

**Summary of Consolidated Financial Results for the First Quarter
of the Fiscal Year Ending March 31, 2017
(Three Months Ended June 30, 2016)**

[Japanese GAAP]

Company name: Chiyoda Ute Co., Ltd.

Listing: Tokyo Stock Exchange (JASDAQ)

Stock code: 5387

URL: <http://www.chiyoda-ute.co.jp>

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Scheduled date of filing of Quarterly Report:

August 10, 2016

Scheduled date of payment of dividend:

-

Preparation of supplementary materials for quarterly financial results: None

Holding of quarterly financial results meeting:

None

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

**1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2017
(April 1, 2016 – June 30, 2016)**

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | |
|----------------------------------|-------------|-------|------------------|---|-----------------|---|---|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Three months ended Jun. 30, 2016 | 6,935 | 0.2 | (84) | - | (49) | - | (76) | - |
| Three months ended Jun. 30, 2015 | 6,923 | (4.7) | 2 | - | 10 | - | (13) | - |

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2016: (99) (n.a.)

Three months ended Jun. 30, 2015: 62 (n.a.)

| | Net income per share | Diluted net income per share |
|----------------------------------|----------------------|------------------------------|
| | Yen | Yen |
| Three months ended Jun. 30, 2016 | (4.41) | - |
| Three months ended Jun. 30, 2015 | (0.78) | - |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|---------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| As of Jun. 30, 2016 | 35,103 | 12,117 | 34.5 |
| As of Mar. 31, 2016 | 35,496 | 12,304 | 34.6 |

Reference: Shareholders' equity (million yen) As of Jun. 30, 2016: 12,108 As of Mar. 31, 2016: 12,295

2. Dividends

| | Dividend per share | | | | |
|---|--------------------|--------|--------|----------|-------|
| | 1Q-end | 2Q-end | 3Q-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended Mar. 31, 2016 | - | 0.00 | - | 5.00 | 5.00 |
| Fiscal year ending Mar. 31, 2017 | - | - | - | - | - |
| Fiscal year ending Mar. 31, 2017 (forecast) | - | 0.00 | - | 5.00 | 5.00 |

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

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

(Percentages represent year-on-year changes)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | | Net income per share |
|------------|-------------|-----|------------------|--------|-----------------|--------|---|--------|----------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| First half | 15,000 | 4.7 | 60 | (47.2) | 40 | (63.0) | 10 | (84.4) | 0.57 |
| Full year | 31,500 | 5.3 | 680 | 26.7 | 680 | 25.2 | 510 | (45.8) | 29.25 |

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

*** Notes**

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

(2) Application of special accounting methods in the preparation of the quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

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

3) Changes in accounting estimates: None

4) Restatements: None

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

(4) Number of outstanding shares (common shares)

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

| | | | |
|----------------------|-------------------|----------------------|-------------------|
| As of Jun. 30, 2016: | 17,670,000 shares | As of Mar. 31, 2016: | 17,670,000 shares |
|----------------------|-------------------|----------------------|-------------------|

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

| | | | |
|----------------------|----------------|----------------------|----------------|
| As of Jun. 30, 2016: | 233,600 shares | As of Mar. 31, 2016: | 233,600 shares |
|----------------------|----------------|----------------------|----------------|

3) Average number of shares outstanding during the period

| | | | |
|-----------------------------------|-------------------|-----------------------------------|-------------------|
| Three months ended Jun. 30, 2016: | 17,436,400 shares | Three months ended Jun. 30, 2015: | 17,436,400 shares |
|-----------------------------------|-------------------|-----------------------------------|-------------------|

* Information regarding the implementation of quarterly review procedures

The current quarterly financial report is exempted from quarterly review procedures based on the Financial Instruments and Exchange Act.

* Explanation of appropriate use of earnings forecasts, and other special items

Note concerning forward-looking statements

Forecasts of future performance in this document are based on assumption judged to be valid and information currently available to the Company’s management, but are not promises by the Company regarding future performance. Actual results may differ materially from the forecasts for a number of reasons. Please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements.” on page 3 for forecast assumptions and notes of caution for usage.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first quarter of the current fiscal year, the Japanese economy remained at a standstill with the decline in corporate earnings and other factors despite the improvement of employment. In addition, the outlook for the global economy remained uncertain with downward fluctuation risks of the world economy caused by the concern over the economic slowdown in China and the decision of the UK leaving the EU.

Japan's housing market showed a sign of recovery. In the first three months of the current fiscal year, new housing starts increased 4.9% year on year to 247 thousand.

In the gypsum board industry, shipments in the first three months of the current fiscal year were down 0.3% year on year to 115 million square meters, mostly at the same level year on year.

The Chiyoda Ute Group (hereinafter "the Group") has made efforts to improve its profitability through further streamlining manufacturing operations of each plant, such as conversion of dryers to increase thermal efficiency at the Chiba Plant, and radically implementing rationalization and efficiency improvement measures across the Group while increasing sales of gypsum boards and other products such as calcium silicate boards and steel furring.

Due to the seasonality of the Group's performance, net sales for the first quarter of a fiscal year is usually lower than those for other three quarters, and maintenance expense of the plant facilities tends to concentrate also in the first quarter. In particular, the maintenance expense for the first quarter has increased year on year as planned at the beginning of the current fiscal year.

As a result, the Group has reported net sales for the first three months of 6,935 million yen (up 0.2% year on year) with operating loss of 84 million yen (as compared to operating income of 2 million yen for the same period of the previous fiscal year), ordinary loss of 49 million yen (as compared to ordinary income of 10 million yen for the same period of the previous fiscal year), and loss attributable to owners of parent of 76 million yen (as compared to loss attributable to owners of parent of 13 million yen for the same period of the previous fiscal year).

The Group does not present performance by business segment because it has only a single business segment.

(2) Explanation of Financial Position

1) Balance sheet position

Assets

Total assets decreased 392 million yen from the end of the previous fiscal year to 35,103 million yen.

Current assets decreased 377 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 410 million yen in notes and accounts receivable-trade, which was partially offset by an increase of 101 million yen in merchandise and finished goods.

Non-current assets decreased 13 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 34 million yen in investment securities caused by a decline in the fair value.

Liabilities

Total liabilities decreased 205 million yen from the end of the previous fiscal year to 22,986 million yen.

Current liabilities increased 273 million yen from the end of the previous fiscal year. This was mainly due to increases of 197 million yen and 145 million yen in short-term loans payable and provision for bonuses, respectively, which were partially offset by a decrease of 123 million yen in notes and accounts payable-trade.

Non-current liabilities decreased 479 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 377 million yen in long-term loans payable.

Net assets

Net assets decreased 186 million yen from the end of the previous fiscal year to 12,117 million yen.

This was mainly due to the payment of cash dividends and a decrease of 164 million yen in retained earnings because of booking of a loss attributable to owners of parent.

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

There are no revisions to the consolidated earnings forecast for the fiscal year ending March 31, 2017, which was announced on May 18, 2016.

Forecasts of future performance in this document are based on assumptions judged to be valid and information available to the Company's management at the time this document was prepared. Actual results may differ materially from the forecasts for a number of reasons.

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

Not applicable.

(2) Application of Special Accounting Methods in the Preparation of the Quarterly Consolidated Financial Statements

Not applicable.

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

Changes in Accounting Policies

(Application of Practical Solution on a Change in Depreciation Method due to Tax Reform 2016)

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

The effect of this change on the quarterly financial statements for the first quarter of the current fiscal year is insignificant.

(4) Additional Information

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)

Effective from the first quarter of the current fiscal year, the Company has applied the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016).

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

| | (Thousands of yen) | |
|--|---------------------------------|--|
| | FY3/16 (As of Mar. 31, 2016) | First quarter of FY3/17 (As of Jun. 30, 2016) |
| Assets | | |
| Current assets | | |
| Cash and deposits | 1,652,117 | 1,704,826 |
| Notes and accounts receivable-trade | 5,434,620 | 5,024,507 |
| Merchandise and finished goods | 1,339,710 | 1,441,025 |
| Work in process | 163,432 | 162,137 |
| Raw materials and supplies | 1,358,422 | 1,325,630 |
| Other | 622,121 | 538,504 |
| Allowance for doubtful accounts | (74,684) | (78,313) |
| Total current assets | 10,495,742 | 10,118,319 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 5,219,199 | 5,181,330 |
| Machinery, equipment and vehicles, net | 3,781,359 | 4,487,511 |
| Land | 10,614,529 | 10,614,529 |
| Other, net | 2,196,493 | 1,723,693 |
| Total property, plant and equipment | 21,811,582 | 22,007,065 |
| Intangible assets | 340,397 | 312,356 |
| Investments and other assets | | |
| Investment securities | 1,360,269 | 1,326,182 |
| Other | 1,504,846 | 1,357,635 |
| Allowance for doubtful accounts | (29,469) | (29,470) |
| Total investments and other assets | 2,835,646 | 2,654,348 |
| Total non-current assets | 24,987,626 | 24,973,770 |
| Deferred assets | 12,770 | 11,570 |
| Total assets | 35,496,138 | 35,103,661 |

| | (Thousands of yen) | |
|---|---------------------------------|--|
| | FY3/16 (As of Mar. 31, 2016) | First quarter of FY3/17 (As of Jun. 30, 2016) |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 3,782,286 | 3,659,267 |
| Short-term loans payable | 6,232,918 | 6,430,665 |
| Income taxes payable | 194,385 | 36,555 |
| Provision for bonuses | 284,973 | 430,044 |
| Other | 2,620,460 | 2,831,702 |
| Total current liabilities | 13,115,023 | 13,388,235 |
| Non-current liabilities | | |
| Bonds payable | 1,180,000 | 1,140,000 |
| Long-term loans payable | 5,364,405 | 4,987,152 |
| Provision for directors' retirement benefits | 164,431 | 167,093 |
| Net defined benefit liability | 1,243,827 | 1,247,711 |
| Asset retirement obligations | 129,859 | 130,550 |
| Negative goodwill | 7,655 | 7,326 |
| Provision for loss on subsidiaries and associates | 61,000 | 61,000 |
| Other | 1,925,907 | 1,857,193 |
| Total non-current liabilities | 10,077,086 | 9,598,027 |
| Total liabilities | 23,192,110 | 22,986,262 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 4,674,750 | 4,674,750 |
| Capital surplus | 5,475,135 | 5,475,135 |
| Retained earnings | 2,309,275 | 2,145,116 |
| Treasury shares | (109,243) | (109,243) |
| Total shareholders' equity | 12,349,916 | 12,185,757 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 269,094 | 239,214 |
| Remeasurements of defined benefit plans | (323,673) | (316,170) |
| Total accumulated other comprehensive income | (54,578) | (76,955) |
| Non-controlling interests | 8,690 | 8,596 |
| Total net assets | 12,304,028 | 12,117,398 |
| Total liabilities and net assets | 35,496,138 | 35,103,661 |

(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 FY3/16 (Apr. 1, 2015 – Jun. 30, 2015) | First three months of FY3/17 (Apr. 1, 2016 – Jun. 30, 2016) |
| Net sales | 6,923,010 | 6,935,186 |
| Cost of sales | 4,573,153 | 4,481,838 |
| Gross profit | 2,349,857 | 2,453,348 |
| Selling, general and administrative expenses | 2,347,668 | 2,538,057 |
| Operating income (loss) | 2,189 | (84,709) |
| Non-operating income | | |
| Interest income | 3,021 | 1,215 |
| Dividend income | 16,523 | 18,578 |
| Rent income | 14,918 | 32,107 |
| Share of profit of entities accounted for using equity method | 6,340 | 5,997 |
| Other | 31,600 | 28,099 |
| Total non-operating income | 72,404 | 85,998 |
| Non-operating expenses | | |
| Interest expenses | 31,628 | 29,842 |
| Other | 32,859 | 20,503 |
| Total non-operating expenses | 64,488 | 50,345 |
| Ordinary income (loss) | 10,105 | (49,056) |
| Extraordinary income | | |
| Gain on sales of non-current assets | 12,254 | 75 |
| Total extraordinary income | 12,254 | 75 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 350 | 2,947 |
| Loss on valuation of investment securities | 6,000 | 1,010 |
| Total extraordinary losses | 6,350 | 3,957 |
| Profit (loss) before income taxes | 16,010 | (52,938) |
| Income taxes | 29,539 | 24,132 |
| Loss | (13,529) | (77,071) |
| Loss attributable to non-controlling interests | - | (94) |
| Loss attributable to owners of parent | (13,529) | (76,976) |

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

| | (Thousands of yen) | |
|---|--|--|
| | First three months of FY3/16 (Apr. 1, 2015 – Jun. 30, 2015) | First three months of FY3/17 (Apr. 1, 2016 – Jun. 30, 2016) |
| Loss | (13,529) | (77,071) |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 61,391 | (29,880) |
| Remeasurements of defined benefit plans, net of tax | 14,727 | 7,503 |
| Total other comprehensive income | 76,119 | (22,376) |
| Comprehensive income | 62,589 | (99,447) |
| Comprehensive income attributable to: | | |
| Owners of parent | 62,589 | (99,353) |
| Non-controlling interests | - | (94) |

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

First three months of FY3/17 (Apr. 1, 2016 – Jun. 30, 2016)

Not applicable.

Segment and Other Information

The Group conducts its operations in a single area of business: primarily the production and sale of construction materials centered on gypsum board and ancillary operations.

As the Group has no business segments, reporting of segment information is omitted.

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.