

**Summary of Consolidated Financial Results for the Third Quarter  
of the Fiscal Year Ending March 31, 2018  
(Nine Months Ended December 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>

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Scheduled date of filing of Quarterly Report:

February 13, 2018

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, 2018  
(April 1, 2017 – December 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	%
Nine months ended Dec. 31, 2017	23,756	4.8	47	(85.3)	118	(62.7)	64	(70.8)
Nine months ended Dec. 31, 2016	22,670	2.3	322	(9.7)	317	(11.3)	220	(73.0)

Note: Comprehensive income (million yen)      Nine months ended Dec. 31, 2017: 307 (down 5.5%)  
    Nine months ended Dec. 31, 2016: 324 (down 65.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2017	3.74	-
Nine months ended Dec. 31, 2016	12.73	-

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2017	37,300	12,841	34.4
As of Mar. 31, 2017	35,164	12,636	35.9

Reference: Shareholders' equity (million yen)      As of Dec. 31, 2017: 12,837      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 Dec. 31, 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 Dec. 31, 2017:	418,768 shares	As of Mar. 31, 2017:	418,600 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2017:	17,251,360 shares	Nine months ended Dec. 31, 2016:	17,357,691 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 nine months of the current fiscal year, the Japanese economy recovered steadily at a pace that prompted the Japanese government in the June Monthly Economic Report to revise upward its assessment of the economy for the first time in six months. Economic growth in China slowed somewhat but economies continued to recover in the United States and Europe resulting in an overall improvement of the global economy. Economic growth is expected to continue. However, there are still uncertainties because of the difficulty of predicting the effects of increasing geopolitical risk involving North Korea and other countries, political turmoil in the United States, and other factors.

In Japan's housing market, construction activity in the rental property sector, which had been strong, fell below prior-year levels starting in June. Overall, the housing market has been somewhat sluggish since the summer of 2017. As a result, new housing starts in the first nine months of the current fiscal year decreased 1.3% year on year to 741 thousand units.

In the gypsum board industry, shipments increased 1.8% year on year to 381 million square meters in the first nine months of the current fiscal year.

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 addition, there were numerous updating and replacement activities at factories to prepare for the fiscal year's second half when demand is normally high. Performing these activities during the same time period reflected the outlook for Japan's housing market to remain generally favorable during the fiscal year and the expectation for factory maintenance expenses to increase. Despite these maintenance activities, in the fall of 2017 when the period of peak demand started, there was a problem involving the production equipment of a subsidiary that manufactures calcium silicate boards. Due to this problem, it was not possible to manufacture the initially planned volume of these boards and there was a significant negative impact on earnings. We are currently making progress with improvements as we reaffirm the dedication to manufacturing excellence that was behind the founding of our company.

As a result, net sales increased 4.8% year on year to 23,756 million yen with operating profit of 47 million yen, down 85.3%, ordinary profit of 118 million yen, down 62.7%, and profit attributable to owners of parent of 64 million yen, down 70.8%.

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 2,136 million yen from the end of the previous fiscal year to 37,300 million yen.

Current assets increased 1,002 million yen from the end of the previous fiscal year. This was mainly due to increases of 676 million yen in cash and deposits, and 363 million yen in notes and accounts receivable-trade.

Non-current assets increased 1,117 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 326 million yen in investment securities.

### **Liabilities**

Total liabilities increased 1,931 million yen from the end of the previous fiscal year to 24,459 million yen.

Current liabilities increased 1,069 million yen from the end of the previous fiscal year. This was mainly due to an increase of 844 million yen in notes and accounts payable-trade.

Non-current liabilities increased 861 million yen from the end of the previous fiscal year. This was mainly due to increases of 727 million yen in bonds payable and 91 million yen in long-term loans payable.

### **Net assets**

Net assets increased 204 million yen from the end of the previous fiscal year to 12,841 million yen.

This was mainly due to an increase of 217 million yen in valuation difference on available-for-sale securities.

## **(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 announced. Actual results may differ 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)	Third quarter of FY3/18 (As of Dec. 31, 2017)
Assets		
Current assets		
Cash and deposits	1,922,343	2,598,636
Notes and accounts receivable-trade	5,237,955	5,601,708
Merchandise and finished goods	1,176,851	1,164,073
Work in process	152,595	138,070
Raw materials and supplies	1,409,624	1,469,800
Other	577,916	504,596
Allowance for doubtful accounts	(69,483)	(66,676)
Total current assets	10,407,803	11,410,209
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,091,855	5,249,851
Machinery, equipment and vehicles, net	4,430,793	4,315,469
Land	10,614,529	11,533,806
Other, net	1,446,175	1,335,454
Total property, plant and equipment	21,583,354	22,434,581
Intangible assets	264,866	226,048
Investments and other assets		
Investment securities	1,497,704	1,824,122
Other	1,419,383	1,395,072
Allowance for doubtful accounts	(28,319)	(24,862)
Total investments and other assets	2,888,767	3,194,332
Total non-current assets	24,736,988	25,854,963
Deferred assets	19,538	35,496
Total assets	35,164,330	37,300,669

	(Thousands of yen)	
	FY3/17 (As of Mar. 31, 2017)	Third quarter of FY3/18 (As of Dec. 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,116,957	4,961,087
Short-term loans payable	5,510,670	5,166,814
Income taxes payable	78,522	34,751
Provision for bonuses	300,731	155,165
Other	2,465,072	3,223,713
Total current liabilities	12,471,953	13,541,531
Non-current liabilities		
Bonds payable	1,727,200	2,454,400
Long-term loans payable	4,855,144	4,946,838
Provision for directors' retirement benefits	178,238	189,089
Provision for loss on subsidiaries and affiliates	72,000	72,000
Net defined benefit liability	1,316,013	1,366,715
Asset retirement obligations	132,625	134,743
Negative goodwill	6,341	5,355
Liabilities from application of equity method	15,604	-
Other	1,752,908	1,748,836
Total non-current liabilities	10,056,075	10,917,978
Total liabilities	22,528,029	24,459,509
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	2,630,005
Treasury shares	(196,193)	(196,284)
Total shareholders' equity	12,605,460	12,582,433
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	346,564	564,395
Remeasurements of defined benefit plans	(338,768)	(308,865)
Total accumulated other comprehensive income	7,796	255,530
Non-controlling interests	23,044	3,195
Total net assets	12,636,301	12,841,159
Total liabilities and net assets	35,164,330	37,300,669

**(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 FY3/17 (Apr. 1, 2016 – Dec. 31, 2016)	First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)
Net sales	22,670,200	23,756,083
Cost of sales	14,317,822	15,372,586
Gross profit	8,352,377	8,383,496
Selling, general and administrative expenses	8,029,974	8,336,006
Operating profit	322,403	47,490
Non-operating income		
Interest income	3,466	2,813
Dividend income	33,360	39,182
Rent income	84,476	120,692
Other	83,355	109,788
Total non-operating income	204,659	272,476
Non-operating expenses		
Interest expenses	88,455	84,213
Share of loss of entities accounted for using equity method	48,855	35,656
Other	72,433	81,842
Total non-operating expenses	209,744	201,712
Ordinary profit	317,318	118,255
Extraordinary income		
Gain on sales of non-current assets	7,464	2,699
Gain on sales of investment securities	-	20,445
Total extraordinary income	7,464	23,145
Extraordinary losses		
Loss on sales of non-current assets	53	-
Loss on retirement of non-current assets	4,345	1,485
Loss on sales of investment securities	0	-
Loss on valuation of investment securities	1,650	1,100
Total extraordinary losses	6,049	2,585
Profit before income taxes	318,732	138,816
Income taxes	92,179	79,503
Profit	226,553	59,312
Profit (loss) attributable to non-controlling interests	5,630	(5,181)
Profit attributable to owners of parent	220,922	64,493



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

	(Thousands of yen)	
	First nine months of FY3/17 (Apr. 1, 2016 – Dec. 31, 2016)	First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)
Profit	226,553	59,312
Other comprehensive income		
Valuation difference on available-for-sale securities	75,675	217,831
Remeasurements of defined benefit plans, net of tax	22,509	29,902
Total other comprehensive income	98,185	247,733
Comprehensive income	324,739	307,046
Comprehensive income attributable to:		
Owners of parent	319,108	312,227
Non-controlling interests	5,630	(5,181)

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

#### **Going Concern Assumption**

Not applicable.

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

First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 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.*