



May 27, 2009

Company name: Japan Asia Investment Co., Ltd. (JAIC)
Listed on: Tokyo Stock Exchange Section 1 (Stock code: 8518)
Representative: Toyoji Tatsuoka, President and CEO
Contact: Osamu Hosokubo, Director
Tel: +81-3-3504-8518

Notice Concerning Notes on Matters Regarding the Assumption of Going Concern

Japan Asia Investment Co., Ltd. (the “Company”) hereby announces that, at the Board of Directors Meeting today, it adopted a resolution to write the following notes on matters concerning the assumption of going concern in the Summary of Consolidated Financial Statements for the year ended March 31, 2009, as a result of consultations with the accounting auditor.

As for inclusion of the relevant notes in the securities report, since there again will be a decision on this based on the results of consultations over the repayment plan, which are underway at present, as described below, this is undetermined as of this point.

1. Consolidated financial statements for the year ended March 31, 2009

- (1) The fact that there are phenomena or a situation to create doubt about the assumption of going concern, and the details of the relevant phenomena or situation

The Group posted ¥31,382 million in operating loss in the fiscal year under review due to a decrease in capital gains as a result of the deteriorated stock market conditions and the economic environment in Japan and abroad, and valuation losses of operational investment assets and provisions for allowance for investment losses. Incidentally, the Group posted ¥32,696 million in recurring loss, and in addition, due to the valuation losses relating to investment securities for other than operational purposes, and a reversal of deferred tax assets, recorded a drastic net loss of ¥34,899 million. Moreover, cash flows from operating activities also drastically declined by ¥10,810 million.

What is more, under the current stock market conditions and economic environment in Japan and abroad, on the premise that it is difficult to ensure abundant cash flow through the sales of operational investment assets, the Group is in a situation where the agreed repayment of borrowings and corporate bonds (private placement bonds) will be difficult to perform.

Therefore, the Group is at present requesting changes in agreement conditions, principally the repayment schedule of the respective financial institutions which the Group engages in transactions and is in consultations with.

In the relevant situation, there exist phenomena or a situation to create a substantial doubt about the assumption of going concern.

- (2) Measures to eliminate or improve phenomena or situation to create material doubt about assumption of going concern

In order to eliminate or improve the relevant situation, the Group formulated the following “JAIC Turnaround Plan”.

1) Outline of Business Turnaround Plan

Making use of the strengths of the Group, which are operational results, marketing ability cultivated in the venture capital business, and its Asia network, which is the origin of the Company, to the fullest extent, the Group will strive to establish a more solid financial base and stable profit base while strengthening its internal management system with such things as risk management, for the purpose of fulfilling its social mission as venture capital in any kind of

future economic environment.

As a mid-to-long term strategy for the relevant purpose, the Group will implement the following measures, and strive to ensure more stable profits than previous, by improving the profit structure, which currently relies on investment profits, for which the results fluctuate drastically.

- (a) Conversion to a fund management company
 - Freeze principal investment (direct investment using equity funds) and integrate into investment from funds, and meanwhile decrease the investment ratio in funds, so that the Group will reduce risk assets
 - Reinforce the fund placement system, to ensure the investment fund utilizing external funds, and stable profits such as management fees.
- (b) Reinforcement of competitiveness in Asia
 - Reinforce investment in Asia, centering on China, which is expected to grow in the future as well
 - Make Singapore its hub base in Southeast Asia, and reinforce the liaison function between Asia and Headquarters.
- (c) Reinforcement of private equity investment business outside venture capital investment
 - Reinforce buyout investment and secondary investment, from which stable investment collection can be expected in a relatively short period.

2) Short-term measures

As short-term measures, issues addressed by the Group are considered to be as below:

- (a) Reinforcement of monitoring and enhancement of value of operational investment assets, and formulation of appropriate exit phase (investment recovery) strategy
 - Promote basic activities as venture capital, that is, “attempt monitoring and enhancement of value for respective investee companies, and formulate appropriate exit phase strategy, to maximize capital gains.”
- (b) Reduction of risk assets by freezing principal investment
 - The Group will strive to build a more stable financial base and improve fund efficiency by freezing principal investment for reduction of risk assets.
- (c) Reexamination of portfolio management system
 - The Group will set up a new portfolio management group, and integrate portfolio management functions after investment, where a large part of authorities were delegated to each investment team previously, to reinforce risk management, execute proper asset allocation, and fund collection functions.
- (d) Reduction of expenses through streamlining of management
 - In addition to reductions in amounts of remuneration to executives and personnel reduction, the Group will make efforts to cut costs for all kinds of expenses with nothing sacred, including reexamining domestic and foreign bases and relocating the head office, and cutting consolidated selling, general and administrative expenses to a level of under ¥4 billion for the next term.

3) Financial measures

For borrowings and corporate bonds (private placement bonds), the Group is requesting changes in agreement conditions of the respective financial institutions with which the Group engages in transactions, principally the repayment schedule, upon presenting the abovementioned business turnaround plan, and is advancing consultations to obtain approval of the repayment plan going forward, targeting late June 2009.

Note that the Group is only requesting changes in repayment schedules, etc., and is not at all requesting any kind of debt forgiveness or the lowering or waiver of interest payments.

(3) The fact that a substantial uncertainty has been recognized concerning the assumption of going concern, and the reasons therefor

As the Group is requesting changes in agreement conditions, principally the schedule for repayment to respective financial institutions with which the Group engages in transactions for borrowings and corporate bonds (private placement bonds), and is advancing consultations, at the present stage a material uncertainty is recognized concerning the assumption of going concern.

(4) The fact that the consolidated financial statements were reported on the assumption of going concern, and the effect that the relevant material uncertainty was not reflected in the consolidated financial statements

As the consolidated financial statements were reported on the assumption of going concern, and the impact of the substantial uncertainty concerning assumption of going concern was not reflected in the consolidated financial statements.

2. Non-consolidated financial statements for the year ended March 31, 2009

As this is the same as the consolidated financial statements, the description is omitted.

By promoting the above-mentioned measures with a new management team, staff members throughout the JAIC Group are committed to working concertedly to ensure a recovery in business performance and the enhancement of enterprise value, and we ask in turn for your continued support and goodwill.