

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2017 (Based on Japanese GAAP)

August 10, 2017

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: August 10, 2017
 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 three months ended June 30, 2017 (from April 1, 2017 to June 30, 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	%
Three months ended June 30, 2017	14,117	14.1	122	–	(159)	–	(599)	–
Three months ended June 30, 2016	12,375	(20.2)	(1,092)	–	(1,334)	–	(1,816)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2017	(22.39)	–
Three months ended June 30, 2016	(66.14)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2017	114,561	28,810	23.1
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	–	–	–	–	–
Year ending March 31, 2018 (Forecast)	–	0.00	–	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	82,000	20.0	2,750	0.3	1,000	(37.2)	1,000	(43.8)	37.36

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 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 June 30, 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 June 30, 2017	887,845 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)

Three months ended June 30, 2017	26,765,055 shares	Three months ended June 30, 2016	27,470,809 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	36,917	39,527
Notes and accounts receivable - trade	28,378	11,949
Work in process	1,023	723
Raw materials and supplies	49	75
Real estate for sale	6,802	6,676
Short-term loans receivable	14	15
Other	2,905	4,055
Allowance for doubtful accounts	(65)	(71)
Total current assets	76,027	62,951
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	19,356	19,723
Other, net	21,448	22,093
Total property, plant and equipment	40,805	41,817
Intangible assets		
Goodwill	255	242
Other	353	390
Total intangible assets	609	633
Investments and other assets		
Investment securities	4,817	3,255
Investments in other securities of subsidiaries and associates	136	164
Long-term loans receivable	148	138
Lease and guarantee deposits	1,060	1,073
Other	3,989	4,584
Allowance for doubtful accounts	(781)	(770)
Total investments and other assets	9,370	8,447
Total non-current assets	50,785	50,898
Deferred assets	708	711
Total assets	127,522	114,561

(Millions of yen)

As of March 31, 2017

As of June 30, 2017

Liabilities	As of March 31, 2017	As of June 30, 2017
Current liabilities		
Accounts payable - trade	6,078	3,155
Short-term loans payable	8,185	1,705
Current portion of bonds	11,605	11,669
Current portion of long-term loans payable	6,609	7,051
Accounts payable - other	5,878	642
Income taxes payable	452	285
Provision for bonuses	774	378
Provision for directors' bonuses	19	—
Provision for loss on order received	83	105
Other	5,253	4,890
Total current liabilities	44,939	29,882
Non-current liabilities		
Bonds payable	4,924	4,979
Long-term loans payable	36,303	38,722
Lease obligations	5,682	5,847
Deferred tax liabilities	519	601
Net defined benefit liability	3,050	3,041
Asset retirement obligations	1,506	1,561
Other	1,040	1,114
Total non-current liabilities	53,027	55,868
Total liabilities	97,966	85,751
Net assets		
Shareholders' equity		
Capital stock	3,995	3,995
Capital surplus	0	0
Retained earnings	23,305	22,170
Treasury shares	(354)	(354)
Total shareholders' equity	26,946	25,812
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	568	720
Deferred gains or losses on hedges	(35)	(32)
Foreign currency translation adjustment	(88)	(15)
Remeasurements of defined benefit plans	(87)	(74)
Total accumulated other comprehensive income	356	598
Subscription rights to shares	8	8
Non-controlling interests	2,244	2,391
Total net assets	29,555	28,810
Total liabilities and net assets	127,522	114,561

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

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net sales	12,375	14,117
Cost of sales	8,845	10,271
Gross profit	3,530	3,846
Selling, general and administrative expenses	4,623	3,724
Operating profit (loss)	(1,092)	122
Non-operating income		
Interest income	0	0
Dividend income	45	67
Share of profit of entities accounted for using equity method	23	29
Foreign exchange gains	-	0
Reversal of allowance for doubtful accounts	8	7
Other	46	34
Total non-operating income	124	139
Non-operating expenses		
Interest expenses	310	318
Foreign exchange losses	8	-
Provision of allowance for doubtful accounts	6	-
Other	40	103
Total non-operating expenses	366	421
Ordinary loss	(1,334)	(159)
Extraordinary income		
Gain on sales of investment securities	-	5
Subsidy income	85	-
Reversal of reserve for financial products transaction liabilities	9	-
Total extraordinary income	95	5
Extraordinary losses		
Impairment loss	11	-
Loss on reduction of non-current assets	85	-
Settlement package	80	-
Total extraordinary losses	176	-
Loss before income taxes	(1,415)	(154)
Income taxes - current	65	212
Income taxes - deferred	279	65
Total income taxes	345	278
Loss	(1,761)	(432)
Profit attributable to non-controlling interests	55	166
Loss attributable to owners of parent	(1,816)	(599)

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Loss	(1,761)	(432)
Other comprehensive income		
Valuation difference on available-for-sale securities	(70)	151
Deferred gains or losses on hedges	5	3
Foreign currency translation adjustment	(129)	73
Remeasurements of defined benefit plans, net of tax	13	13
Total other comprehensive income	(181)	242
Comprehensive income	(1,942)	(190)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,998)	(357)
Comprehensive income attributable to non-controlling interests	55	166