

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2019 (Based on Japanese GAAP)

August 8, 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: August 8, 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 three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)

(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, 2019	20,507	(0.1)	(335)	–	(716)	–	(1,719)	–
Three months ended June 30, 2018	20,523	45.4	(1,203)	–	(1,617)	–	(1,811)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2019	(63.98)	–
Three months ended June 30, 2018	(67.59)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2019	157,552	26,554	13.7
As of March 31, 2019	172,344	32,196	15.4

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, 2019	–	0.00	–	10.00	10.00
Year ending March 31, 2020	–	–	–	–	–
Year ending March 31, 2020 (Forecast)	–	0.00	–	10.00	10.00

3. Forecast of consolidated financial results for the 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

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2019  
 (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: 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, 2019	27,763,880 shares	As of March 31, 2019	27,763,880 shares
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Number of treasury shares at the end of the period

As of June 30, 2019	889,845 shares	As of March 31, 2019	889,645 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, 2019	26,874,072 shares	Three months ended June 30, 2018	26,800,458 shares
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**Quarterly consolidated financial statements**  
**Quarterly consolidated balance sheets**

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	26,071	28,549
Notes and accounts receivable - trade	33,752	15,733
Merchandise and finished goods	302	207
Work in process	1,597	1,955
Raw materials and supplies	2,987	3,090
Real estate for sale	6,415	6,399
Short-term loans receivable	124	121
Other	3,004	3,960
Allowance for doubtful accounts	(56)	(57)
Total current assets	74,199	59,962
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	37,358	38,293
Land	17,040	17,018
Other, net	19,719	20,383
Total property, plant and equipment	74,118	75,695
Intangible assets		
Goodwill	2,282	2,213
Other	1,843	1,900
Total intangible assets	4,126	4,114
Investments and other assets		
Investment securities	8,185	6,108
Long-term loans receivable	30	29
Leasehold and guarantee deposits	1,475	1,512
Other	8,561	8,701
Allowance for doubtful accounts	(462)	(462)
Total investments and other assets	17,790	15,890
Total non-current assets	96,034	95,700
Deferred assets	2,110	1,889
Total assets	172,344	157,552

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	8,269	6,619
Short-term borrowings	12,907	7,283
Current portion of bonds	1,175	1,102
Current portion of long-term borrowings	10,996	10,817
Current portion of projects finance loans	4,464	6,075
Accounts payable - other	6,163	1,503
Income taxes payable	667	221
Provision for bonuses	2,072	1,041
Provision for loss on order received	308	300
Provision for shareholder benefit program	7	-
Valuation reserve for inventory purchase commitments	153	139
Other	6,026	6,745
<b>Total current liabilities</b>	<b>53,211</b>	<b>41,850</b>
<b>Non-current liabilities</b>		
Bonds payable	4,802	4,762
Long-term borrowings	27,710	27,109
Projects finance loans	31,135	34,707
Lease obligations	10,175	10,041
Deferred tax liabilities	2,217	2,074
Retirement benefit liability	6,372	5,773
Asset retirement obligations	3,367	3,556
Other	1,154	1,122
<b>Total non-current liabilities</b>	<b>86,936</b>	<b>89,146</b>
<b>Total liabilities</b>	<b>140,148</b>	<b>130,997</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	4,024	4,024
Retained earnings	20,612	17,411
Treasury shares	(397)	(397)
<b>Total shareholders' equity</b>	<b>24,239</b>	<b>21,038</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,147	568
Deferred gains or losses on hedges	(30)	(32)
Foreign currency translation adjustment	87	(86)
Remeasurements of defined benefit plans	135	157
<b>Total accumulated other comprehensive income</b>	<b>2,340</b>	<b>606</b>
<b>Non-controlling interests</b>	<b>5,616</b>	<b>4,909</b>
<b>Total net assets</b>	<b>32,196</b>	<b>26,554</b>
<b>Total liabilities and net assets</b>	<b>172,344</b>	<b>157,552</b>

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, 2018	Three months ended June 30, 2019
Net sales	20,523	20,507
Cost of sales	16,902	16,323
Gross profit	3,621	4,184
Selling, general and administrative expenses	4,824	4,520
Operating loss	(1,203)	(335)
Non-operating income		
Interest income	5	3
Dividend income	55	70
Foreign exchange gains	–	6
Reversal of allowance for doubtful accounts	6	2
Other	48	111
Total non-operating income	115	194
Non-operating expenses		
Interest expenses	384	385
Amortization of business commencement expenses	72	120
Share of loss of entities accounted for using equity method	9	9
Foreign exchange losses	12	–
Provision of allowance for doubtful accounts	–	0
Other	51	59
Total non-operating expenses	530	575
Ordinary loss	(1,617)	(716)
Extraordinary income		
Gain on sales of non-current assets	7	–
Gain on sales of investment securities	15	9
Gain on bargain purchase	147	–
Total extraordinary income	170	9
Extraordinary losses		
Impairment loss	–	137
Loss on sales of investment securities	18	–
Loss on sales of shares of subsidiaries and associates	51	–
Loss on valuation of investment securities	–	4
Total extraordinary losses	70	142
Loss before income taxes	(1,518)	(848)
Income taxes - current	99	171
Income taxes - deferred	(146)	392
Total income taxes	(47)	563
Loss	(1,470)	(1,412)
Profit attributable to non-controlling interests	340	307
Loss attributable to owners of parent	(1,811)	(1,719)

**Quarterly consolidated statements of comprehensive income**

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Loss	(1,470)	(1,412)
Other comprehensive income		
Valuation difference on available-for-sale securities	111	(1,578)
Deferred gains or losses on hedges	(0)	(1)
Foreign currency translation adjustment	186	(177)
Remeasurements of defined benefit plans, net of tax	29	21
Total other comprehensive income	327	(1,736)
Comprehensive income	(1,143)	(3,148)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,483)	(3,453)
Comprehensive income attributable to non-controlling interests	340	304