

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

**Summary of Consolidated Financial Results
for the Six Months Ended June 30, 2018
(Based on Japanese GAAP)**

July 31, 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 SHUJI OHNO TEL 03-5565-2885
 Inquiries: SHUJI OHNO TEL 03-5565-2885
 Scheduled date to file Quarterly Securities Report: August 6, 2018
 Scheduled date to commence dividend payments: September 6, 2018
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for the press and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2018 (from January 1, 2018 to June 30, 2018)

(1) Consolidated operating results (cumulative)

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	%
Six months ended June 30, 2018	16,081	11.7	1,749	24.9	1,800	22.6	1,264	20.4
Six months ended June 30, 2017	14,390	(10.3)	1,400	13.4	1,468	13.0	1,049	17.0

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2018	189.08	—
Six months ended June 30, 2017	156.49	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2018	28,304	13,241	46.8
As of December 31, 2017	25,990	12,769	49.1

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2017	—	22.50	—	27.50	50.00
Year ending December 31, 2018	—	25.00	—	—	—
Year ending December 31, 2018 (Forecast)	—	—	—	25.00	50.00

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
Full year	30,000	14.9	1,880	9.5	2,000	8.2	1,470	8.6	222.99

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2018
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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

(4) Number of issued shares (common shares)

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

As of June 30, 2018	6,715,000 shares	As of December 31, 2017	6,715,000 shares
---------------------	------------------	-------------------------	------------------

Number of treasury shares at the end of the period

As of June 30, 2018	122,827 shares	As of December 31, 2017	7,741 shares
---------------------	----------------	-------------------------	--------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2018	6,685,600 shares	Six months ended June 30, 2017	6,707,308 shares
--------------------------------	------------------	--------------------------------	------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2017	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	3,930	8,797
Notes and accounts receivable - trade	9,573	8,256
Securities	100	95
Merchandise and finished goods	739	865
Work in process	201	258
Costs on uncompleted construction contracts	673	314
Raw materials and supplies	210	222
Deferred tax assets	63	51
Other	644	94
Allowance for doubtful accounts	(1)	(1)
Total current assets	16,135	18,953
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,011	3,174
Accumulated depreciation	(1,588)	(1,634)
Buildings and structures, net	1,422	1,539
Machinery, equipment and vehicles	125	135
Accumulated depreciation	(79)	(88)
Machinery, equipment and vehicles, net	46	46
Tools, furniture and fixtures	569	593
Accumulated depreciation	(459)	(475)
Tools, furniture and fixtures, net	109	118
Land	1,420	1,420
Other	72	6
Accumulated depreciation	(5)	(5)
Other, net	66	0
Total property, plant and equipment	3,066	3,125
Intangible assets	37	61
Investments and other assets		
Investment securities	4,827	4,359
Insurance funds	1,145	1,028
Real estate for investment, net	634	631
Deferred tax assets	4	4
Other	248	246
Allowance for doubtful accounts	(108)	(107)
Total investments and other assets	6,752	6,162
Total non-current assets	9,855	9,350
Total assets	25,990	28,304

(Millions of yen)

	As of December 31, 2017	As of June 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,040	9,840
Short-term loans payable	1,090	1,090
Income taxes payable	397	560
Accrued consumption taxes	15	209
Advances received	1,619	1,412
Provision for loss on construction contracts	2	1
Other	619	665
Total current liabilities	11,784	13,780
Non-current liabilities		
Deferred tax liabilities	1,058	911
Provision for directors' retirement benefits	187	158
Net defined benefit liability	120	136
Other	70	76
Total non-current liabilities	1,436	1,282
Total liabilities	13,221	15,063
Net assets		
Shareholders' equity		
Capital stock	1,001	1,001
Capital surplus	831	831
Retained earnings	8,661	9,740
Treasury shares	(12)	(290)
Total shareholders' equity	10,481	11,282
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,396	2,055
Remeasurements of defined benefit plans	(108)	(96)
Total accumulated other comprehensive income	2,288	1,958
Total net assets	12,769	13,241
Total liabilities and net assets	25,990	28,304

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended June 30, 2017	Six months ended June 30, 2018
Net sales	14,390	16,081
Cost of sales	10,289	11,655
Gross profit	4,101	4,425
Selling, general and administrative expenses	2,701	2,676
Operating profit	1,400	1,749
Non-operating income		
Interest income	1	0
Dividend income	29	32
Rent of real estate for investment	44	47
Other	24	14
Total non-operating income	99	94
Non-operating expenses		
Interest expenses	3	4
Rent expenses on real estates	19	19
Loss on insurance cancellation	–	15
Other	8	3
Total non-operating expenses	31	43
Ordinary profit	1,468	1,800
Profit before income taxes	1,468	1,800
Income taxes - current	432	525
Income taxes - deferred	(13)	10
Total income taxes	418	536
Profit	1,049	1,264
Profit attributable to owners of parent	1,049	1,264

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended June 30, 2017	Six months ended June 30, 2018
Profit	1,049	1,264
Other comprehensive income		
Valuation difference on available-for-sale securities	326	(341)
Remeasurements of defined benefit plans, net of tax	12	11
Total other comprehensive income	339	(329)
Comprehensive income	1,388	934
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,388	934
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Millions of yen)

	Six months ended June 30, 2017	Six months ended June 30, 2018
Cash flows from operating activities		
Profit before income taxes	1,468	1,800
Depreciation	103	89
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in provision for loss on construction contracts	(12)	(0)
Increase (decrease) in net defined benefit liability	24	33
Increase (decrease) in provision for directors' retirement benefits	–	(28)
Interest and dividend income	(30)	(33)
Interest expenses	3	4
Loss (gain) on cancellation of insurance contract	–	15
Decrease (increase) in notes and accounts receivable - trade	2,503	1,317
Decrease (increase) in inventories	313	164
Increase (decrease) in notes and accounts payable - trade	(527)	1,800
Increase (decrease) in advances received	(5)	(207)
Decrease/increase in consumption taxes receivable/payable	(156)	193
Other, net	(55)	574
Subtotal	3,629	5,721
Interest and dividend income received	30	32
Interest expenses paid	(3)	(4)
Income taxes paid	(121)	(339)
Net cash provided by (used in) operating activities	3,534	5,409
Cash flows from investing activities		
Net decrease (increase) in forced deposits	85	(134)
Purchase of property, plant and equipment	(98)	(143)
Proceeds from sales of property, plant and equipment	11	–
Purchase of intangible assets	(5)	(22)
Purchase of investment securities	(16)	(121)
Proceeds from sales and redemption of investment securities	–	100
Proceeds from cancellation of insurance funds	–	122
Other, net	(35)	(18)
Net cash provided by (used in) investing activities	(59)	(215)
Cash flows from financing activities		
Cash dividends paid	(150)	(184)
Purchase of treasury shares	–	(278)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(151)	(463)
Net increase (decrease) in cash and cash equivalents	3,324	4,730
Cash and cash equivalents at beginning of period	2,700	3,760
Cash and cash equivalents at end of period	6,024	8,491