

**Summary of Consolidated Financial Results for the First Quarter
of the Fiscal Year Ending March 31, 2019
(Three Months Ended June 30, 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 & CEO

Contact: Takashi Oida, Director and Head of Administration Unit

Tel: +81-59-364-5215

Scheduled date of filing of Quarterly Report:

August 10, 2018

Scheduled date of payment of dividend:

-

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, 2019
(April 1, 2018 – June 30, 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	%
Three months ended Jun. 30, 2018	7,137	(4.8)	(275)	-	(242)	-	(194)	-
Three months ended Jun. 30, 2017	7,493	8.0	(170)	-	(157)	-	(158)	-

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2018: (218) (n.a.)

Three months ended Jun. 30, 2017: (97) (n.a.)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2018	(11.30)	-
Three months ended Jun. 30, 2017	(9.19)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2018	35,437	12,595	35.5
As of Mar. 31, 2018	35,875	12,900	35.9

Reference: Shareholders' equity (million yen) As of Jun. 30, 2018: 12,593 As of Mar. 31, 2018: 12,896

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2018	-	0.00	-	5.00	5.00
Fiscal year ending Mar. 31, 2019	-	-	-	-	-
Fiscal year ending Mar. 31, 2019 (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, 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

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

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

As of Jun. 30, 2018:	418,768 shares	As of Mar. 31, 2018:	418,768 shares
----------------------	----------------	----------------------	----------------

3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2018:	17,251,232 shares	Three months ended Jun. 30, 2017:	17,251,400 shares
-----------------------------------	-------------------	-----------------------------------	-------------------

* The current quarterly financial report is not subject to quarterly review 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. 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
Additional Information	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 continued to recover slowly even though the growth rate of corporate earnings began to decline because of the increasing cost of labor and raw materials. The global economy remained strong but there are concerns about upcoming negative effects of the increasing trade protectionism by the United States.

In Japan's housing market, construction activity in the rental property sector has been sluggish since the second half of 2017 mainly because of the end of an upturn in demand for these properties caused by revisions to Japan's inheritance tax system. But a recovery in residential construction activity started in April 2018, primarily for houses constructed for sale. As a result, new housing starts in the first quarter decreased 2.0% year on year to 245 thousand units.

In the gypsum board industry, shipments slightly decreased 1.2% year on year to 118 million square meters in the first quarter.

All of the Chiyoda Ute Group's factories are constantly working on streamlining operations and becoming more efficient. There were many activities aimed at increasing sales of gypsum boards, the Group's main product, as well as calcium silicate boards, steel furring, thermal insulation materials and other products. At the end of the previous fiscal year, there was a problem at a subsidiary that manufactures calcium silicate boards that resulted in an asset impairment charge. This subsidiary has resumed stable production operations and more activities are planned for making further improvements.

In every fiscal year, sales are normally lowest in the first quarter. This quiet period is used for maintenance work and upgrades at factories, mainly during the week-long Golden Week holiday at the beginning of May. As a result, maintenance expenses are usually high in the first quarter. These expenditures ensure that factories are prepared for the second half of the fiscal year when demand for products of the Chiyoda Ute Group is high.

As a result, net sales decreased 4.8% to 7,137 million yen with an operating loss of 275 million yen compared with a 170 million yen loss in the same period of the previous fiscal year, an ordinary loss of 242 million yen compared with a 157 million yen loss in the same period of the previous fiscal year, and loss attributable to owners of parent of 194 million yen compared with a 158 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

Starting with the beginning of the first quarter of the current fiscal year, Chiyoda Ute is applying "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018). Prior-year figures have been adjusted retroactively to conform with this accounting standard in order to facilitate comparisons.

Assets

Total assets decreased 438 million yen from the end of the previous fiscal year to 35,437 million yen.

Current assets decreased 390 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 490 million yen in notes and accounts receivable-trade.

Non-current assets decreased 45 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 34 million yen in investment securities caused by a decline in the fair value.

Liabilities

Total liabilities decreased 133 million yen from the end of the previous fiscal year to 22,841 million yen.

Current liabilities increased 194 million yen from the end of the previous fiscal year. This was mainly due to an increase of 248 million yen in short-term loans payable.

Non-current liabilities decreased 327 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 232 million yen in long-term loans payable.

Net assets

Net assets decreased 304 million yen from the end of the previous fiscal year to 12,595 million yen.

This was mainly due to cash dividends paid and a decrease of 281 million yen in retained earnings resulting from 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, 2019, which was announced on May 18, 2018.

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)	
	FY3/18 (As of Mar. 31, 2018)	First quarter of FY3/19 (As of Jun. 30, 2018)
Assets		
Current assets		
Cash and deposits	2,506,453	2,418,303
Notes and accounts receivable-trade	5,574,167	5,083,291
Merchandise and finished goods	1,213,316	1,377,026
Work in process	147,967	156,583
Raw materials and supplies	1,557,158	1,504,848
Other	305,268	370,478
Allowance for doubtful accounts	(138,652)	(135,204)
Total current assets	11,165,679	10,775,328
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,145,623	5,098,232
Machinery, equipment and vehicles, net	3,922,805	3,893,555
Land	11,433,843	11,434,287
Other, net	1,137,313	1,111,738
Total property, plant and equipment	21,639,585	21,537,813
Intangible assets	217,604	195,002
Investments and other assets		
Investment securities	1,671,583	1,637,576
Other	1,172,507	1,285,550
Allowance for doubtful accounts	(24,862)	(24,862)
Total investments and other assets	2,819,228	2,898,264
Total non-current assets	24,676,418	24,631,079
Deferred assets	33,162	30,827
Total assets	35,875,259	35,437,235

	(Thousands of yen)	
	FY3/18 (As of Mar. 31, 2018)	First quarter of FY3/19 (As of Jun. 30, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,944,345	4,669,440
Short-term loans payable	4,494,638	4,743,278
Income taxes payable	121,995	39,305
Provision for bonuses	301,675	458,541
Other	3,902,998	4,049,441
Total current liabilities	13,765,652	13,960,007
Non-current liabilities		
Bonds payable	1,596,800	1,539,200
Long-term loans payable	4,615,945	4,383,750
Provision for directors' retirement benefits	192,706	196,391
Provision for loss on subsidiaries and affiliates	7,000	7,000
Net defined benefit liability	1,373,070	1,365,720
Asset retirement obligations	135,450	135,450
Negative goodwill	5,027	4,698
Other	1,282,993	1,249,329
Total non-current liabilities	9,208,993	8,881,539
Total liabilities	22,974,645	22,841,546
Net assets		
Shareholders' equity		
Capital stock	4,674,750	4,674,750
Capital surplus	5,473,962	5,473,962
Retained earnings	2,804,718	2,523,544
Treasury shares	(196,284)	(196,284)
Total shareholders' equity	12,757,146	12,475,972
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	444,217	412,986
Remeasurements of defined benefit plans	(304,761)	(295,797)
Total accumulated other comprehensive income	139,455	117,189
Non-controlling interests	4,011	2,527
Total net assets	12,900,614	12,595,689
Total liabilities and net assets	35,875,259	35,437,235

(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 FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)	First three months of FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)
Net sales	7,493,268	7,137,025
Cost of sales	4,965,922	4,795,495
Gross profit	2,527,346	2,341,529
Selling, general and administrative expenses	2,698,139	2,616,643
Operating profit (loss)	(170,792)	(275,113)
Non-operating income		
Interest income	1,068	944
Dividend income	22,193	16,353
Rent income	38,428	41,091
Share of profit of entities accounted for using equity method	-	6,642
Other	32,798	25,711
Total non-operating income	94,488	90,743
Non-operating expenses		
Interest expenses	27,753	24,263
Share of loss of entities accounted for using equity method	29,662	-
Other	23,544	33,578
Total non-operating expenses	80,960	57,842
Ordinary profit (loss)	(157,265)	(242,212)
Extraordinary income		
Gain on sales of investment securities	20,445	-
Total extraordinary income	20,445	-
Extraordinary losses		
Loss on retirement of non-current assets	1,349	0
Total extraordinary losses	1,349	0
Profit (loss) before income taxes	(138,168)	(242,212)
Income taxes	20,350	(45,810)
Profit (loss)	(158,519)	(196,402)
Profit (loss) attributable to non-controlling interests	1	(1,484)
Profit (loss) attributable to owners of parent	(158,520)	(194,917)

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

	(Thousands of yen)	
	First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)	First three months of FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)
Profit (loss)	(158,519)	(196,402)
Other comprehensive income		
Valuation difference on available-for-sale securities	51,166	(31,230)
Remeasurements of defined benefit plans, net of tax	9,967	8,964
Total other comprehensive income	61,134	(22,266)
Comprehensive income	(97,385)	(218,668)
Comprehensive income attributable to:		
Owners of parent	(97,386)	(217,184)
Non-controlling interests	1	(1,484)

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

First three months of FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)

Not applicable.

Additional Information

Chiyoda Ute has applied “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) at the beginning of the first quarter of the current fiscal year. Accordingly, deferred tax assets and deferred tax liabilities are reclassified and included in the investments and other assets section and the non-current liabilities section, respectively.

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.