

**Summary of Consolidated Financial Results for the Third Quarter  
of the Fiscal Year Ending March 31, 2017  
(Nine Months Ended December 31, 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:

February 13, 2017

Scheduled date of payment of dividend:

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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 Third Quarter of the Fiscal Year Ending March 31, 2017  
(April 1, 2016 – December 31, 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	%
Nine months ended Dec. 31, 2016	22,670	2.3	322	(9.7)	317	(11.3)	220	(73.0)
Nine months ended Dec. 31, 2015	22,171	(2.0)	356	83.7	357	90.5	816	520.5

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2016: 324 (down 65.5%)

Nine months ended Dec. 31, 2015: 940 (up 239.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2016	12.73	-
Nine months ended Dec. 31, 2015	46.85	-

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2016	36,086	12,454	34.5
As of Mar. 31, 2016	35,496	12,304	34.6

Reference: Shareholders' equity (million yen) As of Dec. 31, 2016: 12,440 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	-	0.00	-		
Fiscal year ending Mar. 31, 2017 (forecast)				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
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 Dec. 31, 2016:	17,670,000 shares	As of Mar. 31, 2016:	17,670,000 shares
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2) Number of treasury shares at the end of the period

As of Dec. 31, 2016:	418,600 shares	As of Mar. 31, 2016:	233,600 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2016:	17,357,691 shares	Nine months ended Dec. 31, 2015:	17,436,400 shares
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\* 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.

## Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	2
(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements	3
2. Matters Related to Summary Information (Notes)	3
(1) Changes in Significant Subsidiaries during the Period	3
(2) Application of Special Accounting Methods in the Preparation of the Quarterly Consolidated Financial Statements	3
(3) Changes in Accounting Policies and Accounting Estimates, and Restatements	3
(4) Additional Information	3
3. Quarterly Consolidated Financial Statements	4
(1) Quarterly Consolidated Balance Sheet	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	6
(3) Notes to Quarterly Consolidated Financial Statements	8
Going Concern Assumption	8
Significant Changes in Shareholders' Equity	8
Segment and Other Information	8

## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first nine months of the current fiscal year, the Japanese economy is on a gradual recovery path as we can see consumer spending pick up due mainly to improved employment situation. However, the outlook for the global economy still remains uncertain given the UK's decision to exit from the EU, increased uncertainty in the U.S. policy directions after the presidential election, etc.

Japan's housing market showed a steady performance mainly in the rental house field under the lowered mortgage rate due to the Bank of Japan's policy of negative interest rates, and the new housing starts in the first nine months of the current fiscal year amounted to 750 thousand units (up 6.6% year on year).

In the gypsum board industry, shipments in the first nine months of the current fiscal year were up by 0.2% year on year to 374 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 improving the dryers at the Shimonoseki Plant to be more thermal efficient in the same way we did at the Chiba Plant, as well as 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.

As a result, the Group has reported net sales for the first nine months of 22,670 million yen (up 2.3% year on year) with operating income of 322 million yen (down 9.7% year on year), ordinary income of 317 million yen (down 11.3% year on year) and profit attributable to owners of parent of 220 million yen (down 73.0% year on 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 increased 589 million yen from the end of the previous fiscal year to 36,086 million yen.

Current assets increased 700 million yen from the end of the previous fiscal year. This was mainly due to an increase of 616 million yen in cash and deposits.

Non-current assets decreased 118 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 106 million yen in buildings and structures by depreciation during the current period.

##### Liabilities

Total liabilities increased 439 million yen from the end of the previous fiscal year to 23,631 million yen.

Current liabilities increased 449 million yen from the end of the previous fiscal year. This was mainly due to an increase of 996 million yen in notes and accounts payable-trade, and a decrease of 726 million yen in short-term loans payable.

Non-current liabilities decreased 10 million yen from the end of the previous fiscal year. This was mainly due to an increase of 604 million yen in bonds payable and a decrease of 534 million yen in long-term loans payable.

##### Net assets

Net assets increased 150 million yen from the end of the previous fiscal year to 12,454 million yen.

This was mainly due to an increase of 133 million yen in retained earnings resulting from profit attributable to owners of parent, which was partially offset by cash dividends paid.

### **(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 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 nine months 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)	Third quarter of FY3/17 (As of Dec. 31, 2016)
Assets		
Current assets		
Cash and deposits	1,652,117	2,268,350
Notes and accounts receivable-trade	5,434,620	5,563,558
Merchandise and finished goods	1,339,710	1,222,191
Work in process	163,432	274,290
Raw materials and supplies	1,358,422	1,320,933
Other	622,121	632,367
Allowance for doubtful accounts	(74,684)	(85,550)
Total current assets	10,495,742	11,196,143
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,219,199	5,113,000
Machinery, equipment and vehicles, net	3,781,359	4,415,290
Land	10,614,529	10,614,529
Other, net	2,196,493	1,587,668
Total property, plant and equipment	21,811,582	21,730,488
Intangible assets	340,397	282,254
Investments and other assets		
Investment securities	1,360,269	1,492,440
Other	1,504,846	1,393,087
Allowance for doubtful accounts	(29,469)	(29,471)
Total investments and other assets	2,835,646	2,856,055
Total non-current assets	24,987,626	24,868,798
Deferred assets	12,770	21,183
Total assets	35,496,138	36,086,124

	(Thousands of yen)	
	FY3/16 (As of Mar. 31, 2016)	Third quarter of FY3/17 (As of Dec. 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,782,286	4,779,162
Short-term loans payable	6,232,918	5,506,243
Income taxes payable	194,385	47,332
Provision for bonuses	284,973	145,518
Other	2,620,460	3,086,266
Total current liabilities	13,115,023	13,564,523
Non-current liabilities		
Bonds payable	1,180,000	1,784,800
Long-term loans payable	5,364,405	4,829,680
Provision for directors' retirement benefits	164,431	174,523
Net defined benefit liability	1,243,827	1,250,056
Asset retirement obligations	129,859	131,933
Negative goodwill	7,655	6,669
Provision for loss on subsidiaries and associates	61,000	61,000
Other	1,925,907	1,828,303
Total non-current liabilities	10,077,086	10,066,966
Total liabilities	23,192,110	23,631,489
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	2,443,015
Treasury shares	(109,243)	(196,193)
Total shareholders' equity	12,349,916	12,396,707
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	269,094	344,770
Remeasurements of defined benefit plans	(323,673)	(301,163)
Total accumulated other comprehensive income	(54,578)	43,607
Non-controlling interests	8,690	14,321
Total net assets	12,304,028	12,454,635
Total liabilities and net assets	35,496,138	36,086,124

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

(Thousands of yen)

	First nine months of FY3/16 (Apr. 1, 2015 – Dec. 31, 2015)	First nine months of FY3/17 (Apr. 1, 2016 – Dec. 31, 2016)
Net sales	22,171,275	22,670,200
Cost of sales	14,299,060	14,317,822
Gross profit	7,872,215	8,352,377
Selling, general and administrative expenses	7,515,262	8,029,974
Operating income	356,952	322,403
Non-operating income		
Interest income	8,909	3,466
Dividend income	29,553	33,360
Rent income	49,718	84,476
Other	106,007	83,355
Total non-operating income	194,189	204,659
Non-operating expenses		
Interest expenses	97,309	88,455
Share of loss of entities accounted for using equity method	2,487	48,855
Other	93,443	72,433
Total non-operating expenses	193,241	209,744
Ordinary income	357,900	317,318
Extraordinary income		
Gain on sales of non-current assets	637,895	7,464
Total extraordinary income	637,895	7,464
Extraordinary losses		
Loss on sales of non-current assets	144	53
Loss on retirement of non-current assets	1,586	4,345
Loss on sales of investment securities	-	0
Loss on valuation of investment securities	6,000	1,650
Total extraordinary losses	7,730	6,049
Profit before income taxes	988,065	318,732
Income taxes	171,236	92,179
Profit	816,828	226,553
Profit attributable to non-controlling interests	-	5,630
Profit attributable to owners of parent	816,828	220,922



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

	(Thousands of yen)	
	First nine months of FY3/16 (Apr. 1, 2015 – Dec. 31, 2015)	First nine months of FY3/17 (Apr. 1, 2016 – Dec. 31, 2016)
Profit	816,828	226,553
Other comprehensive income		
Valuation difference on available-for-sale securities	79,484	75,675
Remeasurements of defined benefit plans, net of tax	44,182	22,509
Total other comprehensive income	123,667	98,185
Comprehensive income	940,495	324,739
Comprehensive income attributable to:		
Owners of parent	940,495	319,108
Non-controlling interests	-	5,630

### **(3) Notes to Quarterly Consolidated Financial Statements**

#### **Going Concern Assumption**

Not applicable.

#### **Significant Changes in Shareholders' Equity**

First nine months of FY3/17 (Apr. 1, 2016 – Dec. 31, 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.*