

**Summary of Consolidated Financial Results for the Third Quarter
of the Fiscal Year Ending March 31, 2019
(Nine Months Ended December 31, 2018)**

[Japanese GAAP]

Company name: Chiyoda Ute Co., Ltd.

Stock code: 5387

Representative: Haruhisa Hirata, President & CEO

Contact: Takashi Oida, Director and Head of Administration Unit

Tel: +81-59-364-5215

Listing: Tokyo Stock Exchange (JASDAQ)

URL: <http://www.chiyoda-ute.co.jp>

Scheduled date of filing of Quarterly Report:

February 13, 2019

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 Third Quarter of the Fiscal Year Ending March 31, 2019

(April 1, 2018 – December 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	%
Nine months ended Dec. 31, 2018	22,501	(5.3)	(313)	-	(211)	-	(182)	-
Nine months ended Dec. 31, 2017	23,756	4.8	47	(85.3)	118	(62.7)	64	(70.8)

Note: Comprehensive income (million yen)

Nine months ended Dec. 31, 2018: (304) (-%)

Nine months ended Dec. 31, 2017: 307 (down 5.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2018	(10.55)	-
Nine months ended Dec. 31, 2017	3.74	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2018	35,626	12,509	35.1
As of Mar. 31, 2018	35,875	12,900	35.9

Reference: Shareholders' equity (million yen)

As of Dec. 31, 2018: 12,506

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	-	0.00	-	-	-
Fiscal year ending Mar. 31, 2019 (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, 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
Full year	31,300	(1.0)	100	49.5	200	(2.1)	100	(58.2)	5.80

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

3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2018:	17,251,232 shares	Nine months ended Dec. 31, 2017:	17,251,360 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 assumptions 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 nine months of the current fiscal year, the gradual recovery of the Japanese economy continued as the decline in industrial production, caused by a number of natural disasters during the summer, eased. However, although the global economy remained generally strong, caution over instability in stock market, a general slowdown against a backdrop of overheating trade friction between the United States and China, and political turmoil in the United States is starting to emerge.

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. In the first nine months of the current fiscal year, housing starts decreased only 0.5% year on year to 737 thousand units, indicating that a slow recovery may have started.

In the gypsum board industry, shipments slightly decreased 1.5% year on year to 376 million square meters in the first nine months of the current fiscal year. Shipments are expected to start recovering because of the upturn in housing starts.

At the Chiyoda Ute Group, a rush in demand has started to surface in certain sectors ahead of the consumption tax rate hike scheduled for October this year. We are working to make up for the sluggish sales recorded in the first half by boosting sales of products such as gypsum boards in particular, as well as calcium silicate boards, steel furring, and thermal insulation materials and other products. On the expenses side, making improvements in our logistics cost base is an urgent management issue. Here, we are building an efficient logistics system led by the logistics headquarters established at the beginning of the fiscal year. The logistics headquarter is also preparing to introduce an in-house system needed to support these activities and bring it in full operation.

As a result, net sales decreased 5.3% to 22,501 million yen with an operating loss of 313 million yen compared with a 47 million yen profit in the same period of the previous fiscal year, an ordinary loss of 211 million yen compared with a 118 million yen profit in the same period of the previous fiscal year, and loss attributable to owners of parent of 182 million yen compared with a 64 million yen profit in the same period of the previous fiscal year.

The 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 has applied the "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 248 million yen from the end of the previous fiscal year to 35,626 million yen.

Current assets increased 225 million yen from the end of the previous fiscal year. This was mainly due to increases of 174 million yen in cash and cash deposits, and 80 million yen in merchandise and finished goods.

Non-current assets decreased 477 million yen from the end of the previous fiscal year. This was mainly due to decreases of 237 million yen in machinery, equipment and vehicles by depreciation during the current fiscal year and 207 million yen in investment securities caused by a decline in the fair value.

Liabilities

Total liabilities increased 142 million yen from the end of the previous fiscal year to 23,116 million yen.

Current liabilities increased 35 million yen from the end of the previous fiscal year. This was mainly due to an increase of 572 million yen in short-term loans payable, while there were decreases of 84 million yen in notes and

accounts payable-trade and 83 million yen in income taxes payable.

Non-current liabilities increased 106 million yen from the end of the previous fiscal year. This was mainly due to an increase of 727 million yen in bonds payable, while there was a decrease of 549 million yen in long-term loans payable.

Net assets

Net assets decreased 390 million yen from the end of the previous fiscal year to 12,509 million yen.

This was mainly due to a decrease of 268 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, 2019, which was announced on November 2, 2018.

Forecasts of future performance in this document are based on assumptions judged to be valid and information available to the management of Chiyoda Ute 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)	Third quarter of FY3/19 (As of Dec. 31, 2018)
Assets		
Current assets		
Cash and deposits	2,506,453	2,681,307
Notes and accounts receivable-trade	5,574,167	5,479,779
Merchandise and finished goods	1,213,316	1,293,339
Work in process	147,967	135,470
Raw materials and supplies	1,557,158	1,571,389
Other	305,268	374,551
Allowance for doubtful accounts	(138,652)	(144,851)
Total current assets	11,165,679	11,390,985
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,145,623	4,960,489
Machinery, equipment and vehicles, net	3,922,805	3,685,423
Land	11,433,843	11,434,287
Other, net	1,137,313	1,101,256
Total property, plant and equipment	21,639,585	21,181,455
Intangible assets	217,604	176,650
Investments and other assets		
Investment securities	1,671,583	1,464,289
Other	1,172,507	1,403,210
Allowance for doubtful accounts	(24,862)	(26,210)
Total investments and other assets	2,819,228	2,841,289
Total non-current assets	24,676,418	24,199,396
Deferred assets	33,162	35,916
Total assets	35,875,259	35,626,298

	(Thousands of yen)	
	FY3/18 (As of Mar. 31, 2018)	Third quarter of FY3/19 (As of Dec. 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,944,345	4,860,181
Short-term loans payable	4,494,638	5,067,193
Income taxes payable	121,995	38,164
Provision for bonuses	301,675	150,720
Other	3,902,998	3,684,586
Total current liabilities	13,765,652	13,800,847
Non-current liabilities		
Bonds payable	1,596,800	2,324,000
Long-term loans payable	4,615,945	4,066,701
Provision for directors' retirement benefits	192,706	203,761
Provision for loss on subsidiaries and affiliates	7,000	7,000
Net defined benefit liability	1,373,070	1,344,229
Asset retirement obligations	135,450	135,450
Negative goodwill	5,027	4,041
Other	1,282,993	1,230,618
Total non-current liabilities	9,208,993	9,315,801
Total liabilities	22,974,645	23,116,649
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	2,536,380
Treasury shares	(196,284)	(196,284)
Total shareholders' equity	12,757,146	12,488,808
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	444,217	295,263
Remeasurements of defined benefit plans	(304,761)	(277,868)
Total accumulated other comprehensive income	139,455	17,394
Non-controlling interests	4,011	3,446
Total net assets	12,900,614	12,509,649
Total liabilities and net assets	35,875,259	35,626,298

(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 FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)
Net sales	23,756,083	22,501,786
Cost of sales	15,372,586	14,593,783
Gross profit	8,383,496	7,908,002
Selling, general and administrative expenses	8,336,006	8,221,871
Operating profit (loss)	47,490	(313,868)
Non-operating income		
Interest income	2,813	2,929
Dividend income	39,182	41,340
Rent income	120,692	123,453
Other	109,788	121,181
Total non-operating income	272,476	288,904
Non-operating expenses		
Interest expenses	84,213	73,423
Rent expenses	23,163	41,314
Share of loss of entities accounted for using equity method	35,656	6,823
Other	58,679	65,433
Total non-operating expenses	201,712	186,994
Ordinary profit (loss)	118,255	(211,958)
Extraordinary income		
Gain on sales of non-current assets	2,699	8,139
Gain on sales of investment securities	20,445	23
Total extraordinary income	23,145	8,163
Extraordinary losses		
Loss on retirement of non-current assets	1,485	2,790
Loss on valuation of investment securities	1,100	-
Total extraordinary losses	2,585	2,790
Profit (loss) before income taxes	138,816	(206,585)
Income taxes	79,503	(23,938)
Profit (loss)	59,312	(182,647)
Profit (loss) attributable to non-controlling interests	(5,181)	(565)
Profit (loss) attributable to owners of parent	64,493	(182,081)

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

	(Thousands of yen)	
	First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)
Profit (loss)	59,312	(182,647)
Other comprehensive income		
Valuation difference on available-for-sale securities	217,831	(148,953)
Remeasurements of defined benefit plans, net of tax	29,902	26,892
Total other comprehensive income	247,733	(122,061)
Comprehensive income	307,046	(304,708)
Comprehensive income attributable to:		
Owners of parent	312,227	(304,143)
Non-controlling interests	(5,181)	(565)

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 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.