

Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2016 (Based on Japanese GAAP)

February 14, 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: February 14, 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 nine months ended December 31, 2016 (from April 1, 2016 to December 31, 2016)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2016	46,436	(13.5)	(568)	–	(1,432)	–	(2,012)	–
Nine months ended December 31, 2015	53,694	11.3	1,342	(41.6)	274	(80.2)	322	(75.7)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2016	(74.29)		–	
Nine months ended December 31, 2015	11.73		11.70	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2016	114,957	26,497	21.1
As of March 31, 2016	121,563	28,213	21.9

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, 2016	–	0.00	20.00	10.00	30.00
Year ending March 31, 2017	–	0.00	–		
Year ending March 31, 2017 (Forecast)				10.00	10.00

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	77,000	2.0	2,800	(28.0)	1,300	(49.3)	1,000	142.7	36.18

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2016  
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (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: Yes
- 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, 2016	27,652,880 shares	As of March 31, 2016	27,652,880 shares
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Number of treasury shares at the end of the period

As of December 31, 2016	887,605 shares	As of March 31, 2016	12,465 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, 2016	27,083,373 shares	Nine months ended December 31, 2015	27,504,754 shares
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**Quarterly consolidated financial statements**  
**Quarterly consolidated balance sheets**

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Assets		
Current assets		
Cash and deposits	30,528	26,364
Notes and accounts receivable - trade	27,080	21,681
Trading products in securities business	288	176
Work in process	132	187
Raw materials and supplies	35	37
Real estate for sale	6,475	6,793
Margin transaction assets in securities business	5,800	4,281
Short-term loans receivable	20	19
Other	8,864	10,895
Allowance for doubtful accounts	(54)	(27)
Total current assets	79,171	70,409
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	14,229	14,329
Other, net	18,238	19,652
Total property, plant and equipment	32,467	33,982
Intangible assets	469	352
Investments and other assets		
Investment securities	3,995	4,258
Investments in other securities of subsidiaries and associates	177	147
Long-term loans receivable	151	161
Lease and guarantee deposits	2,168	2,129
Other	3,497	4,041
Allowance for doubtful accounts	(1,138)	(1,157)
Total investments and other assets	8,850	9,580
Total non-current assets	41,787	43,915
Deferred assets	604	632
Total assets	121,563	114,957

(Millions of yen)

As of March 31, 2016

As of December 31, 2016

Liabilities	As of March 31, 2016	As of December 31, 2016
Current liabilities		
Accounts payable - trade	6,879	4,099
Short-term loans payable	6,521	4,651
Current portion of bonds	11,496	11,635
Current portion of long-term loans payable	5,418	5,776
Accounts payable - other	2,308	1,154
Income taxes payable	696	222
Margin transaction liabilities in securities business	4,475	3,489
Provision for bonuses	1,487	798
Provision for directors' bonuses	14	—
Provision for loss on order received	175	453
Provision for contingent loss	1,360	158
Other	9,272	9,611
Total current liabilities	50,106	42,051
Non-current liabilities		
Bonds payable	4,701	5,516
Long-term loans payable	27,468	29,362
Lease obligations	5,339	5,642
Deferred tax liabilities	837	938
Net defined benefit liability	2,548	2,589
Other	2,287	2,308
Total non-current liabilities	43,182	46,356
Reserves under special laws		
Reserve for financial products transaction liabilities	61	51
Total reserves under special laws	61	51
Total liabilities	93,349	88,459
Net assets		
Shareholders' equity		
Capital stock	3,995	3,995
Capital surplus	1	10
Retained earnings	21,802	19,514
Treasury shares	(8)	(354)
Total shareholders' equity	25,790	23,165
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,031	1,309
Deferred gains or losses on hedges	(51)	(39)
Foreign currency translation adjustment	(7)	(108)
Remeasurements of defined benefit plans	(137)	(97)
Total accumulated other comprehensive income	834	1,063
Subscription rights to shares	16	8
Non-controlling interests	1,572	2,260
Total net assets	28,213	26,497
Total liabilities and net assets	121,563	114,957

**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, 2015	Nine months ended December 31, 2016
Net sales	53,694	46,436
Cost of sales	37,738	32,528
Gross profit	15,956	13,907
Selling, general and administrative expenses	14,613	14,476
Operating income (loss)	1,342	(568)
Non-operating income		
Interest income	3	2
Dividend income	53	67
Share of profit of entities accounted for using equity method	37	38
Foreign exchange gains	8	21
Reversal of allowance for doubtful accounts	9	11
Other	136	130
Total non-operating income	249	271
Non-operating expenses		
Interest expenses	945	931
Provision of allowance for doubtful accounts	–	1
Other	370	202
Total non-operating expenses	1,316	1,135
Ordinary income (loss)	274	(1,432)
Extraordinary income		
Gain on sales of non-current assets	–	1
Gain on sales of investment securities	896	20
Gain on sales of shares of subsidiaries and associates	–	164
Subsidy income	20	92
Reversal of reserve for financial products transaction liabilities	–	9
Total extraordinary income	916	288
Extraordinary losses		
Impairment loss	–	14
Loss on sales and retirement of non-current assets	–	64
Loss on reduction of non-current assets	20	92
Loss on sales of investment securities	35	48
Settlement package	–	80
Provision of reserve for financial products transaction liabilities	4	–
Total extraordinary losses	59	299
Profit (loss) before income taxes	1,131	(1,442)
Income taxes - current	429	361
Income taxes - deferred	324	194
Total income taxes	753	556
Profit (loss)	377	(1,999)
Profit attributable to non-controlling interests	54	13
Profit (loss) attributable to owners of parent	322	(2,012)

**Quarterly consolidated statements of comprehensive income**

	(Millions of yen)	
	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Profit (loss)	377	(1,999)
Other comprehensive income		
Valuation difference on available-for-sale securities	(192)	278
Deferred gains or losses on hedges	14	12
Foreign currency translation adjustment	27	(101)
Remeasurements of defined benefit plans, net of tax	38	39
Total other comprehensive income	(112)	228
Comprehensive income	264	(1,770)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	210	(1,783)
Comprehensive income attributable to non-controlling interests	54	13