

Translation

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Consolidated Financial Results for the Six Months Ended April 30, 2019 (Japanese GAAP basis)

June 12, 2019

Company name: GA technologies Co., Ltd. Stock exchange listing: Tokyo Stock Exchange
 Code number: 3491 URL: <http://www.ga-tech.co.jp/>
 Representative: Ryo Higuchi, President and Chief Executive Officer
 Contact person: Takeo Hashimoto, Executive Officer, Corporate Management Division General Manager TEL: 03-6230-9180
 Scheduled date of filing Quarterly Securities Report: June 12, 2019
 Scheduled date of commencement of dividend payments: -
 Supplemental materials for the quarterly financial results: Yes
 Schedule for quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended April 30, 2019 (November 1, 2018 to April 30, 2019)

(1) Operating results (cumulative) (Percentage figures are the changes from the same period prior year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended April 30, 2019	16,751	-	334	-	266	-	147	-
Six months ended April 30, 2018	-	-	-	-	-	-	-	-

(NOTE)

Comprehensive income: Six months ended April 30, 2019 146 million yen [-%]
 Six months ended April 30, 2018 - million yen [-%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended April 30, 2019	17.00		15.48	
Six months ended April 30, 2018	-		-	

(NOTE)

There is no description of the change of rate compared with the previous fiscal year since we are drafting our quarterly consolidated financial statements from the 1Q of the FY 2019.10.

(2) Financial Conditions

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of April 30, 2019	10,415	3,289	31.5
As of October 31, 2018	-	-	-

(REFERENCE)

Shareholders' equity: As of October 30, 2019 3,282 million yen
 As of October, 30, 2018 - million yen

(NOTE)

There is no description of the change of rate compared with the previous fiscal year since we are drafting our quarterly consolidated financial statements from the 1Q of the FY 2019.10.

2. 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 October 31, 2018	-	0.00	-	0.00	0.00
Year ending October 31, 2019	-	0.00	-	-	-
Year ending October 31, 2019 (Forecast)	-	-	-	-	-

(NOTE)

There is no modification from the latest published earnings projection.

3. Forecast of consolidated financial results for the fiscal year ending October 31, 2019 (November 1, 2018 to October 31, 2019)

IFRS basis

(Percentage figures are the changes from the same period prior year.)

	Revenue		Operating profit		Profit attributable to owners of parent		Basic earnings per share	
	Million yen	%	Million yen	%	Million yen	%	Yen	
Full year	36,605	-	1,201	-	815	-	93.65	

(NOTE)

1. There is no modification from the latest published earnings projection.
2. There is no description of the change of rate compared with the previous fiscal year since we are drafting our quarterly consolidated financial statements from the 1Q of the FY 2019.10. More, we are in the process of preparing internal manuals and guidelines for the application of IFRS in the future.

Japanese GAAP basis

(Percentage figures are the changes from the same period prior year.)

	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	36,605	-	1,041	-	979	-	654	-	75.61

(NOTE)

1. There is no modification from the latest published earnings projection.
2. There is no description of the change of rate compared with the previous fiscal year since we are drafting our quarterly consolidated financial statements from the 1Q of the FY 2019.10.

4. Notes

- (1) Changes in significant subsidiaries during the six months ended April 30, 2019
(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 reasons other than above:	No
Changes in accounting estimates:	No
Restatements	No

- (4) Number of issued shares (common shares)

Number of issued shares at the end of the period (including treasury shares)

As of April 30, 2019	8,708,095 shares	As of October 31, 2018	8,502,760 Shares
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Number of treasury shares at the end of the period

As of April 30, 2019	28 shares	As of October 31, 2018	84,520 Shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended April 30, 2019	8,684,052 shares	Six months ended April 30, 2018	- shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Thousands of yen)

As of April 30, 2019

Assets	
Current assets	
Cash and deposits	2,979,421
Accounts receivable - trade	29,738
Real estate for sale	1,051,716
Costs on uncompleted construction contracts	43,580
Supplies	13,653
Advance payments - trade	172,754
Prepaid expenses	165,375
Other	228,015
Allowance for doubtful accounts	(22,836)
Total current assets	<u>4,661,419</u>
Non-current assets	
Property, plant and equipment	1,059,920
Intangible assets	
Goodwill	1,763,727
Software in progress	1,110,117
Customer Relationship	769,333
Other	204,571
Total intangible assets	<u>3,847,749</u>
Investments and other assets	<u>846,338</u>
Total non-current assets	<u>5,754,008</u>
Total assets	<u>10,415,428</u>
Liabilities	
Current liabilities	
Short-term loans payable	1,326,900
Current portion of long-term loans payable	679,181
Current portion of bonds	20,000
Accounts payable - other	562,218
Provision	26,395
Income taxes payable	108,476
Other	541,977
Total current liabilities	<u>3,265,149</u>
Non-current liabilities	
Long-term loans payable	2,752,438
Bonds payable	80,000
Provision	42,116
Deferred tax liabilities	265,829
Asset retirement obligations	292,343
Other	428,005
Total non-current liabilities	<u>3,860,732</u>
Total liabilities	<u>7,125,881</u>

(Thousands of yen)

As of April 30, 2019

Net assets	
Shareholders' equity	
Capital stock	100,000
Capital surplus	2,410,108
Retained earnings	772,669
Treasury shares	(102)
Total shareholders' equity	<u>3,282,674</u>
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	(1,050)
Total accumulated other comprehensive income	<u>(1,050)</u>
Subscription rights to shares	<u>7,922</u>
Total net assets	<u>3,289,546</u>
Total liabilities and net assets	<u>10,415,428</u>

Quarterly consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**Quarterly consolidated statements of income (cumulative)**

	(Thousands of yen)
	Six months ended
	April 30, 2019
Net sales	16,751,244
Cost of sales	13,700,264
Gross profit	3,050,980
Selling, general and administrative expenses	2,716,285
Operating profit	334,694
Non-operating income	
Interest income	37
Other	6,361
Total non-operating income	6,399
Non-operating expenses	
Interest expenses	24,742
Commission fee	40,510
Other	9,096
Total non-operating expenses	74,350
Ordinary profit	266,743
Extraordinary losses	
Impairment loss	67,748
Loss on retirement of non-current assets	2,316
Other	7,603
Total extraordinary losses	77,667
Profit before income taxes	189,076
Income taxes	41,382
Profit	147,693
Profit attributable to owners of parent	147,693

Quarterly consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

Six months ended

April 30, 2019

Profit	147,693
Other comprehensive income	
Valuation difference on available-for-sale securities	(1,050)
Total other comprehensive income	(1,050)
Comprehensive income	146,643
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	146,643

Quarterly consolidated statements of cash flows

(Thousands of yen)

Six months ended

April 30, 2019

Cash flows from operating activities	
Profit before income taxes	189,076
Depreciation	110,808
Impairment loss	67,748
Amortization of goodwill	117,581
Loss on retirement of non-current assets	2,316
Interest and dividend income	(37)
Increase (decrease) in allowance for doubtful accounts	1,255
Increase (decrease) in provision	15,690
amortization of lease deposits	11,165
Amortization of long-term prepaid expenses	1,586
Interest expenses	24,742
Decrease (increase) in notes and accounts receivable - trade	(9,025)
Decrease (increase) in advance payments	(34,480)
Decrease (increase) in inventories	(626,061)
Increase (decrease) in accounts payable - other	125,876
Decrease (increase) in long-term prepaid expenses	(66,558)
Decrease (increase) in costs on uncompleted construction contracts	(21,386)
Increase (decrease) in advances received on uncompleted construction contracts	(37,937)
Increase (decrease) in deposits received	(62,884)
Increase (decrease) in advances received	(43,511)
Increase (decrease) in guarantee deposits received	31,958
Increase (decrease) in unearned revenue	(25,719)
Other, net	(16,767)
Subtotal	<u>(244,565)</u>
Interest and dividend income received	37
Interest expenses paid	(26,182)
Income taxes paid	<u>(178,507)</u>
Net cash provided by (used in) operating activities	<u>(449,217)</u>
Cash flows from investing activities	
Payments into time deposits	(1,500)
Proceeds from withdrawal of time deposits	949
Purchase of property, plant and equipment	(345,669)
Purchase of intangible assets	(585,873)
Payments for lease and guarantee deposits	(33,107)
Purchase of investment securities	(101,733)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,530,895)
Other, net	15,419
Net cash provided by (used in) investing activities	<u>(2,582,411)</u>

(Thousands of yen)

Six months ended

April 30, 2019

Cash flows from financing activities	
Net increase (decrease) in short-term loans payable	1,073,300
Proceeds from long-term loans payable	3,145,370
Repayments of long-term loans payable	(322,189)
Proceeds from issuance of bonds	97,724
Repayments of lease obligations	(9,779)
Proceeds from issuance of share acquisition rights	6,934
Purchase of treasury shares	(102)
Net cash provided by (used in) financing activities	<u>3,991,258</u>
Net increase (decrease) in cash and cash equivalents	<u>959,629</u>
Cash and cash equivalents at beginning of period	<u>2,018,940</u>
Cash and cash equivalents at end of period	<u>2,978,570</u>