

## Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2017

[Japanese GAAP]

Company name: Chiyoda Ute Co., Ltd.

Listing: Tokyo Stock Exchange (JASDAQ)

Stock code: 5387

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

Representative: Haruhisa Hirata, President

Contact: Takashi Oida, Director and General Manager of Administration Division

Tel: +81-59-364-5215

Scheduled date of Annual General Meeting of Shareholders: June 28, 2017

Scheduled date of filing of Annual Securities Report: June 28, 2017

Scheduled date of payment of dividend: June 29, 2017

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for analysts)

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

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)

#### (1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2017	30,861	3.2	587	9.6	577	6.3	429	(54.3)
Fiscal year ended Mar. 31, 2016	29,903	(1.8)	536	2.3	543	5.3	940	132.7

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2017: 506 (down 39.0%)

Fiscal year ended Mar. 31, 2016: 830 (up 39.4%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2017	24.79	-	3.5	1.6	1.9
Fiscal year ended Mar. 31, 2016	53.96	-	7.9	1.6	1.8

Reference: Equity in earnings of affiliates (million yen): Fiscal year ended Mar. 31, 2017: (64) Fiscal year ended Mar. 31, 2016: 11

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2017	35,164	12,636	35.9	731.14
As of Mar. 31, 2016	35,496	12,304	34.6	705.15

Reference: Shareholders' equity (million yen) As of Mar. 31, 2017: 12,613 As of Mar. 31, 2016: 12,295

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2017	2,663	(1,357)	(1,060)	1,737
Fiscal year ended Mar. 31, 2016	2,089	(2,157)	51	1,491

### 2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2016	-	0.00	-	5.00	5.00	87	9.3	0.7
Fiscal year ended Mar. 31, 2017	-	0.00	-	5.00	5.00	86	20.2	0.7
Fiscal year ending Mar. 31, 2018 (forecast)	-	0.00	-	5.00	5.00		16.3	

### 3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(Percentages represent year-on-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	15,000	3.3	40	213.3	30	79.3	5	-	0.29
Full year	32,000	3.7	700	19.1	700	21.2	530	23.3	30.72

**\* Notes**

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

(2) 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 “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” on page 13 of the attachments for further information.

(3) Number of outstanding shares (common shares)

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

As of Mar. 31, 2017:	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 Mar. 31, 2017:	418,600 shares	As of Mar. 31, 2016:	233,600 shares
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3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2017:	17,331,482 shares	Fiscal year ended Mar. 31, 2016:	17,436,400 shares
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\* The current financial report is not subject to audit procedures.

\* 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. Overview of Results of Operations, (4) Outlook” on page 3 for forecast assumptions and notes of caution for usage.

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## 1. Overview of Results of Operations

### (1) Results of Operations

In the fiscal year that ended March 31, 2017, there was no growth of the Japanese economy early in the fiscal year but the economy subsequently recovered slowly as consumer spending rebounded along with improvements in jobs and personal income. The global economy as well expanded slowly. Growth was fueled mainly by the U.S. economy amid uncertainties such as slowing growth in emerging countries and concerns about Britain's decision to leave the EU.

Japan's housing market began to weaken late in the fiscal year but remained generally firm, chiefly for rental properties, in part because of low housing loan interest rates due to the Bank of Japan's negative interest rate policy. As a result, new housing starts increased 5.8% year on year to 974 thousand units.

In the gypsum board industry, shipments increased 0.7% year on year to 504 million square meters in the fiscal year that ended on March 31, 2017. Demand for gypsum board benefited from the increase in housing starts. However, shipments were held down by the small growth in gypsum boards used in each structure because apartment buildings accounted for most of the upturn in housing starts.

The Chiyoda Ute Group (hereinafter the "Group") upgraded the status of the Tokyo Branch to the Tokyo Branch Office in the spring of 2016 and combined sales and marketing division and sales support divisions in a single location to raise efficiency. In addition, the Group has made efforts to improve services by upgrading customer seminars about using our products and taking other actions. At our plants, we are reexamining manufacturing operations in order to make improvements for making plants more streamlined and efficient. One activity is work to improve the thermal efficiency of dryers, which has been completed at the Chiba Plant, at other plants. In addition, we are taking actions aimed at increasing sales and earning profits from products other than gypsum boards. We sell calcium silicate boards and steel furring and recently started selling a thermal insulation material called *Earthwool* that has excellent thermal insulation and fire prevention properties.

As a result, net sales increased 3.2% to 30,861 million yen with operating profit of 587 million yen, up 9.6%, ordinary profit of 577 million yen, up 6.3%, and profit attributable to owners of parent of 429 million yen, down 54.3% because of a gain on sales of non-current assets in the previous fiscal year resulting from the sale of the Tokyo Branch land and building.

The Chiyoda Ute Group does not provide business segment information because there is only one business segment.

Operating divisions are divided into the "gypsum board" and "others" sectors. Information on business divisions is omitted because separate reporting would be difficult.

### (2) Financial Position

#### Assets

Total assets decreased 331 million yen from the end of the previous fiscal year to 35,164 million yen.

Current assets decreased 87 million yen from the end of the previous fiscal year. This was mainly due to an increase of 270 million yen in cash and deposits, decreases of 196 million yen in notes and accounts receivable-trade and 162 million yen in merchandise and finished goods.

Non-current assets decreased 250 million yen from the end of the previous fiscal year. This was mainly due to decreases of 127 million yen in buildings and structures by depreciation during the current fiscal year and 170 million yen in long-term loans receivable.

#### Liabilities

Total liabilities decreased 664 million yen from the end of the previous fiscal year to 22,528 million yen.

Current liabilities decreased 643 million yen from the end of the previous fiscal year. This was mainly due to decreases of 425 million yen in short-term loans payable and 296 million yen in current portion of long-term loans

payable.

Non-current liabilities decreased 21 million yen from the end of the previous fiscal year. This was mainly due to an increase of 547 million yen in bonds payable and decreases of 509 million yen in long-term loans payable and 225 million yen in lease obligations.

#### Net assets

Net assets increased 332 million yen from the end of the previous fiscal year to 12,636 million yen.

This was mainly due to an increase of 342 million yen in retained earnings resulting from profit attributable to owners of parent, which was partially offset by cash dividends paid.

### **(3) Cash Flows**

Cash and cash equivalents at the end of the current fiscal year increased 245 million yen from the end of the previous fiscal year to 1,737 million yen.

The cash flow components during the current fiscal year and the main reasons for changes are as described below.

#### Cash flows from operating activities

Net cash provided by operating activities was 2,663 million yen (compared with 2,089 million yen provided in the previous fiscal year). The main factors leading to an increase in net cash include profit before income taxes of 578 million yen and depreciation of 1,573 million yen, which were partly offset by 274 million yen of income taxes paid.

#### Cash flows from investing activities

Net cash used in investing activities was 1,357 million yen (compared with 2,157 million yen used in the previous fiscal year). The main factors include payments of 1,492 million yen for the purchase of property, plant and equipment mainly related to a modification of gypsum calcination facilities at the Company's Shimonoseki Plant, which was partly offset by proceeds of 296 million yen from collection of loans receivable.

#### Cash flows from financing activities

Net cash used in financing activities was 1,060 million yen (compared with 51 million yen provided in the previous fiscal year). The main outflows were repayments of long-term loans payable of 2,000 million yen and a net decrease in short-term loans payable of 425 million yen, while the main inflows were proceeds from long-term loans payable of 1,195 million yen.

### **(4) Outlook**

In the fiscal year ending March 31, 2018, we expect Japan's economic recovery to gain momentum as exports increase and manufacturing and capital expenditures improve. This outlook is based on the expectation for a generally healthy global economy backed by a continuation of growth in the U.S. economy. Furthermore, we foresee no change for the time being in Japan's current monetary policy, including holding long-term interest rates at almost 0%. This policy will probably support a recovery of the Japanese economy.

In the housing market, the Japanese government is expanding measures such as a housing loan tax reduction aimed at encouraging people to buy and remodel houses. Although the housing market will probably benefit from investments associated with the 2020 Tokyo Olympics, the number of housing starts began to weaken late in 2016 and the outlook is for a small downturn in the housing market.

As demand for gypsum board in Japan will probably stop increasing in the near future, we started taking numerous actions in 2016 to build a sound base of operations that can be consistently profitable. We formed working groups covering all our operations for sales, production, purchasing, inventory control, logistics and other activities. All working groups have the goal of determining solutions for a variety of issues. One example is the expansion of the

conversion of dryers to increase thermal efficiency, which has been completed at the Chiba Plant, at all other plants. Working groups are also behind the decision to perform more maintenance and renovation work internally, which lowers outsourcing expenses and raises our capacity utilization rate. A Chiyoda Ute product called CORNER BOARD received a fiscal 2016 Best Selection Award from A Study Group on Home Environment Advanced Design. The award is given to exceptional building materials and products that make a contribution to creating outstanding buildings. We have been receiving orders for this product from many customers. We will continue to work on developing products that reflect market needs based on the recognition of the critical importance of using new forms of added value to create new sources of demand.

To increase the profitability of our entire group, we are expanding in business sectors other than gypsum boards. One goal is quickly increasing sales of the recently launched thermal insulation material sales business. We also plan to build even more powerful foundations for calcium silicate boards, photocatalysts and other products.

For the fiscal year ending March 31, 2018, the Group forecasts net sales of 32,000 million yen (up 3.7% year on year) with operating profit of 700 million yen (up 19.1% year on year), ordinary profit of 700 million yen (up 21.2% year on year) and profit attributable to owners of the parent of 530 million yen (up 23.3% year on year).

## **2. Basic Approach for the Selection of Accounting Standards**

As the Group's operations are limited to Japan and we have no overseas activity, we expect to employ Japanese accounting standards for the foreseeable future. However, we intend to consider the future adoption of International Financial Reporting Standards (IFRS), depending on our percentage of foreign shareholders and adoption trends among other companies in Japan.

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

	(Thousands of yen)	
	FY3/16	FY3/17
	(As of Mar. 31, 2016)	(As of Mar. 31, 2017)
<b>Assets</b>		
Current assets		
Cash and deposits	1,652,117	1,922,343
Notes and accounts receivable-trade	5,434,620	5,237,955
Merchandise and finished goods	1,339,710	1,176,851
Work in process	163,432	152,595
Raw materials and supplies	1,358,422	1,409,624
Deferred tax assets	240,292	232,509
Other	381,828	345,406
Allowance for doubtful accounts	(74,684)	(69,483)
Total current assets	10,495,742	10,407,803
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,861,568	13,036,211
Accumulated depreciation	(7,642,369)	(7,944,355)
Buildings and structures, net	5,219,199	5,091,855
Machinery, equipment and vehicles	23,844,419	25,382,199
Accumulated depreciation	(20,063,059)	(20,951,406)
Machinery, equipment and vehicles, net	3,781,359	4,430,793
Land	10,614,529	10,614,529
Leased assets	1,868,686	1,795,203
Accumulated depreciation	(511,928)	(546,485)
Leased assets, net	1,356,758	1,248,718
Construction in progress	720,298	78,120
Other	690,939	718,689
Accumulated depreciation	(571,503)	(599,353)
Other, net	119,436	119,336
Total property, plant and equipment	21,811,582	21,583,354
Intangible assets	340,397	264,866
Investments and other assets		
Investment securities	1,360,269	1,497,704
Long-term loans receivable	250,711	79,713
Deferred tax assets	45,472	53,943
Other	1,208,661	1,285,726
Allowance for doubtful accounts	(29,469)	(28,319)
Total investments and other assets	2,835,646	2,888,767
Total non-current assets	24,987,626	24,736,988
Deferred assets		
Bond issuance cost	12,770	19,538
Total deferred assets	12,770	19,538
Total assets	35,496,138	35,164,330

	(Thousands of yen)	
	FY3/16	FY3/17
	(As of Mar. 31, 2016)	(As of Mar. 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,782,286	4,116,957
Short-term loans payable	4,341,832	3,915,905
Current portion of long-term loans payable	1,891,085	1,594,765
Current portion of bonds	80,000	195,200
Accounts payable-other	1,610,463	1,367,324
Income taxes payable	194,385	78,522
Accrued consumption taxes	159,951	162,455
Provision for bonuses	284,973	300,731
Other	770,044	740,092
Total current liabilities	13,115,023	12,471,953
Non-current liabilities		
Bonds payable	1,180,000	1,727,200
Long-term loans payable	5,364,405	4,855,144
Lease obligations	1,279,946	1,054,489
Deferred tax liabilities	150,954	181,423
Provision for directors' retirement benefits	164,431	178,238
Net defined benefit liability	1,243,827	1,316,013
Liabilities from application of equity method	-	15,604
Asset retirement obligations	129,859	132,625
Negative goodwill	7,655	6,341
Provision for loss on subsidiaries and affiliates	61,000	72,000
Other	495,006	516,995
Total non-current liabilities	10,077,086	10,056,075
Total liabilities	23,192,110	22,528,029
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	2,651,769
Treasury shares	(109,243)	(196,193)
Total shareholders' equity	12,349,916	12,605,460
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	269,094	346,564
Remeasurements of defined benefit plans	(323,673)	(338,768)
Total accumulated other comprehensive income	(54,578)	7,796
Non-controlling interests	8,690	23,044
Total net assets	12,304,028	12,636,301
Total liabilities and net assets	35,496,138	35,164,330



**(2) Consolidated Statements of Income and Comprehensive Income****Consolidated Statement of Income**

	(Thousands of yen)	
	FY3/16	FY3/17
	(Apr. 1, 2015 – Mar. 31, 2016)	(Apr. 1, 2016 – Mar. 31, 2017)
Net sales	29,903,805	30,861,916
Cost of sales	19,153,223	19,450,907
Gross profit	10,750,581	11,411,009
Selling, general and administrative expenses	10,213,960	10,823,091
Operating profit	536,620	587,917
Non-operating income		
Interest income	11,251	4,552
Dividend income	31,784	35,672
Rent income	85,364	113,477
Share of profit of entities accounted for using equity method	11,359	-
Revenue from fuel sales	41,394	39,880
Other	91,361	85,065
Total non-operating income	272,516	278,648
Non-operating expenses		
Interest expenses	130,775	116,614
Share of loss of entities accounted for using equity method	-	64,460
Other	135,015	107,972
Total non-operating expenses	265,790	289,047
Ordinary profit	543,346	577,518
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	754	-
Loss on retirement of non-current assets	1,765	4,399
Loss on sales of investment securities	-	0
Loss on valuation of investment securities	9,999	1,650
Total extraordinary losses	12,519	6,049
Profit before income taxes	1,168,721	578,933
Income taxes-current	209,429	138,401
Income taxes-deferred	17,929	(3,498)
Total income taxes	227,358	134,903
Profit	941,363	444,030
Profit attributable to non-controlling interests	537	14,354
Profit attributable to owners of parent	940,825	429,675

**Consolidated Statement of Comprehensive Income**

	(Thousands of yen)	
	FY3/16	FY3/17
	(Apr. 1, 2015 – Mar. 31, 2016)	(Apr. 1, 2016 – Mar. 31, 2017)
Profit	941,363	444,030
Other comprehensive income		
Valuation difference on available-for-sale securities	(6,986)	77,469
Remeasurements of defined benefit plans, net of tax	(104,171)	(15,094)
Total other comprehensive income	(111,157)	62,375
Comprehensive income	830,205	506,405
Comprehensive income attributable to:		
Owners of parent	829,667	492,050
Non-controlling interests	537	14,354

**(3) Consolidated Statement of Changes in Equity**

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,674,750	5,479,135	1,455,631	(109,243)	11,500,273
Changes of items during period					
Dividends of surplus			(87,182)		(87,182)
Profit attributable to owners of parent			940,825		940,825
Purchase of treasury shares				-	-
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(4,000)			(4,000)
Increase of consolidated subsidiaries-non-controlling interests					
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(4,000)	853,643	-	849,643
Balance at end of current period	4,674,750	5,475,135	2,309,275	(109,243)	12,349,916

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	276,080	(219,501)	56,578	-	11,556,852
Changes of items during period					
Dividends of surplus					(87,182)
Profit attributable to owners of parent					940,825
Purchase of treasury shares					-
Change in treasury shares of parent arising from transactions with non-controlling shareholders					(4,000)
Increase of consolidated subsidiaries-non-controlling interests				8,152	8,152
Net changes of items other than shareholders' equity	(6,986)	(104,171)	(111,157)	537	(110,619)
Total changes of items during period	(6,986)	(104,171)	(111,157)	8,690	747,176
Balance at end of current period	269,094	(323,673)	(54,578)	8,690	12,304,028

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,674,750	5,475,135	2,309,275	(109,243)	12,349,916
Changes of items during period					
Dividends of surplus			(87,182)		(87,182)
Profit attributable to owners of parent			429,675		429,675
Purchase of treasury shares				(86,950)	(86,950)
Change in treasury shares of parent arising from transactions with non-controlling shareholders		-			-
Increase of consolidated subsidiaries-non-controlling interests					
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	342,493	(86,950)	255,543
Balance at end of current period	4,674,750	5,475,135	2,651,769	(196,193)	12,605,460

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	269,094	(323,673)	(54,578)	8,690	12,304,028
Changes of items during period					
Dividends of surplus					(87,182)
Profit attributable to owners of parent					429,675
Purchase of treasury shares					(86,950)
Change in treasury shares of parent arising from transactions with non-controlling shareholders					-
Increase of consolidated subsidiaries-non-controlling interests				-	-
Net changes of items other than shareholders' equity	77,469	(15,094)	62,375	14,354	76,729
Total changes of items during period	77,469	(15,094)	62,375	14,354	332,273
Balance at end of current period	346,564	(338,768)	7,796	23,044	12,636,301

**(4) Consolidated Statement of Cash Flows**

(Thousands of yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Cash flows from operating activities		
Profit before income taxes	1,168,721	578,933
Depreciation	1,492,327	1,573,989
Amortization of negative goodwill	(1,314)	(1,314)
Amortization of bond issuance cost	4,798	5,688
Increase (decrease) in allowance for doubtful accounts	(15,929)	(6,349)
Increase (decrease) in provision for bonuses	26,897	15,757
Increase (decrease) in net defined benefit liability	74,347	57,328
Increase (decrease) in provision for directors' retirement benefits	13,599	13,806
Increase (decrease) in provision for loss on subsidiaries and affiliates	10,000	11,000
Interest and dividend income	(43,035)	(40,224)
Interest expenses	130,775	116,614
Share of (profit) loss of entities accounted for using equity method	(11,359)	64,460
Loss (gain) on sales and retirement of non-current assets	(635,375)	(3,065)
Loss (gain) on sales and valuation of investment securities	9,999	1,650
Decrease (increase) in notes and accounts receivable-trade	137,122	196,665
Decrease (increase) in inventories	29,953	122,493
Increase (decrease) in notes and accounts payable-trade	(204,753)	334,671
Increase (decrease) in accrued consumption taxes	38,148	2,504
Decrease (increase) in other assets	(51,611)	(83,728)
Increase (decrease) in other liabilities	116,200	52,750
Subtotal	2,289,512	3,013,631
Interest and dividend income received	43,937	39,393
Interest expenses paid	(128,107)	(115,054)
Income taxes (paid) refund	(115,448)	(274,340)
Net cash provided by (used in) operating activities	2,089,894	2,663,629
Cash flows from investing activities		
Payments into time deposits	(34,498)	(24,505)
Proceeds from withdrawal of time deposits	200,000	-
Purchase of property, plant and equipment	(3,126,819)	(1,492,811)
Proceeds from sales of property, plant and equipment	978,722	15,429
Purchase of investment securities	(46,625)	(12,428)
Proceeds from sales of investment securities	-	1
Payments of loans receivable	(118,658)	(59,588)
Collection of loans receivable	145,144	296,692
Purchase of shares of subsidiaries	(67,760)	(65,000)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(51,390)	-
Other, net	(35,468)	(15,597)
Net cash provided by (used in) investing activities	(2,157,353)	(1,357,808)

	(Thousands of yen)	
	FY3/16	FY3/17
	(Apr. 1, 2015 – Mar. 31, 2016)	(Apr. 1, 2016 – Mar. 31, 2017)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(931,322)	(425,926)
Proceeds from long-term loans payable	3,327,994	1,195,000
Repayments of long-term loans payable	(2,139,006)	(2,000,581)
Proceeds from issuance of bonds	-	787,543
Redemption of bonds	(80,000)	(137,600)
Purchase of treasury shares	-	(87,123)
Cash dividends paid	(87,254)	(87,326)
Repayments of lease obligations	(220,937)	(304,085)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(4,000)	-
Other, net	186,217	-
Net cash provided by (used in) financing activities	51,690	(1,060,101)
Net increase (decrease) in cash and cash equivalents	(15,768)	245,719
Cash and cash equivalents at beginning of period	1,507,190	1,491,421
Cash and cash equivalents at end of period	1,491,421	1,737,141

**(5) Notes to Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**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 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 consolidated financial statements for the current fiscal year is insignificant.

**Additional Information**

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

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

**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 boards and ancillary operations.

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

**Per-share Information**

(Yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Net assets per share	705.15	731.14
Net income per share	53.96	24.79

Notes: 1. Diluted net income per share is not presented since the Company had no dilutive potential shares.

2. The basis of calculating the net income per share is as follows:

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Profit attributable to owners of parent (Thousands of yen)	940,825	429,675
Amount not attributable to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common shares (Thousands of yen)	940,825	429,675
Average number of common shares outstanding (Shares)	17,436,400	17,331,482

**Material Subsequent Events**

Not applicable.

#### **4. Others**

##### **(1) Changes in Directors**

1) Change of representative director

Not applicable.

2) Changes in other directors

Not applicable.

##### **(2) Other Information**

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.*