

Translation

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**Summary of Consolidated Financial Results
for the Year Ended December 31, 2017
(Based on Japanese GAAP)**

February 7, 2018

Company name: EBARA JITSUGYO CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 6328 URL <https://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 23, 2018
 Scheduled date to file Securities Report: March 23, 2018
 Scheduled date to commence dividend payments: March 26, 2018
 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, 2017 (from January 1, 2017 to December 31, 2017)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended December 31, 2017	26,110	(6.0)	1,717	33.1	1,848	30.1	1,353	31.4
Year ended December 31, 2016	27,771	2.9	1,290	(9.0)	1,420	(6.0)	1,029	6.0

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended December 31, 2017	201.74	–	11.6	7.5	6.6
Year ended December 31, 2016	153.75	–	10.2	6.1	4.6

(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, 2017	25,990	12,769	49.1	1,903.88
As of December 31, 2016	23,434	10,624	45.3	1,583.96

(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, 2017	1,285	76	(302)	3,760
Year ended December 31, 2016	(35)	560	(337)	2,700

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, 2016	–	22.50	–	22.50	45.00	301	29.3	3.0
Year ended December 31, 2017	–	22.50	–	27.50	50.00	335	24.8	2.9
Year ending December 31, 2018 (Forecast)	–	25.00	–	25.00	50.00		22.8	

3. Forecast of consolidated financial results for the year ending December 31, 2018 (from January 1, 2018 to December 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		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, 2018	16,800	16.7	1,460	4.3	1,520	3.5	1,100	4.8	164.00
Full year	30,000	14.9	1,880	9.5	2,000	8.2	1,470	8.6	219.17

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2017

(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: No

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, 2017	6,715,000 shares	As of December 31, 2016	6,715,000 shares
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Number of treasury shares at the end of the period

As of December 31, 2017	7,741 shares	As of December 31, 2016	7,692 shares
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Average number of shares during the period

Year ended December 31, 2017	6,707,292 shares	Year ended December 31, 2016	6,696,987 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2016	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	3,185	3,930
Notes and accounts receivable - trade	9,773	9,573
Securities	–	100
Merchandise and finished goods	811	739
Work in process	204	201
Costs on uncompleted construction contracts	510	673
Raw materials and supplies	176	210
Deferred tax assets	43	63
Other	374	644
Allowance for doubtful accounts	(1)	(1)
Total current assets	15,077	16,135
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,958	3,011
Accumulated depreciation	(1,513)	(1,588)
Buildings and structures, net	1,445	1,422
Machinery, equipment and vehicles	109	125
Accumulated depreciation	(64)	(79)
Machinery, equipment and vehicles, net	45	46
Tools, furniture and fixtures	519	569
Accumulated depreciation	(401)	(459)
Tools, furniture and fixtures, net	117	109
Land	1,421	1,420
Other	37	72
Accumulated depreciation	(4)	(5)
Other, net	32	66
Total property, plant and equipment	3,061	3,066
Intangible assets	35	37
Investments and other assets		
Investment securities	3,324	4,827
Insurance funds	1,145	1,145
Real estate for investment, net	652	634
Deferred tax assets	5	4
Other	240	248
Allowance for doubtful accounts	(108)	(108)
Total investments and other assets	5,258	6,752
Total non-current assets	8,356	9,855
Total assets	23,434	25,990

(Millions of yen)

	As of December 31, 2016	As of December 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,671	8,040
Short-term loans payable	1,090	1,090
Income taxes payable	135	397
Accrued consumption taxes	224	15
Advances received	1,107	1,619
Provision for loss on construction contracts	14	2
Other	634	619
Total current liabilities	11,878	11,784
Non-current liabilities		
Deferred tax liabilities	598	1,058
Provision for directors' retirement benefits	187	187
Net defined benefit liability	75	120
Other	69	70
Total non-current liabilities	931	1,436
Total liabilities	12,810	13,221
Net assets		
Shareholders' equity		
Capital stock	1,001	1,001
Capital surplus	831	831
Retained earnings	7,609	8,661
Treasury shares	(12)	(12)
Total shareholders' equity	9,430	10,481
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,311	2,396
Remeasurements of defined benefit plans	(117)	(108)
Total accumulated other comprehensive income	1,193	2,288
Total net assets	10,624	12,769
Total liabilities and net assets	23,434	25,990

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

(Millions of yen)

	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017
Net sales		
Net sales of finished goods and construction sales	19,848	19,565
Net sales of goods	7,923	6,545
Total net sales	27,771	26,110
Cost of sales		
Cost of finished goods sold and construction sales	14,568	13,682
Cost of goods sold	6,541	5,194
Total cost of sales	21,110	18,876
Gross profit		
Gross profit-finished goods and construction sales	5,279	5,883
Gross profit - merchandise	1,381	1,351
Total gross profit	6,661	7,234
Selling, general and administrative expenses	5,370	5,516
Operating profit	1,290	1,717
Non-operating income		
Interest income	3	2
Dividend income	69	73
Rent of real estate for investment	84	88
Insurance income	12	0
Other	20	29
Total non-operating income	189	194
Non-operating expenses		
Interest expenses	7	6
Rent expenses on real estates	40	39
Foreign exchange losses	6	12
Commission fee	3	0
Other	1	3
Total non-operating expenses	59	62
Ordinary profit	1,420	1,848
Profit before income taxes	1,420	1,848
Income taxes - current	367	538
Income taxes - deferred	23	(42)
Total income taxes	391	495
Profit	1,029	1,353
Profit attributable to owners of parent	1,029	1,353

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017
Profit	1,029	1,353
Other comprehensive income		
Valuation difference on available-for-sale securities	303	1,085
Remeasurements of defined benefit plans, net of tax	32	8
Total other comprehensive income	336	1,094
Comprehensive income	1,366	2,447
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,366	2,447
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

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

Fiscal year ended December 31, 2017

(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	7,609	(12)	9,430
Changes of items during period					
Dividends of surplus			(301)		(301)
Profit attributable to owners of parent			1,353		1,353
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	1,051	(0)	1,051
Balance at end of current period	1,001	831	8,661	(12)	10,481

	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	1,311	(117)	1,193	10,624
Changes of items during period				
Dividends of surplus				(301)
Profit attributable to owners of parent				1,353
Purchase of treasury shares				(0)
Net changes of items other than shareholders' equity	1,085	8	1,094	1,094
Total changes of items during period	1,085	8	1,094	2,145
Balance at end of current period	2,396	(108)	2,288	12,769

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017
Cash flows from operating activities		
Profit before income taxes	1,420	1,848
Depreciation	198	213
Increase (decrease) in allowance for doubtful accounts	(10)	(0)
Increase (decrease) in provision for loss on construction contracts	10	(12)
Increase (decrease) in net defined benefit liability	(25)	57
Increase (decrease) in provision for directors' retirement benefits	(8)	–
Interest and dividend income	(72)	(76)
Interest expenses	7	6
Insurance income	(12)	(0)
Decrease (increase) in notes and accounts receivable - trade	(565)	199
Decrease (increase) in inventories	155	(121)
Increase (decrease) in notes and accounts payable - trade	81	(631)
Increase (decrease) in advances received	(189)	512
Decrease/increase in consumption taxes receivable/payable	32	(209)
Other, net	(564)	(249)
Subtotal	457	1,537
Interest and dividend income received	70	74
Proceeds from insurance income	12	0
Interest expenses paid	(7)	(6)
Income taxes paid	(568)	(319)
Net cash provided by (used in) operating activities	(35)	1,285
Cash flows from investing activities		
Net decrease (increase) in forced deposits	745	315
Purchase of property, plant and equipment	(130)	(191)
Proceeds from sales of property, plant and equipment	5	11
Purchase of intangible assets	(4)	(5)
Purchase of investment securities	(41)	(42)
Proceeds from sales of investment securities	–	3
Proceeds from cancellation of insurance funds	–	51
Collection of loans receivable	24	24
Other, net	(37)	(88)
Net cash provided by (used in) investing activities	560	76

(Millions of yen)

	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(40)	–
Repayments of long-term loans payable	(46)	–
Cash dividends paid	(301)	(301)
Other, net	50	(0)
Net cash provided by (used in) financing activities	(337)	(302)
Net increase (decrease) in cash and cash equivalents	186	1,060
Cash and cash equivalents at beginning of period	2,513	2,700
Cash and cash equivalents at end of period	2,700	3,760