

Translation

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## Summary of Consolidated Financial Results for the Year Ended December 31, 2016 (Based on Japanese GAAP)

February 7, 2017

Company name: EBARA JITSUGYO CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 6328 URL <http://www.ejk.co.jp/>  
 Representative: Chairman & President HISASHI SUZUKI  
 Senior Corporate Officer, Head of Corporate Planning & Strategy Office  
 Inquiries: SHUJI OHNO TEL 03-5565-2885  
 Scheduled date of ordinary general meeting of shareholders: March 24, 2017  
 Scheduled date to file Securities Report: March 24, 2017  
 Scheduled date to commence dividend payments: March 27, 2017  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for the press and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended December 31, 2016 (from January 1, 2016 to December 31, 2016)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended December 31, 2016	27,771	2.9	1,290	(9.0)	1,420	(6.0)	1,029	6.0
Year ended December 31, 2015	26,994	(9.8)	1,417	23.7	1,511	25.8	970	14.4

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended December 31, 2016	153.75	–	10.2	6.1	4.6
Year ended December 31, 2015	145.97	–	10.8	6.7	5.3

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2016	23,434	10,624	45.3	1,583.96
As of December 31, 2015	23,001	9,507	41.3	1,426.85

(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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended December 31, 2016	(35)	560	(337)	2,700
Year ended December 31, 2015	1,268	(864)	(309)	2,513

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended December 31, 2015	–	22.50	–	22.50	45.00	301	30.8	3.3
Year ended December 31, 2016	–	22.50	–	22.50	45.00	301	29.3	3.0
Year ending December 31, 2017 (Forecast)	–	22.50	–	22.50	45.00		30.2	

3. Forecast of consolidated financial results for the year ending December 31, 2017 (from January 1, 2017 to December 31, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending June 30, 2017	16,750	4.5	1,250	1.2	1,310	0.8	900	0.4	134.18
Full year	28,000	0.8	1,340	3.8	1,440	1.4	1,000	(2.9)	149.09

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2016

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2016	6,715,000 shares	As of December 31, 2015	6,715,000 shares
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Number of treasury shares at the end of the period

As of December 31, 2016	7,692 shares	As of December 31, 2015	51,492 shares
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Average number of shares during the period

Year ended December 31, 2016	6,696,987 shares	Year ended December 31, 2015	6,651,811 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of December 31, 2015	As of December 31, 2016
Assets		
Current assets		
Cash and deposits	3,744	3,185
Notes and accounts receivable - trade	9,207	9,773
Merchandise and finished goods	948	811
Work in process	194	204
Costs on uncompleted construction contracts	588	510
Raw materials and supplies	127	176
Deferred tax assets	62	43
Other	172	374
Allowance for doubtful accounts	(1)	(1)
Total current assets	15,043	15,077
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,966	2,958
Accumulated depreciation	(1,418)	(1,513)
Buildings and structures, net	1,548	1,445
Machinery, equipment and vehicles	82	109
Accumulated depreciation	(50)	(64)
Machinery, equipment and vehicles, net	32	45
Tools, furniture and fixtures	457	519
Accumulated depreciation	(367)	(401)
Tools, furniture and fixtures, net	90	117
Land	1,423	1,421
Other	16	37
Accumulated depreciation	(13)	(4)
Other, net	2	32
Total property, plant and equipment	3,097	3,061
Intangible assets	44	35
Investments and other assets		
Investment securities	2,882	3,324
Insurance funds	1,083	1,145
Real estate for investment, net	666	652
Deferred tax assets	7	5
Other	294	240
Allowance for doubtful accounts	(119)	(108)
Total investments and other assets	4,815	5,258
Total non-current assets	7,957	8,356
Total assets	23,001	23,434

(Millions of yen)

	As of December 31, 2015	As of December 31, 2016
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	8,590	8,671
Short-term loans payable	1,176	1,090
Income taxes payable	325	135
Accrued consumption taxes	191	224
Advances received	1,296	1,107
Provision for loss on construction contracts	4	14
Other	1,006	634
Total current liabilities	12,590	11,878
Non-current liabilities		
Deferred tax liabilities	479	598
Provision for directors' retirement benefits	196	187
Net defined benefit liability	154	75
Other	73	69
Total non-current liabilities	902	931
Total liabilities	13,493	12,810
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,001	1,001
Capital surplus	831	831
Retained earnings	6,882	7,609
Treasury shares	(64)	(12)
Total shareholders' equity	8,650	9,430
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,007	1,311
Remeasurements of defined benefit plans	(150)	(117)
Total accumulated other comprehensive income	857	1,193
Total net assets	9,507	10,624
Total liabilities and net assets	23,001	23,434

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Millions of yen)

	Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016
Net sales		
Net sales of finished goods and construction sales	19,271	19,848
Net sales of goods	7,723	7,923
Total net sales	26,994	27,771
Cost of sales		
Cost of finished goods sold and construction sales	14,102	14,568
Cost of goods sold	6,236	6,541
Total cost of sales	20,339	21,110
Gross profit		
Gross profit-finished goods and construction sales	5,168	5,279
Gross profit - merchandise	1,487	1,381
Total gross profit	6,655	6,661
Selling, general and administrative expenses	5,237	5,370
Operating income	1,417	1,290
Non-operating income		
Interest income	2	3
Dividend income	62	69
Rent of real estate for investment	78	84
Insurance income	37	12
Other	22	20
Total non-operating income	204	189
Non-operating expenses		
Interest expenses	10	7
Rent expenses on real estates	44	40
Bad debts expenses	27	–
Commission fee	5	3
Other	22	7
Total non-operating expenses	110	59
Ordinary income	1,511	1,420
Extraordinary income		
Gain on sales of non-current assets	1	–
Total extraordinary income	1	–
Extraordinary losses		
Loss on valuation of investment securities	1	–
Total extraordinary losses	1	–
Profit before income taxes	1,511	1,420
Income taxes - current	537	367
Income taxes - deferred	2	23
Total income taxes	540	391
Profit	970	1,029
Profit attributable to owners of parent	970	1,029

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016
Profit	970	1,029
Other comprehensive income		
Valuation difference on available-for-sale securities	0	303
Remeasurements of defined benefit plans, net of tax	13	32
Total other comprehensive income	13	336
Comprehensive income	984	1,366
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	984	1,366
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of changes in equity

Fiscal year ended December 31, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,001	831	5,964	(88)	7,708
Cumulative effects of changes in accounting policies			248		248
Restated balance	1,001	831	6,212	(88)	7,956
Changes of items during period					
Dividends of surplus			(301)		(301)
Profit attributable to owners of parent			970		970
Purchase of treasury shares					–
Disposal of treasury shares				24	24
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	669	24	693
Balance at end of current period	1,001	831	6,882	(64)	8,650

	Accumulated other comprehensive income			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	1,006	(163)	843	8,551
Cumulative effects of changes in accounting policies				248
Restated balance	1,006	(163)	843	8,800
Changes of items during period				
Dividends of surplus				(301)
Profit attributable to owners of parent				970
Purchase of treasury shares				–
Disposal of treasury shares				24
Net changes of items other than shareholders' equity	0	13	13	13
Total changes of items during period	0	13	13	707
Balance at end of current period	1,007	(150)	857	9,507

Fiscal year ended December 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,001	831	6,882	(64)	8,650
Changes of items during period					
Dividends of surplus			(301)		(301)
Profit attributable to owners of parent			1,029		1,029
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				52	52
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	727	51	779
Balance at end of current period	1,001	831	7,609	(12)	9,430

	Accumulated other comprehensive income			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	1,007	(150)	857	9,507
Changes of items during period				
Dividends of surplus				(301)
Profit attributable to owners of parent				1,029
Purchase of treasury shares				(0)
Disposal of treasury shares				52
Net changes of items other than shareholders' equity	303	32	336	336
Total changes of items during period	303	32	336	1,116
Balance at end of current period	1,311	(117)	1,193	10,624



## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016
Cash flows from operating activities		
Profit before income taxes	1,511	1,420
Depreciation	198	198
Increase (decrease) in allowance for doubtful accounts	10	(10)
Increase (decrease) in net defined benefit liability	(32)	(25)
Increase (decrease) in provision for directors' retirement benefits	–	(8)
Interest and dividend income	(65)	(72)
Interest expenses	10	7
Insurance income	(37)	(12)
Loss (gain) on sales of investment securities	(5)	–
Loss (gain) on cancellation of insurance contract	(6)	–
Loss (gain) on sales of non-current assets	(1)	–
Loss (gain) on valuation of investment securities	1	–
Decrease (increase) in notes and accounts receivable - trade	388	(565)
Decrease (increase) in inventories	(509)	155
Increase (decrease) in notes and accounts payable - trade	(628)	81
Increase (decrease) in advances received	308	(189)
Decrease/increase in consumption taxes receivable/payable	171	32
Other, net	432	(553)
Subtotal	1,747	457
Interest and dividend income received	64	70
Proceeds from insurance income	37	12
Interest expenses paid	(10)	(7)
Income taxes paid	(570)	(568)
Net cash provided by (used in) operating activities	1,268	(35)
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	200	–
Net decrease (increase) in forced deposits	(767)	745
Purchase of property, plant and equipment	(86)	(130)
Proceeds from sales of property, plant and equipment	1	5
Purchase of intangible assets	(15)	(4)
Purchase of investment securities	(240)	(41)
Proceeds from sales of investment securities	13	–
Proceeds from redemption of investment securities	100	–
Proceeds from cancellation of insurance funds	50	–
Payments of loans receivable	(47)	–
Collection of loans receivable	–	24
Other, net	(71)	(37)
Net cash provided by (used in) investing activities	(864)	560

(Millions of yen)

	Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	–	(40)
Repayments of long-term loans payable	(30)	(46)
Cash dividends paid	(301)	(301)
Other, net	23	50
Net cash provided by (used in) financing activities	(309)	(337)
Net increase (decrease) in cash and cash equivalents	94	186
Cash and cash equivalents at beginning of period	2,418	2,513
Cash and cash equivalents at end of period	2,513	2,700