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Company name: Japan Asia Investment Co., Ltd. (JAIC)
Listed on: Tokyo Stock Exchange Section 1 (Stock code: 8518)
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Agreement Reached on ADR Process for Corporate Recovery

As reported in its announcement released previously on May 13, 2009, entitled "Proactive Measures Being Taken by JAIC to Enhance Its Long Term Business Model and Shareholder Value", Japan Asia Investment Co., Ltd. (JAIC) has requested the financial institutions that provide funding to modify the repayment schedules for its borrowings and corporate bonds (private placements) and has engaged in discussions with them through the use of the alternative dispute resolution (ADR) process for corporate recovery (a specially certified dispute resolution procedure prescribed by the Act on Special Measures for Industrial Revitalization).

With regard to the making of requests to financial institutions, discussions have been progressing based on the presentation of JAIC's Business Turnaround Plan, which includes a new repayment plan in addition to medium to long-term strategy and short-term measure as stated below. JAIC announces that at the meeting of creditors held today for the purpose of voting on JAIC's Business Turnaround Plan based on the above process, consent was received from all financial institutions that are creditors under the plan.

1. Outline of repayment plan

The Business Turnaround Plan is for a period of three years, and the aggregate amount of debt subject to repayment rescheduling totals approximately ¥39.8 billion. The Business Turnaround Plan presents a repayment amount for each fiscal year during the three-year period, and in line with the plan the JAIC Group will endeavor to effect debt repayments.

With regard to the individual agreements for the relevant claims, they are to be replaced by the repayment plan and conditions agreed in the above-mentioned ADR process for corporate recovery, and the repayment plan falls in line with the plan for the disposal by sale of individual operational investment securities held by the JAIC Group.

With regard to interest-rate conditions, interest will be paid to the financial institutions concerned in accordance with the conditions in the original agreements relating to the relevant claims.

Also, as already announced, JAIC has requested only the rescheduling of repayments. The Business Turnaround Plan incorporates no financial support in such forms as debt forgiveness, debt-equity swaps, or the lowering or waiver of interest payments.

2. Impact on business performance, and future outlook

While there is to be no disclosure of results forecasts due to business characteristics and volatility of the current stock markets and the IPO environment, looking ahead, JAIC will continue to have discussions with investee companies, and based on these will proceed with sales of holdings of operational investment securities in a way that will contribute to the capital and shareholder policies of those investee companies. We believe that contributing to increases in the enterprise value of investee companies will also contribute to JAIC's business results.

In addition to the above, in order to ensure the success of the JAIC Group's Business Turnaround Plan, the management-rationalization measures already included in the plan will be supplemented by the following steps. These will include a substantial reduction in the number of directors, as announced recently, the execution of business by the newly appointed president and CEO without remuneration for three months, and the drafting of measures for additional reductions in staff numbers with the aim of reducing personnel to a total of 180.

JAIC is committed to making every effort in future to ensure that the Business Turnaround Plan is successful and that the Company lives up to the support and expectations not only of financial institutions but also of shareholders, investors, and all other stakeholders.

***Outline of JAIC's Business 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.