

August 4, 2017

(Translation)

Dear Sir/Madam,

Company: JP-HOLDINGS, INC.
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(Correction)

Notice Concerning Partial Correction to the “Summary of Business Results for the First Quarter Ended June 30, 2016 [Japan GAAP] (Consolidated)”

JP-HOLDINGS, INC. announces that portions of the “Summary of Business Results for the First Quarter Ended June 30, 2016 [Japan GAAP] (Consolidated)” released on August 5, 2016 have been corrected.

Underlined portions of this document indicate corrections.

1. Reason for Correction

As for the reason for the correction, please refer to the “Notice Concerning the Errors Relating to Consolidated Financial Statements for Prior Years” released on July 18, 2017.

2. Details of Correction

(Summary information)

(Rounded down to million yen)

1. Consolidated business results for the three months ended June 2016

(April 1, 2016 through June 30, 2016)

(1) Consolidated results of operations

(% change from the previous corresponding period)

(Before correction)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 2016	<u>5,424</u>	<u>11.1</u>	<u>99</u>	<u>-60.0</u>	<u>138</u>	<u>-50.5</u>	<u>81</u>	<u>-58.9</u>
Three months ended Jun. 2015	4,881	15.4	<u>248</u>	<u>13.4</u>	<u>280</u>	<u>9.5</u>	<u>197</u>	<u>9.3</u>

(Note) Comprehensive income

Three months ended June 2016: 72 million yen (-63.5 %)

Three months ended June 2015: 199 million yen (12.7 %)

	Net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
Three months ended Jun. 2016	<u>0.97</u>	-	-	-
Three months ended Jun. 2015	<u>2.36</u>	-	-	-

(After correction)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 2016	<u>5,424</u>	<u>11.1</u>	<u>70</u>	<u>-66.5</u>	<u>109</u>	<u>-54.7</u>	<u>62</u>	<u>-65.9</u>
Three months ended Jun. 2015	4,881	15.4	<u>210</u>	<u>7.6</u>	<u>241</u>	<u>4.2</u>	<u>182</u>	<u>14.6</u>

(Note) Comprehensive income

Three months ended June 2016: 53 million yen (-70.8 %)

Three months ended June 2015: 183 million yen (18.7 %)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 2016	<u>0.74</u>	-
Three months ended Jun. 2015	<u>2.18</u>	-

(2) Consolidated financial position

(Before correction)

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2016	<u>21,974</u>	<u>6,282</u>	<u>28.6</u>
As of Mar. 31, 2016	<u>21,519</u>	<u>6,570</u>	<u>30.5</u>

(Reference) Shareholders' equity

As of June 30, 2016: 6,278 million yen

As of March 31, 2016: 6,566 million yen

(After correction)

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2016	<u>21,846</u>	<u>5,972</u>	<u>27.3</u>
As of Mar. 31, 2016	<u>21,126</u>	<u>6,279</u>	<u>29.7</u>

(Reference) Shareholders' equity

As of June 30, 2016: 5,968 million yen

As of March 31, 2016: 6,275 million yen

3. Forecast of consolidated business results for the fiscal year ending March 2017

(April 1, 2016 through March 31, 2017)

(Before correction)

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending Mar. 2017	22,340	8.7	1,564	<u>-14.8</u>	1,651	<u>-12.4</u>	1,057	<u>-11.9</u>	12.68

(After correction)

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending Mar. 2017	22,340	8.7	1,564	<u>-9.7</u>	1,651	<u>-7.3</u>	1,057	<u>-1.3</u>	12.68

1. Qualitative Information on Quarterly Financial Results

(1) Results of Operations

(Before correction)

For the above reasons, for the first quarter of the consolidated fiscal year ending March 2017, sales were 5,424 million yen, up 11.1% year on year, operating income was 99 million yen, down 60.0% year on year, ordinary income was 138 million yen, down 50.5% year on year, and net income attributable to owners of parent was 81 million yen, down 58.9% year on year.

(After correction)

For the above reasons, for the first quarter of the consolidated fiscal year ending March 2017, sales were 5,424 million yen, up 11.1% year on year, operating income was 70 million yen, down 66.5% year on year, ordinary income was 109 million yen, down 54.7% year on year, and net income attributable to owners of parent was 62 million yen, down 65.9% year on year.

(2) Financial Position

(Before correction)

Assets, Liabilities and Net Assets

The total assets as of the end of the first quarter of the consolidated fiscal year ending March 2017 amounted to 21,974 million yen, up 455 million yen from the end of the previous fiscal year.

Current assets totaled up to 7,637 million yen, up 683 million yen from the end of the previous fiscal year, mainly because cash and deposits increased by 1,253 million yen and deferred tax assets increased by 120 million yen, while accounts receivable, other current assets, and inventory assets decreased by 442 million yen, 177 million yen, and 74 million yen, respectively.

Fixed assets totaled up to 14,336 million yen, down 228 million yen from the end of the previous fiscal year, mainly because buildings and structures increased by 936 million yen and tools, furniture, and fixtures increased by 59 million yen, while construction in progress decreased by 1,223 million yen.

The total liabilities amounted to 15,691 million yen, up 743 million yen from the end of the previous fiscal year.

Current liabilities totaled up to 6,371 million yen, up 421 million yen from the end of the previous fiscal year, mainly because accounts payable increased by 377 million yen and other current liabilities increased by 512 million yen, while reserve for bonuses and accrued income tax, etc. decreased by 237 million yen and 207 million yen, respectively.

Fixed liabilities totaled up to 9,319 million yen, up 321 million yen from the end of the previous fiscal year, mainly because long-term loans payable, asset retirement obligation, and net defined benefit liability increased by 277 million yen, 28 million yen, and 15 million yen, respectively.

Total net assets as of the end of the first quarter of the consolidated fiscal year ending March 2017 totaled up to 6,282 million yen, down 288 million yen from the end of the previous fiscal year, mainly because retained earnings decreased through the payment of dividends.

(After correction)

Assets, Liabilities and Net Assets

The total assets as of the end of the first quarter of the consolidated fiscal year ending March 2017 amounted to 21,846 million yen, up 720 million yen from the end of the previous fiscal year.

Current assets totaled up to 7,561 million yen, up 945 million yen from the end of the previous fiscal year, mainly because cash and deposits, deferred tax assets, and other current assets increased by 1,253 million yen, 119 million yen, and 85 million yen, respectively, while accounts receivable decreased by 442 million yen and inventory assets decreased by 74 million yen.

Fixed assets totaled up to 14,285 million yen, down 225 million yen from the end of the previous fiscal year, mainly because buildings and structures increased by 940 million yen and tools, furniture, and fixtures increased by 59 million yen, while construction in progress decreased by 1,223 million yen.

The total liabilities amounted to 15,874 million yen, up 1,027 million yen from the end of the previous fiscal year.

Current liabilities totaled up to 6,554 million yen, up 705 million yen from the end of the previous fiscal year, mainly because accounts payable increased by 378 million yen and other current liabilities increased by 512 million yen, while reserve for bonuses and accrued income tax, etc. decreased by 237 million yen and 176 million yen, respectively.

Fixed liabilities totaled up to 9,319 million yen, up 321 million yen from the end of the previous fiscal year, mainly because long-term loans payable, asset retirement obligation, and net defined benefit liability increased by 277 million yen, 28 million yen, and 15 million yen, respectively.

Total net assets as of the end of the first quarter of the consolidated fiscal year ending March 2017 totaled up to 5,972 million yen, down 306 million yen from the end of the previous fiscal year, mainly because retained earnings decreased through the payment of dividends.

3. [Quarterly Consolidated Financial Statements]

(1) [Quarterly Consolidated Balance Sheet]

(Before correction)

(Thousand yen)

	Previous Fiscal Year (March 31, 2016)	Current First Quarter (June 30, 2016)
Assets		
Current assets		
Cash and deposits	3,777,936	5,031,900
Notes and accounts receivable-trade	41,839	45,804
Investment securities	21,027	20,408
Inventories	98,453	24,251
Deferred tax assets	<u>442,078</u>	<u>562,435</u>
Accounts receivable - other	1,770,729	1,328,027
Other	<u>802,493</u>	<u>625,290</u>
Allowance for doubtful accounts	-549	-621
Total current assets	<u>6,954,010</u>	<u>7,637,496</u>
Fixed assets		
Tangible fixed assets		
Buildings and structures	8,404,192	9,427,600
Accumulated depreciation and impairment loss	<u>-2,448,271</u>	<u>-2,535,097</u>
Buildings and structures, net	<u>5,955,921</u>	<u>6,892,502</u>
Machinery, equipment and vehicles	9,148	9,148
Accumulated depreciation	-4,130	-4,367
Machinery, equipment and vehicles, net	5,017	4,780
Tools, furniture and fixtures	484,281	556,539
Accumulated depreciation and impairment loss	<u>-284,812</u>	<u>-297,536</u>
Tools, furniture and fixtures, net	<u>199,469</u>	<u>259,003</u>
Land	980,894	980,894
Construction in progress	1,759,076	535,856
Total tangible fixed assets	<u>8,900,378</u>	<u>8,673,037</u>
Intangible fixed assets		
Other	12,135	11,831
Total intangible fixed assets	12,135	11,831
Investments and other assets		
Investment securities	313,534	302,109
Long-term loans receivable	2,881,772	2,879,492
Guarantee deposits	1,628,547	1,626,197
Deferred tax assets	<u>164,472</u>	<u>173,531</u>
Other	<u>679,407</u>	<u>685,552</u>
Allowance for doubtful accounts	-15,213	-15,180
Total investments and other assets	<u>5,652,521</u>	<u>5,651,703</u>
Total fixed assets	<u>14,565,035</u>	<u>14,336,572</u>
Total assets	<u>21,519,046</u>	<u>21,974,069</u>

(Thousand yen)

	Previous Fiscal Year (March 31, 2016)	Current First Quarter (June 30, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	191,107	158,113
Current portion of long-term loans payable	2,935,368	2,987,028
Accounts payable - other	<u>691,961</u>	<u>1,069,888</u>
Income taxes payable	<u>364,677</u>	<u>157,224</u>
Accrued consumption taxes	67,491	<u>45,426</u>
Reserve for bonuses	334,000	96,275
Asset retirement obligation	23,892	4,392
Other	1,341,386	1,853,438
Total current liabilities	<u>5,949,884</u>	<u>6,371,787</u>
Fixed liabilities		
Long-term loans payable	8,457,330	8,734,803
Deferred tax liabilities	2,240	2,388
Net defined benefit liability	377,714	393,018
Long-term accounts payable - other	4,950	4,950
Asset retirement obligation	156,505	184,720
Total fixed liabilities	<u>8,998,740</u>	<u>9,319,880</u>
Total liabilities	<u>14,948,625</u>	<u>15,691,668</u>
Net assets		
Shareholders' equity		
Capital	1,603,955	1,603,955
Capital surplus	1,449,544	1,449,544
Retained earnings	<u>4,798,586</u>	<u>4,440,355</u>
Treasury stock	-1,208,168	-1,129,545
Total shareholders' equity	<u>6,643,918</u>	<u>6,364,308</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-52,792	-63,574
Remeasurements of defined benefit plans	-24,742	-22,355
Total accumulated other comprehensive income	<u>-77,534</u>	<u>-85,930</u>
Non-controlling interests	4,036	4,022
Total net assets	<u>6,570,420</u>	<u>6,282,401</u>
Total liabilities and net assets	<u>21,519,046</u>	<u>21,974,069</u>

(After correction)

(Thousand yen)

	Previous Fiscal Year (March 31, 2016)	Current First Quarter (June 30, 2016)
Assets		
Current assets		
Cash and deposits	3,777,936	5,031,900
Notes and accounts receivable-trade	41,839	45,804
Investment securities	21,027	20,408
Inventories	98,453	24,251
Deferred tax assets	<u>426,131</u>	<u>545,367</u>
Accounts receivable - other	1,770,729	1,328,027
Other	<u>480,184</u>	<u>565,941</u>
Allowance for doubtful accounts	-549	-621
Total current assets	<u>6,615,754</u>	<u>7,561,079</u>
Fixed assets		
Tangible fixed assets		
Buildings and structures	8,404,192	9,427,600
Accumulated depreciation and impairment loss	<u>-2,576,335</u>	<u>-2,659,504</u>
Buildings and structures, net	<u>5,827,856</u>	<u>6,768,095</u>
Machinery, equipment and vehicles	9,148	9,148
Accumulated depreciation	-4,130	-4,367
Machinery, equipment and vehicles, net	<u>5,017</u>	<u>4,780</u>
Tools, furniture and fixtures	484,281	556,539
Accumulated depreciation and impairment loss	<u>-285,659</u>	<u>-298,295</u>
Tools, furniture and fixtures, net	<u>198,621</u>	<u>258,243</u>
Land	980,894	980,894
Construction in progress	1,759,076	535,856
Total tangible fixed assets	<u>8,771,467</u>	<u>8,547,871</u>
Intangible fixed assets		
Other	12,135	11,831
Total intangible fixed assets	<u>12,135</u>	<u>11,831</u>
Investments and other assets		
Investment securities	313,534	302,109
Long-term loans receivable	2,881,772	2,879,492
Guarantee deposits	1,628,547	1,626,197
Deferred tax assets	<u>208,818</u>	<u>216,589</u>
Other	<u>709,905</u>	<u>716,820</u>
Allowance for doubtful accounts	-15,213	-15,180
Total investments and other assets	<u>5,727,363</u>	<u>5,726,029</u>
Total fixed assets	<u>14,510,966</u>	<u>14,285,731</u>
Total assets	<u>21,126,721</u>	<u>21,846,811</u>

(Thousand yen)

	Previous Fiscal Year (March 31, 2016)	Current First Quarter (June 30, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	191,107	158,113
Current portion of long-term loans payable	2,935,368	2,987,028
Accounts payable - other	<u>701,478</u>	<u>1,079,555</u>
Income taxes payable	<u>253,518</u>	<u>77,111</u>
Accrued consumption taxes	67,491	<u>298,259</u>
Reserve for bonuses	334,000	96,275
Asset retirement obligation	23,892	4,392
Other	1,341,386	1,853,438
Total current liabilities	<u>5,848,243</u>	<u>6,554,174</u>
Fixed liabilities		
Long-term loans payable	8,457,330	8,734,803
Deferred tax liabilities	2,240	2,388
Net defined benefit liability	377,714	393,018
Long-term accounts payable - other	4,950	4,950
Asset retirement obligation	156,505	184,720
Total fixed liabilities	<u>8,998,740</u>	<u>9,319,880</u>
Total liabilities	<u>14,846,984</u>	<u>15,874,055</u>
Net assets		
Shareholders' equity		
Capital	1,603,955	1,603,955
Capital surplus	1,449,544	1,449,544
Retained earnings	<u>4,507,903</u>	<u>4,130,710</u>
Treasury stock	-1,208,168	-1,129,545
Total shareholders' equity	<u>6,353,234</u>	<u>6,054,663</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-52,792	-63,574
Remeasurements of defined benefit plans	-24,742	-22,355
Total accumulated other comprehensive income	<u>-77,534</u>	<u>-85,930</u>
Non-controlling interests	4,036	4,022
Total net assets	<u>6,279,737</u>	<u>5,972,756</u>
Total liabilities and net assets	<u>21,126,721</u>	<u>21,846,811</u>

(2) [Quarterly Consolidated Statement of Income and Quarterly Statement of Comprehensive Income]
 [Quarterly Consolidated Statement of Income]
 [First Quarter of FY3/17]
 (Before correction)

	(Thousand yen)	
	Previous First Quarter (April 1, 2015– June 30, 2015)	Current First Quarter (April 1, 2016– June 30, 2016)
Net sales	4,881,898	<u>5,424,869</u>
Cost of sales	<u>4,205,075</u>	<u>4,685,085</u>
Gross profit	<u>676,823</u>	<u>739,784</u>
Selling, general and administrative expenses	<u>427,978</u>	<u>640,357</u>
Operating income	<u>248,845</u>	<u>99,427</u>
Non-operating revenues		
Interest income	11,771	15,988
Subsidy income	23,812	16,980
Guarantee commission received	-	16,402
Other	5,939	4,664
Total non-operating revenues	<u>41,524</u>	<u>54,034</u>
Non-operating expenses		
Interest expenses	10,233	12,416
Other	0	2,486
Total non-operating expenses	<u>10,234</u>	<u>14,903</u>
Ordinary income	<u>280,135</u>	<u>138,559</u>
Extraordinary loss		
Loss on retirement of non-current assets	-	310
Total extraordinary loss	<u>-</u>	<u>310</u>
Income before income taxes and others	<u>280,135</u>	<u>138,248</u>
Corporate, inhabitant and enterprise taxes	<u>235,273</u>	<u>183,044</u>
Income taxes-deferred	<u>-152,218</u>	<u>-125,794</u>
Total income taxes	<u>83,054</u>	<u>57,249</u>
Net income	<u>197,080</u>	<u>80,998</u>
Net loss attributable to non-controlling interests	-13	-14
Net income attributable to owners of parent	<u>197,094</u>	<u>81,013</u>

(After correction)

	(Thousand yen)	
	Previous First Quarter (April 1, 2015– June 30, 2015)	Current First Quarter (April 1, 2016– June 30, 2016)
Net sales	4,881,898	<u>5,424,630</u>
Cost of sales	<u>4,234,449</u>	<u>4,706,519</u>
Gross profit	<u>647,449</u>	<u>718,111</u>
Selling, general and administrative expenses	<u>436,855</u>	<u>647,599</u>
Operating income	<u>210,594</u>	<u>70,512</u>
Non-operating revenues		
Interest income	11,771	15,988
Subsidy income	23,812	16,980
Guarantee commission received	-	16,402
Other	5,939	4,664
Total non-operating revenues	<u>41,524</u>	<u>54,034</u>
Non-operating expenses		
Interest expenses	10,233	12,416
Other	0	2,486
Total non-operating expenses	<u>10,234</u>	<u>14,903</u>
Ordinary income	<u>241,884</u>	<u>109,643</u>
Extraordinary loss		
Loss on retirement of non-current assets	-	310
Total extraordinary loss	-	310
Income before income taxes and others	<u>241,884</u>	<u>109,333</u>
Corporate, inhabitant and enterprise taxes	<u>221,126</u>	<u>170,680</u>
Income taxes-deferred	<u>-161,233</u>	<u>-123,384</u>
Total income taxes	<u>59,893</u>	<u>47,296</u>
Net income	<u>181,990</u>	<u>62,037</u>
Net loss attributable to non-controlling interests	-13	-14
Net income attributable to owners of parent	<u>182,004</u>	<u>62,051</u>

[Quarterly Consolidated Statement of Comprehensive Income]

[First Quarter of FY3/17]

(Before correction)

	(Thousand yen)	
	Previous First Quarter (April 1, 2015– June 30, 2015)	Current First Quarter (April 1, 2016– June 30, 2016)
Net income	<u>197,080</u>	<u>80,998</u>
Other comprehensive income		
Valuation difference on available-for-sale securities	926	-10,781
Remeasurements of defined benefit plans	1,068	2,386
Total other comprehensive income	<u>1,995</u>	<u>-8,395</u>
Comprehensive income	<u>199,075</u>	<u>72,603</u>
(Breakdown)		
Comprehensive income attributable to shareholders of the parent company	<u>199,089</u>	<u>72,617</u>
Comprehensive income attributable to non-controlling interests	-13	-14

(After correction)

	(Thousand yen)	
	Previous First Quarter (April 1, 2015– June 30, 2015)	Current First Quarter (April 1, 2016– June 30, 2016)
Net income	<u>181,990</u>	<u>62,037</u>
Other comprehensive income		
Valuation difference on available-for-sale securities	926	-10,781
Remeasurements of defined benefit plans	1,068	2,386
Total other comprehensive income	<u>1,995</u>	<u>-8,395</u>
Comprehensive income	<u>183,986</u>	<u>53,641</u>
(Breakdown)		
Comprehensive income attributable to shareholders of the parent company	<u>184,000</u>	<u>53,655</u>
Comprehensive income attributable to non-controlling interests	-13	-14