



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
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Notice Concerning Reduction of Capital Stock and Legal Capital Surplus, and Appropriation of Surplus

Japan Asia Investment Co., Ltd. (the “Company”) adopted a resolution at the Board of Directors Meeting of the Company today on submission of the proposals below with respect to reduction of capital stock and legal capital surplus, and on appropriation of surplus, to the 28th Ordinary Shareholders’ Meeting, which is projected to be held on June 26, 2009.

1. Purpose of Reduction of Capital Stock and Legal Capital Surplus, and Appropriation of Surplus

As announced in the Summary of Consolidated Financial Statements for the Year ended March 31, 2009, the Company regrets to state that it has posted a large net loss and cumulative loss.

The Company is now making a group-wide effort to promote the recovery of business results and regaining financial strength at an early stage, however, it is projected that a substantial period of time will be required to cover the deficit to be carried forward. Therefore, in order to rehabilitate financial strength as early as possible, and prepare the system to enable distribution of dividends when the Company posts income in the future, the Company will first implement the reduction of capital stock and legal capital surplus pursuant to the provisions of Article 447, Paragraph 1 and Article 448, Paragraph 1, of the Company Law, and will then appropriate the surplus pursuant to the provisions of Article 452 of the Company Law, in an effort to thereby cover the deficit.

2. Details of Reduction of Capital Stock and Legal Capital Surplus, and Appropriation of Surplus

(1) Details of reduction of capital stock

(i) Amount of capital stock to be reduced

Pursuant to the provision of Article 447, Paragraph 1, of the Company Law, the Company is to reduce capital stock by ¥13,459,577,456 out of the amount of capital stock as of March 31, 2009, of ¥27,166,288,933, and to transfer the amount of the reduction to other capital surplus.

(ii) Means of reduction of amount of capital stock

The Company will not change the total number of issued and outstanding shares, and will only reduce the amount of capital stock.

(2) Details of reduction of legal capital surplus

The Company is to reduce the total amount of legal capital surplus, ¥9,834,011,643, pursuant to the provision of Article 448, Paragraph 1, of the Company Law, and to transfer the total amount of the reduction to other capital surplus.

(3) Details of appropriation of surplus

For the purpose of loss disposition, the Company is to reduce the amount of other capital surplus and to increase the retained earnings to be carried forward, pursuant to the provision of Article 452 of the Company Law, as indicated below:

(i) Item and amount of surplus to be reduced

Other capital surplus: ¥31,471,701,674

(ii) Item and amount of surplus to be increased

Retained earnings to be carried forward: ¥31,471,701,674

3. Schedule

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| (1) Date of resolution of the Board of Directors Meeting: | May 27, 2009 |
| (2) Projected date for the Ordinary Shareholders' Meeting: | June 26, 2009 (projected) |
| (3) Date of public notice for formal call for objection and claim by creditors: | June 29, 2009 (projected) |
| (4) Final date of formal call for objection and claim by the creditors: | July 30, 2009 (projected) |
| (5) Effective date: | July 31, 2009 (projected) |

4. Future Forecast

This reduction of capital stock, etc. and covering of deficit is simply a transfer between items under the "net asset category" and does not create a change in the amount of net assets of the Company, therefore there is no impact from this matter on the business results of the Company.

Note that the above-mentioned contents are subject to the submission to the 28th Ordinary Shareholders' Meeting to be held on June 26, 2009, and approval as drafted of "Proposal for Reduction of Capital Stock" "Proposal for Reduction of Legal Capital Surplus" and "Proposal for Appropriation of Surplus".

Upon covering deficit, under the new management system, the Company will make united efforts as a Group toward the recovery of results as early as possible and rehabilitation of financial strength, and will strive to improve shareholder and corporate value.