

**Summary of Consolidated Financial Results for the First Quarter
of the Fiscal Year Ending March 31, 2018
(Three Months Ended June 30, 2017)**

[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, 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 First Quarter of the Fiscal Year Ending March 31, 2018
(April 1, 2017 – June 30, 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	%
Three months ended Jun. 30, 2017	7,493	8.0	(170)	-	(157)	-	(158)	-
Three months ended Jun. 30, 2016	6,935	0.2	(84)	-	(49)	-	(76)	-

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2017: (97) (n.a.)

Three months ended Jun. 30, 2016: (99) (n.a.)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2017	(9.19)	-
Three months ended Jun. 30, 2016	(4.41)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2017	36,037	12,436	34.5
As of Mar. 31, 2017	35,164	12,636	35.9

Reference: Shareholders' equity (million yen) As of Jun. 30, 2017: 12,428 As of Mar. 31, 2017: 12,613

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2017	-	0.00	-	5.00	5.00
Fiscal year ending Mar. 31, 2018	-	-	-	-	-
Fiscal year ending Mar. 31, 2018 (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, 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

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: 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 shares)

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

As of Jun. 30, 2017:	17,670,000 shares	As of Mar. 31, 2017:	17,670,000 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2017:	418,600 shares	As of Mar. 31, 2017:	418,600 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2017:	17,251,400 shares	Three months ended Jun. 30, 2016:	17,436,400 shares
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* The current quarterly financial report is not subject to quarterly review 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. 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. Quarterly Consolidated Financial Statements and Notes	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 quarter of the current fiscal year, the Japanese economy recovered slowly due to improvements in jobs, corporate earnings and other items. The global economy is growing as well, primarily with the support of economic recoveries in emerging countries. However, the outlook remains unclear due to political risk involving the United States and other countries.

Although the upturn in rental properties has ended, Japan's housing market is benefiting from low housing loan interest rates and growth in jobs and personal income. As a result, new housing starts during the first quarter increased 1.1% year on year to 249 thousand units.

In the gypsum board industry, shipments increased 3.4% year on year to 119 million square meters in the first quarter.

The Chiyoda Ute Group's main product is gypsum boards. Group companies also supply calcium silicate boards, steel furring, thermal insulation materials and other products. There were numerous activities to increase sales of these products to generate earnings. Furthermore, with timing that reflected the current strength of Japan's housing market, the manufacturing operations of all group factories were reexamined and companies used forceful measures to make production more streamlined and efficient with the goal of building a powerful foundation for the entire group. In the first quarter, group companies took advantage of the series of holidays in early May to update and replace equipment at many factories at one time. Performing this work caused a temporary increase in maintenance expenses that impacted earnings. Group companies will continue to make investments for more improvements to manufacturing operations.

As a result, net sales increased 8.0% year on year to 7,493 million yen with operating loss of 170 million yen compared with an 84 million yen loss in the same period of the previous fiscal year, ordinary loss of 157 million yen compared with a 49 million yen loss in the same period of the previous fiscal year, and profit attributable to owners of parent of 158 million yen compared with a 76 million yen loss in the same period of the previous fiscal year.

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

(2) Explanation of Financial Position

Assets

Total assets increased 872 million yen from the end of the previous fiscal year to 36,037 million yen.

Current assets decreased 268 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 268 million yen in notes and accounts receivable-trade.

Non-current assets increased 1,142 million yen from the end of the previous fiscal year. This was mainly due to increases of 919 million yen in land in conjunction with acquisition of land adjacent to Kaizuka Plant and of 203 million yen in buildings and structures.

Liabilities

Total liabilities increased 1,072 million yen from the end of the previous fiscal year to 23,600 million yen.

Current liabilities increased 1,379 million yen from the end of the previous fiscal year. This was mainly due to an increase of 1,342 million yen in short-term loans payable.

Non-current liabilities decreased 307 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 338 million yen in long-term loans payable.

Net assets

Net assets decreased 199 million yen from the end of the previous fiscal year to 12,436 million yen.

This was mainly due to a decrease of 244 million yen in retained earnings resulting from cash dividends paid and 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, 2018, which was announced on May 19, 2017.

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

	(Thousands of yen)	
	FY3/17 (As of Mar. 31, 2017)	First quarter of FY3/18 (As of Jun. 30, 2017)
Assets		
Current assets		
Cash and deposits	1,922,343	1,926,893
Notes and accounts receivable-trade	5,237,955	4,969,786
Merchandise and finished goods	1,176,851	1,223,819
Work in process	152,595	160,126
Raw materials and supplies	1,409,624	1,364,914
Other	577,916	558,028
Allowance for doubtful accounts	(69,483)	(63,855)
Total current assets	10,407,803	10,139,713
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,091,855	5,295,018
Machinery, equipment and vehicles, net	4,430,793	4,435,475
Land	10,614,529	11,533,806
Other, net	1,446,175	1,446,063
Total property, plant and equipment	21,583,354	22,710,364
Intangible assets	264,866	246,657
Investments and other assets		
Investment securities	1,497,704	1,558,834
Other	1,419,383	1,391,976
Allowance for doubtful accounts	(28,319)	(28,319)
Total investments and other assets	2,888,767	2,922,491
Total non-current assets	24,736,988	25,879,513
Deferred assets	19,538	17,894
Total assets	35,164,330	36,037,121

	(Thousands of yen)	
	FY3/17 (As of Mar. 31, 2017)	First quarter of FY3/18 (As of Jun. 30, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,116,957	4,025,114
Short-term loans payable	5,510,670	6,852,895
Income taxes payable	78,522	37,941
Provision for bonuses	300,731	459,005
Other	2,465,072	2,476,680
Total current liabilities	12,471,953	13,851,638
Non-current liabilities		
Bonds payable	1,727,200	1,727,200
Long-term loans payable	4,855,144	4,516,991
Provision for directors' retirement benefits	178,238	181,855
Provision for loss on subsidiaries and affiliates	72,000	72,000
Net defined benefit liability	1,316,013	1,335,294
Asset retirement obligations	132,625	133,331
Negative goodwill	6,341	6,012
Liabilities from application of equity method	15,604	45,267
Other	1,752,908	1,730,711
Total non-current liabilities	10,056,075	9,748,664
Total liabilities	22,528,029	23,600,302
Net assets		
Shareholders' equity		
Capital stock	4,674,750	4,674,750
Capital surplus	5,475,135	5,473,962
Retained earnings	2,651,769	2,406,991
Treasury shares	(196,193)	(196,193)
Total shareholders' equity	12,605,460	12,359,510
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	346,564	397,731
Remeasurements of defined benefit plans	(338,768)	(328,800)
Total accumulated other comprehensive income	7,796	68,930
Non-controlling interests	23,044	8,377
Total net assets	12,636,301	12,436,818
Total liabilities and net assets	35,164,330	36,037,121

(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 FY3/17 (Apr. 1, 2016 – Jun. 30, 2016)	First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)
Net sales	6,935,186	7,493,268
Cost of sales	4,481,838	4,965,922
Gross profit	2,453,348	2,527,346
Selling, general and administrative expenses	2,538,057	2,698,139
Operating loss	(84,709)	(170,792)
Non-operating income		
Interest income	1,215	1,068
Dividend income	18,578	22,193
Rent income	32,107	38,428
Share of profit of entities accounted for using equity method	5,997	-
Other	28,099	32,798
Total non-operating income	85,998	94,488
Non-operating expenses		
Interest expenses	29,842	27,753
Share of loss of entities accounted for using equity method	-	29,662
Other	20,503	23,544
Total non-operating expenses	50,345	80,960
Ordinary loss	(49,056)	(157,265)
Extraordinary income		
Gain on sales of non-current assets	75	-
Gain on sales of investment securities	-	20,445
Total extraordinary income	75	20,445
Extraordinary losses		
Loss on retirement of non-current assets	2,947	1,349
Loss on valuation of investment securities	1,010	-
Total extraordinary losses	3,957	1,349
Loss before income taxes	(52,938)	(138,168)
Income taxes	24,132	20,350
Loss	(77,071)	(158,519)
Profit (loss) attributable to non-controlling interests	(94)	1
Loss attributable to owners of parent	(76,976)	(158,520)

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

	(Thousands of yen)	
	First three months of FY3/17 (Apr. 1, 2016 – Jun. 30, 2016)	First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)
Loss	(77,071)	(158,519)
Other comprehensive income		
Valuation difference on available-for-sale securities	(29,880)	51,166
Remeasurements of defined benefit plans, net of tax	7,503	9,967
Total other comprehensive income	(22,376)	61,134
Comprehensive income	(99,447)	(97,385)
Comprehensive income attributable to:		
Owners of parent	(99,353)	(97,386)
Non-controlling interests	(94)	1

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)

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.