

Translation

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

November 5, 2018

Company name: TANABE ENGINEERING CORPORATION  
 Stock exchange listing: Tokyo  
 Stock code: 1828 URL <https://www.tanabe-ind.co.jp/>  
 Representative: President and Representative Director Yoshio Watanuki  
 Director, Senior Executive officer and  
 Inquiries: General Manager of Corporate Administration Division Yuichi Gommori TEL 025-545-6500  
 Scheduled date to file Quarterly Securities Report: November 13, 2018  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2018 (from April 1, 2018 to September 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 September 30, 2018	17,467	23.3	1,245	60.9	1,277	60.9	863	60.6
Six months ended September 30, 2017	14,169	(5.6)	774	(16.3)	793	(19.8)	537	(21.1)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2018	80.65		–	
Six months ended September 30, 2017	50.22		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2018	30,388	13,981	46.0	1,306.57
As of March 31, 2018	25,481	13,371	52.5	1,249.56

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2018	–	0.00	–	20.00	20.00
Year ending March 31, 2019	–	0.00	–	–	–
Year ending March 31, 2019 (Forecast)	–	–	–	22.00	22.00

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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	35,000	14.5	1,700	24.7	1,800	30.7	1,300	34.8	121.48

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 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: Yes
- (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 September 30, 2018	10,728,000 shares	As of March 31, 2018	10,728,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2018	27,035 shares	As of March 31, 2018	27,031 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2018	10,700,969 shares	Six months ended September 30, 2017	10,701,173 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	3,131,818	2,461,416
Notes receivable, accounts receivable from completed construction contracts and other	13,385,815	17,230,512
Costs on uncompleted construction contracts	647,691	2,043,083
Other inventories	254,694	220,597
Other	225,224	209,120
Allowance for doubtful accounts	(1,308)	(1,691)
Total current assets	17,643,935	22,163,038
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,061,311	6,075,512
Machinery, vehicles, tools, furniture and fixtures	4,347,065	4,341,217
Land	2,052,299	2,420,515
Leased assets	370,580	342,338
Construction in progress	25,132	174,797
Accumulated depreciation	(6,300,225)	(6,420,847)
Total property, plant and equipment	6,556,163	6,933,533
Intangible assets	117,686	113,673
Investments and other assets		
Investment securities	501,579	539,884
Deferred tax assets	548,930	523,856
Other	113,282	114,076
Total investments and other assets	1,163,791	1,177,816
Total non-current assets	7,837,642	8,225,023
Total assets	25,481,577	30,388,061

(Thousands of yen)

	As of March 31, 2018	As of September 30, 2018
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable, accounts payable for construction contracts and other	5,918,505	6,941,813
Short-term loans payable	995,295	3,420,000
Lease obligations	28,911	28,389
Accounts payable - other	1,087,890	1,276,321
Accrued expenses	315,090	325,696
Income taxes payable	267,814	439,132
Advances received on uncompleted construction contracts	445,185	547,029
Provision for warranties for completed construction	28,793	32,829
Provision for loss on construction contracts	24,061	6,990
Provision for bonuses	854,326	775,820
Provision for directors' bonuses	40,000	20,000
Other	285,281	109,762
<b>Total current liabilities</b>	<b>10,291,155</b>	<b>13,923,785</b>
<b>Non-current liabilities</b>		
Long-term loans payable	380,000	1,080,000
Lease obligations	125,223	119,478
Long-term accounts payable - other	137,734	132,500
Net defined benefit liability	1,175,917	1,150,746
<b>Total non-current liabilities</b>	<b>1,818,875</b>	<b>2,482,725</b>
<b>Total liabilities</b>	<b>12,110,030</b>	<b>16,406,510</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	885,320	885,320
Capital surplus	1,475,320	1,475,320
Retained earnings	11,263,381	11,911,376
Treasury shares	(6,973)	(6,977)
<b>Total shareholders' equity</b>	<b>13,617,047</b>	<b>14,265,039</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	130,884	151,445
Foreign currency translation adjustment	3,548	(80,602)
Remeasurements of defined benefit plans	(379,934)	(354,330)
<b>Total accumulated other comprehensive income</b>	<b>(245,501)</b>	<b>(283,487)</b>
<b>Total net assets</b>	<b>13,371,546</b>	<b>13,981,551</b>
<b>Total liabilities and net assets</b>	<b>25,481,577</b>	<b>30,388,061</b>

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

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net sales	14,169,206	17,467,626
Cost of sales	11,799,374	14,544,507
Gross profit	2,369,832	2,923,119
Selling, general and administrative expenses	1,595,765	1,677,748
Operating profit	774,066	1,245,371
Non-operating income		
Interest income	949	859
Dividend income	4,619	5,464
Land and house rent received	18,710	18,451
Foreign exchange gains	7,659	7,374
Other	7,273	14,218
Total non-operating income	39,212	46,368
Non-operating expenses		
Interest expenses	6,100	6,865
Commitment fee	12,239	5,010
Other	1,127	2,431
Total non-operating expenses	19,467	14,308
Ordinary profit	793,811	1,277,431
Extraordinary income		
Gain on sales of non-current assets	–	288
Total extraordinary income	–	288
Extraordinary losses		
Loss on disposal of non-current assets	362	720
Loss on sales of non-current assets	650	2,222
Loss on valuation of golf club membership	–	1,800
Total extraordinary losses	1,013	4,743
Profit before income taxes	792,798	1,272,976
Income taxes	255,339	409,927
Profit	537,458	863,049
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	537,458	863,049

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	537,458	863,049
Other comprehensive income		
Valuation difference on available-for-sale securities	41,054	20,561
Foreign currency translation adjustment	21,037	(84,151)
Remeasurements of defined benefit plans, net of tax	27,878	25,604
Total other comprehensive income	89,970	(37,985)
Comprehensive income	627,429	825,064
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	627,429	825,064
Comprehensive income attributable to non-controlling interests	—	—