

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2015 (Based on Japanese GAAP)

November 12, 2015

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: November 13, 2015
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2015 (from April 1, 2015 to September 30, 2015)

(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	%
Six months ended September 30, 2015	34,919	16.2	1,063	(17.7)	254	(50.4)	491	–
Six months ended September 30, 2014	30,060	1.8	1,292	455.5	513	390.3	30	(84.8)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2015	17.90		17.84	
Six months ended September 30, 2014	1.16		1.16	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2015	110,163	29,405	25.0
As of March 31, 2015	121,898	27,348	21.7

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, 2015	–	0.00	–	0.00	0.00
Year ending March 31, 2016	–	–	–	–	–
Year ending March 31, 2016 (Forecast)	–	–	–	–	–

3. Forecast of consolidated financial results for the year ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

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	79,000	4.1	4,200	(21.5)	2,500	(33.1)	2,500	(33.1)	94.62

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2015
(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 September 30, 2015	27,648,880 shares	As of March 31, 2015	27,648,880 shares
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Number of treasury shares at the end of the period

As of September 30, 2015	11,865 shares	As of March 31, 2015	1,228,744 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, 2015	27,437,653 shares	Six months ended September 30, 2014	26,200,827 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Assets		
Current assets		
Cash and deposits	27,739	31,615
Notes and accounts receivable - trade	27,919	15,529
Trading products in securities business	461	403
Work in process	276	120
Raw materials and supplies	189	58
Real estate for sale	8,211	6,576
Margin transaction assets in securities business	7,573	8,209
Short-term loans receivable	14	12
Other	12,593	10,367
Allowance for doubtful accounts	(77)	(77)
Total current assets	84,901	72,816
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	13,274	11,765
Other, net	13,713	16,327
Total property, plant and equipment	26,988	28,093
Intangible assets	951	778
Investments and other assets		
Investment securities	5,145	4,233
Investments in other securities of subsidiaries and associates	304	318
Long-term loans receivable	177	162
Lease and guarantee deposits	1,410	1,654
Other	2,736	2,746
Allowance for doubtful accounts	(1,102)	(1,101)
Total investments and other assets	8,671	8,011
Total non-current assets	36,612	36,883
Deferred assets	384	463
Total assets	121,898	110,163

(Millions of yen)

As of March 31, 2015

As of September 30, 2015

Liabilities	As of March 31, 2015	As of September 30, 2015
Liabilities		
Current liabilities		
Accounts payable - trade	8,690	4,940
Short-term loans payable	13,738	4,396
Current portion of bonds	17,255	16,222
Current portion of long-term loans payable	4,181	4,010
Accounts payable - other	4,612	469
Income taxes payable	859	362
Margin transaction liabilities in securities business	6,149	5,984
Provision for bonuses	2,162	1,257
Provision for directors' bonuses	44	–
Provision for loss on order received	674	387
Other	12,201	11,958
Total current liabilities	70,568	49,990
Non-current liabilities		
Bonds payable	2,293	3,531
Long-term loans payable	13,107	17,426
Lease obligations	2,663	4,144
Deferred tax liabilities	1,298	1,060
Net defined benefit liability	2,466	2,498
Other	2,094	2,045
Total non-current liabilities	23,923	30,705
Reserves under special laws		
Reserve for financial products transaction liabilities	57	61
Total reserves under special laws	57	61
Total liabilities	94,550	80,757
Net assets		
Shareholders' equity		
Capital stock	3,994	3,994
Capital surplus	7,524	–
Retained earnings	14,251	22,443
Treasury shares	(637)	(7)
Total shareholders' equity	25,132	26,430
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,514	1,229
Deferred gains or losses on hedges	(33)	(12)
Foreign currency translation adjustment	17	79
Remeasurements of defined benefit plans	(186)	(161)
Total accumulated other comprehensive income	1,311	1,135
Subscription rights to shares	16	16
Non-controlling interests	888	1,824
Total net assets	27,348	29,405
Total liabilities and net assets	121,898	110,163

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

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net sales	30,060	34,919
Cost of sales	19,301	24,126
Gross profit	10,758	10,793
Selling, general and administrative expenses	9,466	9,729
Operating income	1,292	1,063
Non-operating income		
Interest income	8	3
Dividend income	40	34
Share of profit of entities accounted for using equity method	2	33
Reversal of allowance for doubtful accounts	16	7
Other	60	104
Total non-operating income	129	183
Non-operating expenses		
Interest expenses	683	652
Foreign exchange losses	91	1
Other	132	339
Total non-operating expenses	908	992
Ordinary income	513	254
Extraordinary income		
Gain on sales of investment securities	218	896
Total extraordinary income	218	896
Extraordinary losses		
Loss on sales of investment securities	–	35
Provision of reserve for financial products transaction liabilities	11	4
Total extraordinary losses	11	39
Income before income taxes and minority interests	720	1,110
Income taxes - current	427	303
Income taxes - deferred	228	246
Total income taxes	656	549
Profit	63	560
Profit attributable to non-controlling interests	33	69
Profit attributable to owners of parent	30	491

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Profit	63	560
Other comprehensive income		
Valuation difference on available-for-sale securities	342	(285)
Deferred gains or losses on hedges	(10)	21
Foreign currency translation adjustment	140	61
Remeasurements of defined benefit plans, net of tax	30	25
Total other comprehensive income	503	(177)
Comprehensive income	567	383
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	534	314
Comprehensive income attributable to non-controlling interests	33	69

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	720	1,110
Depreciation	772	911
Amortization of deferred assets	21	37
Amortization of goodwill	–	8
Loss (gain) on sales of investment securities	(218)	(860)
Increase (decrease) in allowance for doubtful accounts	(15)	(0)
Increase (decrease) in provision for bonuses	(930)	(904)
Increase (decrease) in provision for directors' bonuses	(22)	(44)
Increase (decrease) in net defined benefit liability	59	56
Increase (decrease) in provision for loss on order received	121	(286)
Interest and dividend income	(48)	(38)
Interest expenses	683	652
Foreign exchange losses (gains)	140	22
Share of (profit) loss of entities accounted for using equity method	(2)	(33)
Decrease (increase) in notes and accounts receivable - trade	15,362	11,889
Decrease (increase) in inventories	(165)	1,920
Increase (decrease) in notes and accounts payable - trade	(2,503)	(3,439)
Decrease/increase in assets/liabilities for margin transaction related to securities business	791	(800)
Decrease (increase) in trading products-assets (liabilities) related to securities business	(185)	(28)
Decrease (increase) in deposits received related to securities business	440	(332)
Decrease (increase) in lease receivables	8	(283)
Other, net	(3,153)	2,037
Subtotal	11,875	11,594
Interest and dividend income received	73	57
Interest expenses paid	(694)	(668)
Income taxes paid	(1,228)	(529)
Net cash provided by (used in) operating activities	10,025	10,454

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from investing activities		
Decrease (increase) in time deposits	348	(2,335)
Purchase of property, plant and equipment	(5,452)	(5,159)
Purchase of intangible assets	(149)	(39)
Payments for deferred assets	(127)	(114)
Purchase of investment securities	(1)	(1)
Proceeds from sales of investment securities	909	1,301
Payments of loans receivable	(37)	(43)
Collection of loans receivable	59	60
Other, net	(253)	(230)
Net cash provided by (used in) investing activities	(4,705)	(6,561)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(5,285)	(9,243)
Proceeds from long-term loans payable	7,575	7,304
Repayments of long-term loans payable	(5,837)	(3,242)
Proceeds from issuance of bonds	14,138	15,107
Redemption of bonds	(13,593)	(14,925)
Proceeds from sales and leasebacks	2,113	1,382
Purchase of treasury shares	(1)	(0)
Proceeds from sales of shares of parent held by subsidiaries	–	722
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	196	–
Proceeds from issuance of subscription rights to shares	7	–
Proceeds from share issuance to non-controlling shareholders	–	881
Repayments to non-controlling shareholders	(140)	(100)
Dividends paid to non-controlling interests	(4)	(3)
Other, net	(157)	(221)
Net cash provided by (used in) financing activities	(988)	(2,339)
Effect of exchange rate change on cash and cash equivalents	1	(12)
Net increase (decrease) in cash and cash equivalents	4,333	1,540
Cash and cash equivalents at beginning of period	18,397	24,595
Cash and cash equivalents at end of period	22,731	26,135