

**Summary of Consolidated Financial Results for the Second Quarter
of the Fiscal Year Ending March 31, 2018
(Six Months Ended September 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:

November 13, 2017

Scheduled date of payment of dividend:

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Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting:

Yes (for analysts)

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

**1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2018
(April 1, 2017 – September 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	%
Six months ended Sep. 30, 2017	15,401	6.1	(145)	-	(102)	-	(112)	-
Six months ended Sep. 30, 2016	14,522	1.4	12	(88.8)	16	(84.5)	(26)	-

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2017: 46 (n.a.)

Six months ended Sep. 30, 2016: (32) (n.a.)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2017	(6.50)	-
Six months ended Sep. 30, 2016	(1.53)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2017	37,455	12,580	33.6
As of Mar. 31, 2017	35,164	12,636	35.9

Reference: Shareholders' equity (million yen) As of Sep. 30, 2017: 12,576 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	-	0.00	-	-	-
Fiscal year ending Mar. 31, 2018 (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, 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
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 Sep. 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 Sep. 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

Six months ended Sep. 30, 2017:	17,251,400 shares	Six months ended Sep. 30, 2016:	17,411,127 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.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first half of the current fiscal year, the Japanese economy recovered slowly supported by growth in jobs and corporate earnings. The global economy showed signs of improvement as key indicators, including private consumption, recovered in Europe and the U. S. However, uncertainties could not still be dispelled as it is difficult to predict how the impact of political and geographical risks, which are intertwined in a complex manner, will actualize in various 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 in the first half remained flat with a slight decrease of 0.7% year on year to 496 thousand units.

In the gypsum board industry, shipments increased 3.1% year on year to 246 million square meters in the first half.

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 second quarter, maintenance expenses are likely to be on the rise due to temporary increase in equipment upgrading and maintenance work at factories to take advantage of the Golden Week and Obon (mid-August holiday period) holidays. However, in accordance with the outlook for generally solid market conditions in this fiscal year, we have made up-front investments in manufacturing operations in preparation for the anticipated second half peak demand period.

As a result, net sales increased 6.1% year on year to 15,401 million yen with operating loss of 145 million yen compared with a 12 million yen profit in the same period of the previous fiscal year, ordinary loss of 102 million yen compared with a 16 million yen profit in the same period of the previous fiscal year, and profit attributable to owners of parent of 112 million yen compared with a 26 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 2,291 million yen from the end of the previous fiscal year to 37,455 million yen.

Current assets increased 1,054 million yen from the end of the previous fiscal year. This was mainly due to increases of 802 million yen in cash and deposits and 286 million yen in notes and accounts receivable-trade.

Non-current assets increased 1,230 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 194 million yen in buildings and structures.

Liabilities

Total liabilities increased 2,347 million yen from the end of the previous fiscal year to 24,875 million yen.

Current liabilities increased 1,541 million yen from the end of the previous fiscal year. This was mainly due to increases of 854 million yen in notes and accounts payable-trade and 173 million yen in short-term loans payable.

Non-current liabilities increased 805 million yen from the end of the previous fiscal year. This was mainly due to increases of 342 million yen in bonds payable and 386 million yen in long-term loans payable.

Net assets

Net assets decreased 55 million yen from the end of the previous fiscal year to 12,580 million yen.

This was mainly due to a decrease of 198 million yen in retained earnings resulting from cash dividends paid and a

loss attributable to owners of parent.

Analysis of cash flows

Cash and cash equivalents at the end of the second quarter of the current fiscal year increased 792 million yen from the end of the previous fiscal year to 2,529 million yen.

The cash flow components during the first half of 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 1,567 million yen (compared with 966 million yen provided in the same period of the previous fiscal year). The main factors leading to an increase in net cash include an increase in notes and accounts payable-trade of 854 million yen and depreciation of 772 million yen, which were partly offset by an increase in notes and accounts receivable-trade of 297 million yen.

Cash flows from investing activities

Net cash used in investing activities was 1,387 million yen (compared with 768 million yen used in the same period of the previous fiscal year). The main factors include payments of 1,500 million yen for the purchase of property, plant and equipment mainly in conjunction with the acquisition of land adjacent to Kaizuka Plant, which was partly offset by proceeds of 89 million yen from collection of loans receivable.

Cash flows from financing activities

Net cash provided by financing activities was 612 million yen (compared with 179 million yen used in the same period of the previous fiscal year). The main inflows were proceeds from long-term loans payable of 1,100 million yen and proceeds from issuance of bonds of 390 million yen while the main outflows were repayments of long-term loans payable of 812 million yen.

(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)	Second quarter of FY3/18 (As of Sep. 30, 2017)
Assets		
Current assets		
Cash and deposits	1,922,343	2,724,540
Notes and accounts receivable-trade	5,237,955	5,524,845
Merchandise and finished goods	1,176,851	1,201,070
Work in process	152,595	159,976
Raw materials and supplies	1,409,624	1,453,149
Other	577,916	464,106
Allowance for doubtful accounts	(69,483)	(65,232)
Total current assets	10,407,803	11,462,455
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,091,855	5,286,154
Machinery, equipment and vehicles, net	4,430,793	4,442,201
Land	10,614,529	11,533,806
Other, net	1,446,175	1,394,228
Total property, plant and equipment	21,583,354	22,656,390
Intangible assets	264,866	245,354
Investments and other assets		
Investment securities	1,497,704	1,692,632
Other	1,419,383	1,402,014
Allowance for doubtful accounts	(28,319)	(28,432)
Total investments and other assets	2,888,767	3,066,214
Total non-current assets	24,736,988	25,967,958
Deferred assets	19,538	25,282
Total assets	35,164,330	37,455,696

	(Thousands of yen)	
	FY3/17 (As of Mar. 31, 2017)	Second quarter of FY3/18 (As of Sep. 30, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,116,957	4,971,898
Short-term loans payable	5,510,670	5,684,160
Income taxes payable	78,522	68,328
Provision for bonuses	300,731	312,343
Other	2,465,072	2,976,545
Total current liabilities	12,471,953	14,013,276
Non-current liabilities		
Bonds payable	1,727,200	2,069,600
Long-term loans payable	4,855,144	5,242,108
Provision for directors' retirement benefits	178,238	185,472
Provision for loss on subsidiaries and affiliates	72,000	72,000
Net defined benefit liability	1,316,013	1,349,041
Asset retirement obligations	132,625	134,037
Negative goodwill	6,341	5,684
Liabilities from application of equity method	15,604	48,688
Other	1,752,908	1,755,164
Total non-current liabilities	10,056,075	10,861,796
Total liabilities	22,528,029	24,875,073
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	2,453,324
Treasury shares	(196,193)	(196,193)
Total shareholders' equity	12,605,460	12,405,843
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	346,564	489,194
Remeasurements of defined benefit plans	(338,768)	(318,832)
Total accumulated other comprehensive income	7,796	170,361
Non-controlling interests	23,044	4,418
Total net assets	12,636,301	12,580,623
Total liabilities and net assets	35,164,330	37,455,696

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

(Thousands of yen)

	First six months of FY3/17 (Apr. 1, 2016 – Sep. 30, 2016)	First six months of FY3/18 (Apr. 1, 2017 – Sep. 30, 2017)
Net sales	14,522,467	15,401,550
Cost of sales	9,290,251	10,052,773
Gross profit	5,232,215	5,348,777
Selling, general and administrative expenses	5,219,449	5,494,110
Operating profit (loss)	12,766	(145,332)
Non-operating income		
Interest income	2,345	2,060
Dividend income	22,030	26,757
Rent income	58,680	79,350
Other	56,900	72,175
Total non-operating income	139,957	180,343
Non-operating expenses		
Interest expenses	60,294	56,097
Share of loss of entities accounted for using equity method	26,849	33,083
Other	48,849	47,859
Total non-operating expenses	135,993	137,040
Ordinary profit (loss)	16,730	(102,029)
Extraordinary income		
Gain on sales of non-current assets	2,764	1,099
Gain on sales of investment securities	-	20,445
Total extraordinary income	2,764	21,545
Extraordinary losses		
Loss on sales of non-current assets	4	-
Loss on retirement of non-current assets	4,345	1,485
Loss on valuation of investment securities	1,010	-
Total extraordinary losses	5,360	1,485
Profit (loss) before income taxes	14,134	(81,968)
Income taxes	36,926	34,176
Loss	(22,792)	(116,145)
Profit (loss) attributable to non-controlling interests	3,763	(3,957)
Loss attributable to owners of parent	(26,555)	(112,187)

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

	(Thousands of yen)	
	First six months of FY3/17 (Apr. 1, 2016 – Sep. 30, 2016)	First six months of FY3/18 (Apr. 1, 2017 – Sep. 30, 2017)
Loss	(22,792)	(116,145)
Other comprehensive income		
Valuation difference on available-for-sale securities	(24,327)	142,629
Remeasurements of defined benefit plans, net of tax	15,006	19,935
Total other comprehensive income	(9,321)	162,564
Comprehensive income	(32,113)	46,419
Comprehensive income attributable to:		
Owners of parent	(35,876)	50,376
Non-controlling interests	3,763	(3,957)

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY3/17 (Apr. 1, 2016 – Sep. 30, 2016)	First six months of FY3/18 (Apr. 1, 2017 – Sep. 30, 2017)
Cash flows from operating activities		
Profit (loss) before income taxes	14,134	(81,968)
Depreciation	799,948	772,483
Increase (decrease) in allowance for doubtful accounts	7,545	(4,138)
Increase (decrease) in provision for bonuses	(9,138)	11,612
Increase (decrease) in net defined benefit liability	20,994	52,963
Increase (decrease) in provision for directors' retirement benefits	6,376	7,234
Interest and dividend income	(24,376)	(28,817)
Interest expenses	60,294	56,097
Share of (profit) loss of entities accounted for using equity method	26,849	33,083
Loss (gain) on sales and retirement of non-current assets	1,586	385
Loss (gain) on sales and valuation of investment securities	1,010	(20,445)
Decrease (increase) in notes and accounts receivable-trade	435,364	(297,993)
Decrease (increase) in inventories	(48,878)	(75,124)
Increase (decrease) in notes and accounts payable-trade	36,261	854,941
Increase (decrease) in accrued consumption taxes	(92,132)	(100,190)
Decrease (increase) in other assets	(17,266)	41,942
Increase (decrease) in other liabilities	(50,152)	403,389
Subtotal	1,168,419	1,625,454
Interest and dividend income received	24,572	29,039
Interest expenses paid	(60,213)	(55,970)
Income taxes (paid) refund	(166,309)	(31,348)
Net cash provided by (used in) operating activities	966,469	1,567,175
Cash flows from investing activities		
Payments into time deposits	(12,240)	(16,120)
Proceeds from withdrawal of time deposits	-	6,122
Purchase of property, plant and equipment	(989,425)	(1,500,054)
Proceeds from sales of property, plant and equipment	9,929	1,100
Purchase of investment securities	(6,796)	(7,016)
Proceeds from sales of investment securities	-	36,000
Payments of loans receivable	(52,538)	(5,940)
Collection of loans receivable	282,898	89,030
Other, net	(400)	9,625
Net cash provided by (used in) investing activities	(768,573)	(1,387,253)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(223,894)	272,738
Proceeds from long-term loans payable	600,000	1,100,000
Repayments of long-term loans payable	(979,179)	(812,285)
Proceeds from issuance of bonds	787,543	390,967
Redemption of bonds	(40,000)	(97,600)
Purchase of treasury shares	(87,123)	-
Cash dividends paid	(87,081)	(86,000)
Purchase of treasury shares of subsidiaries	-	(15,840)
Repayments of lease obligations	(149,270)	(139,702)
Net cash provided by (used in) financing activities	(179,006)	612,277
Net increase (decrease) in cash and cash equivalents	18,889	792,199
Cash and cash equivalents at beginning of period	1,491,421	1,737,141
Cash and cash equivalents at end of period	1,510,311	2,529,340

(4) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

First six months of FY3/18 (Apr. 1, 2017 – Sep. 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.