

Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2017 (Based on Japanese GAAP)

February 14, 2018

Company name: JAPAN ASIA GROUP LIMITED  
 Stock exchange listing: Tokyo  
 Stock code: 3751 URL: <http://www.japanasiagroup.jp/>  
 Representative: Tetsuo Yamashita Chairman and CEO  
 Inquiries: Kazunobu Watanabe Director TEL: +81-3-4476-8000  
 Scheduled date to file Quarterly Securities Report: February 14, 2018  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: None

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2017 (from April 1, 2017 to December 31, 2017)

(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	%
Nine months ended December 31, 2017	50,778	9.4	1,151	–	(87)	–	(220)	–
Nine months ended December 31, 2016	46,436	(13.5)	(568)	–	(1,432)	–	(2,012)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2017	(8.23)	–
Nine months ended December 31, 2016	(74.29)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2017	131,771	29,894	20.5
As of March 31, 2017	127,522	29,555	21.4

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 March 31, 2017	–	0.00	–	20.00	20.00
Year ending March 31, 2018	–	0.00	–		
Year ending March 31, 2018 (Forecast)				10.00	10.00

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 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	80,000	17.1	2,800	2.2	1,000	(37.2)	1,200	(32.5)	44.84

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2017  
(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 December 31, 2017	27,652,880 shares	As of March 31, 2017	27,652,880 shares
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Number of treasury shares at the end of the period

As of December 31, 2017	888,595 shares	As of March 31, 2017	887,805 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2017	26,764,788 shares	Nine months ended December 31, 2016	27,083,373 shares
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**Quarterly consolidated financial statements**  
**Quarterly consolidated balance sheets**

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	36,917	18,667
Notes and accounts receivable - trade	28,378	24,426
Merchandise and finished goods	—	79
Work in process	1,023	902
Raw materials and supplies	49	95
Real estate for sale	6,802	6,638
Short-term loans receivable	14	15
Other	2,905	4,854
Allowance for doubtful accounts	(65)	(85)
Total current assets	76,027	55,594
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	19,356	25,222
Land	8,381	15,629
Other, net	13,067	20,530
Total property, plant and equipment	40,805	61,382
Intangible assets		
Goodwill	255	1,664
Other	353	752
Total intangible assets	609	2,416
Investments and other assets		
Investment securities	4,817	4,817
Investments in other securities of subsidiaries and associates	136	—
Long-term loans receivable	148	124
Lease and guarantee deposits	1,060	1,251
Other	3,989	5,120
Allowance for doubtful accounts	(781)	(744)
Total investments and other assets	9,370	10,570
Total non-current assets	50,785	74,369
Deferred assets	708	1,807
Total assets	127,522	131,771

(Millions of yen)

As of March 31, 2017

As of December 31, 2017

Liabilities	As of March 31, 2017	As of December 31, 2017
Current liabilities		
Notes and accounts payable - trade	6,078	4,616
Short-term loans payable	8,185	3,739
Current portion of bonds	11,605	10,983
Current portion of long-term loans payable	6,609	10,991
Accounts payable - other	5,878	2,024
Income taxes payable	452	248
Provision for bonuses	774	495
Provision for directors' bonuses	19	—
Provision for loss on order received	83	174
Other	5,253	4,847
Total current liabilities	44,939	38,119
Non-current liabilities		
Bonds payable	4,924	4,671
Long-term loans payable	36,303	42,832
Lease obligations	5,682	9,101
Deferred tax liabilities	519	715
Net defined benefit liability	3,050	3,076
Asset retirement obligations	1,506	2,160
Other	1,040	1,199
Total non-current liabilities	53,027	63,757
Total liabilities	97,966	101,876
Net assets		
Shareholders' equity		
Capital stock	3,995	3,995
Capital surplus	0	—
Retained earnings	23,305	22,490
Treasury shares	(354)	(354)
Total shareholders' equity	26,946	26,130
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	568	871
Deferred gains or losses on hedges	(35)	(36)
Foreign currency translation adjustment	(88)	46
Remeasurements of defined benefit plans	(87)	(46)
Total accumulated other comprehensive income	356	834
Subscription rights to shares	8	7
Non-controlling interests	2,244	2,920
Total net assets	29,555	29,894
Total liabilities and net assets	127,522	131,771

**Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income**  
**Quarterly consolidated statements of income**

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net sales	46,436	50,778
Cost of sales	32,528	37,741
Gross profit	13,907	13,037
Selling, general and administrative expenses	14,476	11,886
Operating profit (loss)	(568)	1,151
Non-operating income		
Interest income	2	4
Dividend income	67	138
Share of profit of entities accounted for using equity method	38	29
Foreign exchange gains	21	-
Reversal of allowance for doubtful accounts	11	17
Other	130	82
Total non-operating income	271	271
Non-operating expenses		
Interest expenses	931	1,044
Foreign exchange losses	-	1
Provision of allowance for doubtful accounts	1	1
Other	202	463
Total non-operating expenses	1,135	1,510
Ordinary loss	(1,432)	(87)
Extraordinary income		
Gain on sales of non-current assets	1	-
Gain on sales of investment securities	20	16
Gain on sales of shares of subsidiaries and associates	164	-
Subsidy income	92	-
Reversal of reserve for financial products transaction liabilities	9	-
Gain on step acquisitions	-	473
Gain on bargain purchase	-	52
Total extraordinary income	288	541
Extraordinary losses		
Impairment loss	14	-
Loss on sales and retirement of non-current assets	64	-
Loss on reduction of non-current assets	92	-
Loss on sales of investment securities	48	-
Settlement package	80	-
Total extraordinary losses	299	-
Profit (loss) before income taxes	(1,442)	454
Income taxes - current	361	334
Income taxes - deferred	194	113
Total income taxes	556	448
Profit (loss)	(1,999)	5
Profit attributable to non-controlling interests	13	226
Loss attributable to owners of parent	(2,012)	(220)

**Quarterly consolidated statements of comprehensive income**

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Profit (loss)	(1,999)	5
Other comprehensive income		
Valuation difference on available-for-sale securities	278	302
Deferred gains or losses on hedges	12	(0)
Foreign currency translation adjustment	(101)	135
Remeasurements of defined benefit plans, net of tax	39	41
Total other comprehensive income	228	478
Comprehensive income	(1,770)	484
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,783)	258
Comprehensive income attributable to non-controlling interests	13	226