

JAPAN ASIA INVESTMENT COMPANY, LIMITED

Consolidated Financial Statements

(Unaudited)

For the six-months ended September 30, 2009 and 2010,
and the year ended March 31, 2010

Consolidated Summary (Unaudited)

For the six months ended September 30, 2009, 2010 and the year ended March 31, 2010

	30-Sep		30-Sep		31-Mar		30-Sep	
	2009		2010		2010		2010	
					Millions of yen		Thousands of U.S. dollars (Note 5)	
Results of Operations:								
Total operating revenues	¥	5,367	¥	5,659	¥	8,474	\$	67,514
Gross profit (loss)		(2,561)		1,987		(8,166)		23,715
Operating profit (loss)		(4,591)		813		(11,710)		9,705
Loss before income taxes and minority interest		(4,476)		(200)		(12,898)		(2,394)
Net loss		(3,766)		(252)		(10,889)		(3,007)
Financial Position:								
Total assets		68,009		54,457		59,208		649,698
Total liabilities		46,658		41,036		44,266		489,576
Total net assets		21,351		13,421		14,942		160,121
Equity ratio (%)	%	15.9	%	8.1	%	8.7	%	
Per Share:								
Net loss:								
Basic	¥	(31.95)	¥	(2.14)	¥	(92.38)	\$	(0.026)
Diluted		-		-		-		-
Shareholders' equity		91.66		37.51		43.94		0.448
Cash dividends		-		-		-		-
Ratios (%):								
Return on equity	%	-	%	-	%	-	%	-
Return on total assets	%	-	%	-	%	-	%	-

Notes: U.S. dollar amounts are converted, for convenience only, at the rate of ¥83.82=US\$1, the rate of exchange prevailing at September 30, 2010.

Consolidated Financial Statements

Consolidated Balance Sheets (Unaudited)

At September 30, 2009, 2010 and March 31, 2010

	At September 30 2009	At September 30 2010	At March 31 2010	At September 30 2010
	Millions of yen			Thousands of U.S. dollars (Note 5)
Assets				
Current assets:				
Cash and deposits (Notes 8 and 16)	¥16,520	¥16,727	¥15,535	\$199,563
Marketable securities (Notes 6 and 16)	127	102	105	1,223
Commercial loans	1,590	712	758	8,501
Allowance for doubtful accounts	(25)	(16)	(13)	(193)
	1,565	696	745	8,308
Operational investment securities (Notes 6, 7, 8 and 15)	55,070	43,599	50,313	520,151
Allowance for possible investment losses (Note 7)	(11,488)	(9,778)	(12,495)	(116,665)
	43,582	33,820	37,818	403,486
Other current assets	761	411	544	4,907
Total current assets	62,555	51,757	54,747	617,488
Non-operational investments (Notes 6, 8 and 15)	4,041	1,597	2,815	19,058
Allowance for possible investment losses	-	(0)	(4)	(0)
Property and equipment (Notes 11 and 15)	669	89	499	1,065
Deferred tax assets	7	6	4	71
Claims provable in bankruptcy, claims provable in rehabilitation and other (Note 8)	-	1,584	1,800	18,897
Allowance for doubtful accounts	-	(836)	(960)	(9,984)
Goodwill	-	91	103	1,093
Other assets	737	168	202	2,008
Total assets	¥68,009	¥54,457	¥59,208	\$649,698
Liabilities and Net Assets				
Current liabilities:				
Current portion of long-term borrowings (Notes 8, 10 and 15)	¥184	¥4,944	¥982	\$58,989
Lease obligations (Note 11)	-	-	0	-
Accrued income taxes	272	77	279	926
Accrued expenses and other current liabilities (Notes 9)	936	1,327	1,022	15,835
Allowance for bonuses	3	1	2	18
Deferred tax liabilities	0	0	0	4
Provision for losses on business restructuring	8	221	246	2,641
Total current liabilities	1,403	6,572	2,533	78,416
Convertible notes (Notes 8 and 10)	4,146	1,420	3,176	16,941
Long-term borrowings (Notes 8, 10 and 15)	39,758	31,918	37,275	380,793
Lease obligations (Note 11)	-	-	1	-
Deferred tax liabilities	1	1	1	12
Accrued retirement benefits	309	279	279	3,339
Deposits received from silent partnership	728	710	719	8,481
Other liabilities (Notes 9)	313	133	279	1,591
Total liabilities	46,658	41,036	44,266	489,576
Commitments and contingent liabilities				
Net assets:				
Common stock				
Authorized: 375,362,000 shares				
Issued: 119,993,475 shares	27,166	27,166	27,166	324,102
Accumulated deficits	(10,631)	(18,006)	(17,754)	(214,826)
Treasury stock (2,122,586 shares)	(415)	(415)	(415)	(4,954)
Total shareholders' equity	16,120	8,744	8,996	104,321
Unrealized net loss on investments	(3,545)	(2,613)	(2,137)	(31,177)
Loss on deferred hedges (Note 9)	-	(1)	(9)	(23)
Foreign currency translation adjustments	(1,771)	(1,707)	(1,670)	(20,369)
Total revaluation and translation adjustments	(5,316)	(4,322)	(3,817)	(51,569)
Stock acquisition rights	-	5	-	68
Minority interests	10,547	8,994	9,763	107,302
Total net assets	21,351	13,421	14,942	160,121
Total liabilities and net assets	¥68,009	¥54,457	¥59,208	\$649,698

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Income (Unaudited)

For the six months ended September 30, 2009, 2010, 2010 and the year ended March 31, 2010

	At September 30 2009	At September 30 2010	March 31 2010	At September 30 2010
	Millions of yen			Thousands of U.S. dollars (Note 5)
Operating revenues:				
Revenues from operational investment securities (Note 7)	¥4,276	¥5,040	¥6,974	\$60,129
Investment funds' management fees	663	375	905	4,477
Consultancy fees	63	49	52	594
Commercial loan interest	62	39	109	473
Other	303	154	431	1,840
Total operating revenues	5,367	5,659	8,474	67,514
Operating costs:				
Cost of operational investment securities (Note 7)	7,750	3,562	16,046	42,506
Financial costs	59	29	111	357
Other	119	78	482	934
Total operating costs	7,928	3,671	16,640	43,798
Gross profit (loss)	(2,561)	1,987	(8,166)	23,715
Selling, general and administrative expenses	2,030	1,174	3,544	14,009
Operating profit (loss)	(4,591)	813	(11,710)	9,705
Other income (expenses):				
Interest income	13	5	23	63
Interest expense	(536)	(454)	(1,003)	(5,423)
Dividend income	64	37	84	442
Gain on retirement by purchase of convertible notes	918	374	1,289	4,465
Commission expenses	(47)	-	(47)	-
Exchange losses, net	(95)	(164)	(121)	(1,960)
Equity in earnings (losses) of affiliates	(6)	2	(3)	33
Net gains on hedge trading	44	49	82	596
Losses on business restructuring (Note 13)	(232)	-	(578)	-
Impairment loss on fixed assets (Note 12)	-	(61)	(155)	(728)
Loss on devaluation of non-operational investment securities	(40)	(666)	(872)	(7,952)
Net gains (losses) on sales of non-operational investment securities	-	(278)	80	(3,327)
Cancellation Income	-	80	-	954
Reversal of allowance for doubtful accounts	-	6	-	80
Other, net	23	46	18	557
Total other income (loss)	106	(1,022)	(1,205)	(12,199)
Loss before income taxes, distribution of net loss on silent partnership and minority interests	(4,485)	(208)	(12,916)	(2,493)
Distribution of net gain (loss) on silent partnership	(9)	(8)	(17)	(98)
Loss before income taxes and minority interests	(4,476)	(200)	(12,898)	(2,394)
Income taxes				
Current	149	(28)	189	(337)
Deferred	(1)	1	(0)	15
Minority interests in losses of consolidated subsidiaries	(858)	(24)	(2,198)	(290)
Net loss	¥(3,766)	¥(252)	¥(10,889)	\$(3,007)
	Yen			
Per share:				
Net loss:				
Basic	¥(31.95)	¥(2.14)	¥(92.38)	\$(0.026)
Diluted	-	-	-	-
Net assets	¥91.66	¥37.51	¥43.94	\$0.448
Cash dividends	-	-	-	-

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Changes in Net Assets (Unaudited)

													Millions of yen
	Number of shares of common stock	Shareholders' equity				Revaluation and translation adjustments							Total net assets
		Common stock	Additional paid-in capital	Retained earnings (accumulated deficits)	Treasury stock	Total shareholders' equity	Unrealized net gain (loss) on investments	Gain (Loss) on deferred hedges	Foreign currency translation adjustments	Total revaluation and translation adjustments	Stock acquisition rights	Minority interests in consolidated subsidiaries	
Balance at March 31, 2009	119,993,475	¥27,166	¥23,472	¥(30,337)	¥(415)	¥19,886	¥(4,379)	¥-	¥(1,725)	¥(6,104)	¥-	¥11,422	¥25,204
Net loss for the year ended March 31, 2010	-	-	-	(10,889)	-	(10,889)	-	-	-	-	-	-	(10,889)
Elimination of accumulated deficits through reduction of additional paid-in capital	-	-	(23,471)	23,471	-	-	-	-	-	-	-	-	-
Purchase of treasury stock	-	-	-	-	(0)	(0)	-	-	-	-	-	-	(0)
Unrealized net loss on investments	-	-	-	-	-	-	2,240	-	-	2,240	-	-	2,240
Loss on deferred hedges	-	-	-	-	-	-	-	(9)	-	(9)	-	-	(9)
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	54	54	-	-	54
Minority interests in consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,658)	(1,658)
Balance at March 31, 2010	119,993,475	¥27,166	¥-	¥(17,754)	¥(415)	¥8,996	¥(2,137)	(¥9)	¥(1,670)	¥(3,817)	¥-	¥9,763	¥14,942
Net loss for the year ended September 30, 2010	-	-	-	(252)	-	(252)	-	-	-	-	-	-	(252)
Purchase of treasury stock	-	-	-	-	(0)	(0)	-	-	-	-	-	-	(0)
Unrealized net loss on investments	-	-	-	-	-	-	(476)	-	-	(476)	-	-	(476)
Gain on deferred hedges	-	-	-	-	-	-	-	7	-	7	-	-	7
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	(36)	(36)	-	-	(36)
Stock acquisition rights	-	-	-	-	-	-	-	-	-	-	5	-	5
Minority interests in consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(789)	(789)
Balance at September 30, 2010	119,993,475	¥27,166	¥-	¥(18,006)	¥(415)	¥8,744	¥(2,613)	¥(1)	¥(1,707)	¥(4,322)	¥5	¥8,994	¥13,421

													Thousands of U.S. dollars (Note 5)
	Number of shares of common stock	Shareholders' equity				Revaluation and translation adjustments							Total net assets
		Common stock	Additional paid-in capital	Accumulated deficits	Treasury stock	Total shareholders' equity	Unrealized net loss on investments	Gain on deferred hedges	Foreign currency translation adjustments	Total revaluation and translation adjustments	Stock acquisition rights	Minority interests in consolidated subsidiaries	
Balance at March 31, 2010	119,993,475	\$324,102	\$-	\$(211,819)	\$(4,953)	\$107,329	\$(25,497)	\$(110)	\$(19,932)	\$(45,540)	\$-	\$116,481	\$178,270
Net loss for the year ended September 30, 2010	-	-	-	(3,007)	-	(3,007)	-	-	-	-	-	-	(3,007)
Purchase of treasury stock	-	-	-	-	(1)	(1)	-	-	-	-	-	-	(1)
Unrealized net loss on investments	-	-	-	-	-	-	(5,679)	-	-	(5,679)	-	-	(5,679)
Gain on deferred hedges	-	-	-	-	-	-	-	86	-	86	-	-	86
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	(436)	(436)	-	-	(436)
Stock acquisition rights	-	-	-	-	-	-	-	-	-	-	68	-	68
Minority interests in consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(9,179)	(9,179)
Balance at September 30, 2010	119,993,475	\$324,102	\$-	\$(214,826)	\$(4,954)	\$104,321	\$(31,177)	\$(23)	\$(20,369)	\$(51,569)	\$68	\$107,302	\$160,121

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Cash Flows (Unaudited)

For the six months ended September 30, 2009, 2010 and the year ended March 31, 2010

	For the six months periods ended			
	September 30 2009	September 30 2010	March 31 2010	September 30 2010
	Millions of yen			Thousands of U.S. dollars (Note 5)
Cash flows from operating activities:				
Loss before income taxes and other adjustments	¥ (4,476)	¥ (200)	¥ (12,898)	\$ (2,394)
Depreciation and amortization	15	13	30	158
Impairment loss on fixed assets	-	61	155	728
(Decrease) increase in allowance for possible investment losses	1,391	(2,000)	1,077	(23,872)
(Decrease) increase in provision for business restructuring	(234)	(25)	65	(304)
Gain on hedge trading	(44)	(49)	(82)	(596)
Decrease in allowance for doubtful accounts	(19)	(98)	(767)	(1,178)
Decrease in allowance for bonuses	(5)	(0)	(5)	(4)
Increase (decrease) in provision for employees' accrued retirement benefits	(5)	0	(34)	3
Interest and dividend income	(72)	(39)	(98)	(473)
Interest expenses	522	438	975	5,235
Equity in (earnings) losses of affiliates	6	(2)	4	(30)
Loss and gain on sales of non-operational investment securities	(1)	278	(80)	3,327
Loss on devaluation of non-operational investment securities	40	666	872	7,952
Loss on devaluation of operational investment securities	424	312	2,328	3,726
Decrease in operational investment securities	4,150	4,550	9,487	54,291
Decrease in commercial loans	57	51	888	609
Increase in claims provable in bankruptcy, claims provable in rehabilitation	-	-	660	-
Gain on retirement by purchase of convertible notes	(918)	(374)	(1,289)	(4,465)
Payment for purchase of investment funds	(858)	(105)	(1,831)	(1,260)
Dividends from investment funds	1,626	927	2,402	11,065
Increase (decrease) in minority interests of investment funds	718	(19)	2,275	(236)
Other	749	427	506	5,096
Subtotal	3,066	4,809	4,642	57,377
Interest and dividend income received	73	39	99	471
Interest paid	(506)	(448)	(795)	(5,350)
Income taxes paid	(32)	(228)	(59)	(2,723)
Income taxes refunded	160	-	163	-
Net cash provided by operating activities	2,761	4,172	4,051	49,773
Cash flows from investing activities:				
Payment for purchase of property and equipment	(59)	(2)	(66)	(23)
Proceeds from sales of property and equipment	-	332	1	3,963
Payment for purchase of intangible fixed assets	-	-	(0)	-
Payment for purchase of non-operational investments	(72)	(0)	(144)	(11)
Proceeds from sales of non-operational investments	183	906	449	10,820
Proceeds from liquidation of investment securities	-	-	52	-
Increase in time deposits, net	135	327	(174)	3,903
Proceeds from repayment of deposits	98	16	266	192
Deposits paid for office rental	(117)	(4)	(156)	(56)
Decrease in other investments and other assets	(1)	-	-	-
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	-	64	-	765
Other	-	2	2	30
Net cash provided by investing activities	167	1,641	229	19,584
Cash flows from financing activities:				
Increase in short-term borrowings, net	-	(126)	-	(1,506)
Increase in long-term borrowings	5,529	443	5,987	5,287
Repayment of long-term borrowings	(1,816)	(1,837)	(3,959)	(21,925)
Payment for redemption of bonds	(4,604)	-	(4,603)	-
Payments for retirement by purchase of convertible notes	(936)	(1,381)	(1,534)	(16,484)
Cash dividends paid	(10)	(1)	(10)	(12)
Cash dividends paid to minority stockholders	(5)	(37)	(4)	(450)
Payment for acquisition of treasury stock	(0)	(0)	(0)	(1)
Repayments of lease obligations	(0)	(0)	(0)	(4)
Other	(0)	0	(0)	0
Net cash used in financing activities	(1,842)	(2,941)	(4,126)	(35,098)
Effect of exchange rate changes on cash and cash equivalents	41	(29)	17	(346)
Net increase in cash and cash equivalents	1,127	2,842	171	33,912
Cash and cash equivalents at beginning of year	8,159	8,330	8,158	99,380
Cash and cash equivalents at end of year (Note 16)	¥ 9,286	¥ 11,172	¥ 8,330	\$ 133,293

The accompanying notes are an integral part of these financial statements.

Notes to the Consolidated Financial Statements (Unaudited)

1. Basis of Presenting the Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared based on the accounts maintained by Japan Asia Investment Company, Limited (the “Company”), and its consolidated subsidiaries (together, hereinafter referred to as the “Companies”), in accordance with the provisions set forth in the Financial Instruments and Exchange Law and in conformity with accounting principles generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Accounting Standards.

The notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented as additional information.

Certain items presented in the consolidated financial statements submitted to the Director of the Kanto Finance Bureau in Japan have been reclassified for the convenience of readers outside Japan.

In addition, certain reclassifications have been made to the prior year’s consolidated financial statements to conform to the current year’s presentation.

2. Consolidation and Investments in Affiliates

The consolidated financial statements include the accounts of the Company and those of its subsidiaries over which it has control. All significant intercompany transactions and accounts and unrealized intercompany profits are eliminated on consolidation. The excess of the cost over the underlying net equity of investments in subsidiaries is recognized as goodwill and is basically amortized on a straight-line basis over a five-year period.

Investments in affiliates in which the Company has significant influence are accounted for based on the equity method. Consolidated net income includes the Company’s equity in current earnings after elimination of unrealized intercompany profits.

3. Significant Accounting Policies

(1) Valuation standard and method of accounting for securities

1. Other securities (Marketable securities, Operational investment securities and Non-operational investments)

Other securities for which market quotations are available are stated at fair value. Net unrealized gains or losses on these securities are reported as a separate component of net assets at a net-of-tax amount. On the other hand, other securities for which market quotations are unavailable are stated at cost. Cost of securities sold is determined by the moving average method.

2. Investment funds

With respect to the investment funds which are managed and operated by the Companies and the investment funds which are managed and operated by the third party and which are consolidated subsidiaries, the Company includes its equity in net assets, revenues and expenses of the funds in its consolidated financial statements using the financial statements of the funds as of and for the six months period ended September 30, 2010. In cases where third party manages the investment funds which are not consolidated subsidiaries, the Company includes its equity in net assets, revenues and expenses of the funds based on the recent available information in “Operational investment funds”, “Operating revenues” and “Operating costs”, respectively in its consolidated financial statements.

(2) Derivatives

Derivative transactions are stated at fair value.

(3) Depreciation method for material depreciable assets

1. Property and equipment

Depreciation of property and equipment is mainly calculated by the declining-balance method.

The useful lives adopted for major assets are as follows:

Buildings	7 – 39 years
Vehicles and equipment	4 – 15 years

2. Software (Other assets)

Software used by the Companies is depreciated by the straight-line method based on estimated useful lives (5 years) determined by the Companies.

(4) Accounting standard for allowances

1. Allowance for possible investment losses

An "allowance for possible investment losses" is provided for the amount of possible losses from operational and non-operational investments estimated to be incurred based on the status of the investees.

2. Allowance for doubtful accounts

The balance of allowance for doubtful accounts consists of a general reserve and a specific reserve. The general reserve is provided based upon past loss experience. The specific reserve is provided to cover possible losses estimated on an individual account basis.

3. Allowance for bonuses

Allowance for bonuses is provided for bonuses linked to operating results at the estimated amounts of payments.

4. Accrued retirement benefits

Accrued retirement benefits for employees are reserved at 100% of the liabilities the Company would be required to pay if all eligible employees voluntarily terminated their employment at the balance sheet date.

Accrued retirement benefits for directors are provided at an amount equivalent to 100% of the liabilities the Company would be required to pay if all eligible directors retired at the balance sheet date, as determined by the Company's internal rules.

At the ordinary meeting of shareholders held in June 2004, the Company abolished the internal rules on retirement benefits for directors. The amount of accrued retirement benefits for directors as at June 2004 will be kept. No additional allowance has been made since July 2004.

5. Provision for losses on business restructuring

A Provision for losses on business restructuring is provided for estimated probable losses from business restructuring.

(5) Foreign currency transactions

All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The resulting translation gains and losses are included in the determination of the net income for the year.

The balance sheet accounts of consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rates as of the balance sheet date except for shareholders' equity, which is translated at the historical rate. Revenue and expense accounts are translated at the current rate of exchange in effect during the year. Differences are shown as "foreign currency transaction adjustments" as a separate component of net assets.

(6) Leases

Finance leases which do not transfer ownership of the leased assets to the lessee, except for those entered into on or before March 31, 2008 which are accounted for by a method similar to that applicable to ordinary operating lease transactions, are accounted for by a method similar to that applicable to ordinary sale and purchase transactions.

(7) Derivatives and hedging activities

1. Hedge accounting method

Derivative financial instruments are carried at fair value with changes in unrealized gain or loss charged or credited to operations, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred as a component of net assets.

Interest rate swap agreements which qualify for hedge accounting and meet specific certain hedging criteria are not remeasured at market value, but the differential to be paid or received under the interest rate swap agreements is added to or deducted from the interest on the hedged items.

If receivable and payables denominated in foreign currencies are hedged by forward foreign exchange contracts, the

receivables and payables are translated at the contracted rates instead of carrying the forward foreign exchange contracts at fair value.

2. Hedging instruments and hedged items

Hedging instruments

Forward foreign exchange contracts

Interest rate swap agreements

Hedged items

Receivables and payables denominated in foreign currencies

Borrowings

3. Hedging policy

Forward foreign exchange contracts and interest rate swap agreements are used to manage risks arising from fluctuations in foreign currency exchange rates and interest rates, respectively.

4. Method of assessment of hedge effectiveness

The Company assesses the effectiveness of hedging activities by reference to the cumulative change in cash flow or market value of the hedging instruments and the related hedged items.

(8) Deferred Charges

1. Stock-issuance expenses are charged to expenses as incurred.
2. Bond-issuance expenses are charged to expenses as incurred.

(9) Valuation of assets and liabilities of consolidated subsidiaries

Valuation of assets and liabilities of consolidated subsidiaries is based on full fair value accounting method.

(10) Accounting for consumption tax

The tax-exclusion method is adopted for the accounting of consumption tax.

(11) Cash and cash equivalents

Cash and cash equivalents in the consolidated cash flow statements consists of cash on hand, deposits that can be readily withdrawn and short-term investments that are easily converted into cash, and that are subject to minimal risk from fluctuations in value and mature within three months from the date of acquisition.

4. Accounting Changes

Effective from the first-quarter period of the current consolidated fiscal year, the Company adopted the Accounting Standard for Asset Retirement Obligations (ASBJ Statement No.18, March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No.21, March 31, 2008).

The impact of this change is negligible.

5. U.S. Dollar Amounts

The U.S. dollar amounts included in the consolidated financial statements and notes have been translated from Japanese yen to U.S. dollars at the rate of ¥83.82=US\$1, the rate of exchange prevailing at September 30, 2010.

The inclusion of such dollar amounts is solely for convenience and is not intended to imply that yen amounts have been or could be converted, realized or settled in U.S. dollars at this or at any other rate.

6. Marketable Securities, Operational Investment Securities and Non-Operational Investments (Unaudited)

The carrying amount and aggregate fair value of securities classified as other securities at September 30, 2009, 2010 and March 31, 2010 were as follows:

	At September 30 2009			
	Millions of yen			
	Cost	Unrealized gains	Unrealized losses	Fair value
Equity securities	¥4,549	¥780	¥737	¥4,591
Debt securities and others	705	2	130	577

	At September 30 2010			
	Millions of yen			
	Cost	Unrealized gains	Unrealized losses	Fair value
Equity securities	¥2,033	¥249	¥269	¥2,014
Debt securities and others	1,410	-	160	1,250

	At March 31 2010			
	Millions of yen			
	Cost	Unrealized gains	Unrealized losses	Fair value
Equity securities	¥4,167	¥731	¥1,111	¥3,787
Debt securities and others	1,529	7	130	1,406

	At September 30 2010			
	Thousands of U.S. dollars			
	Cost	Unrealized gains	Unrealized losses	Fair value
Equity securities	\$24,263	\$2,981	\$3,217	\$24,027
Debt securities and others	16,824	-	1,909	14,914

The following securities are not included in the above table because there were no quoted market prices available and they are extremely difficult to determine the fair value:

	At September 30 2009	At September 30 2010	At March 31 2010	At September 30 2010
	Book value	Book value	Book value	Thousands of U.S.dollars Book value
Unlisted corporate shares	¥50,267	¥38,833	¥45,448	\$463,286
Unlisted corporate bonds and other	3,337	2,771	2,056	33,059
Total	¥53,604	¥41,604	¥47,505	\$496,345

7. Operational Investment Securities (Unaudited)

Operational investment securities of the Companies at September 30, 2009, 2010, and at March 31, 2010 consist of the following:

	At September, 30	At September, 30	At March, 31	At September, 30
	2009	2010	2010	2010
	Millions of yen			Thousands of U.S. dollars
Corporate shares	¥26,181	¥17,483	¥22,303	\$208,588
Convertible bonds	1,060	729	1,033	8,702
Bonds with warrants	20	20	20	238
Equity interests in investment funds	19,349	18,552	19,304	221,343
Operational investment funds	2,971	2,549	2,758	30,416
Other	5,488	4,263	4,893	50,861
Allowance for possible investment losses	(11,488)	(9,778)	(12,495)	(116,665)
	¥43,582	¥33,820	¥37,818	\$403,487

The changes in allowance for possible investment losses for the six-months period ended September 30, 2009 and 2010, the year ended March 31, 2010 are summarized as follows:

	At September, 30	At September, 30	At March, 31	At September, 30
	2009	2010	2010	2010
	Millions of yen			Thousands of U.S. dollars
Balance at beginning of year	¥9,606	¥12,495	¥9,606	\$149,081
Investment losses written-off against the allowance	1,336	2,929	3,515	34,945
Reversal of allowance for possible investment losses	6	219	167	2,614
Provision for allowance for possible investment losses	3,224	431	6,573	5,144
Balance at end of year	¥11,488	¥9,778	¥12,495	\$116,665

Income accounts relating to operational investment securities are analyzed below:

	At September, 30	At September, 30	At March, 31	At September, 30
	2009	2010	2010	2010
	Millions of yen			Thousands of U.S. dollars
Revenues from operational investment securities:				
Proceeds of sales of securities	¥3,889	¥4,780	¥6,511	\$57,037
Dividends and interest	387	259	462	3,091
	¥4,276	¥5,040	¥6,974	\$60,129
Cost of operational investment securities:				
Cost of securities sold	¥3,877	¥2,819	¥6,432	\$ 33,632
Provision for allowance for possible investment losses	3,199	142	6,193	1,694
Investment write-offs	625	576	3,390	6,880
Equity in operational loss of affiliates	49	25	30	299
	¥7,750	¥3,562	¥16,046	\$42,507

Operational investment securities include investments in investment funds of unconsolidated subsidiaries and affiliates amounting to ¥1,811 million and ¥1,398 million (US\$16,690 thousand) at September 30, 2009 and 2010, respectively.

8. Financial Instruments (Unaudited)

Fair Values of Financial Instruments

The table below shows the book value and fair value of financial instruments and the differences between them as of September 30, 2010. Financial instruments whose fair values are very difficult to estimate are not included. (Please refer to Note 2.)

	Millions of Yen			Thousands of U.S. dollars		
	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Cash and deposits	¥16,727	¥16,727	¥ -	\$199,563	\$199,563	\$ -
(2) Operational investment securities and non-operational investments Allowance for possible investment losses (*1)	3,161 (450)			37,718 (5,376)		
	2,710	2,710	-	32,342	32,342	-
(3) Claims provable in bankruptcy, claims provable in rehabilitation and other Allowance for doubtful accounts (*2)	1,584 (836)			18,897 (9,984)		
	747	747	-	8,913	8,913	-
(1) Current portion of long-term borrowings	¥4,944	¥4,944	¥ -	\$58,989	\$58,989	\$ -
(2) Convertible notes	1,420	1,031	(388)	16,941	12,306	(4,634)

(*1) This represents allowance for possible investment losses provided in association with bonds.

(*2) This represent specific reserve for Claims provable in bankruptcy, claims provable in rehabilitation and other.

(Notes)

1. Fair Value Computation Method for Financial Instruments and Other Information on Securities.

Assets

(1) Cash and deposits

Cash and deposits are settled in the short term, and the carrying value approximates the fair value. The carrying value is therefore used as the fair value.

(2) Operational investment securities and non-operational investments

The fair value of operational investment securities and non-operational investments is determined by prices on stock exchanges. With respect to bonds, allowance for possible investment losses are provided based on the credit risks of the debtors. Accordingly, the carrying value less allowance for doubtful accounts approximates the fair value and used as the fair value.

(3) Claims provable in bankruptcy, claims provable in rehabilitation and other

With respect to claims provable in bankruptcy, claims provable in rehabilitation and other, allowance for doubtful accounts is provided based on the credit risks of the debtors. Accordingly, the carrying value less allowance for possible investment losses approximates the fair value and used as the fair value.

Liabilities

(1) Current portion of long-term borrowings

Current portion of long-term borrowings are settled in the short term, and the carrying value approximates the fair value. The carrying value is therefore used as the fair value.

(2) Convertible notes

The fair values of Convertible notes are determined by the average price for retirement by purchase in the past year.

2. Financial Instruments Whose Fair Values Are Very Difficult to Estimate

	Millions of	
	yen	Thousands of U.S.
	Book value	
Unlisted shares and bonds	¥39,571	\$472,096
Investments in partnerships	2,463	29,395
Long-term borrowings	31,918	380,793

(*1) Unlisted shares and bonds have no market values, and their fair values are very difficult to estimate. The fair values are not therefore disclosed.

(*2) Since most partnership assets are unlisted shares and other assets whose fair values are very difficult to estimate, the fair values of investments in partnerships are not disclosed.

(*3) The Company requested all correspondent financial institutions to change the terms and conditions, primarily repayment schedules, of long-term borrowings and obtained their consent on June 24, 2009. Since the future cash flows of long-term borrowings are not determined, their fair values are not disclosed.

9. Derivatives (Unaudited)

The Companies enter into interest rate swap contracts and forward foreign exchange contracts to manage exposure to fluctuation in interest rates on certain liabilities and foreign exchange rates associated with certain assets and liabilities denominated in foreign currencies, respectively.

Accordingly, the market risk of these derivatives is basically offset by corresponding movements in the value of the hedged assets or liabilities.

The Companies do not hold or issue derivatives for speculative purposes. Additionally, since the counterparties to these derivatives are limited to major international financial institutions, the Companies do not anticipate any losses arising from credit risk.

Derivative transactions entered by the Companies have been made in accordance with internal policies which regulate the authorization and credit limit amounts.

Fair Value of Derivative Financial Instruments

The fair value of the Company's derivative financial instruments at September 30, 2009 and 2010 is as follows:

(1) Derivative transaction to which hedge accounting is not applied

				September 30	
				2009	
Notional Amount				Millions of Yen	
Total	Maturing Over One Year	Fair Value		Realized Loss	

Transactions other than those at market

Interest rate swaps:

Receiving at floating interest rate and

paying at fixed interest rate

¥	18,789	¥	18,389	¥	(224)	¥	(224)
¥	18,789	¥	18,389	¥	(224)	¥	(224)

Notes: 1. Fair value and unrealized loss are those provided by the banks with which the Company entered into interest rate swap agreements.

				September 30					
				2010					
Notional Amount				Millions of Yen		Notional Amount		Thousands of U.S. Dollars	
Total	Maturing Over One Year	Fair Value		Realized Loss		Total	Maturing Over One Year	Fair Value	Realized Loss

Transactions other than those at market

Interest rate swaps:

Receiving at floating interest rate and

paying at fixed interest rate

¥	10,874	¥	8,837	¥	(148)	¥	(148)	\$	129,739	\$	105,431	\$	(1,776)	\$	(1,776)
¥	10,874	¥	8,837	¥	(148)	¥	(148)	\$	129,739	\$	105,431	\$	(1,776)	\$	(1,776)

Notes: Fair value and unrealized loss are those provided by the banks with which the Company entered into interest rate swap agreements.

(2) Derivative transactions to which hedge accounting is applied.

				September 30					
				2010					
Notional Amount				Millions of Yen		Notional Amount		Thousands of U.S. Dollars	
Total	Maturing Over One Year	Fair Value		Realized Loss		Total	Maturing Over One Year	Fair Value	Realized Loss

Forward foreign exchange contracts accounted for as part of accounts receivable:

Sell:

USD

¥	534	¥	-	¥	(1)	¥	(1)	\$	6,371	\$	-	\$	(23)	\$	(23)
¥	534	¥	-	¥	(1)	¥	(1)	\$	6,371	\$	-	\$	(23)	\$	(23)

Note: Fair value and unrealized loss are those provided by the banks with which the Company entered into forward foreign exchange contracts.

10. Short-term Borrowings and Long-term Debt (Unaudited)

Long-term debt of the Companies at September 30, 2009, 2010 and March 31, 2010 consisted of the following:

	At September 30		At September 30		At March 31		At September 30	
	2009		2010		2010		2010	
	Millions of Yen						Thousands of U.S. Dollars	
Japanese Yen Convertible Notes due 2011	¥	4,146	¥	1,420	¥	3,176	\$	16,941
Long-term borrowings		39,942		36,862		38,257		439,782
(Current portion of long-term borrowings)		(184)		(4,944)		(982)		(58,989)
	¥	39,758	¥	31,918	¥	37,275	\$	380,793

The Group has made requests to the financial institutions with which it does business to modify the repayment schedule for loans and corporate bonds (private placement bonds). Approval was received on June 24, 2009. Therefore, the aggregate annual maturities of long-term debt has not been defined at September 30, 2010.

11. Accounting for Leases (Unaudited)

Finance leases are accounted for by the method for purchase transactions.

The accounting treatment for finance lease contracts that do not transfer ownership and whose contracts commenced on or before March 31, 2008 follows the same method as for ordinary operating lease transactions. Pro forma information of leased assets under Financial leases where ownership is not transferred and whose start date is prior to the first day of the fiscal year in which the new standards were applied for the six months ended September 30, 2009, 2010 and the year ended March 31, 2010, were as follows:

Lessee

(1) Acquisition Cost, Accumulated Depreciation and Net Balance of Leased Assets

	For the six months ended September, 30			For the six months ended September, 30			For the year ended March, 31			30-Sep
	2009			2010			2010			2010
	Acquisition cost	Accumulated depreciation	Net balance	Acquisition cost	Accumulated depreciation	Net balance	Acquisition cost	Accumulated depreciation	Net balance	Net balance
	Millions of yen			Millions of yen			Millions of yen			Thousands of U.S. dollars
Property and equipment	¥174	¥149	¥26	¥43	¥40	¥2	¥85	¥73	¥11	\$31
Software	41	29	11	21	19	2	40	33	6	31
	¥215	¥178	¥37	¥65	¥59	¥5	¥126	¥107	¥18	\$62

(2) Minimum Lease Payments

	30-Sep	30-Sep	31-Mar	30-Sep
	2009	2010	2010	2010
	Millions of yen			Thousands of U.S. dollars
Minimum lease payments:				
Due within one year	¥33	¥5	¥18	\$65
Due over one year	6	-	0	-
Total minimum lease payments	¥39	¥5	¥19	\$65

(3) Lease Expenses and Depreciation

	30-Sep	30-Sep	31-Mar	30-Sep
	2009	2010	2010	2010
	Millions of yen			Thousands of U.S. dollars
Lease expenses	¥26	¥12	¥30	\$143
Depreciation	25	11	28	135
Interest expenses	1	0	0	1

(4) Method of Computing Depreciation

Depreciation is computed using the straight-line method over the lease periods with no residual value.

(5) Method of Computing Interest

Interest expense related to the leased assets has been calculated by allocating the difference between the pro forma acquisition costs of the leased assets and the total minimum lease payments over the respective lease terms by the interest method.

Lessor

(1) Acquisition Cost, Accumulated Depreciation and Net Balance of Leased Assets

	For the six months ended September, 30			For the six months ended September, 30			For the year ended March, 31			30-Sep
	2009			2010			2010			2010
	Acquisition cost	Accumulated depreciation	Net balance	Acquisition cost	Accumulated depreciation	Net balance	Acquisition cost	Accumulated depreciation	Net balance	Net balance
	Millions of yen			Millions of yen			Millions of yen			Thousands of U.S. dollars
Property and equipment	¥105	¥93	¥12	¥17	¥17	¥0	¥42	¥37	¥4	\$3

(2) Future minimum Lease Income

	30-Sep	30-Sep	31-Mar	30-Sep
	2009	2010	2010	2010
	Millions of yen			Thousands of U.S. dollars
Future minimum leases income:				
Due within one year	¥13	¥0	¥5	\$3
Due over one year	1	-	-	-
Total minimum lease receivables	¥14	¥0	¥5	\$3

(3) Lease Income, Depreciation and Interest Income

	30-Sep	30-Sep	31-Mar	30-Sep
	2009	2010	2010	2010
	Millions of yen			Thousands of U.S. dollars
Lease Income	¥13	¥4	¥9	\$56
Depreciation	12	4	8	50
Interest Income	1	0	0	0

(4) Method of Computing Depreciation

Depreciation is computed using the straight-line method over the lease periods with no residual value.

(5) Method of Computing Interest

Interest income related to the leased assets has been calculated by allocating the difference between the acquisition costs of the leased assets and the total minimum lease income over the respective lease terms by the interest method.

12. Impairment Loss on Fixed Assets (Unaudited)

The Company recognized a loss on impairment for the following group of assets. Impairment loss on fixed assets for the six months ended September 30, 2009, 2010 and the year ended March 31, 2010, were as follows:

	September 30	September 30	For the year ended March 31	September 30
	2009	2010	2010	2010
			Millions of yen	Thousands of U.S. dollars
Idle Properties	-	-		
Land (Hokkaido-Niseko)	-	-	¥7	-
Asset for sale	-	¥61		
Land (Hokkaido-Teine)	-	-	¥90	\$728
Asset for sale	-	-		
Equipment (Tokyo-Honsha)	-	-	¥52	-
Asset to be disposed of	-	-		
Structure (Hokkaido-Teine)	-	-	¥3	-

Impaired these assets are classified into groups by each properties, and impairment losses are applied to any groups. The recoverable amount of idle property and asset for sale are estimated at the net selling price, and valued at an amount calculated reasonably from a third-party appraisal. The recoverable amount of the asset to be disposed of is estimated at the net selling price, and valued at zero. As a result, collective impairment was applied to the book value of Structure at March 31, 2010.

13. Loss on Business Restructuring (Unaudited)

The Company has recorded expenses incurred in relation to business restructuring based on business restructuring plans. In addition, for anticipated future losses, the Company records a reasonably estimated amount as an allowance for loss.

A breakdown of business restructuring expenses for the six months ended September 30, 2009, 2010 and the year ended March 31, 2010, were as follows:

	September 30	September 30	March 31	September 30
	2009	2010	2010	2010
	Millions of yen			Thousands of U.S. dollars
Advisory fee for business restructuring	¥22	¥-	¥25	\$-
Bond redemption costs	82	-	82	-
Additional retirement payment	147	-	231	-
Head office and branch relocation expenses:				
Restoring expense to the original condition	3	-	31	-
Loss on retirement of fixed assets	-	-	17	-
Relocation expense for consolidated subsidiaries and affiliates:				
Loss on retirement of fixed assets	8	-	-	-
Cost related to subsidiarise restructuring	-	-	221	-
Reversal of provision for losses on business restructuring	(30)	-	(30)	-
Loss on business restructuring	¥232	¥-	¥578	\$-

14. Segment Information (Unaudited)

(1) Industrial Segment Information

The Company and its subsidiaries operate principally in two industrial segments:

Investment. . . . Investment and control of investment funds, management consulting and mediation business

Financing. . . . Commercial loans and other financing businesses

The sales of the Company and its subsidiaries for the six months ended September 30, 2009 and the year ended March 31, 2010 classified by industry segment, are summarized as follows:

The Companies are not required to disclose industrial segment information because the aggregate amount of operating revenues, operating profit and assets in the investment segment was more than 90.0% of consolidated operating revenues, operating profit and assets.

(2) Geographic Area Information

	For the six months period ended September 30, 2009				
	Geographic Area			Elimination of common assets	Consolidated total
	Japan	Other areas	Total		
Operating revenues	¥4,887	¥633	¥5,521	¥(154)	¥5,367
Operating costs	9,434	654	10,088	(130)	9,958
Operating loss	¥(4,546)	¥(20)	¥(4,567)	¥(23)	¥(4,590)

Notes: 1. Divisions of country or region are decided based on geographical proximity.
2. Other areas: Far Eastern Asia, Southeast Asia, China, U.S.A, and others

	For the year ended March 31 2010				
	Geographic Area			Elimination of common assets	Consolidated total
	Japan	Other areas	Total		
Operating revenues	¥8,571	¥1,130	¥9,702	¥(1,227)	¥8,474
Operating costs	19,966	1,614	21,581	(1,396)	20,184
Operating loss	¥(11,395)	¥(484)	¥(11,879)	¥168	¥(11,710)
Assets	¥60,268	¥4,394	¥64,663	¥(5,454)	¥59,208

Notes: 1. Divisions of country or region are decided based on geographical proximity.
2. Other areas: Far Eastern Asia, Southeast Asia, China, U.S.A, and others

(3) Foreign Revenue Information

Foreign revenue of the Companies (derived from foreign countries by the Company and its consolidated domestic subsidiaries) for the six-months period ended September 30, 2009 and the years ended March 31, 2010 was as follows:

	For the six months period ended September 30, 2009			
	Geographic Area			Total
	Southeast Asia	China	Other areas	
Overseas sales	¥761	¥545	¥598	¥1,904
Total operating revenues	-	-	-	5,367
Percentage of overseas sales to total operating revenues	14.2%	10.2%	11.1%	35.5%

Notes: 1. Divisions of country or region are decided based on geographical proximity
2. Southeast Asia: Singapore, Malaysia, Thailand and others
Other areas: Far Eastern Asia, Europe, U.S.A. and the surrounding Americas
3. The China division has been being added for connected accounting period of this first quarter along with the stock of Road Way International Limited.

	For the year ended March 31 2010		
	Geographic Area		Total
	Southeast Asia	Other areas	
Overseas sales	¥1,383	¥1,646	¥3,030
Total operating revenues	-	-	8,474
Percentage of overseas sales to total operating revenues	16.3%	19.4%	35.8%

Notes: 1. Divisions of country or region are decided based on geographical proximity
2. Southeast Asia: Singapore, Malaysia, Thailand and Philippines, Indonesia and Vietnam
Other areas: China, Far Eastern Asia, Europe, U.S.A. and so forth

[Segment Information]

For the six-month period ended September 30, 2010, our group was operating a single segment of the investment business, so the segment information is omitted.

(Additional Information)

The "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17 on March 27, 2009)" and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20 on March 21, 2008)" were applied from the first quarter of the year ended March 31, 2011.

15. Assets pledged as Collateral and the Related Debts (Unaudited)

Assets pledged as collateral are as follows:

	At September 30 2009	At September 30 2010	At March 31 2010	At September 30 2010
	Millions of yen			Thousands of U.S. dollars
Operational investment securities	¥2,094	¥1,004	¥1,200	\$11,978
Non-Operational Investments	¥3,281	¥949	¥1,850	\$11,322
Land	¥492	¥24	¥393	\$286
Total	¥5,867	¥1,977	¥3,444	\$23,587

Secured liabilities as follows:

	At September 30 2009	At September 30 2010	At March 31 2010	At September 30 2010
	Millions of yen	Millions of yen	Millions of yen	Thousands of U.S. dollars
Current portion of long-term borrowings	¥—	—	¥125	—
Long-term borrowings	¥936	—	¥412	—
Total	¥936	—	¥538	—

16. Supplementary Cash Flow Information (Unaudited)

Cash and Cash Equivalents at End of Year

Reconciliations of cash and deposits in the consolidated balance sheets and cash and cash equivalents in the consolidated statements of cash flows are as follows:

	September 30		September 30		March 31		September 30	
	2009		2010		2010		2010	
	Millions of yen						Thousands of U.S. dollars	
Cash and deposits	¥	16,520	¥	16,727	¥	15,535	\$	199,563
Marketable securities		127		102		105		1,223
Total	¥	16,647	¥	16,829	¥	15,640	\$	200,786
Time deposits (over three months)	¥	(349)	¥	(264)	¥	(658)	\$	(3,155)
Partnership interests		(7,012)		(5,392)		(6,652)		(64,337)
Cash and cash equivalents	¥	9,286	¥	11,172	¥	8,330	\$	133,293

17. Stock Acquisition rights (Unaudited)

Details of issuance of stock acquisition rights for the six months ended September 30, 2010 were as follows:

1. Object person and number of object persons

Object person	Number of object persons
Directors	4
Employees	91
Total	95

2. Class and number of shares to be issued or transferred upon exercise of stock acquisition right:

1,789,000 shares of common stock

3. Allotment Date

July 21th, 2010

4. Conditions for the exercise of stock acquisition right:

(1) If a person granted with stock acquisition rights (hereinafter, "Grantee") is deceased, only one of his or her heirs at law (hereinafter, "Heir") can assume the right to exercise stock acquisition rights. An heir to the heir of the Grantee may not assume the stock acquisition rights.

(2) In case of any of the followings, the Grantee loses its status as Grantee and will not be able to exercise the stock acquisition rights

(a) If the Grantee loses its status as director, auditor or employee of the Company, excluding due to retirement with the expiration of term of office, mandatory retirement or other justifiable reason

(b) If the Grantee is sentenced to imprisonment or severer penalty

(3) Other conditions shall be as provided in the Stock Acquisition Rights Allotment Agreement that is to be executed between the Company and the Grantee in accordance with resolutions adopted by the Ordinary Shareholders' Meeting and the Board of Directors of the Company.

5. Period during which the Grantee provide service in return for stock acquisition right:

from July 21, 2010, to July 21, 2012

6. Period during which stock acquisition rights may be exercised

from July 22, 2012, to July 21, 2015

7. Paid-in value

¥58

8. Fair value at the date of grant

¥33