

**Consolidated Financial Results**  
**for the Second Quarter of the Fiscal Year Ending September 2017 (FY9/17)**  
**(Six Months Ended March 31, 2017)**

[Japanese GAAP]

May 15, 2017

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 Scheduled date of filing of Quarterly Report: May 15, 2017  
 Scheduled date of payment of dividend: -  
 Preparation of supplementary materials for quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes (for institutional investors and securities analysts)

(All amounts are rounded down to the nearest million yen)

**1. Consolidated Financial Results for the Second Quarter (October 1, 2016 to March 31, 2017) of FY9/17**

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Mar. 31, 2017	2,498	43.5	385	32.1	359	35.2	248	55.4
Six months ended Mar. 31, 2016	1,741	-	292	-	265	-	159	-

Note: Comprehensive income (millions of yen) Six months ended March 31, 2017: 305 (75.9%)  
Six months ended March 31, 2016: 173 (-%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended Mar. 31, 2017	14.89		14.09	
Six months ended Mar. 31, 2016	11.28		10.62	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of Mar. 31, 2017	5,174		2,682		49.1	
As of Mar. 31, 2016	4,841		2,371		47.0	

Reference: Shareholders' equity (millions of yen) As of March. 31, 2017: 2,542 As of Sep. 30, 2016: 2,276

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen				
Fiscal year ended Sep. 30, 2016	-	0.00	-	0.00	0.00
Fiscal year ending Sep. 30, 2017	-	0.00	-	-	-
Fiscal year ending Sep. 30, 2017 (Estimated)	-	-	-	0.00	0.00

Note: Revision to the most recently announced dividend forecast: None

As for the year-end dividend, we are planning to issue though, the amount is undecided at this time.

**3. Consolidated Forecast for FY9/17 (October 1, 2016 to September 30, 2017)**

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	6,147	53.7	1,001	61.9	961	68.2	594	74.8	35.66

Note: Revision to the most recently announced consolidated forecast: None

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly included: — compagnie

Excluded: — companies

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: Yes

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding as of the end of the period (including treasury shares)

As of Mar. 31, 2017:	16,731,900 shares	As of Sep. 30, 2016:	16,682,400 shares
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2) Number of treasury shares as of the end of the period

As of Mar. 31, 2017:	- shares	As of Sep. 30, 2016:	- shares
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3) Average number of shares issued during the period

Six months ended March 31, 2017:	16,683,562 shares	Six months ended March 31, 2016:	14,175,008 shares
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Note: The Company conducted 300-for-1 and 3-for-1 stock splits on December 18, 2015 and August 1, 2016, respectively. The number of shares outstanding was calculated based on the assumption that these stock splits were conducted at the beginning of the previous consolidated fiscal year.

\* Information regarding the implementation of quarterly review procedures

The current quarterly financial report is exempt from quarterly review procedures under the Financial Instruments and Exchange Act. As at the time of disclosure, the review procedures for the quarterly financial statements have not been completed.

\* Explanation of appropriate use of earnings forecasts, and other special items

Forecasts of future performance in these materials are based on information currently available to the Company. Consequently, these statements incorporate many uncertainties. Please note that actual performance may differ from these forecasts due to changes in internal or external factors affecting business operations and other factors.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

Evolable Asia (the “Company”) continued to expand operations in its core Online Travel Agency business. Looking at the operating conditions for the Company, the ratio of transactions made via the internet is increasing year by year in the travel industry. Internet sales by travel agencies, which accounted for only 0.64% of total transactions in 2000, reached 9.00% in 2012 according to the Survey of Travel Market Trends 2014 published by the Japan Association of Travel Agents. The ratio is increasing exponentially. Moreover, the number of foreign visitors to Japan reached a record high of 24.04 million, showing a steady rise toward 40 million, the target set in the Vision for Tourism That Supports Future Japan, the government-led initiative adopted in March 2016.

Under these conditions, the Company, as an online travel agency, continued expanding operations with a focus on the sale of domestic airline tickets. It also continued to enhance its services (private lodging/*sharing economy* initiatives, money exchange services, camper rental services, etc.) for foreign visitors to Japan by leveraging its expertise as an online travel business.

In the IT Offshore Development Business, which was launched in 2012, the Company steadily won customers in numerous business categories and increased the number of engineers employed, focusing on the development of lab-type facilities in Vietnam. The number of hired engineers grew to about 600 as of March 2017. At present, offshore development by Japanese companies amounts to only about 100 billion yen, according to Trends in Software Industry and Offshore Development in Japan released by the Center of International Cooperation for Computerization. Significant room for market expansion appears to remain in Vietnam, considering that the Japanese market for developing outsourced software is estimated at about 10 trillion yen, according to “Present State of Information Service Industry,” a survey conducted by the Ministry of Economy, Trade and Industry.

In addition, the Company is moving forward with its investment business by forming capital and business alliances in areas where synergies are expected to be generated with existing businesses. It had equity participation in a total of five companies as of March 2017.

In this business environment, the Company and its consolidated subsidiaries (the Group) achieved consolidated net sales of 2,498,179 thousand yen (up 43.5% year on year), consolidated operating income of 385,793 thousand yen (up 32.1% year on year), consolidated ordinary income of 359,433 thousand yen (up 35.2% year on year), consolidated profit before income taxes of 359,433 thousand yen (up 35.0% year on year), and consolidated profit attributable to owners of parent of 248,541 thousand yen (up 55.4% year on year) in the first six months of the fiscal year under review.

Operating results by segment are as follows.

#### 1) Online Travel Agency Business

In the Online Travel Agency Business, the Group offers BtoC services (operation of websites featuring the cross search and comparison of travel-related products and services for general consumers), BtoBtoC services (travel content provision under brands owned by business partners), BtoB services (wholesale to other travel agencies), and BTM services (centralized management of internal approval procedures and arrangements associated with corporate business trips through the Company’s cloud-based services).

The number of BtoC service users grew steadily, chiefly reflecting contributions made by the enhancement of measures for winning new customers such as listing advertisements, as well as user interface (UI) improvements for increasing repeaters.

The number of BtoBtoC services increased thanks to contributions made by providing services meeting the requirements of major customers and enhancing communication with customers to increase the frequency of their service use.

BtoB services, which were significantly affected by industry-wide trends and business partners’ policies, remained weak, recording net sales that were 75% of those in the previous year.

BTM services basically adopt a business model under which net sales expand in a manner that is linked with an increase in the number of corporate customers and a rise in their usage rate. The services achieved growth

attributable to initiatives taken by the Group, including the addition of salespeople and the identification of existing customers who used the services at a relatively low rate.

As a result of the factors stated above, net sales for the Online Travel Agency Business segment amounted to 1,851,631 thousand yen and segment income came to 587,236 thousand yen in the first six months of the fiscal year under review.

## 2) IT Offshore Development Business

In the IT Offshore Development Business, the Company offers lab-type facility development services to customers consisting mainly of e-commerce operators, web solution providers, and game and system developers in Ho Chi Minh, Hanoi and Da Nang in Vietnam. The Company's lab-type facility development model is distinctive in that a team of engineers is formed with new dedicated staff members hired for each customer.

The model also enables customers to confirm the state of lab-type facility development on demand, while at the same time receiving support provided by the Company's development support teams. The Company assumes the assignment of dedicated staff members to each team on a medium- to long-term basis. For that reason, the success or failure of development depends on employing workers suited to customer demands and motivating the respective engineers more.

In addition, these services basically adopt a business model under which customers are billed on the basis of man-months and the number of workers. The number of newly opened laboratories as well as increases and decreases in the number of staff members in existing laboratories have a significant impact on sales.

During the first six months of the consolidated fiscal year under review, the number of engineers increased steadily, reflecting contributions made by measures such as (i) strengthening sales capabilities by training sales staff members, and (ii) managing the customers of each laboratory and increasing the number of laboratory managers as well as training for them in order to enhance engineers' motivation.

The Company also established systems to undertake industry-focused development (for the gaming industry, for example). The systems that were introduced in Ho Chi Minh and Hanoi mainly feature a scheme of dispatching staff members to client companies for permanent placement in the laboratories and a scheme under which client companies can confirm the state of lab-type facility development remotely from Japan, respectively. By doing so, the Company facilitated the creation of development environments better suited to customer needs and worked to enhance customer satisfaction.

As a result, net sales for the IT Offshore Development Business segment amounted to 695,571 thousand yen and segment income totaled 59,276 thousand yen in the first six months of the fiscal year under review.

## (2) Analysis of Financial Position

### Assets

Total assets grew 333 million yen from the end of the previous fiscal year, to 5,174 million yen at the end of the first six months of the consolidated fiscal year under review. This result was mainly due to an increase of 151 million yen in cash and deposits, a decrease of 148 million yen in notes and accounts receivable - trade, an increase of 68 million yen in buildings, an increase of 151 million yen in software, and an increase of 87 million yen in guarantee deposits.

### Liabilities

Liabilities increased 22 million yen from the end of the previous year, to 2,492 million yen at the end of the first six months of the consolidated fiscal year under review. This result primarily reflected a decrease of 99 million yen in notes and accounts payable – trade, an increase of 79 million yen in operating accounts payable, and an increase of 34 million yen in accrued expenses.

### Net Assets

Net assets rose 311 million yen from the end of the previous year, to 2,682 million yen at the end of the first six months of the consolidated fiscal year under review. This result was mainly attributable to an increase of 248 million yen in retained earnings.

### **(3) Explanation of Consolidated Forecast and Other Forward-looking Statements**

No changes have been made to the full-year forecasts for consolidated financial results announced in the Consolidated Financial Results for the Fiscal Year Ended September 30, 2016 on November 14, 2016.

## **2. Matters Related to Summary Information (Notes)**

### **(1) Changes in Significant Subsidiaries during the Period**

Not applicable.

While not a specified subsidiary, Evolvable Asia Global Vietnam Company Limited was founded as a subsidiary during the first quarter under review and included in the consolidation.

AirTrip Exchange Co., Ltd. was established as a subsidiary in the current second quarter and included in the scope of consolidation.

### **(2) Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements**

Tax expenses were calculated by multiplying the rationally estimated effective tax rate after applying tax effect accounting to the profit before income taxes for the consolidated fiscal year, which includes the first six months of the fiscal year under review, by the profit before income taxes for the first six months.

### **(3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements**

Not applicable.

### **(4) Additional Information**

Operational investment securities

The Company launched its investment business during the consolidated fiscal year under review. In connection with this, the securities for investment development that were included in “investment securities” under non-current assets in the consolidated balance sheet in the past are now included under current assets. Accordingly, a sum of 35,100 thousand yen has been transferred from “investment securities” at the end of the previous consolidated fiscal year to “operational investment securities.”

Application of the Implementation Guidance on Recoverability of Deferred Tax Assets

The Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016) has been applied to the consolidated results since the first quarter of the fiscal year under review.

**3. Quarterly Consolidated Financial Statements****(1) Consolidated Balance Sheet**

(Thousands of yen)

	FY9/16 (As of Sep. 30, 2016)	Second quarter of FY9/17 (As of Mar. 31, 2017)
<b>Assets</b>		
Current assets		
Cash and deposits	2,356,432	2,507,620
Notes and accounts receivable - trade	1,104,591	955,879
Operational investment securities	-	109,835
Merchandise and finished goods	274,325	63,504
Deferred tax assets	19,046	17,245
Accounts receivable - other	129,823	143,125
Other	140,830	208,012
Allowance for doubtful accounts	(450)	(650)
<b>Total current assets</b>	<b>4,024,599</b>	<b>4,004,571</b>
Non-current assets		
Property, plant and equipment		
Buildings, net	18,662	87,351
Vehicles, net	223	7,075
Tools, furniture and fixtures, net	19,115	24,498
Construction in progress	2,500	35,000
<b>Total property, plant and equipment</b>	<b>40,501</b>	<b>153,926</b>
Intangible assets		
Goodwill	102,976	89,238
Software	202,742	354,454
<b>Total intangible assets</b>	<b>305,719</b>	<b>443,693</b>
Investments and other assets		
Investment securities	43,000	57,368
Deferred tax assets	6,273	6,273
Guarantee deposits	409,193	496,829
Claims provable in bankruptcy, claims provable in rehabilitation and other	37,313	25,324
Other	12,358	12,093
Allowance for doubtful accounts	(37,313)	(25,324)
<b>Total investments and other assets</b>	<b>470,824</b>	<b>572,565</b>
<b>Total non-current assets</b>	<b>817,044</b>	<b>1,170,184</b>
<b>Total assets</b>	<b>4,841,644</b>	<b>5,174,755</b>

(Thousands of yen)

	FY9/16 (As of Sep. 30, 2016)	Second quarter of FY9/17 (As of Mar. 31, 2017)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	1,293,317	1,193,443
Short-term loans payable	225,139	235,184
Accounts payable - other	311,670	391,639
Accrued expenses	87,287	121,435
Income taxes payable	134,102	135,006
Provision for bonuses	46,447	31,203
Provision for point card certificates	3,868	4,572
Provision for shareholder benefit program	15,000	26,646
Current portion of long-term loans payable	19,572	19,458
Forward exchange contracts	4,123	-
Other	140,089	160,476
<b>Total current liabilities</b>	<b>2,280,618</b>	<b>2,319,066</b>
<b>Non-current liabilities</b>		
Long-term loans payable	87,288	77,616
Long-term guarantee deposited	102,376	95,612
<b>Total non-current liabilities</b>	<b>189,664</b>	<b>173,228</b>
<b>Total liabilities</b>	<b>2,470,283</b>	<b>2,492,294</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	1,019,927	1,022,636
Capital surplus	824,927	827,636
Retained earnings	444,870	693,411
<b>Total shareholders' equity</b>	<b>2,289,724</b>	<b>2,543,684</b>
<b>Accumulated other comprehensive income</b>		
Deferred gains or losses on hedges	(2,850)	1,186
Foreign currency translation adjustment	(10,629)	(2,424)
<b>Total accumulated other comprehensive income</b>	<b>(13,480)</b>	<b>(1,237)</b>
Subscription rights to shares	206	206
Non-controlling interests	94,910	139,807
<b>Total net assets</b>	<b>2,371,360</b>	<b>2,682,461</b>
<b>Total liabilities and net assets</b>	<b>4,841,644</b>	<b>5,174,755</b>



**(2) Consolidated Statements of Income and Comprehensive Income****(Consolidated Statement of Income)****(For the Six-month Period)**

(Thousands of yen)

	Six months of FY9/16 (Oct. 1, 2015 – Mar. 31, 2015)	Six months of FY9/17 (Oct. 1, 2016 – Mar. 31, 2017)
Net sales	1,741,161	2,498,179
Cost of sales	328,579	396,456
Gross profit	1,412,582	2,101,723
Selling, general and administrative expenses	1,120,574	1,715,929
Operating income	292,008	385,793
Non-operating income		
Interest income	401	3,690
Foreign exchange gains	–	3,752
Gain on reversal of allowance for doubtful accounts	1,374	–
Share of profit of entities accounted for using equity method	–	468
Other	1,314	991
Total non-operating income	3,089	8,903
Non-operating expenses		
Interest expenses	5,835	5,017
Foreign exchange losses	3,116	–
Provision of allowance for doubtful accounts	–	1,974
Listing expenses	18,965	21,900
Other	1,237	6,370
Total non-operating expenses	29,154	35,263
Ordinary income	265,943	359,433
Extraordinary income		
Gain on sales of non-current assets	1,034	–
Total extraordinary income	1,034	–
Extraordinary losses		
Loss on sales of non-current assets	810	–
Total extraordinary losses	810	–
Profit before income taxes	266,168	359,433
Income taxes	79,533	73,877
Profit	186,635	285,556
Profit attributable to non-controlling interests	26,730	37,014
Profit attributable to owners of parent	159,904	248,541

**(Consolidated Statement of Comprehensive Income)**  
**(For the Six-month Period)**

(Thousands of yen)

	Six months of FY9/16 (Oct. 1, 2015 – Mar. 31, 2015)	Six months of FY9/17 (Oct. 1, 2016 – Mar. 31, 2017)
Profit	186,635	285,556
Other comprehensive income		
Deferred gains or losses on hedges	(3,918)	4,036
Foreign currency translation adjustment	(8,937)	16,088
Total other comprehensive income	(12,856)	20,125
Comprehensive income	173,778	305,681
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	151,427	260,783
Comprehensive income attributable to non-controlling interests	22,351	44,897

**(3) Consolidated Statement of Cash Flows**

(Thousands of yen)

	Six months of FY9/16 (Oct. 1, 2015 – Mar. 31, 2015)	Six months of FY9/17 (Oct. 1, 2016 – Mar. 31, 2017)
<b>Cash flows from operating activities</b>		
Profit before income taxes	266,168	359,433
Depreciation	40,827	58,414
Increase (decrease) in provision	(26,624)	(18,047)
Interest and dividend income	(401)	(3,690)
Interest expenses	5,835	5,017
Listing expenses	18,965	21,900
Share of (profit) loss of entities accounted for using equity method	–	(468)
Loss (gain) on sales of property, plant and equipment	(224)	–
Decrease (increase) in notes and accounts receivable-trade	(112,249)	227,713
Decrease (increase) in inventories	33,494	210,821
Increase (decrease) in notes and accounts payable-trade	118,471	(118,680)
Decrease (increase) in guarantee deposits	1,684	(23,594)
Increase (decrease) in long-term guarantee deposits received	8,871	(14,135)
Decrease (increase) in investment securities for sale	–	(74,735)
Decrease (increase) in other asset	(82,681)	(57,922)
Increase (decrease) in other liability	35,144	64,936
Subtotal	307,281	636,962
Interest and dividend income received	401	3,690
Interest expenses paid	(6,324)	(5,003)
Income taxes paid	(72,225)	(71,219)
Net cash provided by (used in) operating activities	229,133	564,430
<b>Cash flows from investing activities</b>		
Purchase of investment securities	–	(49,000)
Purchase of property, plant and equipment	(13,413)	(131,783)
Proceeds from sales of property, plant and equipment	1,034	–
Purchase of intangible assets	(47,025)	(180,298)
Payments of loans receivable	–	(3,000)
Collection of loans receivable	–	600
Payments for lease deposits	–	(75,990)
Collection of lease deposits	–	13,514
Proceeds from withdrawal of time deposits	–	110,188
Net cash provided by (used in) investing activities	(59,404)	(315,768)

(Thousands of yen)

	Six months of FY9/16 (Oct. 1, 2015 – Mar. 31, 2015)	Six months of FY9/17 (Oct. 1, 2016 – Mar. 31, 2017)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(98,511)	7,929
Repayments of long-term loans payable	(9,102)	(9,786)
Proceeds from issuance of common shares	1,356,994	5,418
Payments for IPO-related expenses	(1,090)	(4,000)
Net cash provided by (used in) financing activities	1,248,290	(437)
Effect of exchange rate change on cash and cash equivalents	(4,510)	4,142
Net increase (decrease) in cash and cash equivalents	1,413,508	252,367
Cash and cash equivalents at beginning of period	608,984	2,225,252
Cash and cash equivalents at end of period	2,022,493	2,477,620

**(4) Notes to Quarterly Consolidated Financial Statements**

**Notes on going concern assumptions**

Not applicable.

**Significant changes in shareholders' equity**

Not applicable.

**Segment information, etc.**

## Segment Information

Six months of FY9/16 (Oct. 1, 2015 – Mar. 31, 2016)

## 1. Information related to net sales and profits (losses) for the respective reportable segments

(Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amount on quarterly consolidated statement of income (Note 2)
	Online Travel Agency Business	IT Offshore Development Business	Other businesses	Total		
Net sales						
Sales to external customers	1,189,502	547,880	3,779	1,741,161	–	1,741,161
Intersegment sales and transfers	–	62,083	–	62,083	(62,083)	–
Total	1,189,502	609,963	3,779	1,803,244	(62,083)	1,741,161
Segment profits (losses)	430,583	45,349	(42)	475,889	(183,881)	292,008

Notes: 1. The adjustment of -183,881 thousand yen to the segment profits (losses) includes corporate expenses which mainly consist of general and administrative expenses that are not attributable to the reportable segments.

2. The segment profits or losses has been adjusted to the operating income stated in the quarterly consolidated statement of income.

Six months of FY9/17 (Oct. 1, 2016 – Mar. 31, 2017)

## 1. Information related to net sales and profits (losses) for the respective reportable segments

(Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amount on quarterly consolidated statement of income (Note 2)
	Online Travel Agency Business	IT Offshore Development Business	Other businesses	Total		
Net sales						
Sales to external customers	1,851,631	645,776	771	2,498,179	–	2,498,179
Intersegment sales and transfers	–	49,795	–	49,795	(49,795)	–
Total	1,851,631	695,571	771	2,547,975	(49,795)	2,498,179
Segment profits (losses)	587,236	59,276	(5)	646,508	(260,714)	385,793

Notes: 1. The adjustment of -260,714 thousand yen to the segment profits (losses) includes corporate expenses which mainly consist of general and administrative expenses that are not attributable to the reportable segments.

2. The segment profits or losses has been adjusted to the operating income stated in the quarterly consolidated statement of income.