

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2018 (Based on Japanese GAAP)

February 14, 2019

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: February 14, 2019
 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, 2018 (from April 1, 2018 to December 31, 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	%
Nine months ended December 31, 2018	72,063	41.9	(1,493)	–	(2,913)	–	(3,753)	–
Nine months ended December 31, 2017	50,778	9.4	1,151	–	(87)	–	(220)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2018	(139.80)	–
Nine months ended December 31, 2017	(8.23)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2018	155,746	28,434	16.0
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	–	0.00	–	–	–
Year ending March 31, 2019 (Forecast)	–	–	–	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 nine months ended December 31, 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 December 31, 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 December 31, 2018	889,435 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)

Nine months ended December 31, 2018	26,850,082 shares	Nine months ended December 31, 2017	26,764,788 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	31,932	20,365
Notes and accounts receivable - trade	29,814	25,874
Merchandise and finished goods	78	368
Work in process	486	1,938
Raw materials and supplies	99	3,108
Real estate for sale	6,235	6,375
Short-term loans receivable	15	125
Other	3,224	3,876
Allowance for doubtful accounts	(60)	(65)
Total current assets	71,825	61,967
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	32,608	33,115
Land	15,694	17,877
Other, net	18,464	20,899
Total property, plant and equipment	66,767	71,892
Intangible assets		
Goodwill	1,820	2,574
Other	1,025	1,711
Total intangible assets	2,845	4,286
Investments and other assets		
Investment securities	4,199	6,240
Long-term loans receivable	124	27
Lease and guarantee deposits	1,272	1,440
Other	6,767	8,705
Allowance for doubtful accounts	(677)	(675)
Total investments and other assets	11,686	15,739
Total non-current assets	81,300	91,918
Deferred assets	1,995	1,860
Total assets	155,121	155,746

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,687	8,039
Short-term loans payable	7,337	8,784
Current portion of bonds	8,977	2,362
Current portion of long-term loans payable	7,521	10,441
Current portion of projects finance loans	4,829	4,418
Accounts payable - other	6,967	1,806
Income taxes payable	571	266
Provision for bonuses	811	1,525
Provision for directors' bonuses	7	–
Provision for loss on order received	125	275
Provision for shareholder benefit program	9	–
Other	4,667	6,624
Total current liabilities	46,514	44,545
Non-current liabilities		
Bonds payable	4,245	5,210
Long-term loans payable	24,003	25,918
Projects finance loans	32,419	29,899
Lease obligations	8,901	9,793
Deferred tax liabilities	612	1,283
Net defined benefit liability	3,096	6,519
Asset retirement obligations	2,677	2,915
Other	989	1,226
Total non-current liabilities	76,946	82,766
Total liabilities	123,461	127,311
Net assets		
Shareholders' equity		
Capital stock	3,995	4,024
Capital surplus	–	84
Retained earnings	24,158	20,137
Treasury shares	(354)	(397)
Total shareholders' equity	27,799	23,849
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	331	836
Deferred gains or losses on hedges	(29)	(28)
Foreign currency translation adjustment	(36)	155
Remeasurements of defined benefit plans	(49)	39
Total accumulated other comprehensive income	217	1,002
Share acquisition rights	7	–
Non-controlling interests	3,635	3,582
Total net assets	31,660	28,434
Total liabilities and net assets	155,121	155,746

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, 2017	Nine months ended December 31, 2018
Net sales	50,778	72,063
Cost of sales	37,741	58,666
Gross profit	13,037	13,397
Selling, general and administrative expenses	11,886	14,891
Operating profit (loss)	1,151	(1,493)
Non-operating income		
Interest income	4	14
Dividend income	138	77
Share of profit of entities accounted for using equity method	29	–
Reversal of allowance for doubtful accounts	17	3
Other	82	115
Total non-operating income	271	210
Non-operating expenses		
Interest expenses	1,044	1,160
Share of loss of entities accounted for using equity method	–	14
Foreign exchange losses	1	17
Provision of allowance for doubtful accounts	1	–
Other	463	438
Total non-operating expenses	1,510	1,631
Ordinary loss	(87)	(2,913)
Extraordinary income		
Gain on sales of non-current assets	–	21
Gain on sales of investment securities	16	31
Gain on step acquisitions	473	–
Gain on bargain purchase	52	–
Total extraordinary income	541	52
Extraordinary losses		
Impairment loss	–	3
Loss on sales of investment securities	–	18
Loss on sales of shares of subsidiaries and associates	–	51
Total extraordinary losses	–	74
Profit (loss) before income taxes	454	(2,935)
Income taxes - current	334	339
Income taxes - deferred	113	(41)
Total income taxes	448	297
Profit (loss)	5	(3,233)
Profit attributable to non-controlling interests	226	520
Loss attributable to owners of parent	(220)	(3,753)

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Profit (loss)	5	(3,233)
Other comprehensive income		
Valuation difference on available-for-sale securities	302	504
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	135	191
Remeasurements of defined benefit plans, net of tax	41	88
Total other comprehensive income	478	784
Comprehensive income	484	(2,448)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	258	(2,968)
Comprehensive income attributable to non-controlling interests	226	519