919	(2,123)
Profit attributable to owners of parent	985,974	1,288,747



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

(Thousands of yen)

	First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)	First three months of FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)
Profit	986,893	1,286,623
Other comprehensive income		
Valuation difference on available-for-sale securities	169,799	(59,878)
Foreign currency translation adjustment	1,194	(540,822)
Share of other comprehensive income of entities accounted for using equity method	15,804	14,147
Total other comprehensive income	186,798	(586,554)
Comprehensive income	1,173,691	700,069
Comprehensive income attributable to:		
Owners of parent	1,168,326	700,852
Non-controlling interests	5,365	(783)

### (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.

#### Changes in Significant Subsidiaries during the Period under Review

The Company established Sorapuchi Farm Corporation on June 29, 2018, and included this company in the scope of consolidation from the period under review.

Sorapuchi Farm Corporation falls into a specified subsidiary of the Company.

#### Segment and Other Information

I. 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			Other (Note 1)	Total	Adjustments (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Chemicals Business	Machine Business	Total				
Sales							
Sales to outside customers	4,527,898	226,651	4,754,550	9,767	4,764,317	-	4,764,317
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	4,527,898	226,651	4,754,550	9,767	4,764,317	-	4,764,317
Segment profit (loss)	1,700,467	(45,584)	1,654,882	(19,634)	1,635,248	(238,464)	1,396,783

Notes: 1. The "Other" businesses segment represents business activities that are not included in any of the two reportable segments, and includes businesses engaged in color processing with the sputtering technology, drinking water, and wine.

2. 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.

3. 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 FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)

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

(Thousands of yen)

	Reportable segment			Other (Note 1)	Total	Adjustments (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Chemicals Business	Machine Business	Total				
Sales							
Sales to outside customers	4,887,576	1,703,013	6,590,589	9,160	6,599,750	-	6,599,750
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	4,887,576	1,703,013	6,590,589	9,160	6,599,750	-	6,599,750
Segment profit (loss)	1,905,446	90,862	1,996,308	(13,708)	1,982,599	(256,025)	1,726,574

Notes: 1. The “Other” businesses segment represents business activities that are not included in any of the two reportable segments, and includes businesses engaged in color processing with the sputtering technology, drinking water, and wine.

2. Details of the above adjustments are as follows.

To segment profit

(Thousands of yen)

	First three months of FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)
Inter-segment transaction elimination	-
Corporate expenses*	(256,025)
Total	(256,025)

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

3. 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.

3. Changes in reportable segments

In the period under review, the Company changed its reportable segments due to the organizational change. Specifically, the previous three reportable segment structure comprising of the Chemicals Business, the Machine Business, and the New Businesses was changed to the two reportable segment structure comprising of the Chemicals Business and the Machine Business together with the newly established “Other” businesses segment which includes businesses other than those included in the two reportable segments.

As a result, the Machine Business now includes the businesses of PWB cleaning equipment utilizing plasma technology, solar power generation equipment, and generation of solar power, all of which were previously classified into the New Businesses reportable segment. The “Other” businesses segment includes the businesses of color processing with the sputtering technology, drinking water, and wine.

The segment information for the first quarter of the previous fiscal year is presented based on the new reportable segment structure after the organizational change.

\* 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.