

Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending September 30, 2016 (FY9/16)
(Six Months Ended March 31, 2016)

[Japanese GAAP]

May 13, 2016

Company name: Evolvable Asia Corp. Stock Exchange Listing: TSE Mothers
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Scheduled date of filing of Quarterly Report: May 13, 2016

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: 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, 2015 to March 31, 2016) of FY9/16

(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, 2016	1,741	-	292	-	265	-	159	-
Six months ended Mar. 31, 2015	-	-	-	-	-	-	-	-

Note: Comprehensive income (millions of yen) Six months ended Mar. 31, 2016: 173 (-%)

Six months ended Mar. 31, 2015: - (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Mar. 31, 2016	33.84	32.42
Six months ended Mar. 31, 2015	-	-

Notes: 1. Figures for the six months ended March 31, 2015 and year-on-year changes are not presented because the consolidated financial statements were not prepared for that fiscal year.

2. The Company conducted a 300-for-1 stock split effective on December 18, 2015. Net income per share and diluted net income per share have been calculated as if this stock split had taken place at the beginning of the fiscal year ending September 30, 2016.

3. The Company's stock was listed on the Tokyo Stock Exchange, Mothers Market on March 31, 2016. Diluted net income per share for the six months ended March 31, 2016 is calculated by using the average share price during the period between the time of listing and the end of the period under review.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Mar. 31, 2016	3,678	1,928	50.3
As of Sep. 30, 2015	2,064	397	16.5

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2016: 1,849 As of Sep. 30, 2015: 341

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Sep. 30, 2015	-	0.00	-	0.00	0.00
Fiscal year ending Sep. 30, 2016	-	0.00	-	-	-
Fiscal year ending Sep. 30, 2016 (Estimated)	-	-	-	0.00	0.00

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

3. Consolidated Forecast for FY9/16 (October 1, 2015 to September 30, 2016)

(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	3,669	33.2	481	54.2	449	47.2	270	57.0	52.85

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

• Net income per share is calculated using the average number of shares during the period, including the number of publicly offered shares (620,000 shares) at the time of the Company's listing on the Tokyo Stock Exchange on March 31, 2016, and the sale of a third-party allotment of new shares (149,500 shares) due to over-allotment.

• The Company conducted a 300-for-1 stock split effective on December 18, 2015. Net income per share forecast is based on the number of shares after the stock split.

*** Notes**

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

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

Note: Please refer to “2. Matters Related to Summary Information (Notes)” on page 3 of the attached documents for further information.

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

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

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

3) Changes in accounting-based estimates: None

4) Restatements: None

Note: Please refer to “2. Matters Related to Summary Information (Notes)” on page 3 of the attached documents for further information.

(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, 2016:	5,368,100 shares	As of Sep. 30, 2015:	4,575,000 shares
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2) Number of treasury shares as of the end of the period

As of Mar. 31, 2016:	- shares	As of Sep. 30, 2015:	- shares
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3) Average number of shares issued during the period

Six months ended Mar. 31, 2016:	4,725,003 shares	Six months ended Mar. 31, 2015:	4,575,000 shares
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Note: The Company conducted a 300-for-1 stock split on December 18, 2015 under the November 17, 2015 Board of Directors’ resolution. Number of outstanding shares (common stock) has been calculated as if this stock split had taken place at the beginning of the fiscal year ended September 30, 2015.

* Information regarding the implementation of quarterly review procedures

The current quarterly financial report is exempted from quarterly review procedures based on the Financial Instruments and Exchange Act. 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. Actual performance may differ from these forecasts due to changes in internal or external factors affecting business operations and other factors.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Forecast and Other Forward-looking Statements	3
2. Matters Related to Summary Information (Notes)	3
(1) Changes in Significant Subsidiaries during the Period	3
(2) Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements	3
(3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements	3
3. Quarterly Consolidated Financial Statements	4
(1) Consolidated Balance Sheet	4
(2) Consolidated Statements of Income and Comprehensive Income	6
(3) Consolidated Statement of Cash Flows	8
(4) Notes to Quarterly Consolidated Financial Statements	9
Going Concern Assumption	9
Significant Changes in Shareholders' Equity	9
Segment and Other Information	10
Material Subsequent Events	10

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

Evolable Asia continued to expand operations in its core online travel agency business. In addition, we leverage the expertise gained in our online travel agency business to promote services targeting inbound foreign visitors to Japan through the OEM provision of information for Web media of overseas travel agents and inbound travel websites operated in Japan. We also seek to meet inbound travel customer needs with our IT off-shore development engineers.

Our IT off-shore development business, launched in 2012, is based on a lab-style development model in Vietnam. Having steadily acquired customers in a variety of sectors, we have increased the number of engineers employed in this business, numbering 500 as of March 2016.

Against this backdrop, net sales in the first half amounted to 1,741 million yen, operating income 292 million yen, ordinary income 265 million yen, profit before income taxes 266 million yen, and profit attributable to owners of parent was 159 million yen.

Operating results by segment are as follows.

1) Online Travel Agency Business

We provide the following four services in the online travel agency business.

- BtoC services (operation of websites selling travel commodities directly to general consumers via PCs and smartphones)

The number of users grew favorably, due to the reinforcement of SEM in order to attract new customers, and UI and other improvements as measures to increase repeat customers.

- BtoBtoC services (provision of travel content under alliance partners' brands)

We increased the number of users of these services by providing services that match principal customers' needs and enhancing communication with business partners in a bid to bolster business partners' usage frequency.

- BtoB services (wholesale business targeting other travel agencies)

The number of domestic routes in operation increased, due in part to the effects of airline industry trends and business partners' initiatives. These factors led to brisk overall business in the online travel agency business in terms of the number of domestic airline tickets handled, prompting robust sales.

- BTM services (centralized management related to business travel, including internal authorization procedures and arrangement)

To increase sales, this business model principally relies on increasing the number of client companies and their usage frequency. Accordingly, we grew the business by augmenting our number of sales personnel and introducing measures targeting existing customers with relatively low usage rates.

Overall, first half sales in the online travel agency business totaled 1,189 million yen, and the segment profit was 430 million yen.

2) IT Off-shore Development Business

In the IT off-shore development business, we provide a lab-style development model with employees in the Vietnamese cities of Ho Chi Minh, Hanoi and Danang. Our principal customers are companies in the e-commerce, Web solutions, gaming and system development businesses.

Our lab-style development model consists of building a dedicated team for each of our clients, employing new staff and configuring them as needed. Our approach enables customers to check the state of development progress at any time. As our system is based on assigning dedicated staff for medium to long-term periods, we strive to employ the people who are best suited to our customers' needs. In addition, development success hinges on boosting the motivation of individual engineers.

Furthermore, under this business model we principally invoice customers based on the number of personnel and their individual cost per month, so the number of engineers supplied to clients and their individual cost per month affects sales significantly. An increase in the number of engineers and rises in unit prices due to enhanced development efficiency contributed to higher sales during the first half under review.

Sales in the IT off-shore development business totaled 609 million yen, and the segment profit was 45 million yen.

(2) Explanation of Financial Position

Assets

Total assets at the end of the second quarter increased 1,614 million yen from the end of the previous fiscal year to 3,678 million yen. This was mainly because of increases of 1,413 million yen in cash and deposits, 152 million yen in accounts receivable-trade, and 33 million yen in software.

Liabilities

Total liabilities increased 83 million yen to 1,750 million yen. This was mainly due to increases of 46 million yen in other current liabilities and 118 million yen in notes and accounts payable-trade, and a decrease of 99 million yen in short-term loans payable.

Net Assets

Total net assets increased 1,530 million yen to 1,928 million yen, mainly because of a 1,356 million yen increase in capital stock and other items due to capital increase.

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

There are no revisions to the consolidated forecast for the fiscal year ending September 30, 2016 that was announced on March 31, 2016. Forecasts of future performance are based on information available at the time this report was prepared. Actual performance may differ from the forecast depending on various factors.

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

Not applicable.

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

Calculation of tax expense

The tax expenses were calculated by first estimating the effective tax rate after the application of tax effect accounting with respect to profit before income taxes during the fiscal year, and multiplying that rate by the quarterly profit before income taxes.

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

Changes in Accounting Policies

Effective from the first quarter of the current fiscal year, the Company has adopted the “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013) and other standards. In association with these changes, the presentation of net income has been revised and the minority interests item has been renamed non-controlling interests. For consistency with these changes, the consolidated financial statements for the previous fiscal year have been revised.

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

(Thousands of yen)

	FY9/15 (As of Sep. 30, 2015)	Second quarter of FY9/16 (As of Mar. 31, 2016)
Assets		
Current assets		
Cash and deposits	638,984	2,052,493
Notes and accounts receivable-trade	609,909	762,451
Merchandise and finished goods	75,460	41,965
Deferred tax assets	16,558	17,240
Accounts receivable-other	100,290	109,121
Other	80,084	150,997
Allowance for doubtful accounts	(329)	(236)
Total current assets	1,520,957	3,134,035
Non-current assets		
Property, plant and equipment		
Buildings, net	33,347	26,504
Vehicles, net	382	303
Tools, furniture and fixtures, net	26,954	21,163
Total property, plant and equipment	60,684	47,971
Intangible assets		
Goodwill	40,619	34,367
Software	113,981	147,008
Total intangible assets	154,600	181,375
Investments and other assets		
Investment securities	3,900	3,900
Shares of subsidiaries and associates	10,000	-
Deferred tax assets	5,021	4,803
Guarantee deposits	303,777	300,724
Claims provable in bankruptcy, claims provable in rehabilitation and other	41,882	40,508
Other	5,245	5,574
Allowance for doubtful accounts	(41,882)	(40,508)
Total investments and other assets	327,943	315,002
Total non-current assets	543,229	544,349
Total assets	2,064,186	3,678,384

	(Thousands of yen)	
	FY9/15 (As of Sep. 30, 2015)	Second quarter of FY9/16 (As of Mar. 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	668,841	787,313
Short-term loans payable	325,108	225,133
Accounts payable-other	215,062	240,320
Accrued expenses	68,110	74,621
Income taxes payable	72,372	79,555
Provision for bonuses	43,428	16,548
Provision for point card certificates	763	1,727
Current portion of long-term loans payable	18,204	18,204
Forward exchange contracts	1,596	7,465
Other	73,298	119,552
Total current liabilities	1,486,786	1,570,442
Non-current liabilities		
Long-term loans payable	99,778	90,676
Long-term guarantee deposited	80,387	89,258
Total non-current liabilities	180,165	179,934
Total liabilities	1,666,952	1,750,377
Net assets		
Shareholders' equity		
Capital stock	215,000	893,497
Capital surplus	20,000	698,497
Retained earnings	104,548	264,452
Total shareholders' equity	339,548	1,856,447
Accumulated other comprehensive income		
Deferred gains or losses on hedges	(1,075)	(4,994)
Foreign currency translation adjustment	3,093	(1,464)
Total accumulated other comprehensive income	2,018	(6,458)
Non-controlling interests	55,668	78,019
Total net assets	397,234	1,928,007
Total liabilities and net assets	2,064,186	3,678,384

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

	(Thousands of yen)
	First six months of FY9/16 (Oct. 1, 2015 – Mar. 31, 2016)
Net sales	1,741,161
Cost of sales	328,579
Gross profit	1,412,582
Selling, general and administrative expenses	1,120,574
Operating income	292,008
Non-operating income	
Interest income	401
Gain on reversal of allowance for doubtful accounts	1,374
Other	1,314
Total non-operating income	3,089
Non-operating expenses	
Interest expenses	5,835
Foreign exchange losses	3,116
Listing expenses	18,965
Other	1,237
Total non-operating expenses	29,154
Ordinary income	265,943
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
Income taxes	79,533
Profit	186,635
Profit attributable to non-controlling interests	26,730
Profit attributable to owners of parent	159,904

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

	(Thousands of yen)
	First six months of FY9/16 (Oct. 1, 2015 – Mar. 31, 2016)
Profit	186,635
Other comprehensive income	
Deferred gains or losses on hedges	(3,918)
Foreign currency translation adjustment	(8,937)
Total other comprehensive income	(12,856)
Comprehensive income	173,778
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	151,427
Comprehensive income attributable to non-controlling interests	22,351

(3) Consolidated Statement of Cash Flows

	(Thousands of yen)
	First six months of FY9/16 (Oct. 1, 2015 – Mar. 31, 2016)
Cash flows from operating activities	
Profit before income taxes	266,168
Depreciation	40,827
Increase (decrease) in provision	(26,624)
Interest and dividend income	(401)
Interest expenses	5,835
Listing expenses	18,965
Loss (gain) on sales of property, plant and equipment	(224)
Decrease (increase) in notes and accounts receivable-trade	(112,249)
Decrease (increase) in inventories	33,494
Increase (decrease) in notes and accounts payable-trade	118,471
Decrease (increase) in guarantee deposits	1,684
Increase (decrease) in long-term guarantee deposits received	8,871
Decrease (increase) in other asset	(82,681)
Increase (decrease) in other liability	35,144
Subtotal	<u>307,281</u>
Interest and dividend income received	401
Interest expenses paid	(6,324)
Income taxes paid	(72,225)
Net cash provided by (used in) operating activities	<u>229,133</u>
Cash flows from investing activities	
Purchase of property, plant and equipment	(13,413)
Proceeds from sales of property, plant and equipment	1,034
Purchase of intangible assets	(47,025)
Net cash provided by (used in) investing activities	<u>(59,404)</u>
Cash flows from financing activities	
Net increase (decrease) in short-term loans payable	(98,511)
Repayments of long-term loans payable	(9,102)
Proceeds from issuance of common shares	1,356,994
Payments for IPO-related expenses	(1,090)
Net cash provided by (used in) financing activities	<u>1,248,290</u>
Effect of exchange rate change on cash and cash equivalents	(4,510)
Net increase (decrease) in cash and cash equivalents	<u>1,413,508</u>
Cash and cash equivalents at beginning of period	608,984
Cash and cash equivalents at end of period	<u>2,022,493</u>

(4) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Evolable Asia has received payments for the third-party allocation from Fenox Venture Company IX, L.P, Fenox Venture Company VIII, L.P. and Fenox Venture Company III, L.P. on October 29, 2015. Accordingly, capital stock and legal capital surplus increased 165 million yen each.

The Company listed its shares on the Mothers market of the Tokyo Stock Exchange on March 31, 2016. In line with this listing, 620,000 new shares were issued in a paid-in capital allocation by general public offering (offering using the book building method) with March 30, 2016, as the payment date, and capital stock and legal capital surplus increased 513 million yen each.

As a result, capital stock and legal capital surplus totaled 893 million yen and 698 million yen, respectively as of the end of the second quarter of the fiscal year ending September 30, 2016.

Segment and Other Information

Segment Information

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

1. Information related to net sales and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amounts shown on the quarterly consolidated statement of income (Note 2)
	Online Travel Agency Business	IT Off-shore Development Business	Other businesses	Total		
Net sales						
External sales	1,189,502	547,880	3,779	1,741,161	-	1,741,161
Inter-segment sales or transfers	-	62,083	-	62,083	(62,083)	-
Total	1,189,502	609,963	3,779	1,803,244	(62,083)	1,741,161
Segment profit (loss)	430,583	45,349	(42)	475,889	(183,881)	292,008

Notes: 1. The adjustment of -183,881 thousand yen to segment profit (loss) includes corporate expenses which mainly consist of general and administrative expenses that cannot be attributed to reportable segments.

2. Segment profit (loss) is adjusted to be consistent with operating income shown on the quarterly consolidated statement of income.

Material Subsequent Events

Capital increase through third-party allocation (third-party allocation for a secondary offering using over-allotment)

At Board of Directors meetings on February 26, 2016, and March 10, 2016, Evolvable Asia resolved to issue new shares in a third-party allocation in relation to the sale of the Company's shares through over-allotment by allottee SBI Securities Co., Ltd. (sale of 149,500 shares of the Company's common stock borrowed from a stock lender). Payment was concluded on May 9, 2016.

- (1) Type and number of shares issued: 149,500 shares of common stock
- (2) Allocation price: 1,656 yen per share
- (3) Payment amount: 1,411 yen per share
(Total paid-in amount based on the Companies Act)
- (4) Amount incorporated into capital stock: 828 yen per share
- (5) Total allocation price: 247,572,000 yen
- (6) Total amount incorporated into capital stock: 123,786,000 yen
- (7) Payment date: May 9, 2016
- (8) Use of proceeds:

Evolvable Asia expects to use these proceeds for employment and training expenditures in line with its plans 1) for system investment in development of its proprietary websites in order to expand its business, 2) for Web marketing and other advertising expenditure to raise brand recognition and awareness on its proprietary websites in order to attract new clients and 3) to secure the personnel needed to support the above-mentioned website development and advertising activities.

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.