Translation

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Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (Based on Japanese GAAP)

May 9, 2019

Company name:	JAPAN ASIA GROUP LIMITED		
Stock exchange listing:	Tokyo Stock Exchange	URL: https://www.japanasiagroup.jp/	
Stock code:	3751		
Representative:	Tetsuo Yamashita	Chairman and CEO	
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Scheduled date of ordinary general meeting of shareholders: June 25, 2019
Scheduled date to commence dividend payments: June 26, 2019
Scheduled date to file Securities Report: June 25, 2019
Preparation of supplementary material on financial results: Yes
Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Consolidated operating results (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	%
Fiscal Year ended March 31, 2019	102,025	39.2	1,733	(45.0)	(193)	–	(2,491)	–
Fiscal Year ended March 31, 2018	73,318	7.3	3,153	15.1	1,426	(10.4)	1,448	(18.6)

(Note) Comprehensive income Fiscal year ended March 31, 2019 ¥323 million [(80.7)%]
Fiscal year ended March 31, 2018 ¥1,679 million [22.4%]

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit on total assets	Operating profit on net sales
	Yen	Yen	%	%	%
Fiscal Year ended March 31, 2019	(92.77)	–	(9.1)	(0.1)	1.7
Fiscal Year ended March 31, 2018	54.12	–	5.2	1.0	4.3

(Reference) Share of profit of entities accounted for using equity method:
Fiscal year ended March 31, 2019: ¥(12) million Fiscal year ended March 31, 2018: ¥15 million

(Notes) Diluted earnings per share for the fiscal years ended March 31, 2019 are not shown because there were no potential shares.
Diluted earnings per share for the fiscal years ended March 31, 2018 are not shown because there were no potential shares that have dilutive effects.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	172,344	32,196	15.4	989.06
As of March 31, 2018	155,121	31,660	18.1	1,046.81

(Reference) Equity: As of March 31, 2019: ¥26,580 million As of March 31, 2018: ¥28,016 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal Year ended March 31, 2019	2,552	(3,672)	3,204	19,522
Fiscal Year ended March 31, 2018	853	(25,614)	19,657	17,449

2. Dividends

	Annual dividends					Total dividend payments	Dividend payout ratio (Consolidated)	Dividend on equity (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal Year ended March 31, 2018	–	0.00	–	10.00	10.00	267	18.5	1.0
Fiscal Year ended March 31, 2019	–	0.00	–	10.00	10.00	274	–	1.0
Fiscal Year ending March 31, 2020 (Forecast)	–	0.00	–	10.00	10.00		96.0	

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

(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	109,000	6.8	2,600	50.0	300	–	280	–	10.42

*Notes

(1) Changes in significant subsidiaries during the fiscal year ended March 31, 2019
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
Newly included: 2 (Xacti Corporation, PT Xacti Indonesia)
Excluded companies: - (-)

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

1) Changes in accounting policies due to revisions to accounting standards and other regulations: No
2) Changes in accounting policies due to other reasons: No
3) Changes in accounting estimates: No
4) Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

1) Total number of issued shares at the end of the fiscal year (including treasury shares)

As of March 31, 2019	27,763,880 shares	As of March 31, 2018	27,652,880 shares

2) Number of treasury shares at the end of the fiscal year

As of March 31, 2019	889,645 shares	As of March 31, 2018	888,875 shares

3) Average number of shares during the fiscal year

Fiscal Year ended March 31, 2019	26,856,060 shares	Fiscal Year ended March 31, 2018	26,764,606 shares

(Note) The number of treasury shares as of March 31, 2019 include the Company's shares held by Board Benefit Trust (BBT) (580,800 shares as of March 31, 2019). The shares held by BBT are included in the treasury shares which is deducted in the calculation of average number of shares during the fiscal year under review (386,670 shares as of March 31, 2019).

(Reference) Summary of non-consolidated results

1. Non-consolidated financial results for the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year ended March 31, 2019	4,440	(6.5)	944	(54.5)	1,000	(45.7)	(5,575)	—
Fiscal Year ended March 31, 2018	4,750	0.4	2,077	(21.8)	1,842	(17.5)	2,055	(60.2)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal Year ended March 31, 2019	(207.60)	–
Fiscal Year ended March 31, 2018	76 80	–

(Note) Diluted earnings per share for the fiscal years ended March 31, 2019 are not presented shown because there were no potential shares.

Diluted earnings per share for the fiscal year ended March 31, 2018 are not shown because there were no potential shares that have dilutive effects.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	53,820	20,168	37.5	750.49
As of March 31, 2018	57,138	26,641	46.6	995.13

(Reference) Equity: As of March 31, 2019: ¥ 20,168 million As of March 31, 2018: ¥26,633 million

*This financial report is outside the scope of audits conducted by certified public accountants or an audit corporation.

*Statement regarding appropriate use of forward-looking statements and other notes

(Cautionary statement regarding forward-looking statements)

The forecasts of consolidated financial results and other forward-looking statements contained in this document are based on information currently available to the Company and on certain assumptions that management deems reasonable. Actual business performance may differ materially from those forecasts due to various factors. For details of assumptions supporting the forecasts and other related items, please refer to “(4) Future Outlook” under “1. Overview of Operating Results” on page 2 of the supplementary materials.

(Method for acquiring supplementary materials)

The Company has scheduled a results briefing for securities analysts on May 17 (Friday), 2019. The Company plans to upload materials distributed at the meeting to its website as soon as possible after the end of the meeting.

Contents of Supplementary Materials

1. Overview of Operating Results

(1) Overview of the Operating Performance for the Fiscal Year Ended March 31, 2019

The Japan Asia Group (“the Group”) has positioned the period up to fiscal 2020 as a “stage for cultivating DNA for growth” based on the formulation of management strategies targeting fiscal 2020. From that point onward, the Group’s policy is to transform into a corporate Group able to achieve sustainable growth without being greatly affected by economic trends (continuing to provide differentiated, “outstanding” services and products at a reasonable price).
Under this policy, the Group is engaged in business development, capital and business alliances as well as other measures for the purpose of establishing a growth engine toward 2020 and beyond. We have worked to promote the expansion of business opportunities for all of the Group’s other businesses, including the forest revitalization business that aims to cultivate a third business segment in addition to the core businesses of geospatial information and green energy.
As a result of these initiatives, the green energy business has fostered growth into a key engine that drives stable earnings from electricity sells. Xacti Corporation, which the Group invested capital from this term, increased revenue compared to the previous fiscal year while operating profit declined and ordinary profit-loss showed a loss due to its poor business performance. In addition, impairment was recognized in the non-current assets owned by Xacti Corporation, and forced down the profit attributable to owners of parent as a result.
Regarding the performance of the Group in the fiscal year (April 1, 2018 to March 31, 2019), consolidated sales were up 39.2% year on year from ¥73,318 million in the previous fiscal year to ¥102,025 million, operating profit was ¥1,733 million (from ¥3,153 million), and ordinary loss was ¥193 million (from ordinary profit of ¥1,426 million in the previous fiscal year). Loss attributable to owners of parent was ¥2,491 million (from profit attributable to owners of parent of ¥1,448 million in the previous fiscal year).

Operating results of each business segment were as follows.

<Geospatial information business>
We provide services to not only government agencies but also the private-sector through geospatial information technologies (measurement, analysis and useful tools) from Kokusai Kogyo Co., Ltd. as well as develop business worldwide in this segment centered upon Kokusai Kogyo Co., Ltd. and the Xacti Corporation.
The Group will also provide products and services for a range of business scenarios, including high-precision three-dimensional analysis services related to i-Construction advocated by the Ministry of Land, Infrastructure, transport and Tourism in addition to indoor and outdoor locational information services. In addition to supplying OEM/ODM to a variety of manufacturers with focus on digital cameras and other devices, Xacti Corporation has adopted existing technology while delving deeper into the field of Digital Eyes next-generation digital devices, including on-board vehicle and drone cameras.
In this segment, Kokusai Kogyo Co., Ltd. has striven to earn orders from diverse fields, such as sectors related to the preparation of social infrastructure, floods and countermeasures for sediment disasters, through active participation in open competitive bidding as well as other efforts. The impact of an ever more adverse business environment in the digital camera market impacted Xacti Corporation, which decreased orders for OEM/ODM digital cameras and development outsourcing contracts from customers. Moreover, we faced a strict business environment even from a cost perspective, such as the rising cost rate following changes in the model mix due to diversifying needs.
As a result, the orders received by the geospatial information business totaled ¥78,788 million, up 68.6% year on year (from ¥46,738 million in the previous fiscal year). Net sales were ¥72,322 million, up 50.5% year on year (from ¥48,040 million in the previous fiscal year). Segment loss was ¥1,865 million, down ¥2,363 million year on year from segment profit of ¥498 million in the previous fiscal year. Also affecting these results was Meiji Consultant Co., Ltd., whose earnings declined compared to the previous term due to the change in the accounting term.

<Green energy business>
We engage in businesses related to renewable energy, emphasizing electricity sales, via solar power generation using the feed-in tariff system as well as provide solutions related to real estate, mainly through JAG Energy Co., Ltd. In addition, KHC Ltd. is engaged in the detached housing business.
In the power generation business, new solar power plants started operations at Aisho-cho in the Echi District of Shiga Prefecture (0.9 MW), Sano City, Tochigi Prefecture (16.6 MW), and Marumori-machi in the Igu District of Miyagi Prefecture (3.0 MW), bringing the total number of power plants currently online to 83 for a combined output capacity of more than 194.7 MW, as the Group made further progress towards stabilizing its earnings. As a new initiative outside the power generation business based on the feed-in tariff system, the Group established Sango Himawari Energy in cooperation with Sango-cho in the Ikoma District of Nara Prefecture and started an electric power retail business. We are aiming to use renewable energy within the region and to expand the local service business while further advancing the realization of sustainable community development. In the detached housing business, KHC Ltd. is expanding multi-brand strategies primarily around residential contracts. KHC Ltd. also successfully became a listed company in the second section of the

Tokyo Stock Exchange, Inc. on March 19, 2019 for the purpose of strengthening its presence and broadening business in the Harima area of Hyogo Prefecture.
As a result, the contribution to the Group's business performance by JAG Field Co., Ltd., in which the Group invested capital in the previous term, a consolidation of some SPCs in which the ratios of ownership increased in the previous term and the rising operation rate of solar power plants resulted from fine weather, orders received by the green energy business totaled ¥19,382 million, up 2.1% year on year (from ¥18,991 million in the previous fiscal year). Net sales were ¥28,070 million, up 14.1% year on year (from ¥24,596 million in the previous year). Segment profit was ¥3,701 million, up 25.0% year-on-year from ¥2,961 million in the previous fiscal year.

<Other businesses>
In this segment centered upon the forest revitalization business, which is a developing business, the Japan Asia Group Limited expanded the forestry production business in Group-owned forests in addition to working to advance computerized forestry utilizing geospatial information technologies with the cooperation of Kokusai Kogyo Co., Ltd. Furthermore, Sakazume Seizaisho is expanding the lumber, pre-cut and wooden structures businesses. Through the expansion of these businesses, this segment establishes a stable supply system for domestic timber and creates new demand for wood resources in Japan. The Group aims to contribute to regional economic revitalization by realizing a growth industry from the forestry and wood-related industries and creating jobs.
In this segment, transitioning to production timber of forests that are acquired establishes a stable supply system of domestic timber by expanding the scale of forestry production while advancing computerized forestry. Furthermore, the Group will also strive to expand new business regions such as creating carbon credits through forest development and the start of transactions to buy and sell forest real estate.
As of April 1, 2019, JAG Forest Co., Ltd. has taken over the forest revitalization business of the Japan Asia Group Limited through a company split to concentrate management resources.
As a result, we have shown a reduction in losses through the transfer of Japan Asia Asset Management Co., Ltd. this term as well as the contributions to the consolidated results of Sakazume Seizaisho, bringing consolidated sales up 139.7% year on year from ¥680 million to ¥1,632 million. The segment losses improved ¥203 million to a loss of ¥102 million (from a loss of ¥306 million).

(2) Overview of the Financial Position for the Fiscal Year Ended March 31, 2019

As of March 31, 2019, consolidated total assets was ¥172,344 million, up ¥17,223 million from the end of the previous fiscal year. Current assets totaled ¥74,199 million, up ¥2,373 million. This was primarily attributed to a ¥5,860 million reduction in cash and deposits due to payments for the construction costs of solar power plants while notes and accounts receivable - trade increased ¥3,937 million. The acquisition of Xacti Holdings and three of its subsidiaries (hereinafter "Xacti") as subsidiaries of the Group increased inventories ¥4,403 million. Non-current assets totaled ¥96,034 million, up ¥14,734 million. This was primarily attributed to a ¥7,350 million increase in property, plant and equipment due to the construction of solar power plants and the acquisition of Xacti as a subsidiary in addition to a ¥6,103 million increase in investments and other assets due to an rise in investment securities. Deferred assets rose ¥115 million from the end of the previous fiscal year, primarily due to an increase in deferred assets related to the development of solar power plants.
Liabilities totaled ¥140,148 million, up ¥16,687 million from the end of the previous fiscal year. This was primarily due to a ¥5,281 million increase in interest-bearing debt (including lease obligations) mainly due to the construction of solar power plants in addition to a ¥3,581 million increase in accounts payable – trade due to the acquisition of Xacti as a subsidiary. This can be attributed to a ¥3,275 million increase in retirement benefit liability.
Total net assets were ¥32,196 million, up ¥536 million from the previous fiscal year, due to a decline in retained earnings to ¥3,546 million attributed to a ¥267 million payment of dividends and a total of ¥2,491 million in loss attributable to owners of parent, and accumulated other comprehensive income increased ¥2,123 million due to a rise in other valuation differences on securities in addition to a ¥1,980 million increase in non-controlling interests.

(3) Overview of Cash Flows for the Fiscal Year Ended March 31, 2019

As of March 31, 2019, cash and cash equivalents totaled ¥19,522 million, up ¥2,072 million from the end of the previous fiscal year.

(Cash flows from operating activities)

Operating activities provided net cash of ¥2,552 million, up ¥1,698 million from net cash provided of ¥853 million in the previous fiscal year. This was mainly attributed to loss before income taxes of ¥614 million (drop in cash provided of ¥3,298 million year on year), depreciation of ¥4,229 million (rise in cash provided of ¥1,397 million year on year), impairment loss of ¥1,784 million (increase in cash provided of ¥1,784 million year on year), increase in provision for bonuses of ¥755 million (increase in cash provided of ¥742 million year on year), gain on sales and retirement of non-current assets of ¥1,506 million (drop in cash provided of ¥1,506 million year on year), an increase in notes and accounts receivable – trade of ¥603 million (rise in cash provided of ¥584 million year on year), an increase in inventories of ¥1,380 million (drop in cash provided of ¥2,661 million year on year), a decrease in accounts payable – trade of ¥267 million (increase in cash provided of ¥1,284 million year on year), and other operating cash flow of positive ¥668 million (increase in cash provided of ¥2,334 million year on year).

(Cash flows from investing activities)

Investing activities used net cash of ¥3,672 million, compared with net cash used of ¥25,614 million in the previous fiscal year. This was mainly attributed to a balance of ¥7,928 million in time deposits, and ¥2,666 million in proceeds from sales of property, plant and equipment as factors for an increase in cash, versus ¥11,398 million for purchase of properties, plants and equipment due to the acquisition of property for the construction of solar power plants in addition to ¥1,736 million for purchase of investment securities as factors for a decrease in cash.

(Cash flows from financing activities)

Financing activities provided net cash of ¥3,204 million, compared with net cash provided of ¥19,657 million in the previous fiscal year. This was mainly attributed to net proceeds of ¥1,707 million from loans and issuance of bonds due to fundraising of construction capital for solar power plants in addition to proceeds of ¥2,283 million from proceeds from sale and leaseback transactions as well as ¥266 million in cash dividends paid.

(4) Future Outlook

The environment surrounding the Group has continued to have a harsh digital camera market and we expect businesses related to public works to gradually secure budgets. We also foresee a favorable market which can expect further development in renewable energy specified as a primary power source in basic energy plans. Within this environment, measures against deterioration of social infrastructure, disaster response, climate change action, and the protection of the natural environment will be prioritized as urgent social issues. We can also expect a steady shift in the future toward relevant businesses.

Therefore, the Group will engage in business development as well as capital and business alliances for the purpose of establishing a growth engine toward 2020 and beyond according to the management strategy for the target fiscal year of 2020. In fiscal 2019, we will concentrate management resources in the forest revitalization business established as the new third business segment using the succession of business to JAG Forest Co., Ltd. on April 1 as an opportunity in addition to the core business segments of geospatial information and green energy. Moreover, as the corporate group expands comprehensive businesses to address the issue of climate change, we aim to improve profitability while maintaining and enhancing the Group over the long term. The Group will formulate medium- to long-term management strategies beyond fiscal 2020.

In the geospatial information segment, we will adopt a divisional system of four businesses categorized as public consulting, infrastructure management, disaster prevention & environment conservation, and sensing via Kokusai Kogyo Co., Ltd., and will also establish a SDGs and climate change strategic institute as well as leading technology and business development department while providing support to strengthen the profitability of each business. Moreover, the Group will put its strength toward expanding overseas in a plan to develop sites and human resources as well as forge alliances with local companies principally in Southeast Asia.

Xacti Corporation will continue to revise the cost structure and innovate a structure favorable to cost as well as rapidly enhance earning power while utilizing the technology cultivated in digital devices and integrating the technologies throughout the Group with the aim of monetization.

In the green energy business segment, we will properly manage and operate our existing power plants operating throughout Japan as well as push ahead with the construction projects on the order book, examine the purchase of highly-profitable power plants from the market, and continue efforts to secure stable medium- to long-term revenue sources. The Group will also accelerate its growth by fully promoting the development of new power sources, such as biomass power plants and wind farms. As a new initiative, we will continue to promote community development that primarily takes advantage of locally produced and locally consumed energy for the purpose of regional revitalization.

In the newly established forest revitalization business, we will cultivate a value chain in forestry and timber related industries with the expectation of a synergistic effect from these efforts. The Group has migrated KHC Ltd., which is expanding the wooden detached housing business, from the green energy business to the forest revitalization business and will strive to enhance the organization of the forest revitalization business centered upon JAG Forest Co., Ltd. and KHC Ltd.

Our plan expands the business region to the forest real estate business on top of our efforts in forest production because we expect the development and securitization of undeveloped forests to continue based on the forest management system that began this fiscal year. In the future, the Group will broaden the acreage of company-owned forests and further sustainable forest production businesses utilizing laser measurement technology. We will also aim to realize the potential value found in forests and work to revitalize the forests that hold vital national resources as well as industrialize growth of timber related industries.

Along with the contributions of the solar power plants that began operation this fiscal term, we will strive to recover the earning power in the geospatial information business in the next fiscal term and promote the expansion of the forest revitalization business, which has become our third segment in addition to the geospatial information business and green energy business, while furthering business opportunities such as those in new businesses. An increase in sales profits and operating profit is also forecast.

As a result, for the fiscal year ending March 31, 2020, based on the above initiatives, we forecast consolidated net sales of ¥109,000 million, up 6.8% year on year, operating profit of ¥2,600 million, up 50.0%, ordinary profit of ¥300 million (ordinary loss of ¥193 million in the previous fiscal year), and profit attributable to owners of parent of ¥280 million, (loss attributable to owners of parent of ¥2,491 million in the previous fiscal year).

(The above forecasts are based on information currently available to the Company and contains considerable uncertainties. Actual business performance may differ from forecasts due to various factors.)

2. Basic Approach to Selection of Accounting Standards

For the time being, the Group intends to use Japanese Generally Accepted Accounting Principles (Japanese GAAP) to prepare its consolidated financial statements in order to facilitate comparison with other financial periods and other companies.

The Group intends to appropriately address the adoption of International Financial Reporting Standards (IFRS) after taking into account the situation in Japan and overseas.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	31,932	26,071
Notes and accounts receivable - trade	29,814	33,752
Merchandise and finished goods	78	302
Work in process	486	1,597
Raw materials and supplies	99	2,987
Real estate for sale	6,235	6,415
Short-term loans receivable	15	124
Accounts receivable - other	1,523	1,029
Other	1,700	1,974
Allowance for doubtful accounts	(60)	(56)
Total current assets	71,825	74,199
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,376	12,159
Accumulated depreciation	(5,341)	(5,328)
Accumulated impairment loss	(622)	(817)
Buildings and structures, net	5,412	6,012
Machinery, equipment and vehicles	38,067	45,611
Accumulated depreciation	(5,218)	(7,758)
Accumulated impairment loss	(240)	(495)
Machinery, equipment and vehicles, net	32,608	37,358
Land	15,694	17,040
Leased assets	11,493	13,573
Accumulated depreciation	(2,594)	(3,350)
Accumulated impairment loss	–	(12)
Leased assets, net	8,898	10,210
Construction in progress	3,246	2,327
Other	1,814	4,592
Accumulated depreciation	(809)	(2,409)
Accumulated impairment loss	(98)	(1,014)
Other, net	906	1,168
Total property, plant and equipment	66,767	74,118
Intangible assets		
Goodwill	1,820	2,282
Other	1,025	1,843
Total intangible assets	2,845	4,126

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Investments and other assets		
Investment securities	4,199	8,185
Long-term loans receivable	124	30
Leasehold and guarantee deposits	1,272	1,475
Deferred tax assets	899	1,037
Other	5,867	7,523
Allowance for doubtful accounts	(677)	(462)
Total investments and other assets	11,686	17,790
Total non-current assets	81,300	96,034
Deferred assets		
Deferred organization expenses	0	0
Business commencement expenses	1,994	2,109
Total deferred assets	1,995	2,110
Total assets	155,121	172,344
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,687	8,269
Short-term loans payable	7,337	12,907
Current portion of bonds	8,977	1,175
Current portion of long-term loans payable	7,521	10,996
Current portion of projects finance loans	4,829	4,464
Lease obligations	874	1,023
Accounts payable - other	6,967	6,163
Income taxes payable	571	667
Provision for bonuses	811	2,072
Provision for bonuses for directors (and other officers)	7	–
Provision for loss on order received	125	308
Provision for shareholder benefit program	9	7
Valuation Reserve For Inventory Purchase Commitments	–	153
Other	3,792	5,002
Total current liabilities	46,514	53,211
Non-current liabilities		
Bonds payable	4,245	4,802
Long-term loans payable	24,003	27,710
Projects finance loans	32,419	31,135
Lease obligations	8,901	10,175
Deferred tax liabilities	612	2,217
Retirement benefit liability	3,096	6,372
Asset retirement obligations	2,677	3,367
Other	989	1,154
Total non-current liabilities	76,946	86,936
Total liabilities	123,461	140,148

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Net assets		
Shareholders' equity		
Capital stock	3,995	4,024
Retained earnings	24,158	20,612
Treasury shares	(354)	(397)
Total shareholders' equity	27,799	24,239
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	331	2,147
Deferred gains or losses on hedges	(29)	(30)
Foreign currency translation adjustment	(36)	87
Remeasurements of defined benefit plans	(49)	135
Total accumulated other comprehensive income	217	2,340
Share acquisition rights	7	–
Non-controlling interests	3,635	5,616
Total net assets	31,660	32,196
Total liabilities and net assets	155,121	172,344

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	73,318	102,025
Cost of sales	54,079	81,079
Gross profit	19,238	20,945
Selling, general and administrative expenses		
Advertising expenses	609	610
Business consignment expenses	103	6
Rent expenses	1,629	1,842
Provision of allowance for doubtful accounts	(25)	7
Salaries and allowances	6,552	7,662
Provision for bonuses	430	836
Provision for bonuses for directors (and other officers)	7	–
Amortization of goodwill	134	207
Other	6,642	8,039
Total selling, general and administrative expenses	16,085	19,212
Operating profit	3,153	1,733
Non-operating income		
Interest income	4	19
Dividend income	139	78
Share of profit of entities accounted for using equity method	15	–
Reversal of allowance for doubtful accounts	18	11
Gain on consumption tax	14	5
Forest related subsidy income	2	47
Other	127	151
Total non-operating income	321	313
Non-operating expenses		
Interest expenses	1,423	1,546
Amortization of business commencement expenses	227	309
Share of loss of entities accounted for using equity method	–	12
Foreign exchange losses	6	2
Provision of allowance for doubtful accounts	1	–
Other	390	368
Total non-operating expenses	2,048	2,240
Ordinary profit (loss)	1,426	(193)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Extraordinary income		
Gain on sales of non-current assets	–	1,506
Subsidy income	–	412
Gain on sales of investment securities	714	33
Gain on step acquisitions	473	–
Gain on bargain purchase	52	147
Gain on liquidation of subsidiaries	38	–
Total extraordinary income	1,278	2,099
Extraordinary losses		
Impairment loss	–	1,784
Loss on reduction of non-current assets	–	366
Loss on sales of investment securities	10	18
Loss on valuation of investment securities	–	50
Loss on sales of shares of subsidiaries and associates	–	51
Loss on valuation of golf club membership	9	4
Business structure improvement expenses	–	242
Total extraordinary losses	20	2,520
Profit (loss) before income taxes	2,684	(614)
Income taxes - current	800	909
Income taxes - deferred	65	276
Total income taxes	865	1,185
Profit (loss)	1,818	(1,800)
Profit attributable to non-controlling interests	369	691
Profit (loss) attributable to owners of parent	1,448	(2,491)

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit (loss)	1,818	(1,800)
Other comprehensive income		
Valuation difference on available-for-sale securities	(237)	1,815
Deferred gains or losses on hedges	6	(0)
Foreign currency translation adjustment	52	124
Remeasurements of defined benefit plans, net of tax	38	184
Total other comprehensive income	(139)	2,123
Comprehensive income	1,679	323
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,309	(368)
Comprehensive income attributable to non-controlling interests	369	691

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,995	0	23,305	(354)	26,946
Changes of items during period					
Issuance of new shares - exercise of share acquisition rights					–
Dividends of surplus			(535)		(535)
Profit (loss) attributable to owners of parent			1,448		1,448
Purchase of shares of consolidated subsidiaries		(0)	(59)		(59)
Capital increase of consolidated subsidiaries					–
Sales of shares of consolidated subsidiaries					–
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					–
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(0)	853	(0)	852
Balance at end of current period	3,995	–	24,158	(354)	27,799

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	568	(35)	(88)	(87)	356	8	2,244	29,555
Changes of items during period								
Issuance of new shares - exercise of share acquisition rights								–
Dividends of surplus								(535)
Profit (loss) attributable to owners of parent								1,448
Purchase of shares of consolidated subsidiaries								(59)
Capital increase of consolidated subsidiaries								–
Sales of shares of consolidated subsidiaries								–
Purchase of treasury shares								(0)
Disposal of treasury shares								–
Net changes of items other than shareholders' equity	(237)	6	52	38	(139)	(0)	1,391	1,251
Total changes of items during period	(237)	6	52	38	(139)	(0)	1,391	2,104
Balance at end of current period	331	(29)	(36)	(49)	217	7	3,635	31,660

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,995	–	24,158	(354)	27,799
Changes of items during period					
Issuance of new shares - exercise of share acquisition rights	29	29			58
Dividends of surplus			(267)		(267)
Profit (loss) attributable to owners of parent			(2,491)		(2,491)
Purchase of shares of consolidated subsidiaries		13			13
Capital increase of consolidated subsidiaries		(84)	(13)		(98)
Sales of shares of consolidated subsidiaries			(773)		(773)
Purchase of treasury shares				(274)	(274)
Disposal of treasury shares		42		231	274
Net changes of items other than shareholders' equity					
Total changes of items during period	29	–	(3,546)	(42)	(3,559)
Balance at end of current period	4,024	–	20,612	(397)	24,239

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	331	(29)	(36)	(49)	217	7	3,635	31,660
Changes of items during period								
Issuance of new shares - exercise of share acquisition rights								58
Dividends of surplus								(267)
Profit (loss) attributable to owners of parent								(2,491)
Purchase of shares of consolidated subsidiaries								13
Capital increase of consolidated subsidiaries								(98)
Sales of shares of consolidated subsidiaries								(773)
Purchase of treasury shares								(274)
Disposal of treasury shares								274
Net changes of items other than shareholders' equity	1,815	(0)	124	184	2,123	(7)	1,980	4,096
Total changes of items during period	1,815	(0)	124	184	2,123	(7)	1,980	536
Balance at end of current period	2,147	(30)	87	135	2,340	–	5,616	32,196

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit (loss) before income taxes	2,684	(614)
Depreciation	2,831	4,229
Amortization of deferred assets	227	309
Amortization of goodwill	134	207
Gain on bargain purchase	(52)	(147)
Impairment loss	–	1,784
Loss on valuation of golf club memberships	9	4
Loss (gain) on sales of shares of subsidiaries and associates	–	51
Loss (gain) on sales of investment securities	(703)	(14)
Loss (gain) on valuation of investment securities	–	50
Increase (decrease) in allowance for doubtful accounts	(121)	(218)
Increase (decrease) in provision for bonuses	12	755
Increase (decrease) in provision for bonuses for directors (and other officers)	(12)	(7)
Increase (decrease) in retirement benefit liability	75	37
Increase (decrease) in provision for loss on order received	42	182
Increase (decrease) in provision for shareholder benefit program	9	(2)
Increase (decrease) in valuation reserve for inventory purchase commitments	–	(249)
Interest and dividend income	(143)	(98)
Interest expenses	1,423	1,546
Foreign exchange losses (gains)	2	(0)
Loss (gain) on sales and retirement of non-current assets	–	(1,506)
Subsidy income	–	(412)
Loss on reduction of non-current assets	–	366
Loss (gain) on liquidation of subsidiaries	(38)	–
Business structure improvement expenses	–	242
Loss (gain) on step acquisitions	(473)	–
Share of loss (profit) of entities accounted for using equity method	(15)	12
Decrease (increase) in notes and accounts receivable - trade	(1,187)	(603)
Decrease (increase) in inventories	1,281	(1,380)
Increase (decrease) in notes and accounts payable - trade	(1,552)	(267)
Decrease (increase) in lease receivables	69	(203)
Other, net	(1,665)	668
Subtotal	2,839	4,726
Interest and dividend income received	143	98
Interest expenses paid	(1,433)	(1,596)
Income taxes paid	(695)	(676)
Net cash provided by (used in) operating activities	853	2,552

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from investing activities		
Decrease (increase) in time deposits and other	585	7,928
Purchase of property, plant and equipment	(21,744)	(11,398)
Proceeds from sales of property, plant and equipment	3	2,666
Purchase of intangible assets	(565)	(696)
Subsidies received	–	412
Payments for deferred assets	(1,226)	(456)
Purchase of investment securities	(3,719)	(1,736)
Proceeds from sales of investment securities	4,734	264
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,725)	(244)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	750
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	161	45
Payments of loans receivable	(26)	(392)
Collection of loans receivable	36	21
Other, net	(2,126)	(836)
Net cash provided by (used in) investing activities	(25,614)	(3,672)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(1,034)	3,516
Proceeds from long-term loans payable	13,422	15,646
Repayments of long-term loans payable	(7,072)	(8,394)
Proceeds from project finance loans payable	25,846	3,402
Repayments of project finance loans payable	(7,658)	(5,051)
Proceeds from issuance of bonds	8,221	1,580
Redemption of bonds	(11,737)	(8,991)
Repayments of lease obligations	(779)	(947)
Proceeds from sale and leaseback transactions	528	2,283
Proceeds from sales of treasury shares	–	274
Purchase of treasury shares	(0)	(274)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	–	56
Cash dividends paid	(532)	(266)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(59)	(23)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	1,229
Proceeds from share issuance to non-controlling shareholders	1,435	216
Repayments to non-controlling shareholders	(921)	(1,050)
Net cash provided by (used in) financing activities	19,657	3,204
Effect of exchange rate change on cash and cash equivalents	15	(11)
Net increase (decrease) in cash and cash equivalents	(5,087)	2,072
Cash and cash equivalents at beginning of period	22,537	17,449
Cash and cash equivalents at end of period	17,449	19,522

(5) Notes to Consolidated Financial Statements

(Notes relating to the assumptions of the going concern)

No items to report.

(Changes in presentation)

Changes due to the Application of Partial Amendments to Accounting Standard for Tax Effect Accounting

The Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28 February 16, 2018) went into effect at the beginning of the current consolidated fiscal year. The amendment changes to a method to present the deferred tax assets in the category for investments and other assets and the deferred tax liabilities in the category for non-current liabilities.

As a result, in the consolidated balance sheets of the previous consolidated fiscal year, the ¥199 million in the deferred tax assets for current assets includes ¥899 million in deferred tax assets for investments and other assets and ¥3 million in deferred tax liabilities for current liabilities includes ¥612 million in deferred tax liabilities for non-current liabilities.

(Consolidated Balance Sheets)

The long-term loan repayment related to project finance planned for one year that includes the long-term loan repayment planned for one year for deferred tax liabilities as well as the long-term loan repayment in one year for project finance borrowed by consolidated subsidiaries operating the green energy business for the previous fiscal year will be included separately from this consolidated fiscal year.

To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, the ¥12,350 million indicated in "Current portion of long-term loans payable" of "current liabilities" on the consolidated balance sheet for the previous fiscal year has been broken down into ¥7,521 million in "Current portion of long-term loans payable," and ¥4,829 million in "Current portion of projects finance loans." The ¥56,423 million presented for the "long-term loans payable" for "non-current liabilities" has been broken down into ¥24,003 million in "long-term loans payable" and ¥32,419 million in "project finance loans."

(Consolidated Statements of Income)

During the previous fiscal year, "forestry and other subsidy income" was included in "other" under "non-operating income." However, it has been presented separately from the fiscal year under review because the amount has exceeded 10% of the total amount of non-operating income. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, ¥130 million that was presented as "other" under "non-operating income" in the consolidated statements of income for the previous fiscal year has been reclassified as "forestry and other subsidy income" of ¥2 million and "other" of ¥127 million.

(Information Related to Consolidated Statements of Cash Flows)

"Proceeds from projects finance loans payable" and "repayments of project finance loans payable" that were included in "proceeds from long-term loans payable" as well as "repayments of long-term loans payable" of "cash flow from financial activities" for the project finance borrowed by consolidated subsidiaries operating the green energy business for the previous fiscal year will be included separately from this consolidated fiscal year.

To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, the ¥39,268 million indicated in "proceeds from long-term loans payable" on the consolidated statements of "cash flow from financial activities" for the previous fiscal year has been broken down into ¥13,422 million in "proceeds from long-term loans payable" and ¥25,846 million in "proceeds from projects finance loans payable." The decrease of ¥14,731 million presented for "repayments of long-term loans payable" has been broken down into a decrease of ¥7,072 million in "repayments of long-term loans payable" and a decrease of ¥7,658 million in "repayments of project finance loans payable."

(Additional information)

Adoption of the Board Benefit Trust (BBT) Scheme

The Group further clarified the linkage between remuneration of Directors (excluding outside Directors), Group performance and stock value pursuant to the resolution at the 31st Ordinary General Meeting of Shareholders held on June 26, 2018. By not only providing incentives to Directors due to a higher stock price but also sharing the risk of falling stock prices with all of the shareholders, the Group has adopted a Board Benefit Trust (BBT) stock compensation scheme for the purpose of enhancing awareness about contributing to improve medium- to long-term performance and dramatic increase corporate value.

(1) Overview of transactions

This system is a framework to issue corporate shares to Directors of the Group that satisfy a certain level of requirements according to the share benefit regulations for executives officers defined in advance by the Group.

The Group awards points to Directors in accordance with the share benefit regulations for executive officers and issues corporate shares equivalent to the said number of points that have been awarded at the time of a Director's resignation as a general rule. The shares issued to Directors shall be acquired through money set in a trust in advance, including future shares and committed separately and managed as a trust property.

In addition, points for the current consolidate fiscal year will not be awarded.

(2) Corporate shares held by the trust

The corporate shares held by the trust are calculated as treasury stock in the section for net assets according to the book value for the trust. The book value of said treasury shares at the end of the current consolidated fiscal year is ¥274 million with 580,800 shares.

(Segment Information)

[Segment Information]

1. Summary of reportable segments

Method for determining reportable segments and details of products and services associated with each reportable segment

The Group's reportable segments are components of the Group with separate financial information that is evaluated regularly by the Board of Directors to decide how to allocate resources and assess performance.

As the holding company, the Company is responsible for the Group's management strategy, business management and related activities. Each operating company develops business strategies for Japan and overseas related to their respective area of responsibility in the green infrastructure business and works to implement coordinated business activities that leverage synergies between those strategies.

As such, the Group is divided into three separate business segments based on operating companies that are distinct management entities, which correspond to the Group's two reportable segments: the geospatial information business and green energy business.

The geospatial information business uses aerial information in business activities to support national land management, environmental and disaster prevention businesses and the digitization of local governments. The green energy business develops and leases real estate, sells housing, and designs and constructs solar power plants. The green energy business develops, operates and manages solar power plants and engages in the power generation business.

2. Methods of measurement for the amounts of net sales, profit (loss), assets and other items for each reportable segment

The accounting policies for each reportable segment are generally consistent with those of consolidated financial statements.

The figures for profit (loss) for each reportable segment are based on operating profit (loss). Intersegment net sales or transfers are based on the same transaction terms as those commonly used for external customers.

3. Information for amounts of net sales, profit (loss), assets and other items for each reportable segment
Fiscal year under review (from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segment			Other*1	Total	Adjustment*2	Amount in consolidated financial statements *3
	Geospatial information business	Green energy business	Total				
Net sales Sales to external customers	72,322	28,070	100,393	1,632	102,025	–	102,025
Intersegment nets sales or transfers	187	943	1,130	70	1,201	(1,201)	–
Total	72,510	29,013	101,524	1,702	103,227	(1,201)	102,025
Segment profit (loss)	(1,865)	3,701	1,836	(102)	1,733	–	1,733
Segment assets	58,684	99,975	158,660	2,950	161,610	10,734	172,344
Other items Depreciation	1,130	3,018	4,148	80	4,229	–	4,229
Increase in property, plant and equipment and intangible assets	1,917	7,882	9,799	890	10,690	–	10,690

(Notes) 1. The “other” segment includes operations not incorporated in reportable business segments, such as the forest revitalization business.
2. Adjustments include the following items:
(1) Adjustment of segment loss refers to elimination of intersegment transactions.
(2) Adjustment of segment assets refers to Companywide assets, primarily cash and deposits and investment securities not allocated to any reportable segment.
3. Segment profit (loss) is adjusted with reported operating profit on the consolidated statements of income.

(Per share information)

(Yen)

	Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)
Net assets per share	1,046.81	989.06
Earnings or loss per share	54.12	(92.77)

(Notes) 1. Diluted earnings per share for the fiscal year ended March 31, 2018 is not shown because there were no potential shares that have dilutive effects. Diluted earnings per share for the fiscal year ended March 31, 2019 is not shown because there were no potential shares.

2. Amounts for earnings or loss per share are calculated based on the following items.

Item	Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)
Earnings per share		
Profit or loss attributable to owners of parent (Millions of yen)	1,448	(2,491)
Amount not attributable to common shareholders (Millions of yen)	–	–
Profit or loss attributable to owners of parent related to common shares (Millions of yen)	1,448	(2,491)
Average number of common shares during the fiscal year (shares)	26,764,606	26,856,060
Outline of potential shares that were not used in calculating diluted earnings per share because they have no dilutive effects	Two types of subscription rights to shares (number of subscription rights to shares: 5,930) 593,000 common shares	–

3. Net assets per share is calculated based on the following items.

Item	As of March 31, 2018	As of March 31, 2019
Total net assets (Millions of yen)	31,660	32,196
Amounts deducted from total net assets (Millions of yen)	3,643	5,616
(Of which, subscription rights to shares) (Millions of yen)	(7)	–
(Of which, non-controlling interests) (Millions of yen)	(3,635)	(5,616)
Net assets related to common stock at end of period (Millions of yen)	28,016	26,580
Number of common shares at end of period used to calculate net assets per share (shares)	26,764,005	26,874,235

(Notes on the subsequent events)

No items to report.

4. Other

(1) Orders and Sales

(i) Orders

Orders received by each segment in the fiscal year under review are as follows.

(Millions of yen)

Segment	Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)		Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)		Change	
	Order volume	Order backlog	Order volume	Order backlog	Order volume	Order backlog
Geospatial information business	46,738	13,130	78,788	19,596	32,050	6,466
Green energy business	18,991	8,400	19,382	7,770	391	(630)

(Notes) 1. Intersegment transactions have been eliminated.
2. The above amounts do not include consumption tax and other taxes.

(ii) Sales

Sales by each segment in the fiscal year under review are as follows.

Segment	Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)		Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)		Change	
	Net sales (Millions of yen)	Composition ratio (%)	Net sales (Millions of yen)	Composition ratio (%)	Net sales (Millions of yen)	Year-on-year changes (%)
Geospatial information business	48,040	65.5	72,322	70.9	24,282	50.5
Green energy business	24,596	33.6	28,070	27.5	3,473	14.1
Other	680	0.9	1,632	1.6	951	139.7
Total	73,318	100.0	102,025	100.0	28,706	39.2

(Notes) 1. Intersegment transactions have been eliminated.
2. The above amounts do not include consumption tax and other taxes.