

Financial Results Overview for the 1st Quarter Ended June 30, 2016

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

Announcement: August 5, 2016

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The information in this document is for presentational purposes only and is not an inducement to invest in securities issued by JAIC.

The figures in this document is based on consolidated financial statements.

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1. Results for 1st Quarter ended June 30, 2016 (Previous Accounting Standard)



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1. Results for 1st Quarter Ended June 30, 2016 – Outline of Results
(Previous Accounting Standard)



Previous accounting standard	Actual 2016/3 (1Q)		Actual 2017/3 (1Q)		
	Amount (million yen)	Composition ratio	Amount (million yen)	Composition ratio	Change
Operating revenue	673	100%	904	100%	34%
Operating cost	403	60%	491	54%	22%
Operating gross profit	270	40%	412	46%	53%
SG&A expenses	344	51%	331	37%	(4%)
Operating income	(74)	-	81	9%	-
Ordinary Income	(105)	-	33	4%	-
Profit attributable to owners of parent	(112)	-	(60)	-	-
New & Increased Funds	-	-	-	-	-
New Investments	523	-	504	-	(4%)

Increased revenue and profit due to an increase in sales proceeds

Achieved a positive ordinary income

Extraordinary loss of ¥71 million and tax expense of ¥22 million were posted.

1. Results for 1st Quarter Ended June 30, 2016 – Outline of Results
(Previous Accounting Standard)



Previous accounting standard	Actual FY 2016		Actual 2017/3(1Q)		
	Amount (million yen)	Composition ratio	Amount (million yen)	Composition ratio	Change
Loans Payable, Bonds & Bonds with subscription rights to shares	16,910	-	14,860	-	(12%)
Total shareholders' equity	4,976	-	4,562	-	(8%)
AUM of Funds	39,335	-	37,053	-	(6%)
Balance of Investments	18,783	-	18,513	-	(1%)

2 billion yen was repaid.

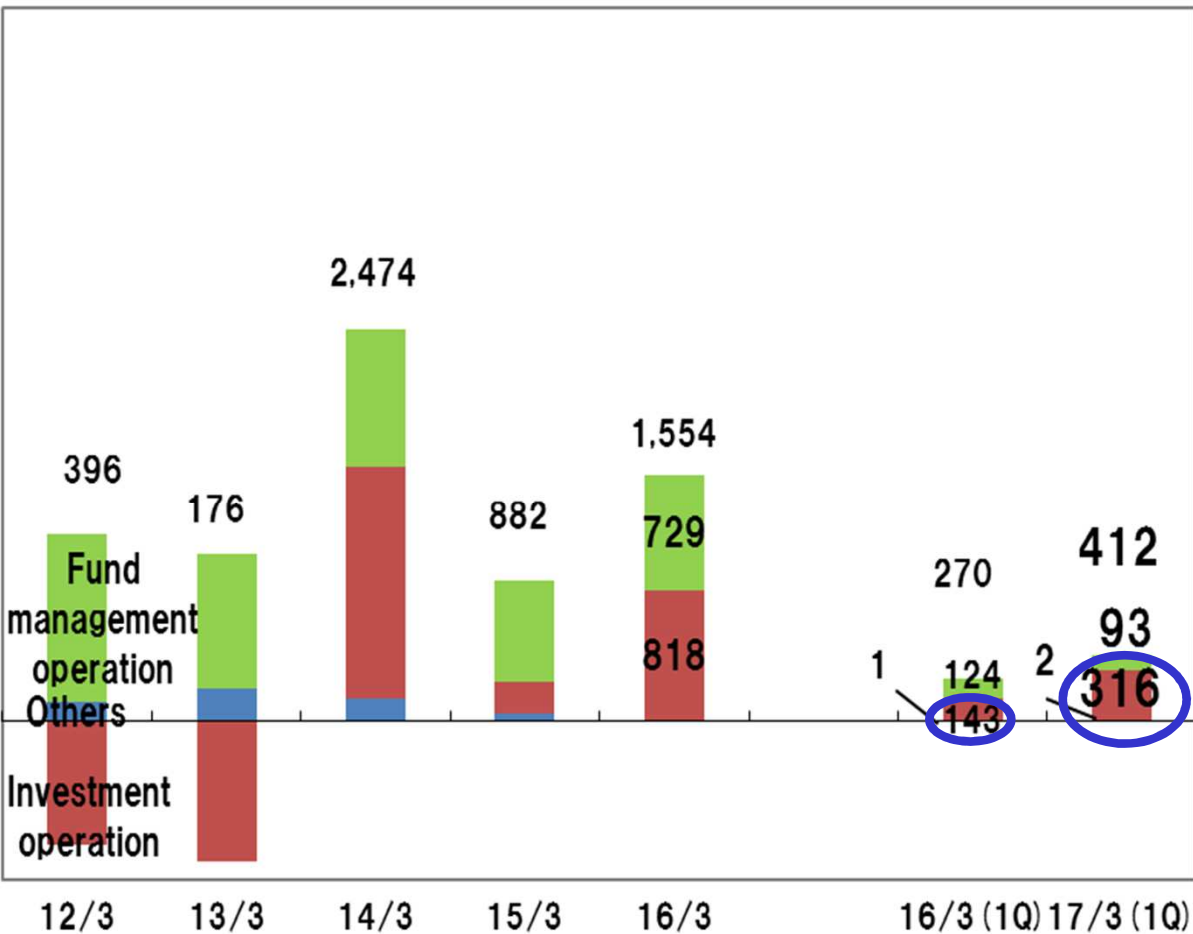
At the end of July 2016, agreement was reached on the extension of deadline of repayment of borrowings.

1. Results for 1st Quarter Ended June 30, 2016 –Statement of Income :

Break down of operating gross profit by business lines (Previous Accounting Standard)



(¥ million)



Increased by
173 millions
of yen

Investment operation:
Operating gross profit
increased

1. Results for 1st Quarter Ended June 30, 2016 - Statement of Income – Fund Management (Previous Accounting Standard)



▪ New Funds & AUM of Funds

(JPY million)	12/3	13/3	14/3	15/3	16/3	16/3(1Q)	17/3(1Q)
New & Increased Funds	11,926	4,548	–	–	5,201	–	–
AUM of Funds	85,833	85,873	50,888	43,897	39,335	42,274	37,053

Decreased due to liquidation of Funds and the strong yen

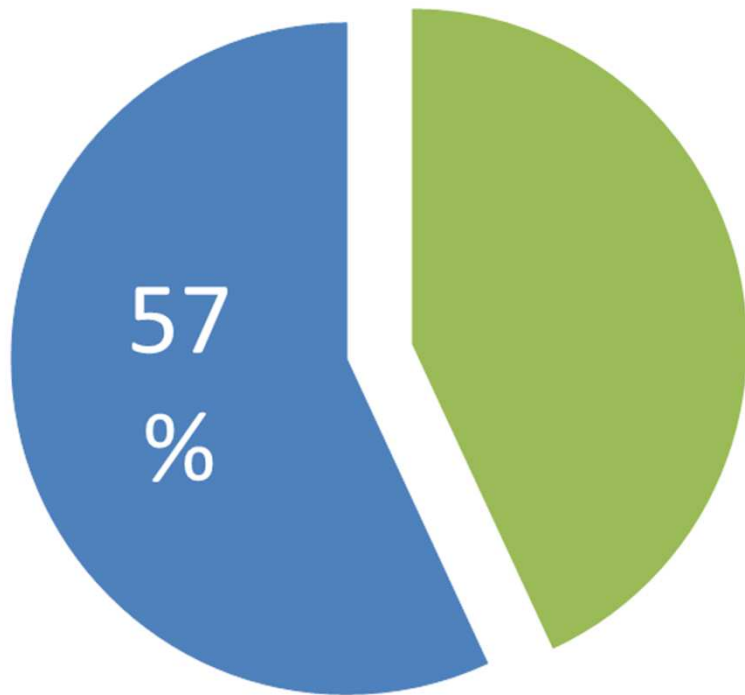
▪ Fund Management fees

(JPY million)	12/3	13/3	14/3	15/3	16/3	16/3(1Q)	17/3(1Q)	Change (%)
Fund Management fees Total	1,050	852	865	634	729	124	93	(25%)
Management fees etc	966	815	733	571	441	124	93	(25%)
Success fees	84	37	132	63	288	–	–	–

Decreased due to a fall in the AUM of Funds

1. Results for 1st Quarter Ended June 30, 2016 - Statement of Income –
break down of management fees (Previous Accounting Standard)

Break down of management fees



57%

**Management fees
for funds which are
four years from
maturity**

1. Results for 1st Quarter Ended June 30, 2016 - Statement of Income – Investment income (Previous accounting standard)



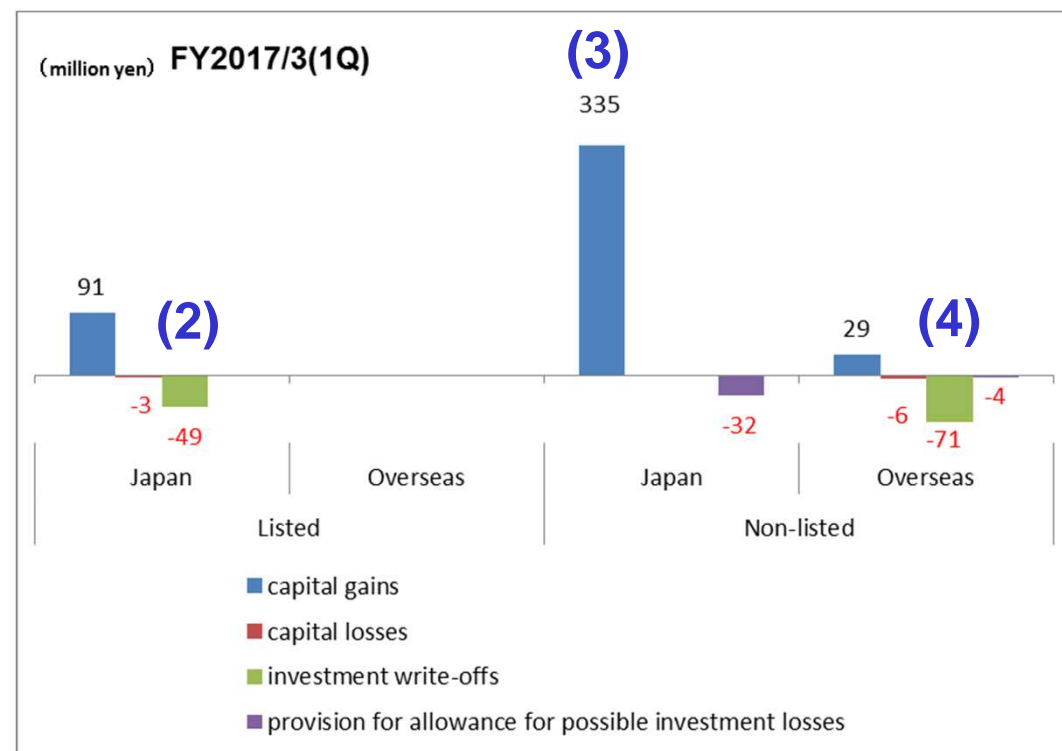
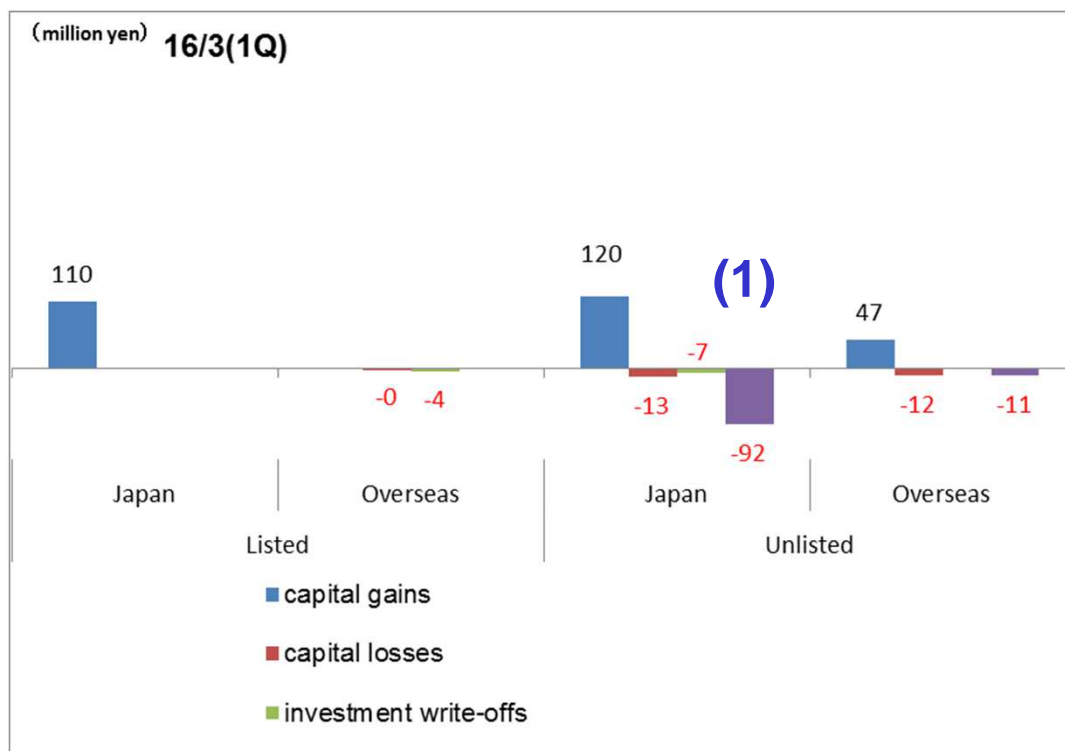
(JPY million)	12/3	13/3	14/3	15/3	16/3	16/3(1Q)	17/3(1Q)	Change (%)
Proceeds of sales of securities	3,938	2,411	4,656	3,651	2,954	526	771	47%
Cost of securities sold	3,412	1,385	2,133	1,767	1,863	273	324	18%
Realized capital gains	526	1,025	2,523	1,883	1,090	252	447	77%
Investment write-offs	394	174	45	1,233	10	10	119	995%
Provision for allowance for possible investment losses	978	1,863	1,435	471	559	103	35	(65%)
Investment income	(847)	(1,012)	1,042	178	520	137	291	112%

(1) An increase in corporate value of investee companies to be sold
 → Sales proceeds and gain on sale increased.

(2) Loss disposition was almost completed.
 → Total of investment write-offs and provision for allowance only slightly increased year on year.

“Cost of securities sold” in above table doesn’t include “Investment write-offs”

1. Results for 1st Quarter Ended June 30, 2016 - Statement of Income – Investment income break down (Previous Accounting Standard)



(1) Provision for allowance for unlisted stocks

→ This amount decreased due to replacement with low risk assets.

(2) Investment write-offs on listed stocks

→ The loss occurred due to a fall in stock prices.

(3) Gain on sale of domestic unlisted stocks

→ An increase in corporate value of investee companies to be sold as compared with the same quarter of the previous year.

(4) Loss on sale of overseas unlisted stocks

→ The loss occurred for funds managed by other companies.

1. Results for 1st Quarter Ended June 30, 2016 - Statement of Income – Selling, General and Administrative Expenses (Previous accounting standard)



(JPY million)

2,274

2,000

1,621

1,433

1,472

344

331

18

51

93

182

17

31

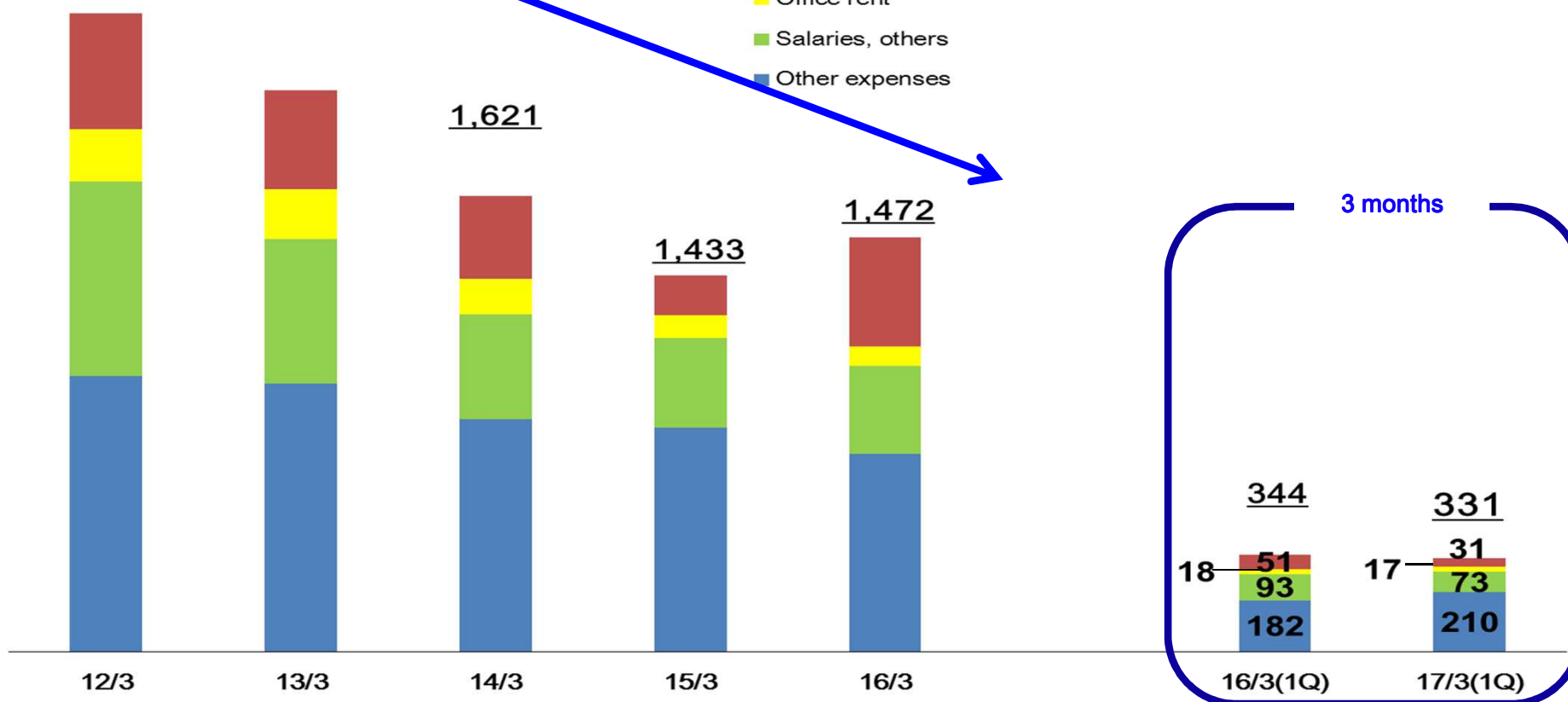
73

210

16/3(1Q)

17/3(1Q)

- Expenses in operational investment funds
- Provision for allowance for doubtful accounts and bad debt losses
- Office rent
- Salaries, others
- Other expenses

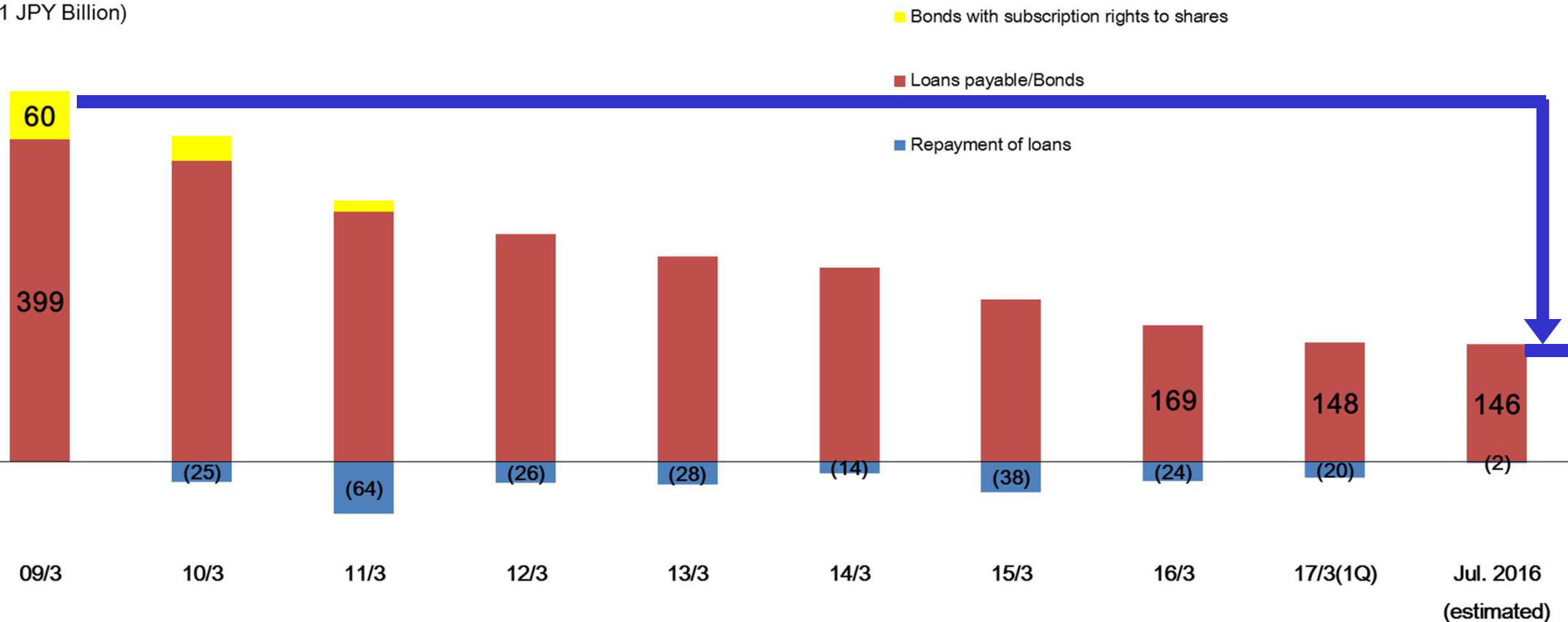


		12/3	13/3	14/3	15/3	16/3	17/3(1Q)
NO.of employee	Consol	109	80	46	45	43	44
	Non- consol	66	42	23	25	23	25

1. Results for 1st Quarter Ended June 30, 2016 - Balance Sheet – Debt Outstanding (Previous accounting standard)

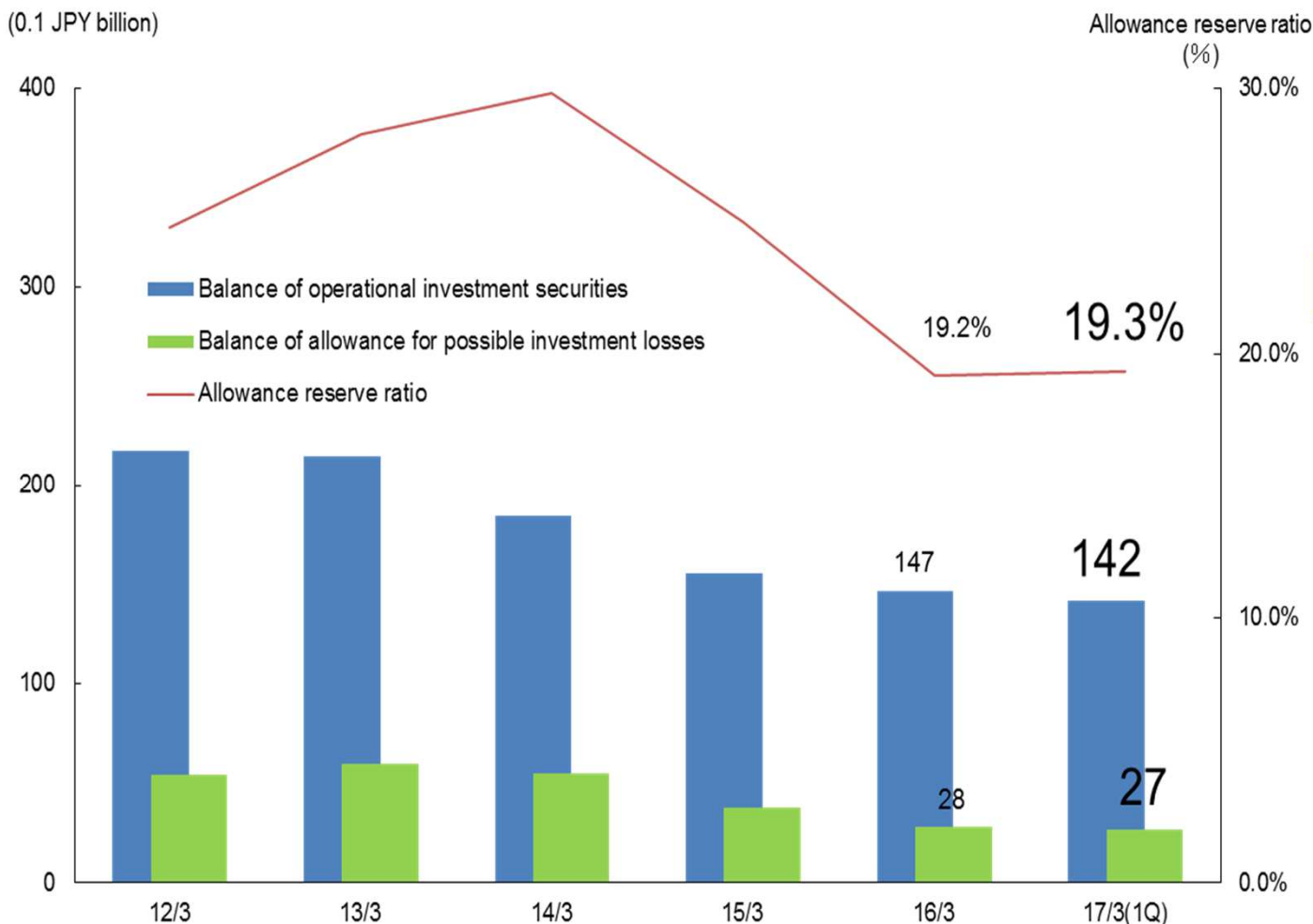


(0.1 JPY Billion)



Decreased by 68%

1. Results for 1st Quarter Ended June 30, 2016 - Balance Sheet – Allowance For Possible Investment Losses (Previous accounting standard)



Progress of replacement of assets



A decrease in the allowance reserve ratio

1. Results for 1st Quarter Ended June 30, 2016 –
Cash Flows (Fund consolidated accounting standard)



(JPY million)	12/3	13/3	14/3	15/3	16/3	16/3(1Q)	17/1(1Q)	
Operating CF	738	1,196	3,624	511	974	(409)	(384)	(1)
Investing CF	396	277	437	213	470	(5)	(3)	
Financing CF	(4,056)	(2,838)	(1,424)	(3,224)	(1,404)	(1,033)	(1,861)	
Change in Net CF	(2,948)	(1,259)	2,758	(2,371)	(26)	(1,492)	(2,287)	(2)
Cash & Cash Equivalents at End of Period	6,813	5,554	8,313	5,942	5,915	4,449	3,627	

(1) Occurrence of loss before tax and the expenditure due to investment in funds

(2) A decrease in cash flows due to an increase in loan repayment amount and a decrease in the exercise of share acquisition rights

5 companies, 294 million yen

WonderPlanet Inc.

Wonder Planet

Planning, development, management and sales of full-native app games for smart devices, including the “Crash Fever” game which achieved over four million downloads.

1 company :
secondary investment

The stock in this company was sold through the exchange with the stock in a listed company within one month after our investment.

Polydice, Inc.



Leading recipe website in Taiwan
“iCook” (<https://icook.tw/>)

Plus One Marketing Ltd.



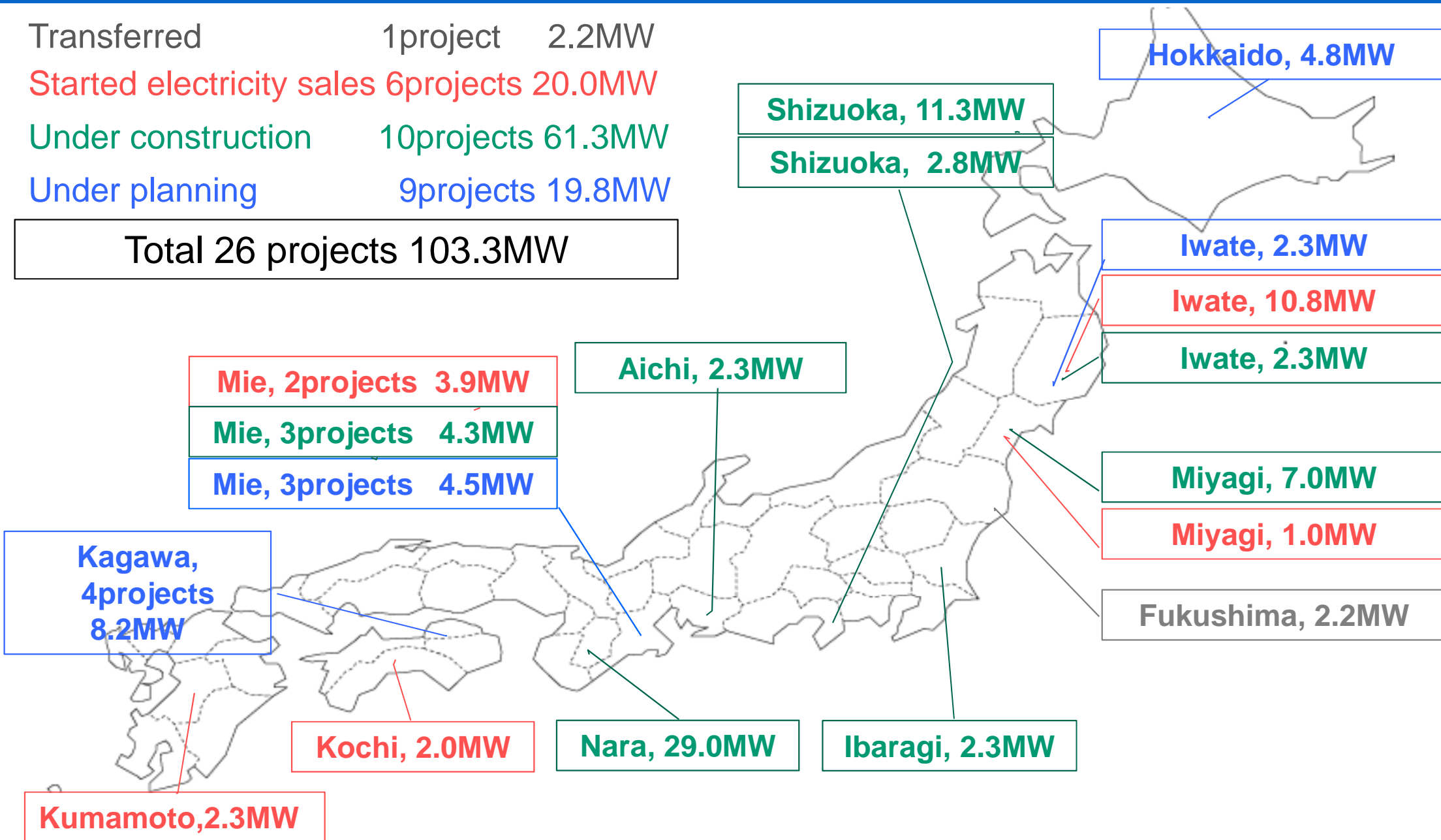
SIM-free mobility hardware
“FREETEL”, Mobile Virtual Network Operator

1 company : biotechnology-related

1. Results for 1st Quarter Ended June 30, 2016 – Business Position – Investments in Mega Solar Projects (as of July 31, 2016)

Transferred 1project 2.2MW
Started electricity sales 6projects 20.0MW
 Under construction 10projects 61.3MW
 Under planning 9projects 19.8MW

Total 26 projects 103.3MW



2. Measures for FY 2017 (Previous Accounting Standard)

Result forecast	P18
Measures by theme	P19

2. Measures for FY 2017 – Result forecast (Previous Accounting Standard)

Previous accounting standard	Actual 2017/3(1Q)			Result forecast FY2017	
	Amount (million yen)	Composition ratio	Progression ratio	Amount (million yen)	Composition ratio
Operating revenue	904	100%	18%	5,100	100%
Fund management operation	93	10%	21%	450	9%
Investment operation	806	89%	18%	4,500	88%
Others	4	1%	3%	150	3%
Operating cost	491	54%	16%	3,100	61%
Cost of securities sold	324	36%	13%	2,500	49%
Investment write-offs & provision for allowance for possible investment losses	155	17%	31%	500	10%
Others	12	1%	12%	100	2%
Operating gross profit	412	46%	21%	2,000	39%
SG&A expenses	331	37%	26%	1,300	25%
Operating income	81	9%	12%	700	14%
Ordinary Income	33	4%	6%	550	11%
Profit attributable to owners of parent	(60)	(7%)	(16%)	375	7%

No change from the result forecast made at the beginning of FY2017

Success fee is not estimated

- Revenue from the sale of shares (mainly non-listed shares) will total 3,800 million yen
- 600 million yen, including revenue from Mega Solar Project-related sale

Non-operating special factors are not estimated.

Extraordinary loss and tax expense are expected to occur.

The result forecast are based upon the information currently available to JAIC at the time of writing and certain assumptions. The achievement is not promised.

Various factors could cause actual results to differ materially from these result forecasts.

2. Measures for FY 2017 – Measures by theme – Progress report on 4 themes

Implementation of domestic investment

- Investment execution :
5 companies 294 million yen

Promotion of alliance with First Eastern Group

- Meetings on the establishment of funds in China (Wuhan) and Japan were held.

Expansion of renewable energy investment

- Promotion of development of new projects
July 2016: Construction started for two existing projects.

Value Addition (VA) of the existing portfolio

- Introduction of potential customers, and support in the dispatch or acquisition of human resources

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●Business results & financial position (Previous Accounting Standards)

(JPY million)	08/3	09/3	10/3	11/3	12/3	13/3	14/3	15/3	16/3	16/3(1Q)	17/3(1Q)
Business Results											
Operating Revenues	20,051	8,494	7,414	10,979	5,396	3,784	6,155	4,532	4,043	673	904
Operating Gross Profit	10,879	(19,988)	(5,599)	3,692	396	176	2,474	882	1,554	270	412
SG&A Expenses	5,328	7,698	3,787	2,399	2,274	2,000	1,621	1,433	1,472	344	331
Operating Income	5,550	(27,686)	(9,386)	1,293	(1,878)	(1,823)	852	(550)	82	(74)	81
Ordinary Income	4,796	(28,950)	(10,334)	175	(2,477)	(2,612)	374	(610)	612	(105)	33
Net Income	3,049	(34,845)	(10,903)	(2,044)	(2,885)	(2,575)	462	(850)	597	(112)	(60)
Financial Position											
Loans Payable, Bonds & Bonds with subscription rights to shares	39,273	45,971	40,563	32,327	28,275	25,433	24,010	20,193	16,910	18,460	14,860
Total shareholders' equity	55,003	14,142	5,378	4,376	1,969	1,565	2,573	3,373	4,976	3,966	4,562

●Funds & investment activities

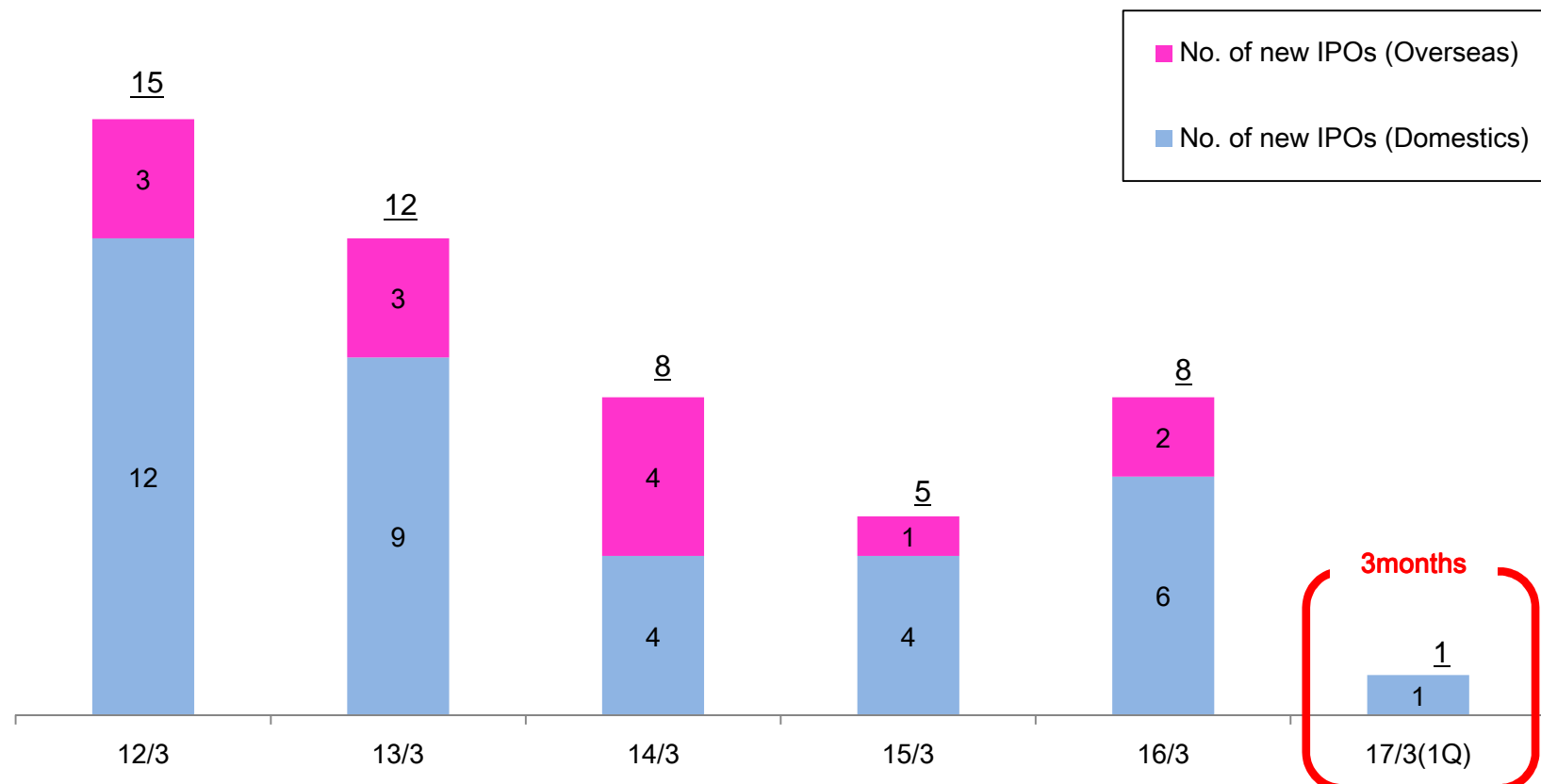
(JPY million)	08/3	09/3	10/3	11/3	12/3	13/3	14/3	15/3	16/3	16/3(1Q)	17/3(1Q)
New & Increased Funds	11,257	11,626	9,883	1,330	11,926	4,548	-	-	5,201	-	-
AUM of Funds	108,800	108,502	108,445	85,755	85,833	85,873	50,888	43,897	39,335	42,274	37,053
New Investments	23,950	15,046	4,002	3,204	4,545	4,746	4,189	2,728	4,093	523	504
Balance of Investments	89,497	76,472	63,076	42,268	36,706	33,886	25,862	19,722	18,783	19,438	18,513

Statement of Income – Break Down (Previous accounting standard)



(JPY:million)	08/3	09/3	10/3	11/3	12/3	13/3	14/3	15/3	16/3	16/3(1Q)	17/3(1Q)	Change (%)
1. Fund management operation												
<i>Fund management fees and others</i>	1,501	1,559	1,294	1,088	966	815	733	571	441	124	93	(25%)
<i>Success Fees</i>	1,006	268	461	295	84	37	132	63	288	-	-	-
Operating Revenue	2,508	1,827	1,755	1,383	1,050	852	865	634	729	124	93	(25%)
Operating Cost	2	-	-	-	-	-	-	-	-	-	-	-
Operating Gross Profit	2,506	1,827	1,755	1,383	1,050	852	865	634	729	124	93	(25%)
2. Investment operations												
<i>Proceeds of sales of securities</i>	14,547	5,203	4,700	8,584	3,938	2,411	4,656	3,651	2,954	526	771	47%
<i>Income gains</i>	746	606	430	595	181	95	121	93	49	7	1	(73%)
<i>Fund interests income etc.</i>	1,241	207	242	180	63	194	357	100	295	12	33	174%
Operating Revenue	16,535	6,018	5,373	9,360	4,183	2,701	5,134	3,844	3,300	545	806	48%
<i>Cost of securities sold</i>	5,960	5,022	4,450	6,680	3,412	1,385	2,133	1,767	1,863	273	324	18%
<i>Investment write-offs</i>	1,665	15,069	2,829	627	394	174	45	1,233	10	10	119	995%
<i>Provision for allowance for possible investment losses</i>	467	7,615	5,151	(296)	978	1,863	1,435	471	559	103	35	(65%)
<i>Fund interests losses etc.</i>	540	509	398	191	178	158	52	168	47	13	10	(21%)
Operating Cost	8,632	28,217	12,829	7,203	4,964	3,582	3,666	3,640	2,481	401	490	22%
Operating Gross Profit	7,902	(22,199)	(7,456)	2,157	(780)	(880)	1,468	203	818	143	316	120%
3. Others												
Operating Revenue	1,004	649	285	234	162	229	154	53	13	3	4	32%
Operating Cost	537	266	183	83	35	25	15	9	7	1	1	(13%)
Operating Gross Profit	467	382	101	151	126	204	139	44	5	1	2	86%
Total												
Operating Revenues	20,051	8,494	7,414	10,979	5,396	3,784	6,155	4,532	4,043	673	904	34%
Operating Cost	9,171	28,483	13,013	7,286	4,999	3,607	3,681	3,650	2,488	403	491	22%
Operating Gross Profit	10,879	(19,988)	(5,599)	3,692	396	176	2,474	882	1,554	270	412	53%
SG&A Expenses	5,328	7,698	3,787	2,399	2,274	2,000	1,621	1,433	1,472	344	331	(4%)
Operating Income	5,550	(27,686)	(9,386)	1,293	(1,878)	(1,823)	852	(550)	82	(74)	81	-
Ordinary Income	4,796	(28,950)	(10,334)	175	(2,477)	(2,612)	374	(610)	612	(105)	33	-
Net Income	3,049	(34,845)	(10,903)	(2,044)	(2,885)	(2,575)	462	(850)	597	(112)	(60)	-

(number of IPO)



Investment multiple by Initial price (First price multiple)

(Investment multiple)

	12/3	13/3	14/3	15/3	16/3	17/3 (1Q)
Domestics	1.4	1.5	15.2	4.9	1.7	-
Overseas	1.9	3.4	2.2	1.8	-	-

Note

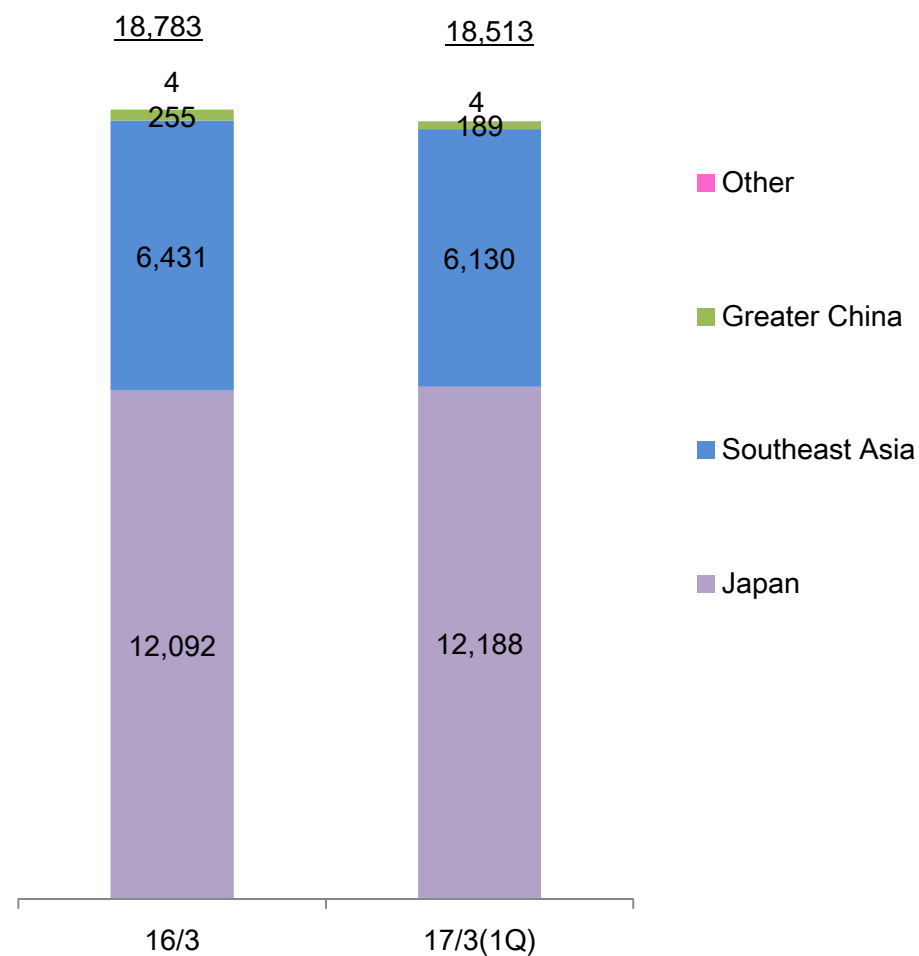
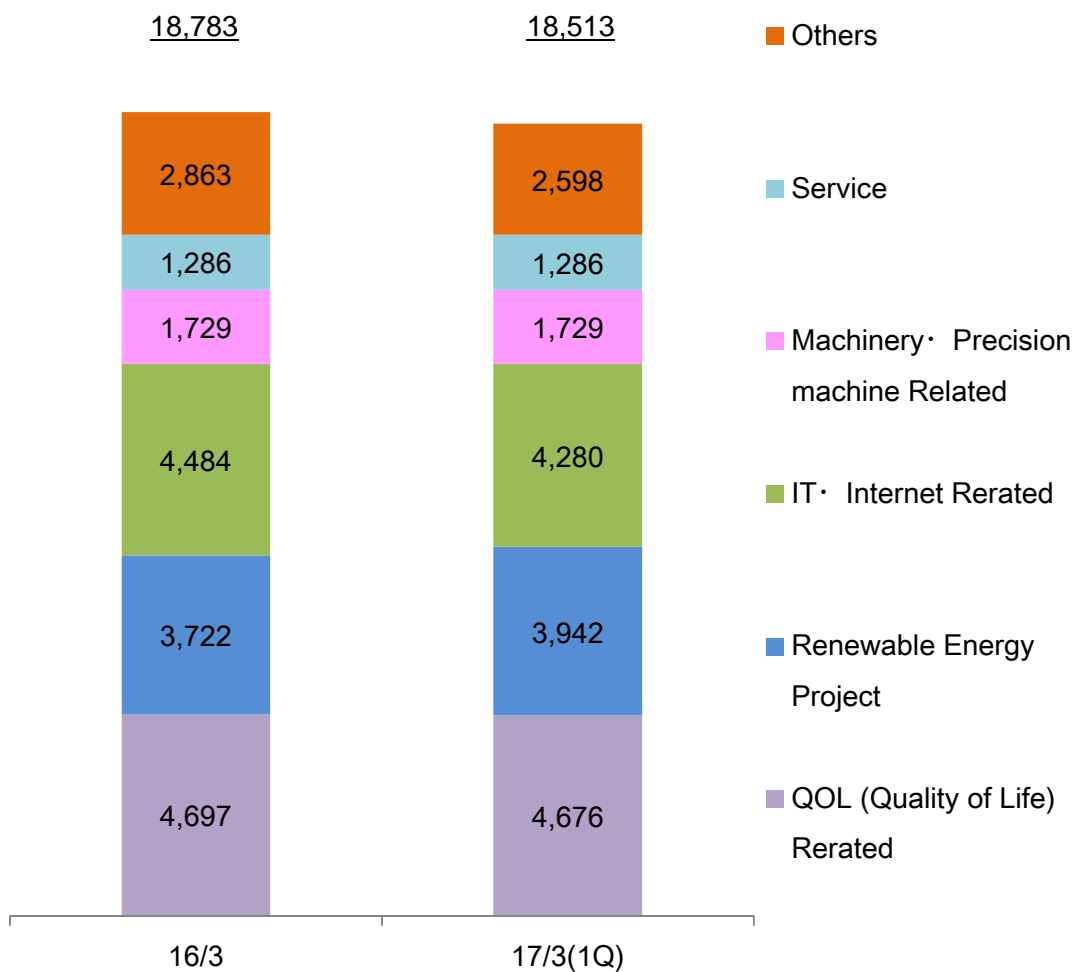
1: IPOs include acquisition by listed company as a result of equity swap etc. (2 in 2014/3, 2 in 2015/3, 2 in 16/3 and 1 in 17/3(1Q)).

2: 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 companies whose shares are acquired by listed companies as a result of equity swaps etc.

◆ By Industry

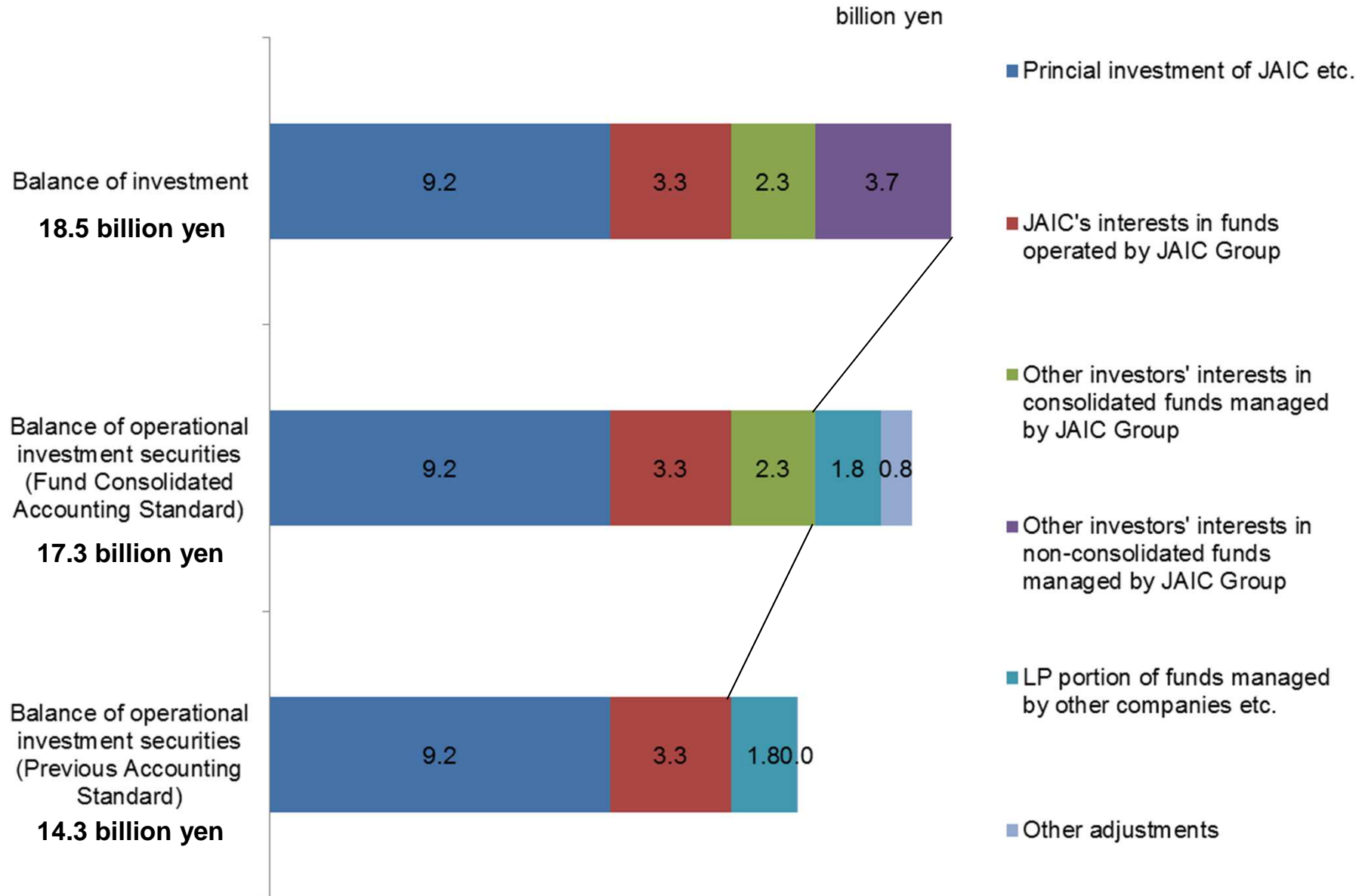
◆ By Area

(¥ million)



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

Balance of investment & balance of operational investment securities



Company name	Japan Asia Investment CO., Ltd.	Abbreviation; JAIC
Head office	3-11 Kandanishiki-cho, Chiyoda-ku, Tokyo 101-8570, Japan	
Established	July 10, 1981	
Paid-in capital	5,363 million yen	
Listed market	Tokyo Stock Exchange, 1st Section	
Number of employees	44 (Consolidated) /25 (Non-consolidated)	
Main business	<ul style="list-style-type: none"> ▪ Investment activities ▪ Management of investment funds ▪ Others 	
Board of Directors	President & CEO	Osamu Hosokubo
	Executive Managing Director	Tetsuro Shimomura
	Managing Director	Seiichiro Shimura
	Director	Kazunori Omori *
	Outside Director	Hitoshi Yasukawa*
	Outside Director	Tadashi Nunami*
	*members of Audit and Supervisory Committee	

JAIC

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