

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2016 (Based on Japanese GAAP)

August 10, 2016

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 12, 2016
 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, 2016 (from April 1, 2016 to June 30, 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	%
Three months ended June 30, 2016	12,375	(20.2)	(1,092)	–	(1,334)	–	(1,816)	–
Three months ended June 30, 2015	15,514	24.5	3	(97.7)	(377)	–	(779)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2016	(66.14)	–
Three months ended June 30, 2015	(28.64)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2016	109,930	25,751	22.0
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	Yen	Yen	Yen	Yen
Year ended March 31, 2016	–	0.00	20.00	10.00	30.00
Year ending March 31, 2017	–				
Year ending March 31, 2017 (Forecast)		0.00	–	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 three months ended June 30, 2016
 (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: 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 June 30, 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 June 30, 2016	387,235 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)

Three months ended June 30, 2016	27,470,809 shares	Three months ended June 30, 2015	27,236,046 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Assets		
Current assets		
Cash and deposits	30,528	36,580
Notes and accounts receivable - trade	27,080	10,726
Trading products in securities business	288	170
Work in process	132	203
Raw materials and supplies	35	27
Real estate for sale	6,475	6,225
Margin transaction assets in securities business	5,800	4,821
Short-term loans receivable	20	70
Other	8,864	8,583
Allowance for doubtful accounts	(54)	(26)
Total current assets	79,171	67,383
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	14,229	14,066
Other, net	18,238	18,347
Total property, plant and equipment	32,467	32,414
Intangible assets	469	392
Investments and other assets		
Investment securities	3,995	3,899
Investments in other securities of subsidiaries and associates	177	187
Long-term loans receivable	151	162
Lease and guarantee deposits	2,168	2,158
Other	3,497	3,906
Allowance for doubtful accounts	(1,138)	(1,178)
Total investments and other assets	8,850	9,136
Total non-current assets	41,787	41,943
Deferred assets	604	603
Total assets	121,563	109,930

(Millions of yen)

As of March 31, 2016

As of June 30, 2016

Liabilities	As of March 31, 2016	As of June 30, 2016
Current liabilities		
Accounts payable - trade	6,879	2,695
Short-term loans payable	6,521	5,856
Current portion of bonds	11,496	11,296
Current portion of long-term loans payable	5,418	5,030
Accounts payable - other	2,308	592
Income taxes payable	696	122
Margin transaction liabilities in securities business	4,475	3,205
Provision for bonuses	1,487	485
Provision for directors' bonuses	14	–
Provision for loss on order received	175	443
Provision for contingent loss	1,360	1,360
Other	9,272	9,194
Total current liabilities	50,106	40,281
Non-current liabilities		
Bonds payable	4,701	4,646
Long-term loans payable	27,468	28,074
Lease obligations	5,339	5,375
Deferred tax liabilities	837	853
Net defined benefit liability	2,548	2,568
Other	2,287	2,327
Total non-current liabilities	43,182	43,846
Reserves under special laws		
Reserve for financial products transaction liabilities	61	51
Total reserves under special laws	61	51
Total liabilities	93,349	84,179
Net assets		
Shareholders' equity		
Capital stock	3,995	3,995
Capital surplus	1	10
Retained earnings	21,802	19,709
Treasury shares	(8)	(170)
Total shareholders' equity	25,790	23,544
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,031	961
Deferred gains or losses on hedges	(51)	(46)
Foreign currency translation adjustment	(7)	(137)
Remeasurements of defined benefit plans	(137)	(124)
Total accumulated other comprehensive income	834	653
Subscription rights to shares	16	8
Non-controlling interests	1,572	1,544
Total net assets	28,213	25,751
Total liabilities and net assets	121,563	109,930

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, 2015	Three months ended June 30, 2016
Net sales	15,514	12,375
Cost of sales	10,618	8,845
Gross profit	4,896	3,530
Selling, general and administrative expenses	4,893	4,623
Operating income (loss)	3	(1,092)
Non-operating income		
Interest income	1	0
Dividend income	29	45
Share of profit of entities accounted for using equity method	20	23
Foreign exchange gains	16	–
Reversal of allowance for doubtful accounts	4	8
Other	32	46
Total non-operating income	105	124
Non-operating expenses		
Interest expenses	351	310
Foreign exchange losses	–	8
Provision of allowance for doubtful accounts	–	6
Other	135	40
Total non-operating expenses	486	366
Ordinary loss	(377)	(1,334)
Extraordinary income		
Gain on sales of investment securities	13	–
Subsidy income	–	85
Reversal of reserve for financial products transaction liabilities	–	9
Total extraordinary income	13	95
Extraordinary losses		
Impairment loss	–	11
Loss on reduction of non-current assets	–	85
Loss on sales of investment securities	31	–
Settlement package	–	80
Provision of reserve for financial products transaction liabilities	4	–
Total extraordinary losses	35	176
Loss before income taxes	(399)	(1,415)
Income taxes - current	81	65
Income taxes - deferred	236	279
Total income taxes	317	345
Loss	(717)	(1,761)
Profit attributable to non-controlling interests	62	55
Loss attributable to owners of parent	(779)	(1,816)

Quarterly consolidated statements of comprehensive income

	(Millions of yen)	
	Three months ended June 30, 2015	Three months ended June 30, 2016
Loss	(717)	(1,761)
Other comprehensive income		
Valuation difference on available-for-sale securities	503	(70)
Deferred gains or losses on hedges	12	5
Foreign currency translation adjustment	90	(129)
Remeasurements of defined benefit plans, net of tax	12	13
Total other comprehensive income	618	(181)
Comprehensive income	(99)	(1,942)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(160)	(1,998)
Comprehensive income attributable to non-controlling interests	61	55