

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2018 (Based on Japanese GAAP)

August 9, 2018

Company name: JAPAN ASIA GROUP LIMITED
 Stock exchange listing: Tokyo
 Stock code: 3751 URL: <https://www.japanasiagroup.jp/>
 Representative: Tetsuo Yamashita Chairman and CEO
 Inquiries: Takaki Fuchita Director TEL: +81-3-4476-8000
 Scheduled date to file Quarterly Securities Report: August 10, 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 three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)

(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, 2018	20,523	45.4	(1,217)	–	(1,631)	–	(1,972)	–
Three months ended June 30, 2017	14,117	14.1	122	–	(159)	–	(599)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2018	(73.60)	–
Three months ended June 30, 2017	(22.39)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2018	151,715	30,102	17.3
As of March 31, 2018	155,121	31,660	18.1

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, 2018	–	0.00	–	10.00	10.00
Year ending March 31, 2019	–	–	–	–	–
Year ending March 31, 2019 (Forecast)	–	0.00	–	10.00	10.00

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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	110,000	50.0	3,200	1.5	1,500	5.2	1,000	(31.0)	37.36

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2018
 (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: 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, 2018	27,763,880 shares	As of March 31, 2018	27,652,880 shares
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Number of treasury shares at the end of the period

As of June 30, 2018	889,105 shares	As of March 31, 2018	888,875 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, 2018	26,800,458 shares	Three months ended June 30, 2017	26,765,055 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	31,932	29,901
Notes and accounts receivable - trade	29,814	16,288
Merchandise and finished goods	78	315
Work in process	486	1,101
Raw materials and supplies	99	3,175
Real estate for sale	6,235	5,895
Short-term loans receivable	15	15
Other	3,224	3,687
Allowance for doubtful accounts	(60)	(59)
Total current assets	71,825	60,319
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	32,608	32,749
Land	15,694	17,696
Other, net	18,464	20,638
Total property, plant and equipment	66,767	71,084
Intangible assets		
Goodwill	1,820	2,038
Other	1,025	1,209
Total intangible assets	2,845	3,248
Investments and other assets		
Investment securities	4,199	5,709
Long-term loans receivable	124	30
Lease and guarantee deposits	1,272	1,417
Other	6,767	8,653
Allowance for doubtful accounts	(677)	(676)
Total investments and other assets	11,686	15,135
Total non-current assets	81,300	89,467
Deferred assets	1,995	1,927
Total assets	155,121	151,715

(Millions of yen)

As of March 31, 2018

As of June 30, 2018

	As of March 31, 2018	As of June 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,687	8,695
Short-term loans payable	7,337	3,973
Current portion of bonds	8,977	6,497
Current portion of long-term loans payable	12,350	9,526
Accounts payable - other	6,967	1,336
Income taxes payable	571	174
Provision for bonuses	811	743
Provision for directors' bonuses	7	–
Provision for loss on order received	125	184
Provision for shareholder benefit program	9	–
Other	4,667	7,307
Total current liabilities	46,514	38,437
Non-current liabilities		
Bonds payable	4,245	4,132
Long-term loans payable	56,423	58,053
Lease obligations	8,901	9,765
Deferred tax liabilities	612	920
Net defined benefit liability	3,096	6,490
Asset retirement obligations	2,677	2,800
Other	989	1,011
Total non-current liabilities	76,946	83,175
Total liabilities	123,461	121,612
Net assets		
Shareholders' equity		
Capital stock	3,995	4,024
Capital surplus	–	42
Retained earnings	24,158	21,918
Treasury shares	(354)	(354)
Total shareholders' equity	27,799	25,630
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	331	443
Deferred gains or losses on hedges	(29)	(30)
Foreign currency translation adjustment	(36)	150
Remeasurements of defined benefit plans	(49)	(19)
Total accumulated other comprehensive income	217	544
Share acquisition rights	7	6
Non-controlling interests	3,635	3,920
Total net assets	31,660	30,102
Total liabilities and net assets	155,121	151,715

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, 2017	Three months ended June 30, 2018
Net sales	14,117	20,523
Cost of sales	10,271	16,902
Gross profit	3,846	3,621
Selling, general and administrative expenses	3,724	4,838
Operating profit (loss)	122	(1,217)
Non-operating income		
Interest income	0	5
Dividend income	67	55
Share of profit of entities accounted for using equity method	29	–
Foreign exchange gains	0	–
Reversal of allowance for doubtful accounts	7	6
Other	34	48
Total non-operating income	139	115
Non-operating expenses		
Interest expenses	318	384
Share of loss of entities accounted for using equity method	–	9
Foreign exchange losses	–	12
Other	103	124
Total non-operating expenses	421	530
Ordinary loss	(159)	(1,631)
Extraordinary income		
Gain on sales of non-current assets	–	7
Gain on sales of investment securities	5	15
Total extraordinary income	5	22
Extraordinary losses		
Loss on sales of investment securities	–	18
Loss on sales of shares of subsidiaries and associates	–	51
Total extraordinary losses	–	70
Loss before income taxes	(154)	(1,679)
Income taxes - current	212	99
Income taxes - deferred	65	(146)
Total income taxes	278	(47)
Loss	(432)	(1,631)
Profit attributable to non-controlling interests	166	340
Loss attributable to owners of parent	(599)	(1,972)

Quarterly consolidated statements of comprehensive income

	(Millions of yen)	
	Three months ended June 30, 2017	Three months ended June 30, 2018
Loss	(432)	(1,631)
Other comprehensive income		
Valuation difference on available-for-sale securities	151	111
Deferred gains or losses on hedges	3	(0)
Foreign currency translation adjustment	73	186
Remeasurements of defined benefit plans, net of tax	13	29
Total other comprehensive income	242	327
Comprehensive income	(190)	(1,304)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(357)	(1,644)
Comprehensive income attributable to non-controlling interests	166	340