

## Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2018

[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, 2018

Scheduled date of filing of Annual Securities Report: June 28, 2018

Scheduled date of payment of dividend: June 29, 2018

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, 2018 (April 1, 2017 – March 31, 2018)

#### (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, 2018	31,616	2.4	66	(88.6)	204	(64.6)	239	(44.3)
Fiscal year ended Mar. 31, 2017	30,861	3.2	587	9.6	577	6.3	429	(54.3)

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2018: 366 (down 27.6%)

Fiscal year ended Mar. 31, 2017: 506 (down 39.0%)

	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, 2018	13.87	-	1.9	0.7	0.2
Fiscal year ended Mar. 31, 2017	24.79	-	3.5	1.6	1.9

Reference: Equity in earnings of affiliates (million yen): Fiscal year ended Mar. 31, 2018: (1) Fiscal year ended Mar. 31, 2017: (64)

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2018	36,022	12,900	35.8	747.58
As of Mar. 31, 2017	35,164	12,636	35.9	731.14

Reference: Shareholders' equity (million yen) As of Mar. 31, 2018: 12,896 As of Mar. 31, 2017: 12,613

#### (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, 2018	2,416	(1,164)	(667)	2,322
Fiscal year ended Mar. 31, 2017	2,663	(1,357)	(1,060)	1,737

### 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, 2017	-	0.00	-	5.0	5.0	86	20.2	0.7
Fiscal year ended Mar. 31, 2018	-	0.00	-	5.0	5.0	86	36.1	0.7
Fiscal year ending Mar. 31, 2019 (forecast)	-	0.00	-	5.0	5.0		21.6	

### 3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(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	15,500	0.6	10	-	20	-	10	-	0.58
Full year	32,500	2.8	500	647.6	600	193.6	400	67.2	23.19

**\* 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: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(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, 2018:	17,670,000 shares	As of Mar. 31, 2017:	17,670,000 shares
----------------------	-------------------	----------------------	-------------------

2) Number of treasury shares at the end of the period

As of Mar. 31, 2018:	418,768 shares	As of Mar. 31, 2017:	418,600 shares
----------------------	----------------	----------------------	----------------

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2018:	17,251,328 shares	Fiscal year ended Mar. 31, 2017:	17,331,482 shares
----------------------------------	-------------------	----------------------------------	-------------------

\* The current financial report is not subject to audit by certified public accountants or auditing firms.

\* 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 4 for forecast assumptions and notes of caution for usage.

## Contents of Attachments

1. Overview of Results of Operations	2
(1) Results of Operations	2
(2) Financial Position	2
(3) Cash Flows	3
(4) Outlook	4
2. Basic Approach for the Selection of Accounting Standards	4
3. Consolidated Financial Statements and Notes	5
(1) Consolidated Balance Sheet	5
(2) Consolidated Statements of Income and Comprehensive Income	7
(3) Consolidated Statement of Changes in Equity	9
(4) Consolidated Statement of Cash Flows	11
(5) Notes to Consolidated Financial Statements	13
Going Concern Assumption	13
Segment and Other Information	13
Per-share Information	13
Material Subsequent Events	13
4. Others	14
(1) Changes in Directors	14
(2) Other Information	14

## 1. Overview of Results of Operations

### (1) Results of Operations

In the fiscal year that ended March 31, 2018, the Japanese economy continued to recover slowly as exports recovered and internal demand rebounded along with strong economic growth in Europe and the United States. However, some concerns exist as corporate earnings started showing signs of slowing down due to rising cost of labor and raw materials and other reasons.

In Japan's housing market, new housing starts remained unchanged during the early part of the fiscal year as mortgage interest rates were low and the labor market was strong. However, construction activity in the rental property sector, which had been strong, fell below prior-year levels starting in June because of revisions to Japan's inheritance tax system. Overall housing market has been somewhat sluggish because there was a year-on-year decline since July. As a result, new housing starts decreased 2.8% year on year to 946 thousand units.

In the gypsum board industry, shipments increased 0.3% year on year to 506 million square meters in the fiscal year that ended on March 31, 2018. Although fiscal year shipments changed by only a small amount, shipments were below prior-year levels every month in the fourth quarter of the fiscal year (January-March 2018) because of the decline in housing starts.

Using innovative technologies to add value to gypsum boards is a major goal of the Chiyoda Ute Group. One priority is the development of products that simplify and speed up work at construction sites. There are also extensive public relations activities to make prospective users aware of the features of these gypsum boards. CHIYODA ONE WALL and CORNER BOARD are products that reflect the needs of construction workers. CORNER BOARD has an excellent reputation for its safety and suitability for various designs in residential buildings. This product was selected for a fiscal 2017 Good Design Award. For manufacturing operations, there are continuous measures for making improvements supported by joint activities with alliance partner Knauf for streamlining and efficiency. A cycle is in place in which projects are conducted based on specific themes and, once benefits are confirmed, improvements are extended horizontally to all production bases. Unfortunately, a problem involving production equipment occurred at a subsidiary that manufactures calcium silicate boards, resulting in an asset impairment charge. Improvements are expected in the fiscal year ending on March 31, 2019 because of a realignment of this subsidiary's organization to create a framework that allows the effective oversight of this subsidiary by a Chiyoda Ute engineering team. Chiyoda Ute celebrated its 70th anniversary in January 2018 and created a revised fundamental philosophy that looks ahead to the 100th anniversary. Many activities are under way to give everyone at the Chiyoda Ute Group a sound understanding of this new philosophy.

As a result, net sales increased 2.4% to 31,616 million yen with operating profit of 66 million yen, down 88.6%, ordinary profit of 204 million yen, down 64.6%, and profit attributable to owners of parent of 239 million yen, down 44.3% because of impairment loss of subsidiaries, while a gain on sales of non-current assets resulting from sale of the land for Kitakyushu Plant.

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 increased 858 million yen from the end of the previous fiscal year to 36,022 million yen.

Current assets increased 925 million yen from the end of the previous fiscal year. This was mainly due to increases of 584 million yen in cash and deposits, and 336 million yen in notes and accounts receivable-trade.

Non-current assets decreased 81 million yen from the end of the previous fiscal year. This was mainly due to decreases of 507 million yen in machinery, equipment and vehicles resulting from impairment loss and 270 million yen in leased assets resulting from sales of leased assets, while there was an increase of 819 million yen in land in conjunction with acquisition of land adjacent to Kaizuka Plant.

#### Liabilities

Total liabilities increased 593 million yen from the end of the previous fiscal year to 23,121 million yen.

Current liabilities increased 1,293 million yen from the end of the previous fiscal year. This was mainly due to increases of 1,135 million yen in current portion of bonds and 827 million yen in notes and accounts payable-trade, while there was a decrease of 736 million yen in short-term loans payable.

Non-current liabilities decreased 699 million yen from the end of the previous fiscal year. This was mainly due to decreases of 327 million yen in leased obligations resulting from sales of leased assets, 239 million yen in long-term loans payable and 130 million yen in bonds payable.

#### Net assets

Net assets increased 264 million yen from the end of the previous fiscal year to 12,900 million yen.

This was mainly due to increases of 152 million yen in retained earnings resulting from a profit attributable to owners of parent and 97 million yen in valuation difference on available-for-sale securities with rising market values, which was partially offset by cash dividends paid.

### (3) Cash Flows

Cash and cash equivalents at the end of the current fiscal year increased 585 million yen from the end of the previous fiscal year to 2,322 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 2,416 million yen (compared with 2,663 million yen provided in the previous fiscal year). The main factors leading to an increase in net cash include depreciation of 1,601 million yen and an increase in notes and accounts payable-trade of 827 million yen, which were partly offset by loss (gain) on sales and retirement of non-current assets of 361 million yen and an increase in notes and accounts receivable-trade of 336 million yen.

#### Cash flows from investing activities

Net cash used in investing activities was 1,164 million yen (compared with 1,357 million yen used in the previous fiscal year). The main factors include payments of 2,018 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 468 million yen from sales of property, plant and equipment mainly in conjunction with the sales of land of Kitakyushu.

#### Cash flows from financing activities

Net cash used in financing activities was 667 million yen (compared with 1,060 million yen used in the previous fiscal year). The main outflows were repayments of long-term loans payable of 1,638 million yen and a net decrease in short-term loans payable of 736 million yen, while the main inflows were proceeds from issuance of bonds of 1,178 million yen and proceeds from long-term loans payable of 1,120 million yen.

#### **(4) Outlook**

In the fiscal year ending March 31, 2019, we expect the slow recovery of the Japanese economy to continue as capital expenditures continue to recover along with strong corporate earnings and higher exports supported by the recovery of overseas economies. However, the pace of Japan's economic recovery may slow down because of the rising cost of labor and raw materials and other reasons.

In Japan's housing market, the level of housing starts is relatively low. The business climate for housing will undergo changes due to a diverse range of needs that cannot be identified simply by fluctuations in the number of housing starts. We believe the housing market will have to reflect these needs as well as social changes such as the shifting composition and aging of Japan's population.

As demand for gypsum board in Japan will probably stop increasing in the near future, we have been taking numerous actions to build a sound base of operations that can be consistently profitable. We formed working groups covering all our operations for sales, production, logistics and other activities. All working groups have the goal of determining solutions for a variety of issues. Our current goal is to establish strategic initiatives in three business sectors, sales, production and logistics, in order to improve our profit structure.

- (1) For sales, we have determined the cost of each product and salespeople are making profitability a priority when conducting sales activities. In the thermal insulation business, which was started in the previous fiscal year, we will step up activities aimed at quickly making thermal insulation a new core business.
- (2) For production, we are investing in energy conservation measures and performing some repairs and other work at factories internally to reduce outsourcing expenses. Another initiative is increasing the use of IT for various additives used during production. Employing a database to control the types and amounts of additives is expected to improve efficiency and ensure the best possible use of these materials.
- (3) For logistics, we have established a logistics headquarters and ended the working group in April 2018 that was studying logistics issues. This new headquarters will oversee measures for managing inventories with greater accuracy, more efficiently shifting items among factories to reflect changes in supply and demand, and improving delivery operations. The logistics headquarters is also building internal systems needed to support all of these activities.

As part of activities to reform how people do their jobs, we made improvements to the shifts of production personnel at factories in 2017. In November, we went one more step by giving everyone weekends off and moving back starting times by 15 minutes, which reduced regular daily working hours to 7 hours and 45 minutes. In addition to shortening working time, we will identify obstacles to progress with workplace reforms and, for issues where mindset reforms alone are insufficient, consider using IT for making improvements.

For the fiscal year ending March 31, 2019, the Group forecasts net sales of 32,500 million yen (up 2.8% year on year) with operating profit of 500 million yen (up 647.6% year on year), ordinary profit of 600 million yen (up 193.6% year on year) and profit attributable to owners of the parent of 400 million yen (up 67.2% 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)	
	FY3/17	FY3/18
	(As of Mar. 31, 2017)	(As of Mar. 31, 2018)
Assets		
Current assets		
Cash and deposits	1,922,343	2,506,453
Notes and accounts receivable-trade	5,237,955	5,574,167
Merchandise and finished goods	1,176,851	1,213,316
Work in process	152,595	147,967
Raw materials and supplies	1,409,624	1,557,158
Deferred tax assets	232,509	167,662
Other	345,406	305,268
Allowance for doubtful accounts	(69,483)	(138,652)
Total current assets	10,407,803	11,333,342
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,036,211	13,405,300
Accumulated depreciation	(7,944,355)	(8,259,677)
Buildings and structures, net	5,091,855	5,145,623
Machinery, equipment and vehicles	25,382,199	25,844,154
Accumulated depreciation	(20,951,406)	(21,921,349)
Machinery, equipment and vehicles, net	4,430,793	3,922,805
Land	10,614,529	11,433,843
Leased assets	1,795,203	1,536,751
Accumulated depreciation	(546,485)	(559,022)
Leased assets, net	1,248,718	977,729
Construction in progress	78,120	49,840
Other	718,689	638,852
Accumulated depreciation	(599,353)	(529,108)
Other, net	119,336	109,743
Total property, plant and equipment	21,583,354	21,639,585
Intangible assets	264,866	217,604
Investments and other assets		
Investment securities	1,497,704	1,671,583
Long-term loans receivable	79,713	54,746
Deferred tax assets	53,943	57,371
Other	1,285,726	1,039,942
Allowance for doubtful accounts	(28,319)	(24,862)
Total investments and other assets	2,888,767	2,798,781
Total non-current assets	24,736,988	24,655,971
Deferred assets		
Bond issuance cost	19,538	33,162
Total deferred assets	19,538	33,162
Total assets	35,164,330	36,022,475

	(Thousands of yen)	
	FY3/17	FY3/18
	(As of Mar. 31, 2017)	(As of Mar. 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,116,957	4,944,345
Short-term loans payable	3,915,905	3,179,526
Current portion of long-term loans payable	1,594,765	1,315,112
Current portion of bonds	195,200	1,330,400
Accounts payable-other	1,367,324	1,700,133
Income taxes payable	78,522	121,995
Accrued consumption taxes	162,455	84,572
Provision for bonuses	300,731	301,675
Other	740,092	787,892
Total current liabilities	12,471,953	13,765,652
Non-current liabilities		
Bonds payable	1,727,200	1,596,800
Long-term loans payable	4,855,144	4,615,945
Lease obligations	1,054,489	727,204
Deferred tax liabilities	181,423	156,184
Provision for directors' retirement benefits	178,238	192,706
Provision for loss on subsidiaries and affiliates	72,000	7,000
Net defined benefit liability	1,316,013	1,373,070
Asset retirement obligations	132,625	135,450
Negative goodwill	6,341	5,027
Liabilities from application of equity method	15,604	-
Other	516,995	546,820
Total non-current liabilities	10,056,075	9,356,208
Total liabilities	22,528,029	23,121,861
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	2,804,718
Treasury shares	(196,193)	(196,284)
Total shareholders' equity	12,605,460	12,757,146
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	346,564	444,217
Remeasurements of defined benefit plans	(338,768)	(304,761)
Total accumulated other comprehensive income	7,796	139,455
Non-controlling interests	23,044	4,011
Total net assets	12,636,301	12,900,614
Total liabilities and net assets	35,164,330	36,022,475



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

	(Thousands of yen)	
	FY3/17	FY3/18
	(Apr. 1, 2016 – Mar. 31, 2017)	(Apr. 1, 2017 – Mar. 31, 2018)
Net sales	30,861,916	31,616,514
Cost of sales	19,450,907	20,433,735
Gross profit	11,411,009	11,182,778
Selling, general and administrative expenses	10,823,091	11,115,898
Operating profit	587,917	66,880
Non-operating income		
Interest income	4,552	3,658
Dividend income	35,672	41,599
Rent income	113,477	161,750
Insurance income	10,457	79,841
Revenue from fuel sales	39,880	42,579
Other	74,608	56,591
Total non-operating income	278,648	386,020
Non-operating expenses		
Interest expenses	116,614	109,605
Rent expenses	22,244	47,457
Share of loss of entities accounted for using equity method	64,460	1,822
Other	85,728	89,639
Total non-operating expenses	289,047	248,525
Ordinary profit	577,518	204,375
Extraordinary income		
Gain on sales of non-current assets	7,464	363,210
Gain on sales of investment securities	-	73,890
Total extraordinary income	7,464	437,101
Extraordinary losses		
Loss on retirement of non-current assets	4,399	1,568
Impairment loss	-	265,678
Loss on sales of investment securities	0	-
Loss on valuation of investment securities	1,650	1,100
Total extraordinary losses	6,049	268,347
Profit before income taxes	578,933	373,130
Income taxes-current	138,401	143,761
Income taxes-deferred	(3,498)	(5,472)
Total income taxes	134,903	138,288
Profit	444,030	234,841
Profit (loss) attributable to non-controlling interests	14,354	(4,365)
Profit attributable to owners of parent	429,675	239,206

**Consolidated Statement of Comprehensive Income**

	(Thousands of yen)	
	FY3/17	FY3/18
	(Apr. 1, 2016 – Mar. 31, 2017)	(Apr. 1, 2017 – Mar. 31, 2018)
Profit	444,030	234,841
Other comprehensive income		
Valuation difference on available-for-sale securities	77,469	97,652
Remeasurements of defined benefit plans, net of tax	(15,094)	34,006
Total other comprehensive income	62,375	131,659
Comprehensive income	506,405	366,500
Comprehensive income attributable to:		
Owners of parent	492,050	370,865
Non-controlling interests	14,354	(4,365)

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

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)
Purchase of shares of consolidated subsidiaries		-			-
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)
Purchase of shares of consolidated subsidiaries				-	-
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

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(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	2,651,769	(196,193)	12,605,460
Changes of items during period					
Dividends of surplus			(86,257)		(86,257)
Profit attributable to owners of parent			239,206		239,206
Purchase of treasury shares				(91)	(91)
Purchase of shares of consolidated subsidiaries		(1,172)			(1,172)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(1,172)	152,949	(91)	151,685
Balance at end of current period	4,674,750	5,473,962	2,804,718	(196,284)	12,757,146

	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	346,564	(338,768)	7,796	23,044	12,636,301
Changes of items during period					
Dividends of surplus					(86,257)
Profit attributable to owners of parent					239,206
Purchase of treasury shares					(91)
Purchase of shares of consolidated subsidiaries				(14,667)	(15,840)
Net changes of items other than shareholders' equity	97,652	34,006	131,659	(4,365)	127,294
Total changes of items during period	97,652	34,006	131,659	(19,032)	264,312
Balance at end of current period	444,217	(304,761)	139,455	4,011	12,900,614

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

	(Thousands of yen)	
	FY3/17	FY3/18
	(Apr. 1, 2016 – Mar. 31, 2017)	(Apr. 1, 2017 – Mar. 31, 2018)
Cash flows from operating activities		
Profit (loss) before income taxes	578,933	373,130
Depreciation	1,573,989	1,601,288
Amortization of negative goodwill	(1,314)	(1,314)
Amortization of bond issuance cost	5,688	7,866
Increase (decrease) in allowance for doubtful accounts	(6,349)	4,280
Increase (decrease) in provision for bonuses	15,757	943
Increase (decrease) in net defined benefit liability	57,328	91,064
Increase (decrease) in provision for directors' retirement benefits	13,806	14,468
Increase (decrease) in provision for loss on subsidiaries and affiliates	11,000	-
Interest and dividend income	(40,224)	(45,257)
Interest expenses	116,614	109,605
Share of (profit) loss of entities accounted for using equity method	64,460	1,822
Loss (gain) on sales and retirement of non-current assets	(3,065)	(361,642)
Impairment loss	-	265,678
Loss (gain) on sales and valuation of investment securities	1,650	(72,790)
Decrease (increase) in notes and accounts receivable-trade	196,665	(336,323)
Decrease (increase) in inventories	122,493	(179,370)
Increase (decrease) in notes and accounts payable-trade	334,671	827,388
Increase (decrease) in accrued consumption taxes	2,504	(77,882)
Decrease (increase) in other assets	(83,728)	(74,942)
Increase (decrease) in other liabilities	52,750	428,502
Subtotal	3,013,631	2,576,515
Interest and dividend income received	39,393	44,778
Interest expenses paid	(115,054)	(106,655)
Income taxes (paid) refund	(274,340)	(97,922)
Net cash provided by (used in) operating activities	2,663,629	2,416,715
Cash flows from investing activities		
Payments into time deposits	(24,505)	(40,131)
Proceeds from withdrawal of time deposits	-	41,122
Purchase of property, plant and equipment	(1,492,811)	(2,018,893)
Proceeds from sales of property, plant and equipment	15,429	468,700
Purchase of investment securities	(12,428)	(88,785)
Proceeds from sales of investment securities	1	109,575
Proceeds from cancellation of insurance funds	-	344,238
Payments of loans receivable	(59,588)	(77,736)
Collection of loans receivable	296,692	103,248
Purchase of shares of subsidiaries	(65,000)	-
Other, net	(15,597)	(5,495)
Net cash provided by (used in) investing activities	(1,357,808)	(1,164,157)

	(Thousands of yen)	
	FY3/17	FY3/18
	(Apr. 1, 2016 – Mar. 31, 2017)	(Apr. 1, 2017 – Mar. 31, 2018)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(425,926)	(736,379)
Proceeds from long-term loans payable	1,195,000	1,120,000
Repayments of long-term loans payable	(2,000,581)	(1,638,852)
Proceeds from issuance of bonds	787,543	1,178,510
Redemption of bonds	(137,600)	(195,200)
Purchase of treasury shares	(87,123)	(91)
Purchase of treasury shares of subsidiaries	-	(15,840)
Cash dividends paid	(87,326)	(86,077)
Repayments of lease obligations	(304,085)	(293,528)
Net cash provided by (used in) financing activities	(1,060,101)	(667,457)
Net increase (decrease) in cash and cash equivalents	245,719	585,100
Cash and cash equivalents at beginning of period	1,491,421	1,737,141
Cash and cash equivalents at end of period	1,737,141	2,322,242

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

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.

**Per-share Information**

(Yen)

	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)
Net assets per share	731.14	747.58
Net income per share	24.79	13.87

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:

	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)
Profit attributable to owners of parent (Thousands of yen)	429,675	239,206
Amount not attributable to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common shares (Thousands of yen)	429,675	239,206
Average number of common shares outstanding (Shares)	17,331,482	17,251,328

**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.*