

Financial Results Overview for the 3rd Quarter Ended December 31, 2010

Japan Asia Investment Co., Ltd.
(TSE 8518)

Announcement: February 4th, 2011

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1. Management Environment

Management Environment



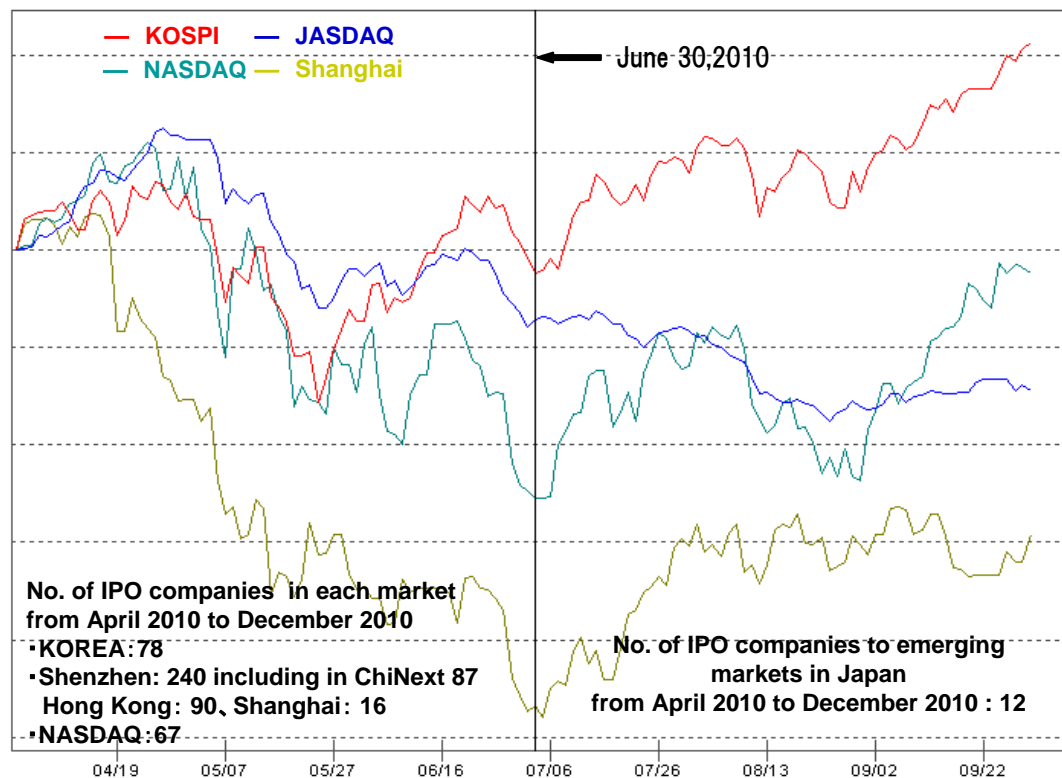
● Stock Market

After April 2010 main stock markets in the world recovered from downswing phase in June except JASDAQ and Shanghai those are still stuck under baseline. Japanese IPO market has been miserable yet.

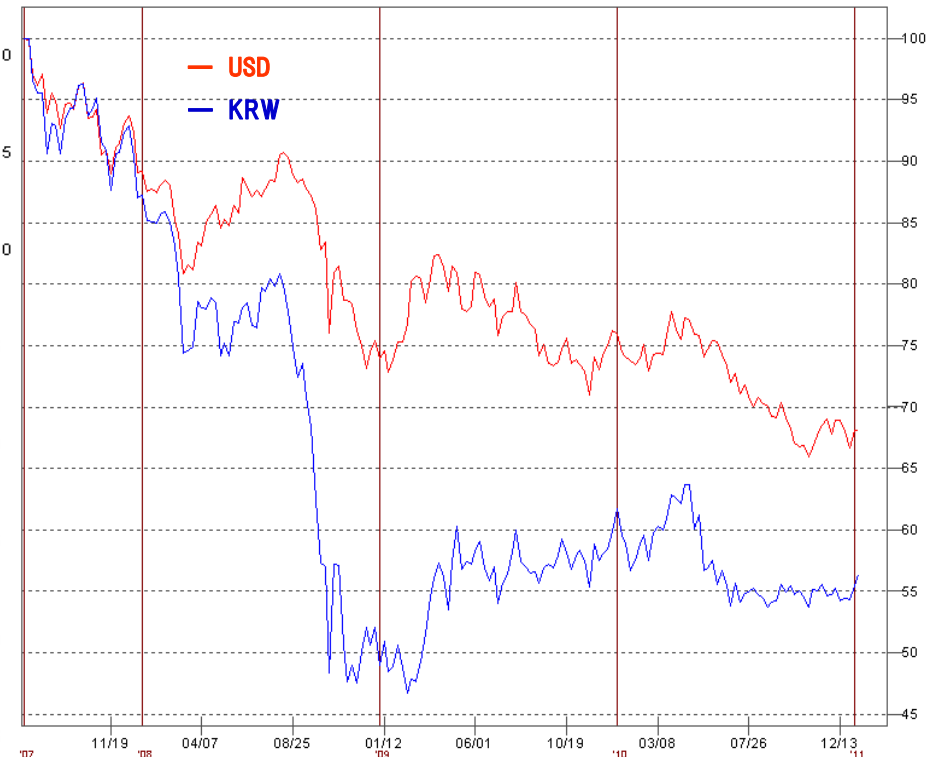
● Foreign Currency Trend

Stronger Japanese Yen caused foreign exchange losses on sales of global investment assets.

*Baseline 100:March 31,2010



*Baseline100:July 9th, 2007



2. Financial Review

Financial Review

Consolidated Business Results for the Nine Months Ended December 31, 2010

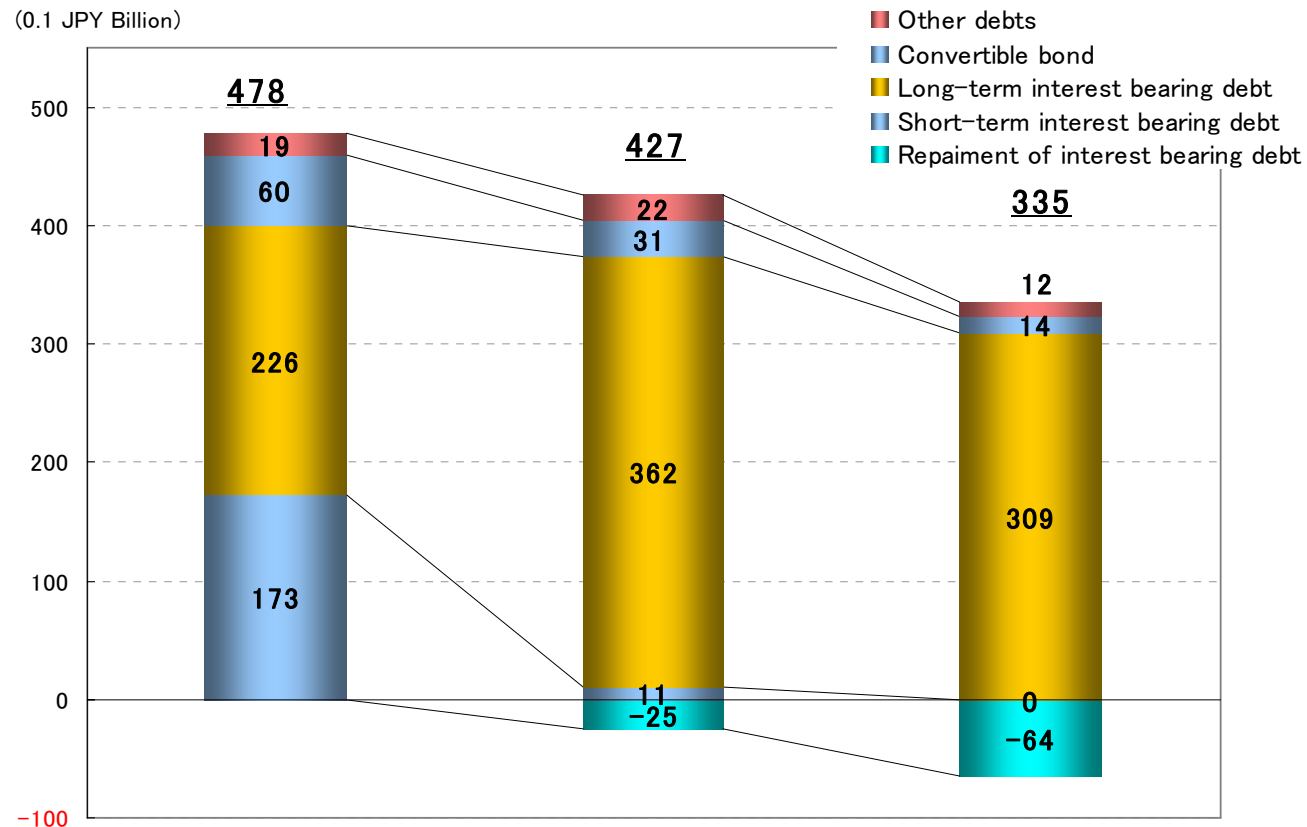


(JPY million)	10/3 PAS	10/3(3Q) PAS	11/3 (3Q) PAS	Change (%)	10/3(3Q) FCAS	11/3 (3Q) FCAS	Change (%)
Operating Revenues	7,414	6,577	7,219	10%	7,602	8,006	5%
Operating Cost	13,013	8,769	4,500	△ 49%	11,232	5,467	△ 51%
Operating Gross Profit	△ 5,599	△ 2,191	2,718	-	△ 3,630	2,538	-
SG&A Expenses	3,787	2,854	1,798	△ 37%	2,685	1,663	△ 38%
Operating Income	△ 9,386	△ 5,045	920	-	△ 6,315	875	-
Ordinary Income	△ 10,334	△ 5,855	62	-	△ 7,145	7	-
Net Income	△ 10,903	△ 6,256	△ 710	-	△ 6,021	△ 641	-

Note: "PAS" Previous Accounting Standards, "FCAS" Fund Consolidation Accounting Standards

- Proactively assisting portfolio companies in achieving their growth scenarios led to various investment exits. This resulted in increasing operating revenues and returning to profitability.
- Due to strengthened cost saving measures accomplished in last fiscal year, SG&A Expenses (FCAS) reduced by 38% from the same period last fiscal year.
- Abrupt appreciation of the yen caused exchange foreign losses of JPY0.4 billion.
- Due to decline in stock market prices, loss on valuation and loss on sales of non-operational investment securities of JPY 0.6billion and JPY 0.4billion respectively are recognized as extraordinary loss.

Debt Outstanding



- **Interest bearing debt** :Steadily repayment goes according to the plan and decreased the outstanding balance. Total repayment amounts to JPY6.4billion for the 3rd Q of FY2011.
- **Convertible bond**: Due to purchase and cancellation aiming to reduce payment when the convertible bond will expire, the outstanding balance decreased by half compared to beginning of FY 2011.

Consolidated Cash Flows



(JPY million)	10/3	(FCAS)		
		10/3(3Q)	11/3(3Q)	Change(%)
Operating CF	4,051	4,004	4,458	11%
Investing CF	229	△ 53	1,823	-
Financing CF	△ 4,126	△ 3,129	△ 7,885	-
Net Change of CF	171	811	△ 1,636	-
Cash & Cash Equivalents at End of Period	8,330	8,970	6,693	△ 25%

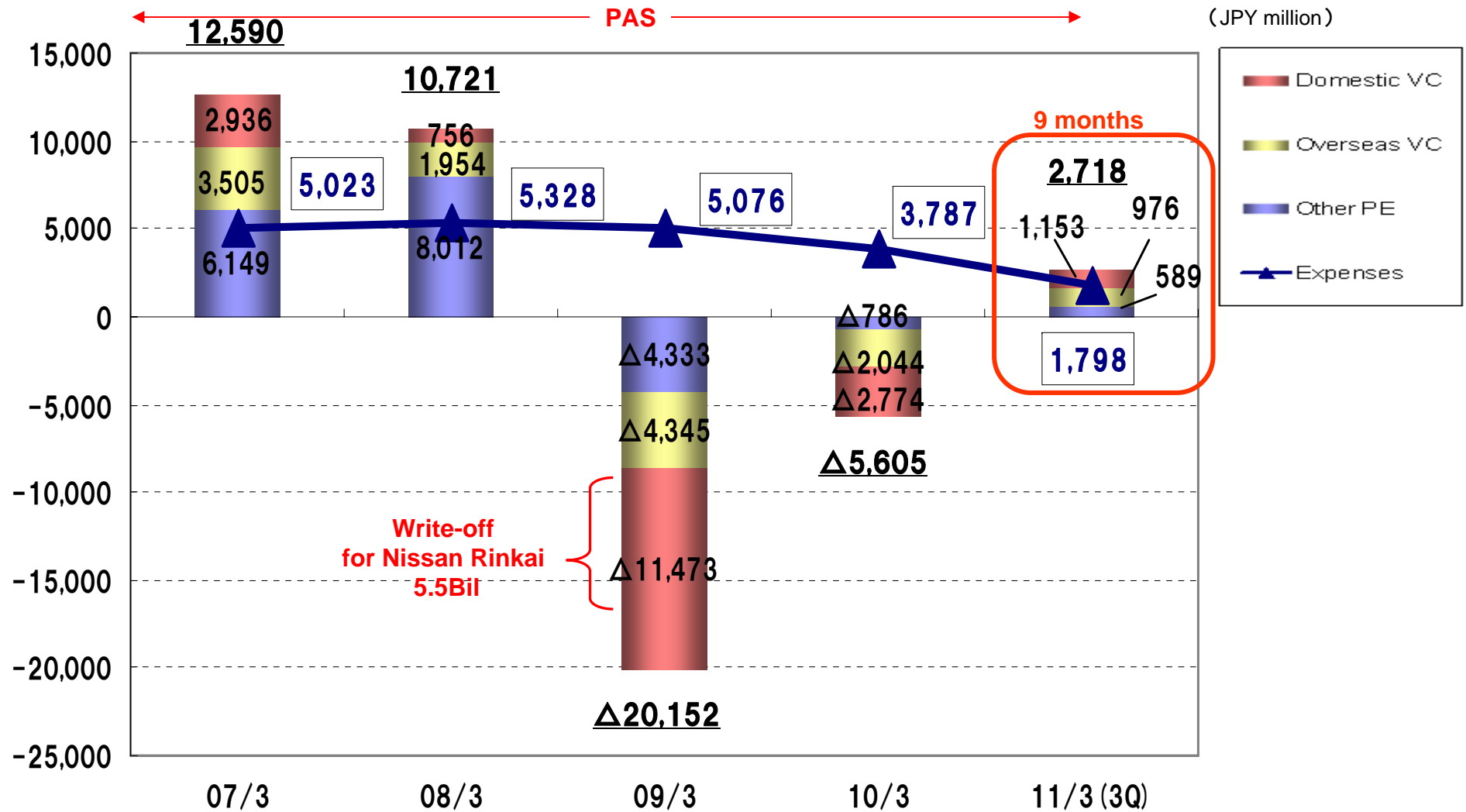
- **Steady investment exits resulted in JPY 4.4 billion of net cash flows provided by operating activities. Compared to the same period in last fiscal year, loss before income taxes and minority interests decreased and Operating CF increased by 11%.**
- **JPY 1.8 billion of net cash flows provided by investing activities due to divestment of non-operational investments, PP&E and decrease in time deposits.**
- **JPY 7.8 billion used in financing activities for repayments of debts and purchase & cancellation of convertible bond.**
- **Cash and cash equivalents at end of period was JPY 6.6 billion.**

- **Management fees**
 - **Management fees decreased compared to the same period in last fiscal year as NAV of funds decreased because of steady investment exits, the write-off and the provision for allowance for possible investment losses in last fiscal year.**

- **Contingency fees**
 - **Steady investment exits resulted in contingency fees of JPY223 million. As some buyout funds distributed the large amount of cash dividends in the same period of last fiscal year, the fees decreased.**

	For nine months ended December 31, 2009 (April 1, 2009, to Dec 31, 2009)	For nine months ended December 31, 2010 (April 1, 2010, to Dec 31, 2010)	For the year ended March 31, 2010 (April 1, 2009, to March 31, 2010)
Total fees from the investment funds (A+B)	1,435	1,065	1,755
(A) Management fees	979	841	1,294
(B) Contingency fees	455	223	461

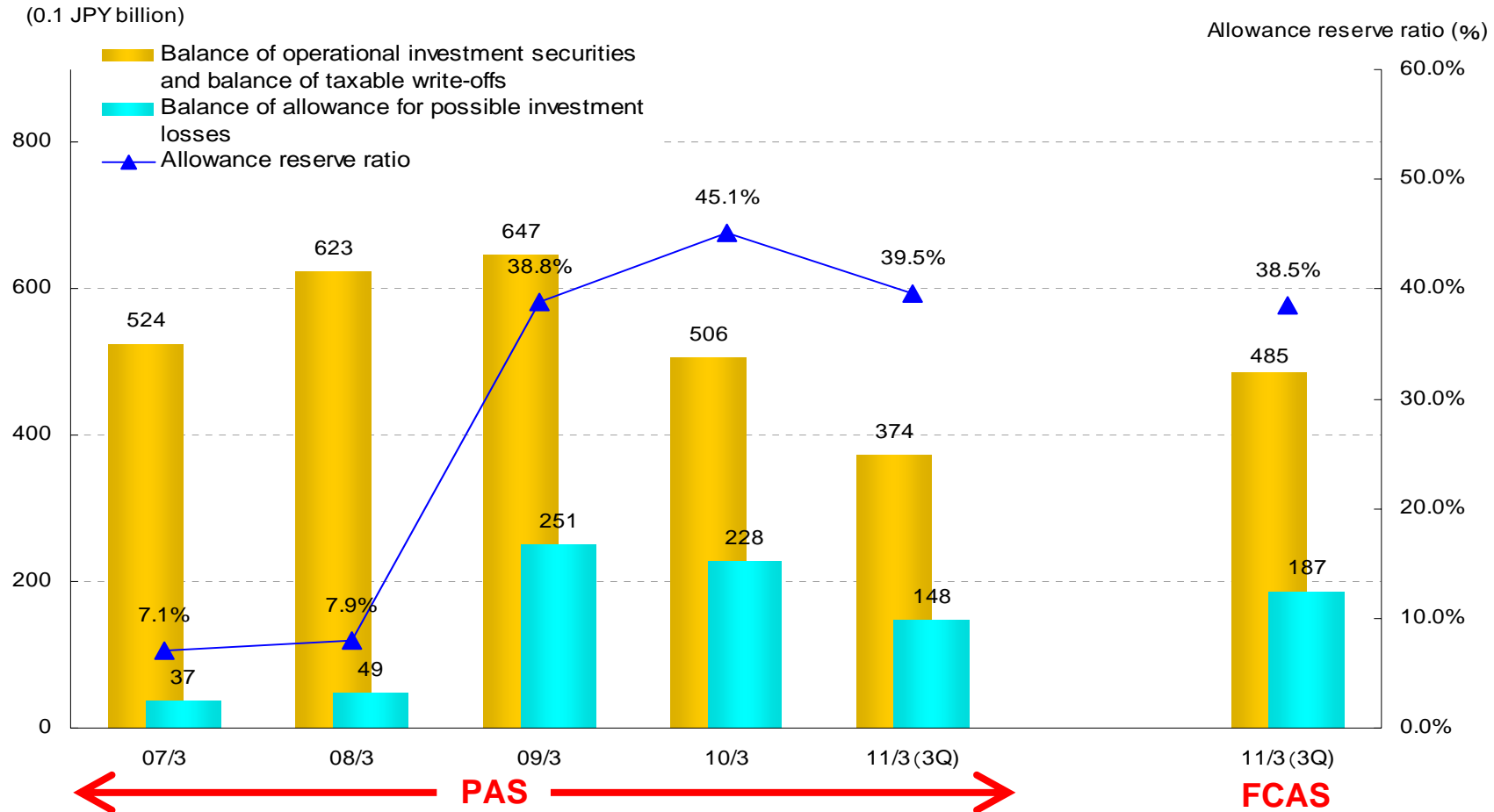
Breakdown of Gross Profit By Investment Segment



■ Expenses of 09/3 exclude provision for allowance for doubtful accounts and bad debt losses.

Investment Operation

– Allowance For Possible Investment Losses



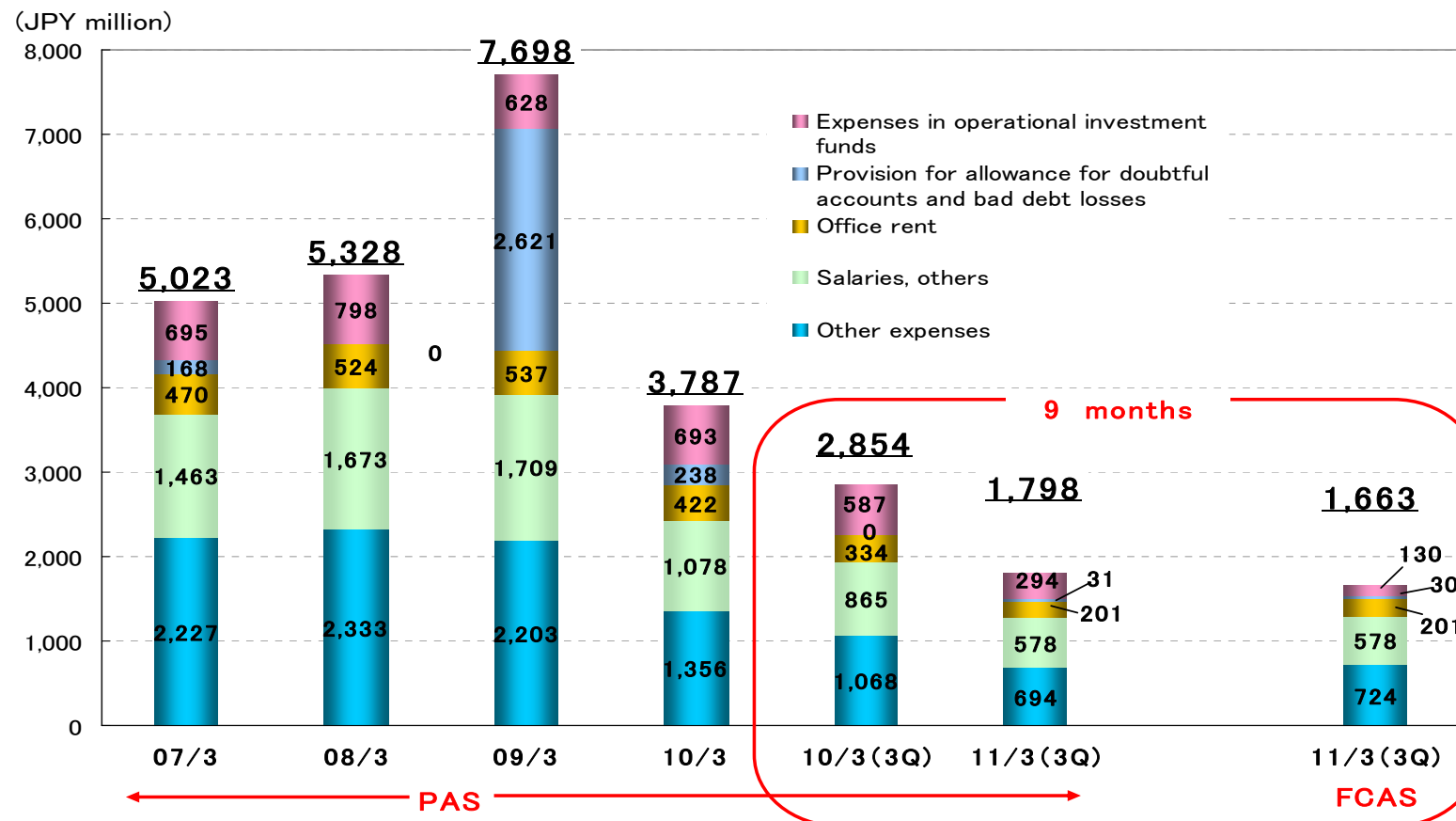
■ From the financial year 08/3, the part of operational investment securities with allowance for possible investment losses was considered difficult to be collected and was written off.

■ From the financial year 08/3, the allowance ratios are calculated including the taxable write-offs.

■ From the financial year 05/3, balance of operating investment securities are calculated including balance of operating investment funds.

The effects are 5.7billion 07/3, 4.3billion 08/3, 3.6billion 09/3, 2.7billion 10/3, 2.1 billion 11/3(3Q) of PAS and 2.0 billion 11/3(3Q) of FCAS.

Selling, General and Administrative Expenses



		07/3	08/3	09/3	10/3	11/3(3Q)
SG&A expenses ratio to Gross profit		39%	49%	-	-	66%
NO.of employee	Consol	241	265	236	153	139
	Non-consol	149	159	135	95	83

■ Expenses in operational investment funds include the expenses of corporate type funds in FCAS.

3. Operating Activity Report

A strengthen structure for business in China

- The director in charge of global investments is stationed in Beijing office. (October 2010)
- Establishment of the second fund focusing on internet related business in China “CA-JAIC Internet Fund II, L.P.” (October 2010)
- Newly-established “China Business Development Division” (February 2011)

Expand of investment targets

- Growth equity investment in Raccoon Co., Ltd.(TSE Mothers 3031) (November 2010)

Strategy of Partnership

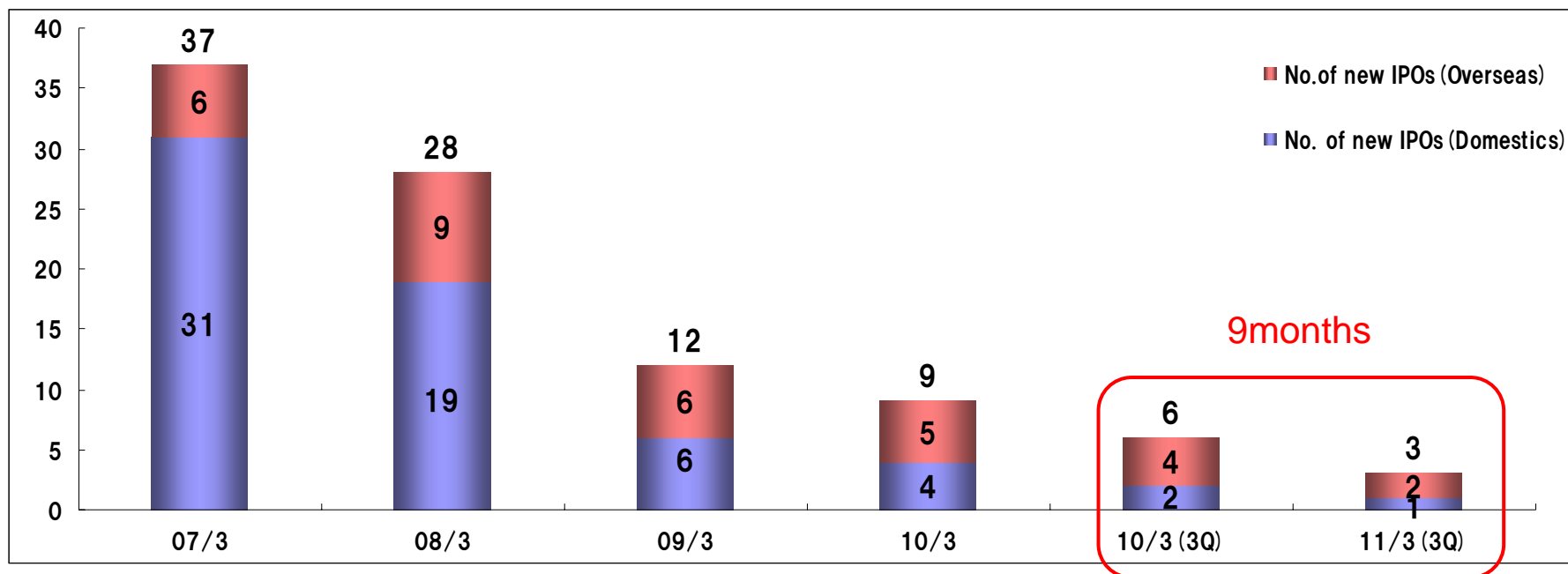
- Co-management of a turnaround fund with First Brothers Co., Ltd. (December 2010)
- Business alliance with Shenyang(December 2010), and holding a seminar on their business environment (January 2011)
 - ⇒ Strengthen the support function for Japanese companies enter into Chinese market and business alliance between China and Japan.
- Held a seminar for regional financial institutions (January 2011)
 - ⇒ Aggressive supports for Japanese SME’ s further growth through our investment funds targeting on M&A, agri-business, business development in Asia, business succession and turnaround.

(Reference) Operational Condition

JAIC-Backed IPOs



(Principal + Funds)



Investment multiple by Initial price (First price multiple)

(Investment multiple)

	07/3	08/3	09/3	10/3	10/3(3Q)	11/3(3Q)
Domestics	8.1	2.6	3.5	1.3	1.7	2.1
Overseas	3.2	6.2	0.9	1.6	1.6	0.4

9months

Note: IPOs include backdoor listings (3 in 2007/3, 2 in 2008/3, 3 in 2009/3, 1 in 2010/3).

Note: The above numbers include companies whose listed shares the Group acquired as a result of equity swaps between its invested companies and previously listed companies.

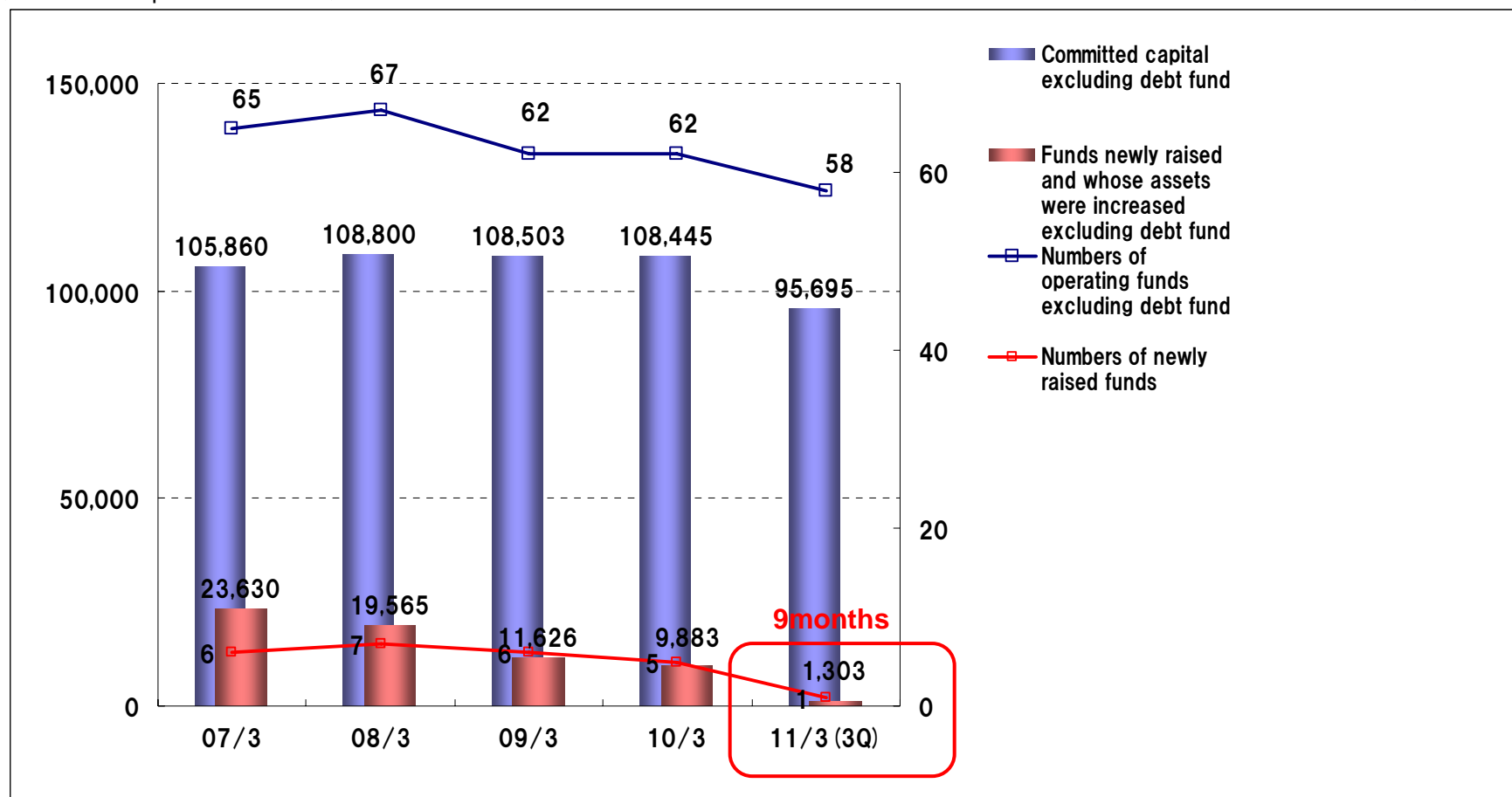
Note: First price multiple = Gross market capitalization at first price/Total our acquisition cost. However, the calculation of the first price multiple does not include the number of companies whose listed shares the Group acquired as a result of equity swaps.

Fund Management



(Committed capital / JPY million)

(No. of funds)



Note:

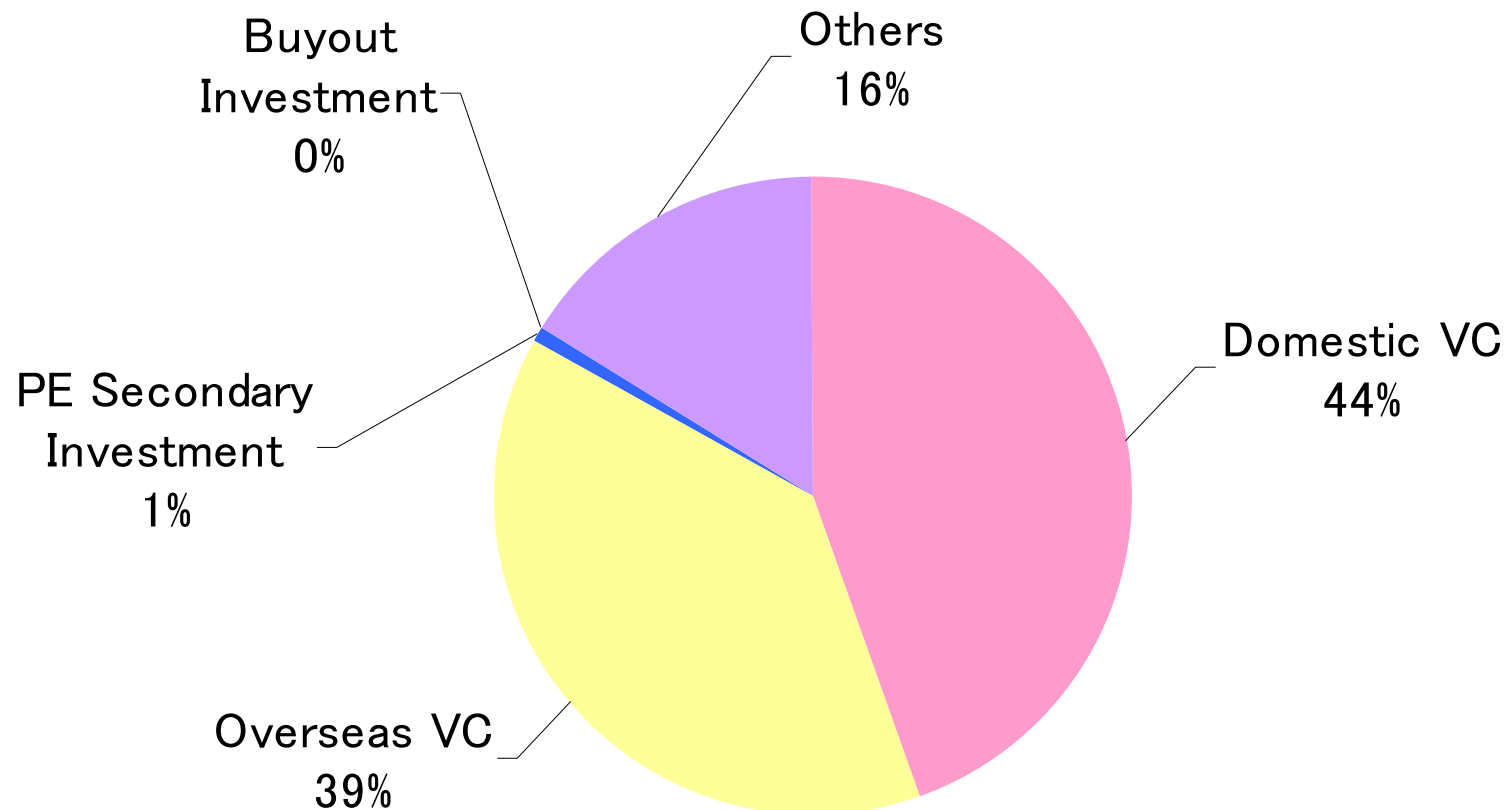
1. Japanese yen equivalent of committed capital is calculated by the exchange rate at the end of each fiscal period.
2. The open-end debt funds are described separately, as their character differs from that of long-term closed-end private equity funds.
3. The funds with provision of the essential information for the management by the JAIC Group amount to 7,055 millions of yen of 8 funds as of December 31, 2010 and 13,909 millions of yen of 10 funds as of March 31, 2010.
4. Funds being wound up after their maturity are not included in the data above.

Investment Activities



Total new investment (from April 2010 to December 2010)

Based on the amount of investment
(Total 2,140 millions of yen)



(Principal + Funds)

Note : Investments in funds managed by third parties other than the Company in which the JAIC Group is not involved in the management, are not included.

Investment Activities



New investment by country, and industry sector

(No. of Companies, JPY million)

		10/3		11/3(3Q)	
		No. of Com.	Million	No. of Com.	Million
Japan		43	2,951	26	1,055
Greater China		6	410	6	348
Korea		2	195	2	303
U.S.A.		10	240	6	61
South East Asia	Singapore	-	-	-	-
	Malaysia	-	-	-	-
	Thailand	-	-	-	-
	Indonesia	-	-	-	-
	Vietnam	-	-	1	112
Others		7	204	5	258
Total		68	4,002	46	2,140

	10/3			11/3(3Q)		
	No. of Com.	Million	Average per deal	No. of Com.	Million	Average per deal
QOL(Quality of life) Related	17	551	32	14	229	16
IT•Internet Related	20	855	43	11	814	74
Material•Chemical	3	348	116	7	592	84
Machinery•Automobile	3	42	14	1	100	100
Consumer Related	1	15	15	3	162	54
Construction•Real Estate	3	53	18	-	-	-
Retail•Restaurant	1	0	0	-	-	-
Service	3	209	70	4	68	17
Financial Related	-	-	-	-	-	-
Others	17	1,926	113	6	171	28
Total	68	4,002	59	46	2,140	46

(Principal +Funds, Japan+Overseas)

Note:

- 1.QOL(Quality of Life) ; Biotechnology, Medical Service, Welfare Service, Medical Device, Drug Medicine, etc.
2. IT•Internet; IT service, Software, Computer Hardware, etc.
3. Other private equity investments are included above breakdown from December 2010. In this connection, above figures of March 2010 are different from figures disclosed before.
- 4.“Others” includes the PE secondary investments. On the PE secondary investments, the number of companies represents the number of funds.

Investment Activities



Total Investment portfolio

(No. of Companies, JPY million)

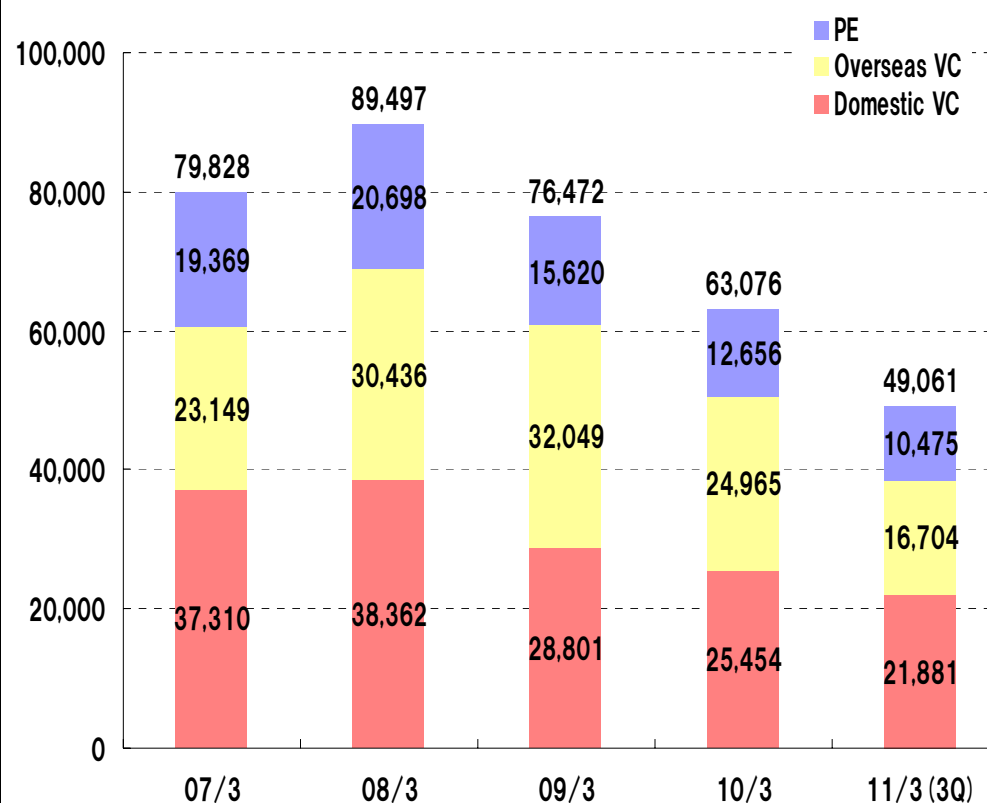
	10/3			11/3(3Q)		
	No. of Com.	Million	Average per deal	No. of Com.	Million	Average per deal
Domestic VC	448	25,454	57	376	21,881	58
Overseas VC	205	24,965	121	165	16,704	101
PE	58	12,656	218	53	10,475	197
Total	711	63,076	89	594	49,061	82

(Principal +Funds)

PE : Buyout investments, Turnaround investments, PE Secondary investments etc. other than VC investments

Note : Investments in funds managed by third parties other than the Company in which the JAIC Group is not involved in the management, are not included.

(JPY million)

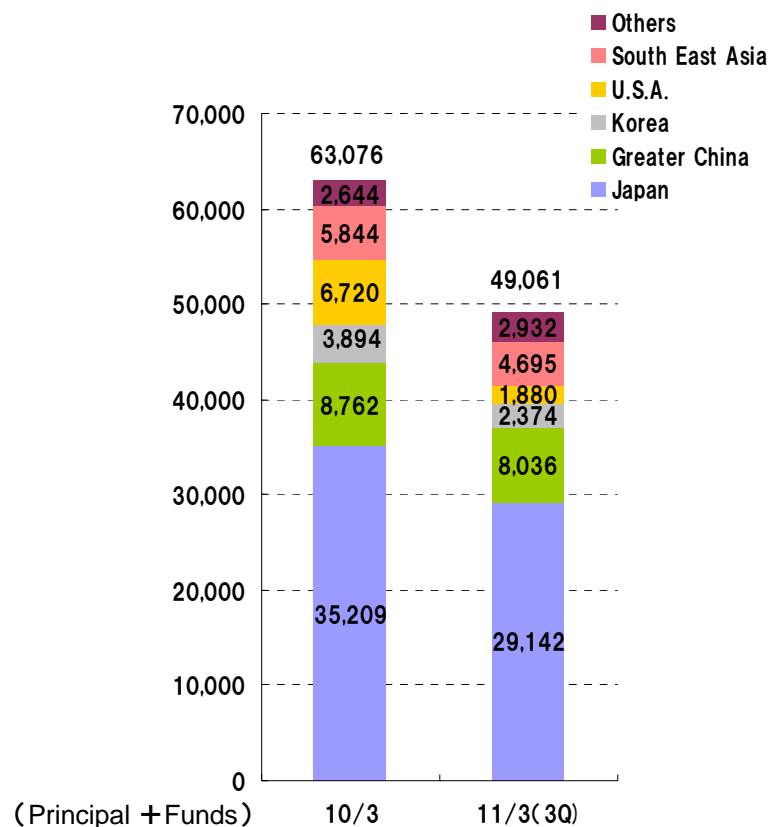


Investment Activities (Portfolio by country)



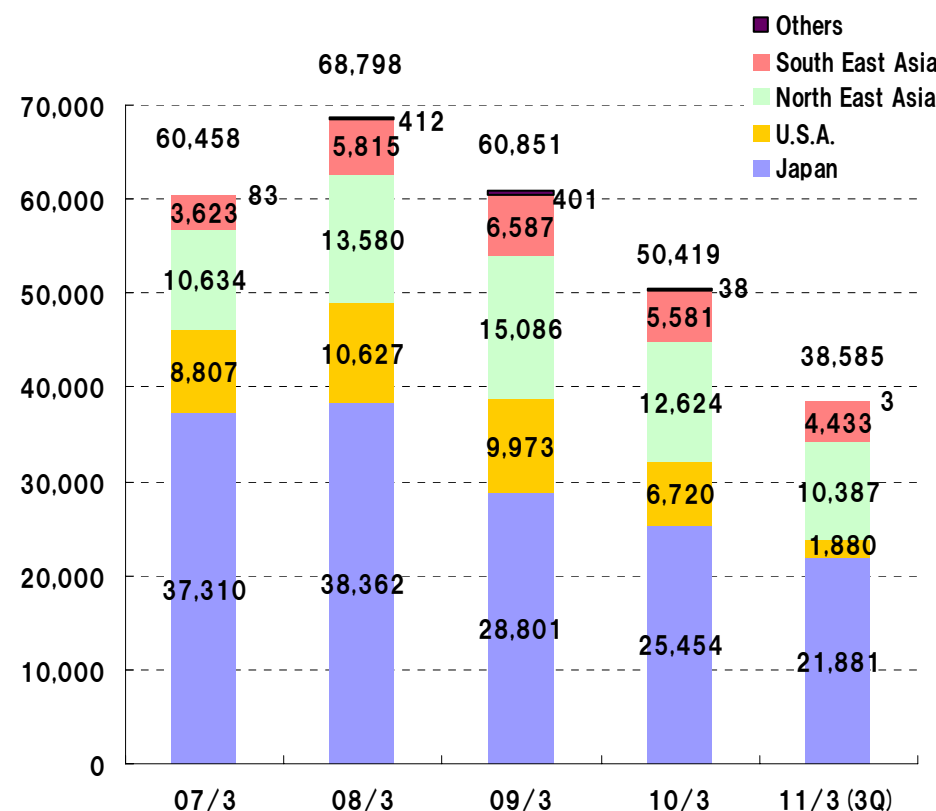
VC + PE Investment

(JPY million)



VC Investment

(JPY million)



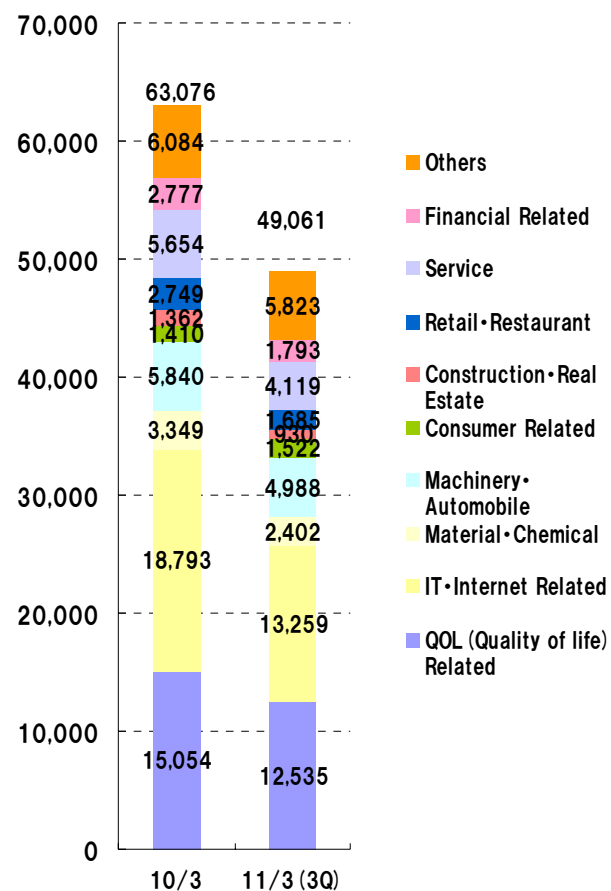
- Others include PE Secondary Investments.
- The investment balance (VC+ PE Investment) is newly indicated from December 2010.

Investment Activities (Portfolio by industry sector)



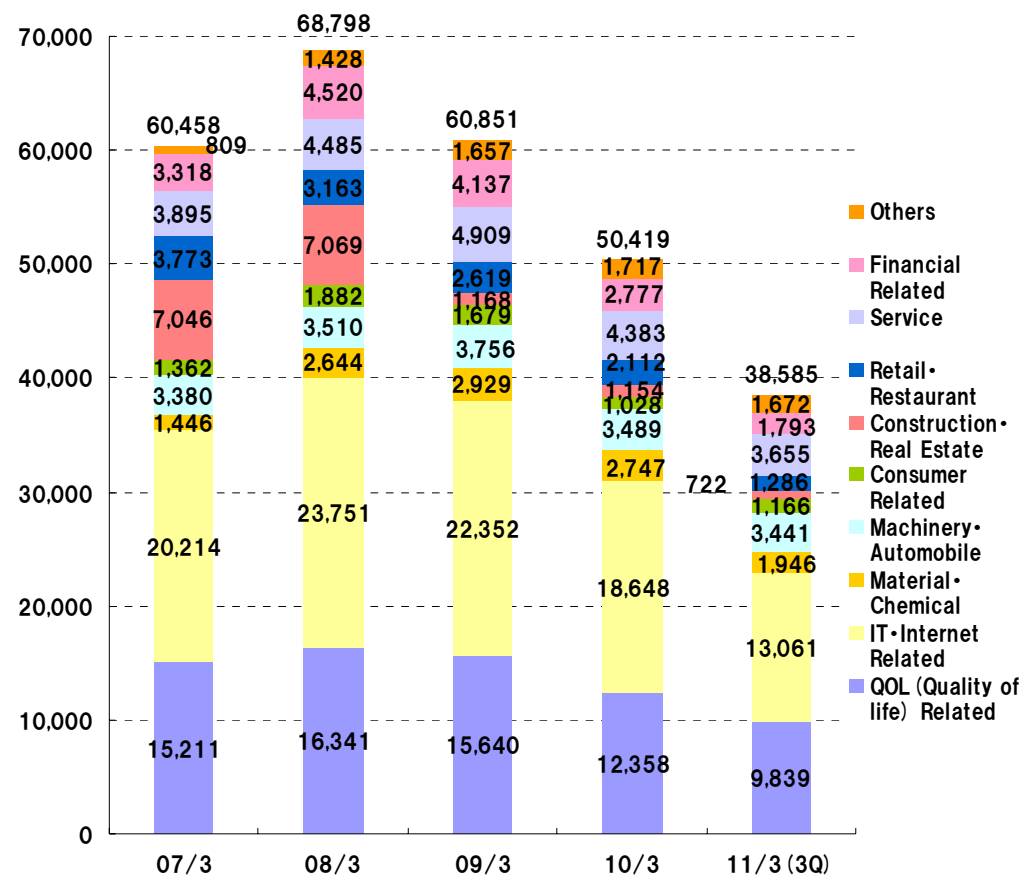
VC + PE Investment

(Principal + Funds, Japan + Overseas)
(JPY million)



VC Investment

(Principal + Funds, Japan + Overseas)
(JPY million)



Note:

- ・QOL (Quality of Life) ; Biotechnology, Medical Service, Welfare Service, Medical Device, Drug Medicine, etc.
- ・IT・Internet; IT service, Software, Computer Hardware, etc.
- ・The investment balance (VC+ PE Investment) is newly indicated from December 2010.

Investment Activities

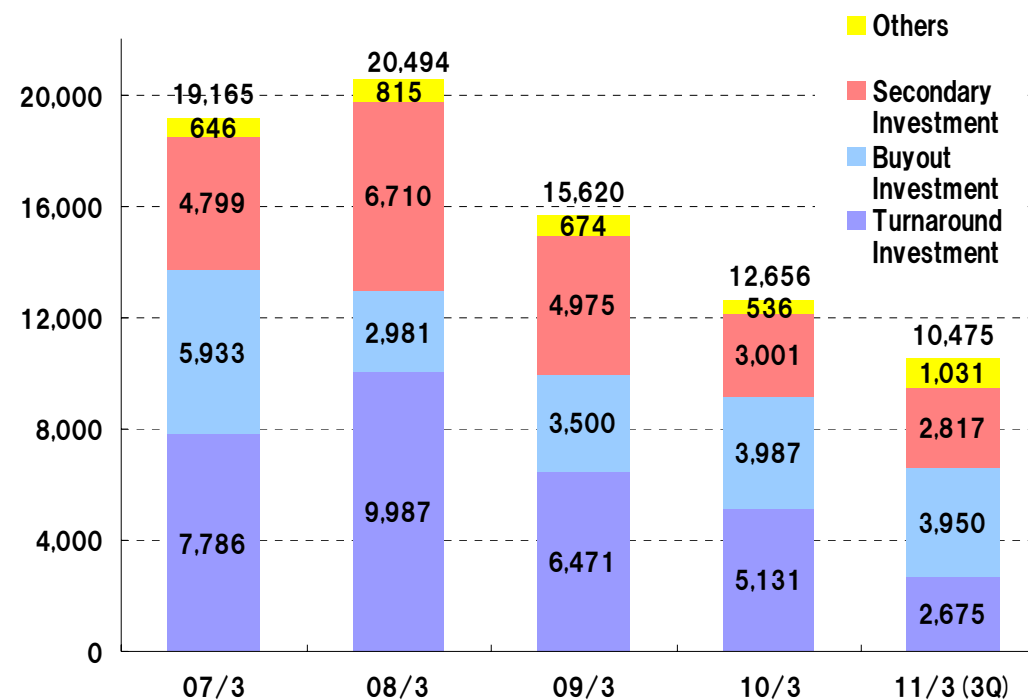


Other PE investment – Investment portfolio

(No. of Companies, JPY million)

	10/3			11/3(3Q)		
	No. of Com.	Million	Average per deal	No. of Com.	Million	Average per deal
Turnaround Investment	15	5,131	342	7	2,675	382
Buyout Investment	12	3,987	332	11	3,950	359
PE Secondary Investment	15	3,001	200	12	2,817	234
Others	16	536	34	23	1,031	44
Total	58	12,656	218	53	10,475	197

(JPY million)



(Principal +Funds, Japan+Overseas)

(Reference) Details of Income Statement



(JPY: million)

	07/3 PAS	08/3 PAS	09/3 PAS	10/3 PAS	10/3(3Q) PAS	11/3(3Q) PAS	Change (%)	10/3(3Q) FCAS	11/3(3Q) FCAS	Change (%)
Investment segment										
1. Fundmanagement operation										
<i>Fund management fees and others</i>	1,668	1,501	1,559	1,294	979	841	△ 14%	327	359	10%
<i>Success Fees</i>	1,895	1,006	268	461	455	223	△ 51%	443	179	△ 59%
Operating Revenue	3,564	2,508	1,827	1,755	1,435	1,065	△ 26%	771	539	△ 30%
Operating Cost	-	2	-	-	-	-	-	-	-	-
Gross profit	3,564	2,506	1,827	1,755	1,435	1,065	△ 26%	771	539	△ 30%
2. Investment operations										
<i>Sales of operational investment securities</i>	10,331	14,547	5,203	4,700	4,191	5,286	26%	5,722	6,539	14%
<i>Operational interest and dividend income</i>	3,778	1,988	814	673	690	689	△ 0%	841	740	△ 12%
Operating Revenue	14,109	16,535	6,018	5,373	4,881	5,976	22%	6,564	7,279	11%
<i>Cost of operational investment securities</i>	3,218	5,960	5,022	4,450	3,629	3,803	5%	5,442	4,617	△ 15%
<i>Loss on devaluation</i>	141	1,665	15,069	2,829	645	694	8%	798	741	△ 7%
<i>Provision for allowance for possible investment losses</i>	1,624	467	7,615	5,151	4,267	-157	-	4,707	-94	-
<i>Profit and losses from LP funds and Others</i>	350	540	509	398	83	90	7%	142	133	△ 6%
Operating Cost	5,335	8,632	28,217	12,829	8,627	4,430	△ 49%	11,090	5,398	△ 51%
Gross profit	8,774	7,902	△ 22,199	△ 7,456	△ 3,745	1,545	-	△ 4,526	1,881	-
3. Others										
Operating Revenue	1,261	1,008	649	285	260	178	△ 32%	266	187	△ 30%
Operating Cost	817	537	266	183	142	69	△ 51%	142	69	△ 51%
Gross profit	444	470	382	101	118	108	△ 8%	124	117	△ 6%
Total										
Consolidated Operating Profit	18,935	20,051	8,494	7,414	6,577	7,219	10%	7,602	8,006	5%
Consolidated Operating Cost	6,152	9,172	28,483	13,013	8,769	4,500	△ 49%	11,232	5,467	△ 51%
Consolidated Gross profit	12,783	10,879	△ 19,988	△ 5,599	△ 2,191	2,718	-	△ 3,630	2,538	-
SG&A Expenses	5,023	5,328	7,698	3,787	2,854	1,798	△ 37%	2,685	1,663	△ 38%
Operating Profit	7,760	5,550	△ 27,686	△ 9,386	△ 5,045	920	-	△ 6,315	875	-
Recurring Profit	7,460	4,796	△ 28,950	△ 10,334	△ 5,855	62	-	△ 7,145	7	-
Net Income	3,767	3,049	△ 34,845	△ 10,903	△ 6,256	△ 710	-	△ 6,021	△ 641	-

■ These amounts are before elimination as of '08/3. The amounts of influence are 06/3: JPY 3M, 07/3: -M

JAIC

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