

Financial Results Overview for the 2nd Quarter Ended September 30, 2017

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

Announcement: November 13, 2017

The contents of this document are based on materials available at the time of its compilation and no guarantee can be made as to the continued accuracy and reliability of the material. The contents may be changed without prior notice. Risks and uncertainties including changes to economic circumstances may cause results and projections to differ materially from those presented in the document.

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 2Q FY March 2018 (Previous accounting standard)
 - Revenues increased by 54%, and final profit put us in the black at 0.4 billion yen
 - 1 billion yen gain on sale of renewable energy projects contributed to results
2. Business report
 - Established a new fund: Business succession-type buyout fund of 1 billion yen
 - Electricity sales commencement projects: 6 projects; 20.4 MW
3. Result forecast FY Mar 2018 (Previous Accounting Standard)
 - No change to full-year results forecast
 - Expecting a positive net income for the third consecutive year
 - Cover the drop in gain on sale of shares and in fund management revenues with renewable energy
 - 1H progress rate: Operating revenue 54%, final profit 105%
 - Implement sale of unlisted stocks in 2H and achieve operating revenues and cash flow

2. Results for 2Q FY March 2018 (Previous accounting standard)

Business Result

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2. Results for 2Q FY March 2018 – Outline of results (Previous accounting standard)

	2Q FY Mar 2017 (Actual)		2Q FY Mar 2018 (Actual)			Result forecast FY2018	
	Amount (million yen)	Composition ratio	Amount (million yen)	Composition ratio	Change	Amount (million yen)	Progression ratio
Operating revenue	1,649	100%	2,547	100%	54%	4,700	54%
Operating cost	747	45%	1,227	48%	64%	2,650	46%
Operating gross profit	902	55%	1,319	52%	46%	2,050	64%
SG&A expenses	686	42%	605	24%	(12%)	1,300	47%
Operating income	215	13%	714	28%	232%	750	95%
Ordinary Income	109	7%	640	25%	484%	550	116%
Profit attributable to owners of parent	(64)	(4%)	493	19%	-	470	105%
New & increased funds	-	-	1,000	-	-		
New investnemts	1,402	-	2,166	-	54%		

- ✓ Year on year: 54% rise in revenues, final profit in the black
- ✓ Progress rate against full-year forecast: Operating revenue 54%, final profit 105%

2. Results for 2Q FY March 2018 – Outline of results (Previous accounting standard)

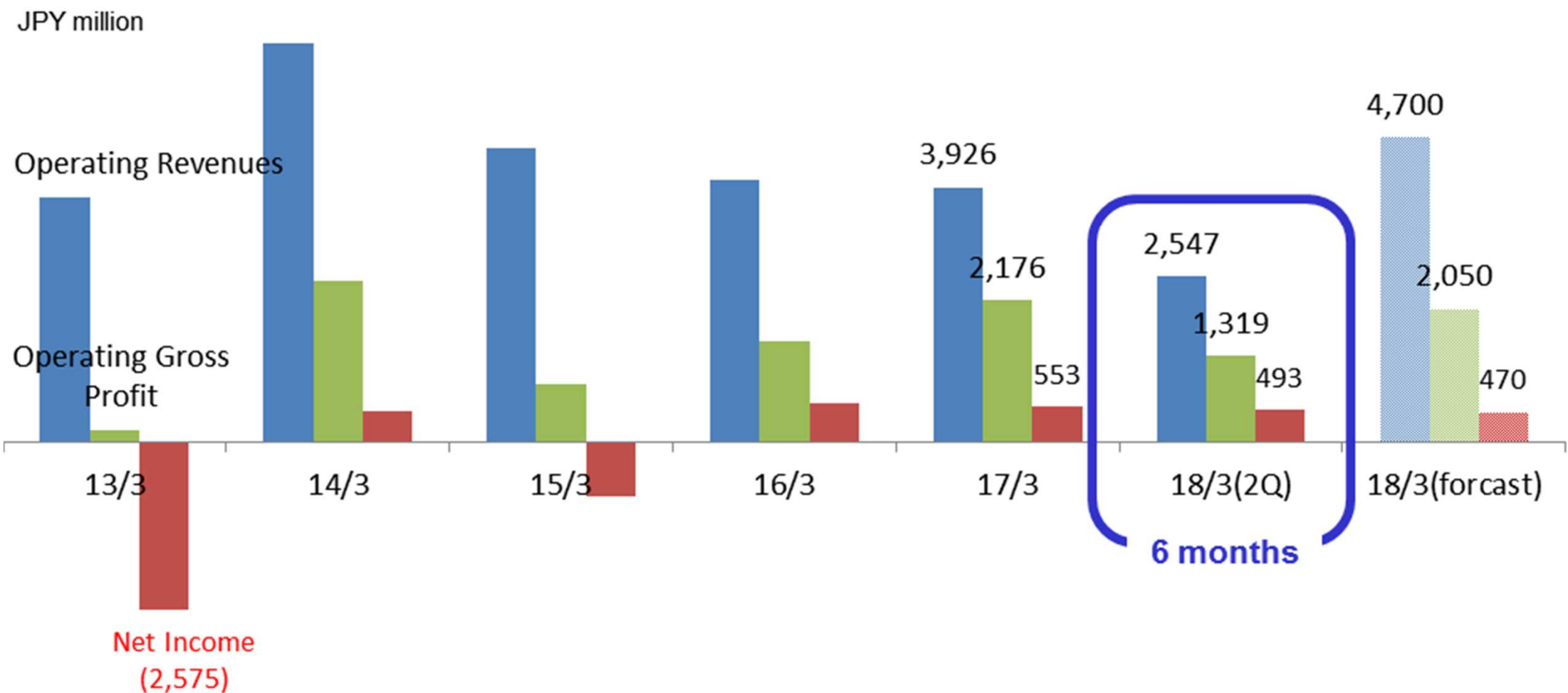
	FY Mar 2017 (Actual)		2Q FY Mar 2018 (Actual)		
	Amount (million yen)	Composition ratio	Amount (million yen)	Composition ratio	Change
Total assets	20,305	100%	19,604	100%	(3%)
Cash and deposits	6,213	31%	4,135	21%	(33%)
Operational investment securities (Renewable energy projects) etc.	4,081	20%	6,242	32%	53%
Operational investment securities after deducting Allowance for possible investment loss	7,356	36%	7,064	36%	(4%)

Loans payable	14,128	70%	12,468	64%	(12%)
Total shareholders' equity	5,686	28%	5,997	31%	5%

AUM of funds	28,753	-	23,299	-	(19%)
Balance of Investments	16,558	-	19,089	-	15%

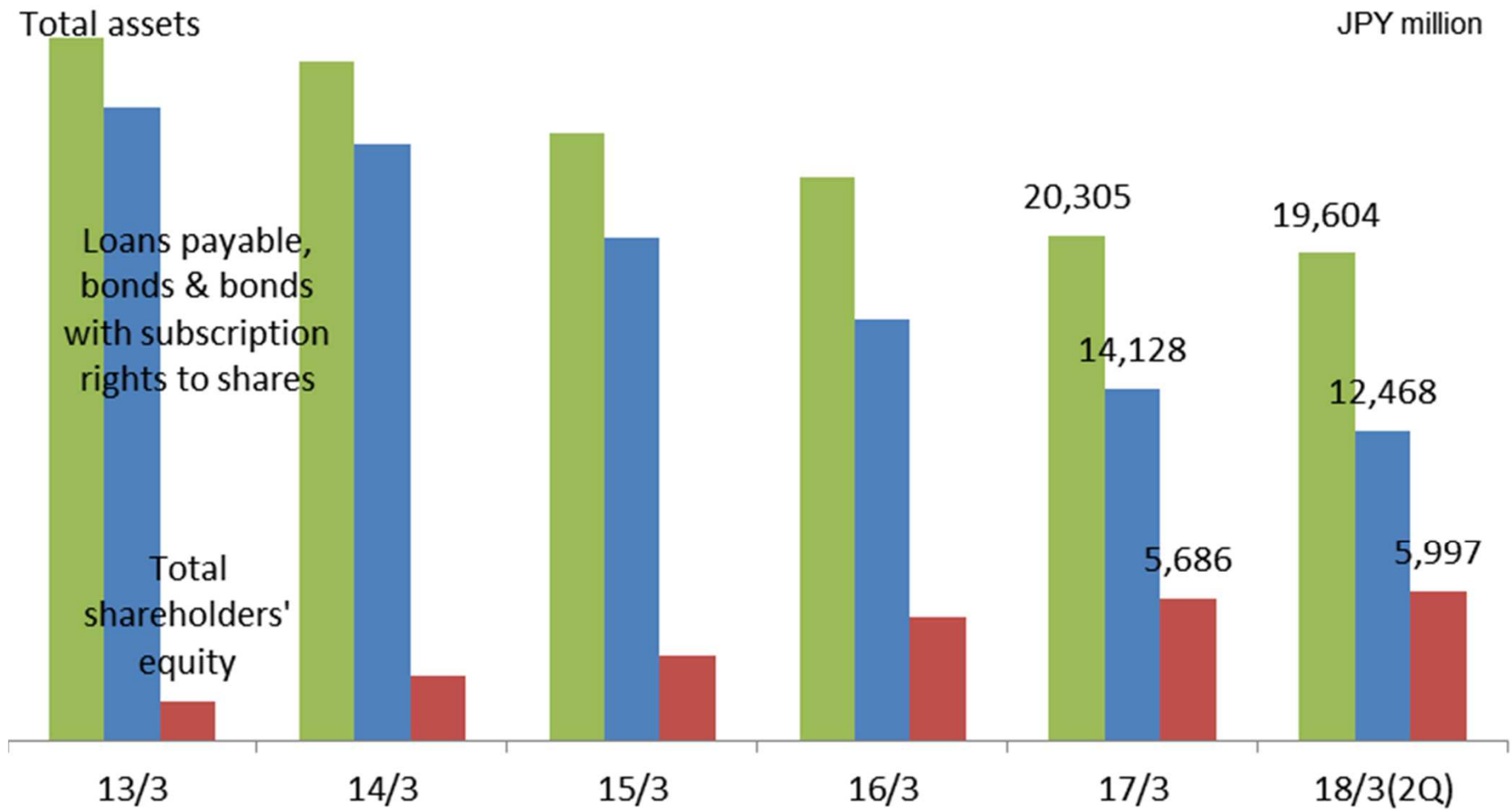
- ✓ Renewable energy assets increased by 53% due to new investments and interests income
- ✓ Reduced outstanding borrowings to 12.5 billion yen, a 74% reduction from the peak of 40.0 billion yen.

2. Results for 2Q FY March 2017 – Results (Previous accounting standard)



Performance recovered, profitability has taken root

2. Results for 2Q FY March 2017 – Balance Sheet (Previous accounting standard)



Acceleration of reduction of borrowings and strengthening of equity capital led to improved financial health

2. Results for 2Q FY March 2018 - Cash Flows - (Fund consolidated accounting standard)



(JPY million)	13/3	14/3	15/3	16/3	17/3	18/3(2Q)
Operating CF	1,196	3,624	511	974	1,406	(519)
Investing CF	277	437	213	470	(5)	196
Financing CF	(2,838)	(1,424)	(3,224)	(1,404)	(2,469)	(1,659)
Change in Net CF	(1,259)	2,758	(2,371)	(26)	(1,100)	(1,989)
Cash & Cash Equivalents at End of Period	5,554	8,313	5,942	5,915	4,815	2,825

6 months

✓ Operating CF

Net cash used was JPY 0.5 billion due to investment execution

✓ Financing CF

Net cash used was JPY 1.6 billion due to repayment of borrowings

2. Results for 2Q FY March 2018 –

Break down of operating revenue & operating cost (Previous accounting standard)



		2Q FY Mar 2017 (Actual)	2Q FY Mar 2018 (Actual)		Result forecast FY2018	
		Amount (million yen)	Amount (million yen)	Change	Amount (million yen)	Progression ratio
Operating revenue		1,649	2,547	54%	4,700	54%
Fund management operation	Fund management fees and others	177	134	(24%)	400	46%
	Success Fees	0	50	-		
Investment operation	Proceeds of sales of securities (A)	1,168	1,053	(10%)	3,400	31%
	Fund interests income etc.	269	1,261	367%	900	140%
	Income gains	22	31	39%	-	-
Others	Other operating revenues	10	14	39%	-	-
Operating Cost		747	1,227	64%	2,650	46%
Investment operation	Cost of securities sold (B)	604	894	48%	2,200	41%
	Investment write-offs and Provision for allowance for possible investment losses (C)	120	317	164%	400	79%
	Fund interests losses etc.	19	13	(30%)	50	33%
Others	Other operating costs	3	2	(11%)	-	-
Operating Gross Profit		902	1,319	46%	2,050	64%
Realized capital gains (A) - (B)		563	159	(72%)	1,200	13%
Investment income (A) - (B) - (C)		443	(157)	-	800	(20%)

- ✓ Increased fund interests income of the investment operation: 1 billion yen gain on sale of renewable energy projects contributed
- ✓ Cost of securities sold, write-offs, and provision for allowance increased in the investment operation
- ✓ Realized capital gains and investment income decreased

2. Results for 2Q FY March 2018 – investment operation - details

(JPY million)	Total		Private equity		Renewable energy investment	
	2Q FY Mar 2017 (Actual)	2Q FY Mar 2018 (Actual)	2Q FY Mar 2017 (Actual)	2Q FY Mar 2018 (Actual)	2Q FY Mar 2017 (Actual)	2Q FY Mar 2018 (Actual)
Operating revenue	1,461	2,346	1,215	235	245	2,111
Proceeds of sales of securities	1,168	1,053	1,168	223	*1	830
Fund interests income etc.	269	1,261	24	0	245	1,260
Income gains	22	31	22	11	-	20
Operating Cost	744	1,225	744	405	-	819
Cost of securities sold	604	894	604	75	*1	818
Investment write-offs and Provision for allowance for possible investment losses	120	317	120	317	*2	-
Fund interests losses etc.	19	13	19	12	-	-
Operating Gross Profit	716	1,121	471	(170)	245	1,291

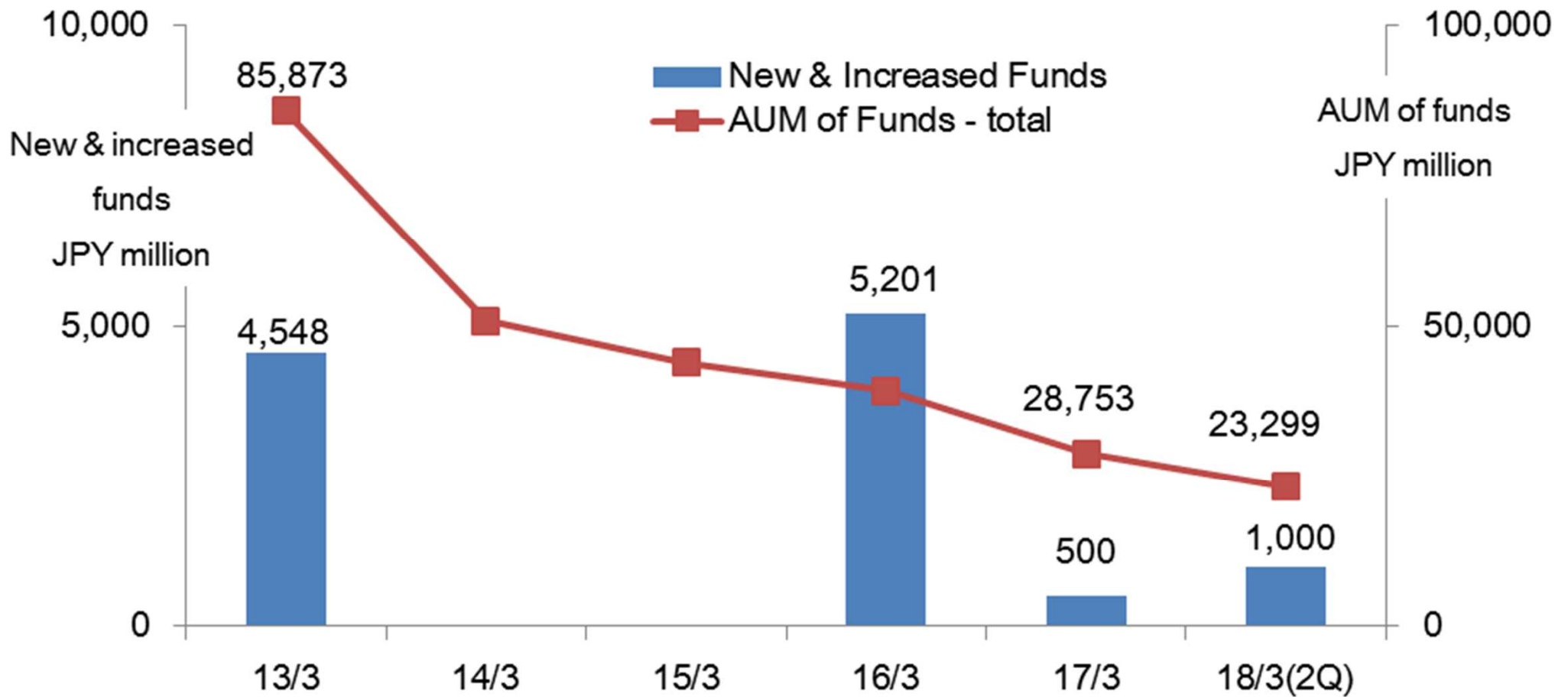
- ✓ The renewable energy investment business supported the drop in the highly fluctuating private equity (PE) business
- ✓ PE: *1 Proceeds of sales and cost dropped due to lack of large sale
*2 Provision for allowance to investees that saw a decline in business increased
- ✓ Renewable energy: Impact of sale of projects posted under multiple account titles
*3 Fund interests income, etc.: 1 billion yen was gain on sale, 0.2 billion yen was income from electricity sales etc.
- *4 Proceeds and cost of sales: 0.8 billion yen posted as is due to sale of some projects
Amount equivalent to gain on sale was posted under “fund interests income, etc.”

2. Results for 2Q FY March 2018 – investment operation – List of projects sold

Name of power plant	Maximum output	Feed-in tariff (ex. tax)	Timing of sale
Ise-shi Kashiwa-cho Akame solar power plant (Mie)	2.1MW	¥32/kWh	June 2017
Ise-shi Kashiwa-cho Okayama solar power plant (Mie)	0.9MW	¥32/kWh	June 2017
Kameyamashiraki-cho solar power plant (Mie)	1.3MW	¥36/kWh	Aug. 2017
Yoshino-cho solar power plant (Nara)	31.7MW	¥36/kWh	Sep. 2017
Total	36.0MW (attribute to JAIC 22.0MW)		

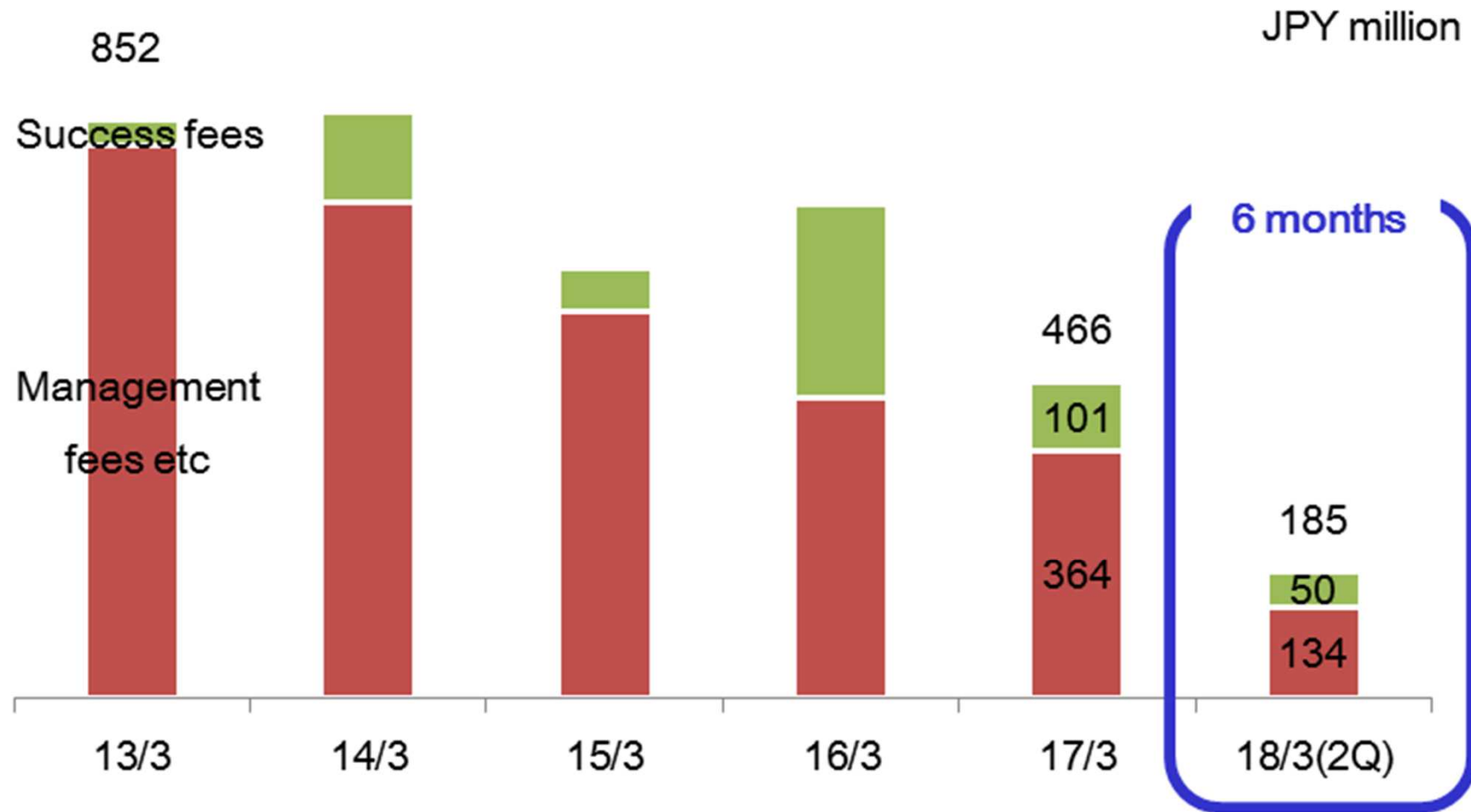
- ✓ Sold four projects with total output of 36.0 MW
- ✓ Realized sale of large projects

2. Results for 2Q FY March 2018 - fund management operation - AUM



- ✓ Established a business succession-type buyout fund of ¥1 billion
- ✓ AUM of funds decreased due to maturity and decrement of funds

2. Results for 2Q FY March 2018 - fund management operation – fees (Previous accounting standard)



- ✓ Management fees etc. decreased due to a fall in AUM of funds
- ✓ Received success fees from funds operated abroad

3. Business report

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Private equity	P17
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Renewable energy investment	P19
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3. Business report - Progress report on initial plan at year's start

Establish fund for domestic PE investment

- Established business succession-type buyout fund “Succession Investment Limited Partnership, I”

Expand investment domain of domestic PE investment

- Re-established relationship with a former investee listed company
- Held “JAIC Managers Club 2017.07”

Invest in high-profitability renewable energy projects

- Made investments in new mega solar projects at FIT of ¥36 & ¥24
- Currently studying low-cost development methods and projects other than solar power

Promotion of alliance with First Eastern Group

- Establish new department for promotion
- Hold discussions about establishing a joint fund for domestic companies

Acquire gains from sales

- Achieved sale of 4 mega solar projects with total output of 36.0 MW

9 companies, 0.65 billion yen

Q O L



REGiMMUNE Corporation

Drug development venture in
immunosuppressants

and one environment-related company

Service



瀋陽貝爾猫教育信息諮詢

Scientific experiment class
for children based on STEM
education philosophy

and one other company

IT



jena co. ltd.

IoT position information
management, AI chat bot



CROCO CORPORATION

Crowd sourcing service
specializing in article writing



瀋陽安新自動化控制

IoT air-conditioning control system

Machinery/ Precision machine



株式会社 翔栄

— タッチパネルの開発・製造・販売 —

SHOEI CO., LTD.

In-vehicle touch panel

3. Business report – Private equity – Updates on investee companies



Megakaryon Corporation
Human iPS cell-derived platelet
preparation

Established a production method for
preparations for clinical testing by a
consortium of 16 Japanese firms
including the Otsuka Pharmaceutical
Group and Sysmex



Lexus Technologies Inc.
Luxurious bag sharing service

Business alliance with Marui Group
Partnership with Epos Card
Real stores in Marui



Koyo Electric Co., Ltd.
Renewable energy

Capital and business alliance
with Mitsui & Co. Group



Renewable Japan Co., Ltd.
Renewable energy

Capital and business alliance with Tokyu Land
Joint development of approx. 250 MW



MTES Co., LTD
IoT solution services

Capital alliance with Toppan Forms
Development of IoT solutions that combine MTES'
LoRa* technology and Toppan Forms' RFID*
technology

* LoRa: A type of LPWA (Low Power Wide Area) communication standard that covers a broad area with a small amount of electric power

* RFID (Radio Frequency Identification): Contactless object recognition technology using radio communication

3. Business report – Renewable energy investment

- Examples of start of electricity sales

Started electricity sales in 2Q FY Mar 2018: 6 projects, 20.4MW



Shizuoka Izunokuni-shi Ukihashi
solar power plant 2.8MW



Kagawa Nomaike
solar power plant 2.4MW



Mie Taki-cho Nonaka
solar power plant 1.2MW



Kagawa Mitakabeike
solar power plant 1.5MW



Fukushima Inawashiro
solar power plant 1.2MW



Shizuoka Izunokuni-shi Kitaema
solar power plant 11.3MW

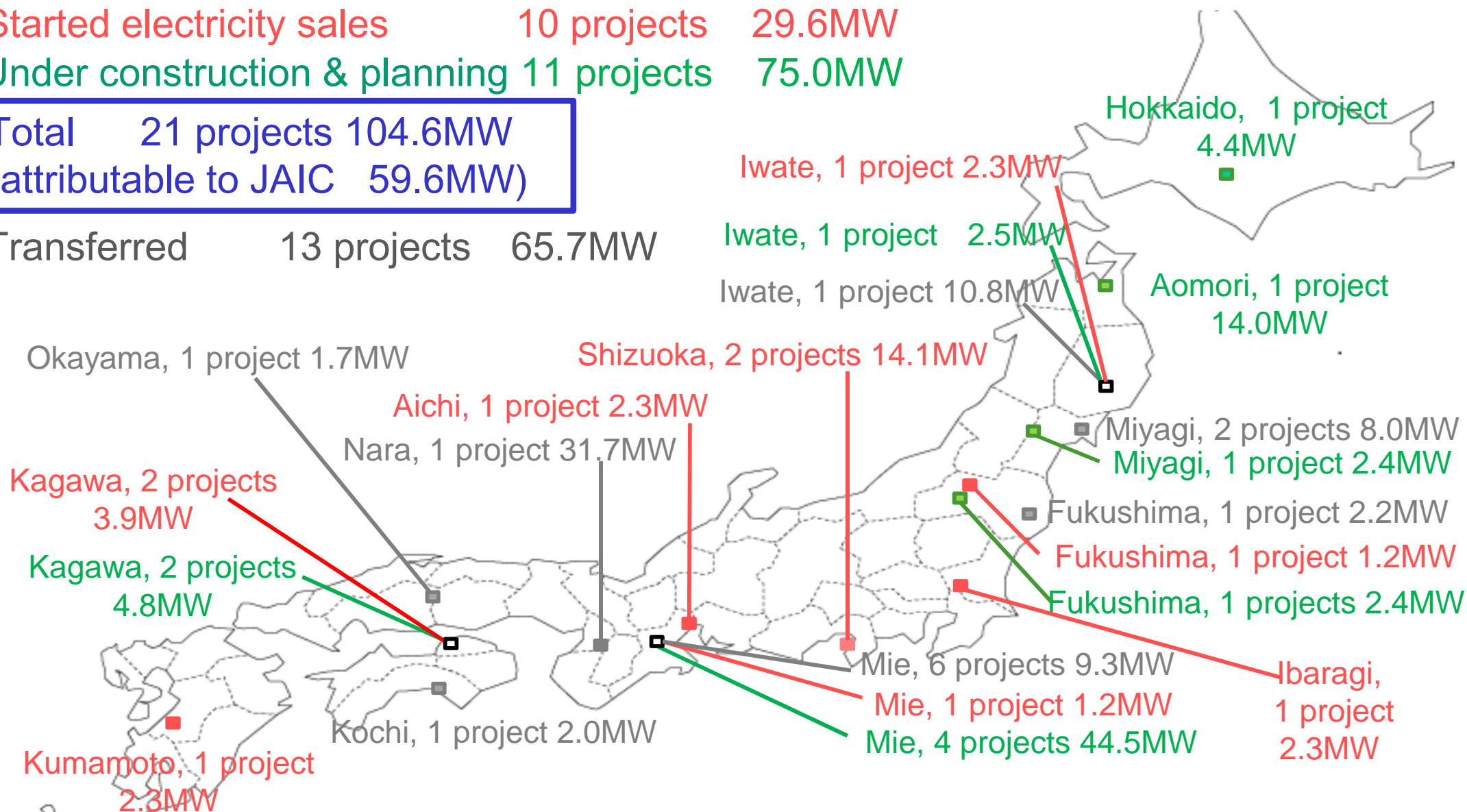
3. Business report – Renewable energy investment – Mega solar projects

Started electricity sales 10 projects 29.6MW

Under construction & planning 11 projects 75.0MW

Total 21 projects 104.6MW
(attributable to JAIC 59.6MW)

Transferred 13 projects 65.7MW



*1 Includes investment from RJA Energy Investment Business Limited Partnership.

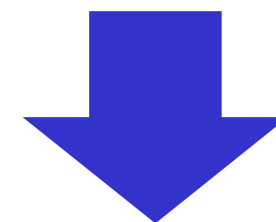
*2 Since our investment ratio differs in each project, the amount of JAIC's investment or revenues from mega solar projects that are attributable to JAIC are not necessarily linked to the MW figure of the project.

3. Business report – Renewable energy investment – Profitability of mega solar projects



Estimation of profit from electricity sales of projects in possession		(million yen)
Balance of operational investment securities related to renewable energy, etc. as of end Sep. 2017		6,242
Of which, amount other than from mega solar projects		(406)
Of which, amount from sold projects		(2,487)
Of which, scheduled collection amount		(1,153)
Others		+ 376
Total	Sum total of investments executed in JAIC Group's interests of 59.6 MW, of the 21 projects in possession (104.6 MW)	2,572

Expected profit based on electricity sales estimated under certain hypotheses when assuming that these 21 projects will continue to be held.



Sum total of expected net profit over 20 years (revenues from electricity sales minus depreciation, interest expense, etc.)	7,067
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4. Measures for 2nd Half of FY Mar 2018

Action plan

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Result forecast (Previous accounting standard)

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4. Measures for 2nd Half of FY Mar 2018 – Action plan

Establish funds and expand investment domain of PE investment

- Aim to achieve additional contribution from regional financial institutions in the business succession-type buyout fund
- Continue to solicit venture investment funds

Invest in high-profitability renewable energy projects

- Continue aggressive investments in mega solar projects
- Promote experimental investments for other renewable energy power sources

Promotion of alliance with First Eastern Group

- Establish joint investment fund for Japan based on specific investee candidates as a pilot fund

Acquire gains from sales

- Private equity:
Newly establish manager post specializing in collection
Strengthen management of collection negotiation progress
- Renewable energy investment: Planning sale of multiple projects

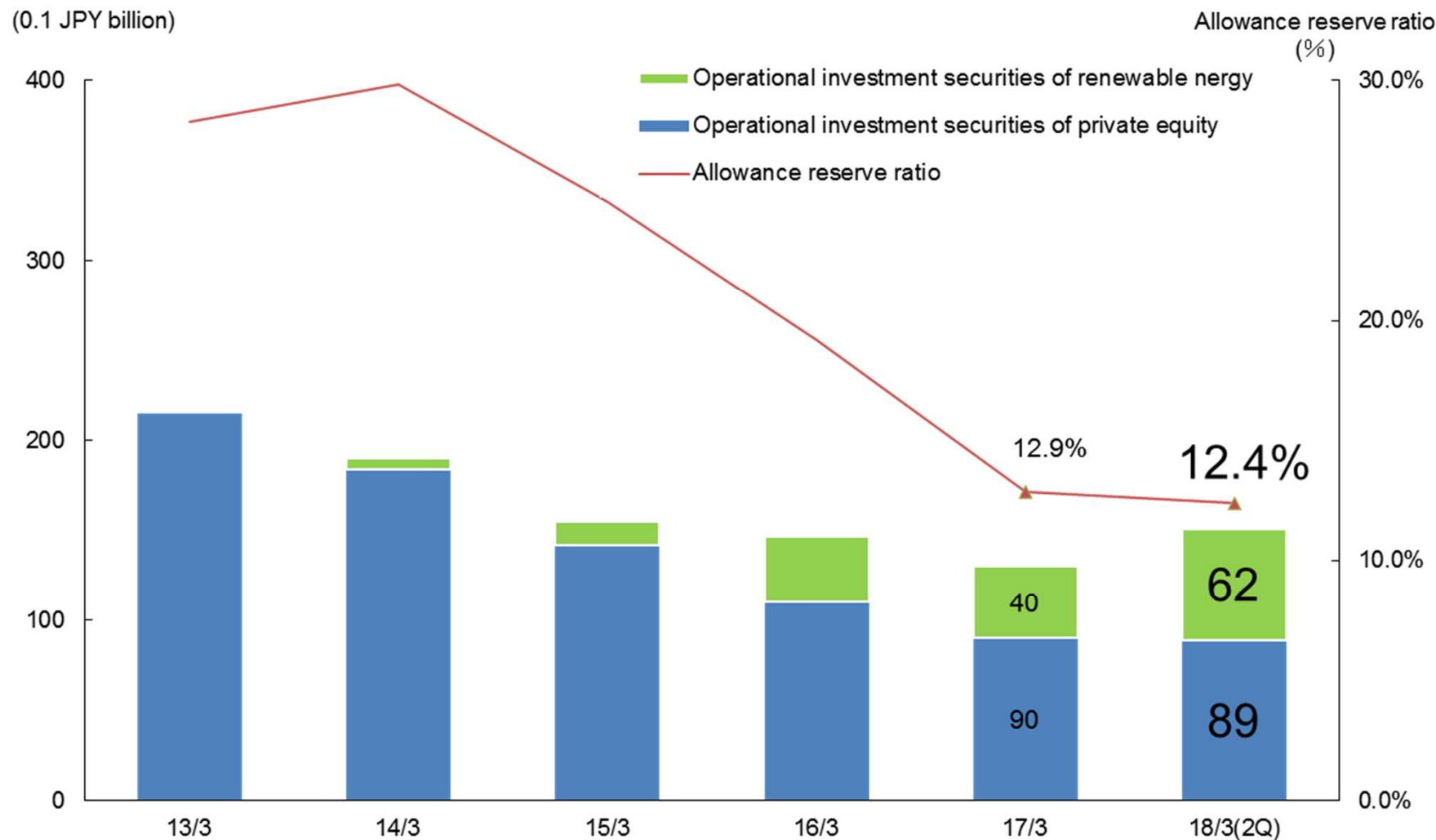
4. Result forecast for FY Mar 2018 (Previous accounting standard)

Previous accounting standard	Result forecast FY2018		Actual 2018/3(2Q)		
	Amount (million yen)	Composition ratio	Amount (million yen)	Composition ratio	Progression ratio
Operating revenue	4,700	100%	2,547	100%	54%
Fund management operation	400	9%	185	7%	46%
Proceeds of sales of securities	3,400	72%	1,053	41%	31%
Renewable energy projects	900	19%	1,261	50%	140%
Others	0	0%	46	2%	#DIV/0!
Operating cost	2,650	56%	1,227	48%	46%
Cost of securities sold	2,200	47%	894	35%	41%
Investment write-offs & provision for allowance for possible investment losses	400	9%	317	12%	79%
Others	50	1%	16	1%	33%
Operating gross profit	2,050	44%	1,319	52%	64%
SG&A expenses	1,300	28%	605	24%	47%
Operating income	750	16%	714	28%	95%
Ordinary Income	550	12%	640	25%	116%
Profit attributable to owners of parent	470	10%	493	19%	105%

- ✓ No change from start of term; aim for profitability for the third consecutive term
- ✓ Revenues from fund management operation and sales of shares are expected to decline
- ✓ Aim to achieve results forecast at start of term by covering the declines with gain on sales of mega solar projects

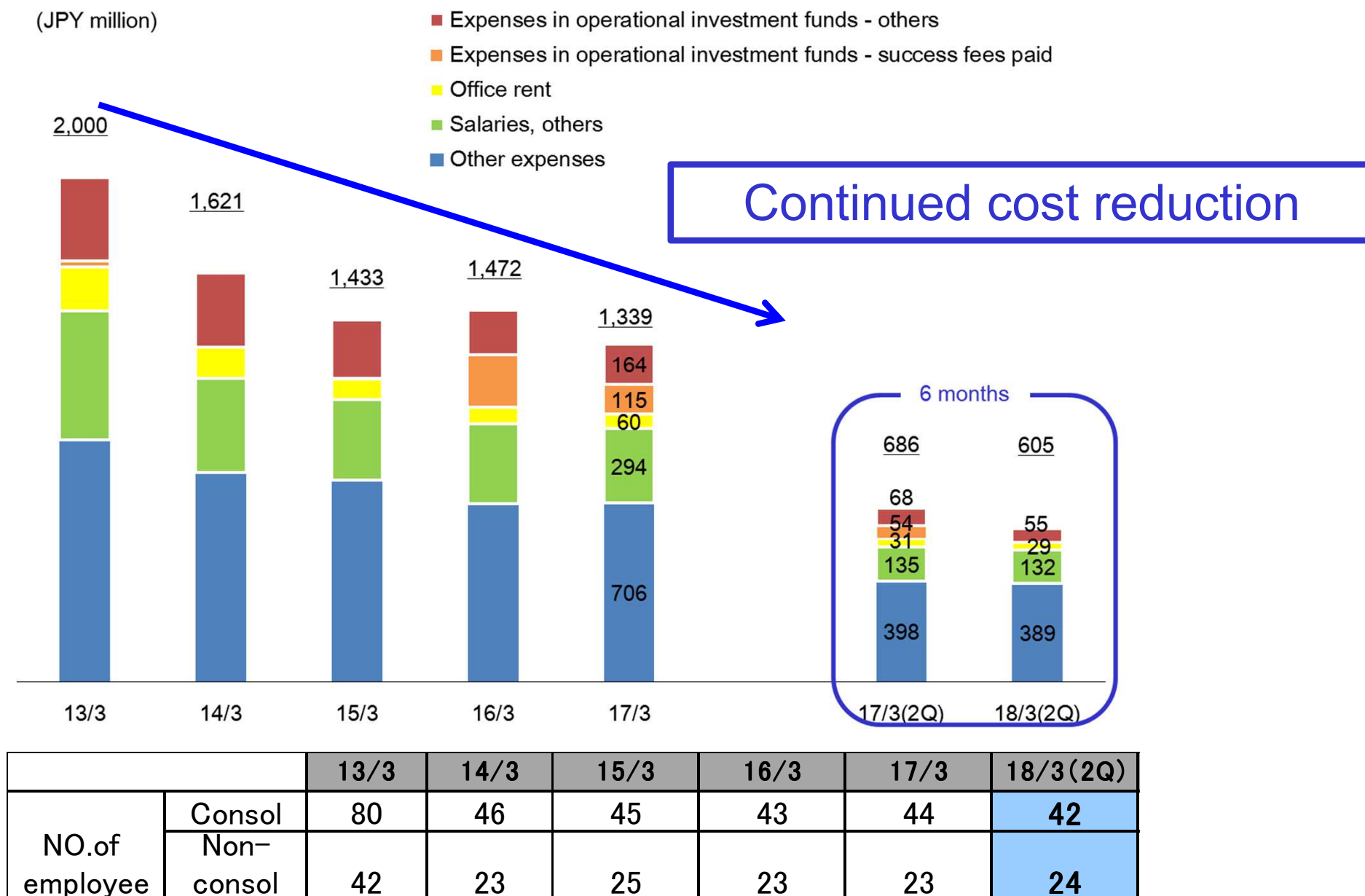
The result forecast are based upon the information currently available to JAIC at the time of writing and certain assumptions. The achievement is not promised. Various factors could cause actual results to differ materially from these result forecasts.

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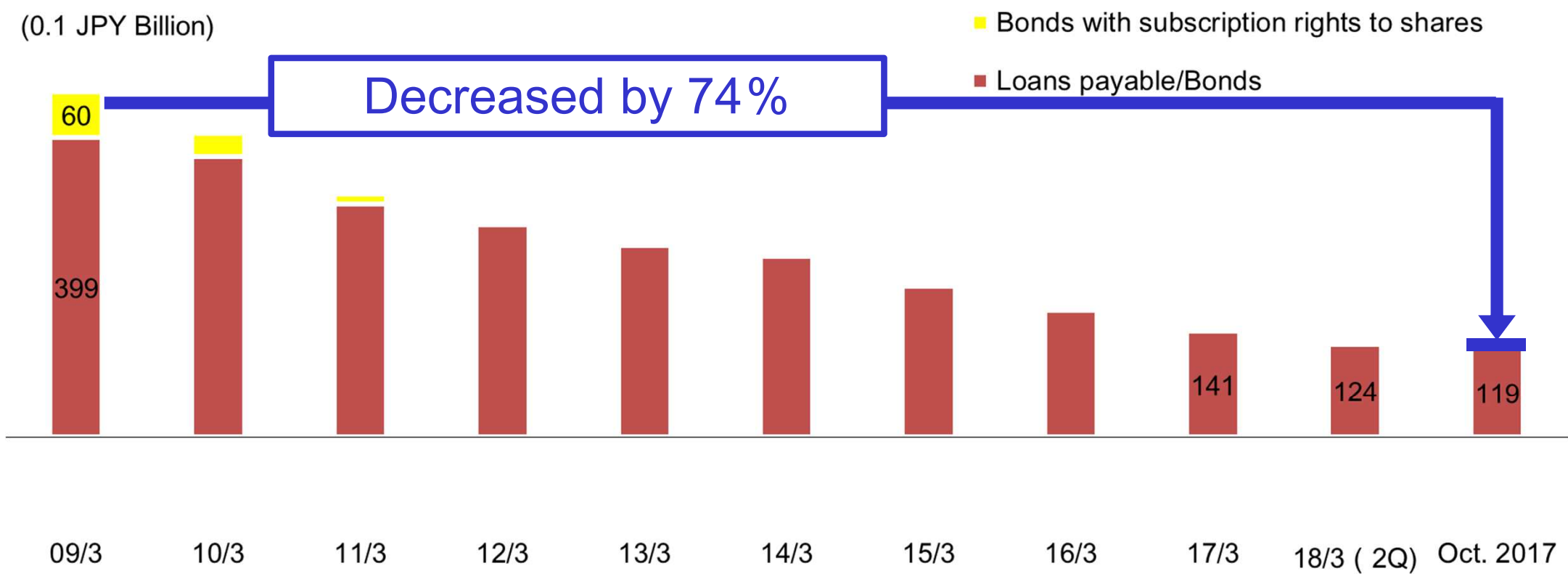


Progress of replacement of assets led to a decrease in the allowance reserve ratio

SG&A (Previous accounting standard)



Debt outstanding (Previous accounting standard)



Business results & financial position (Previous Accounting Standards)



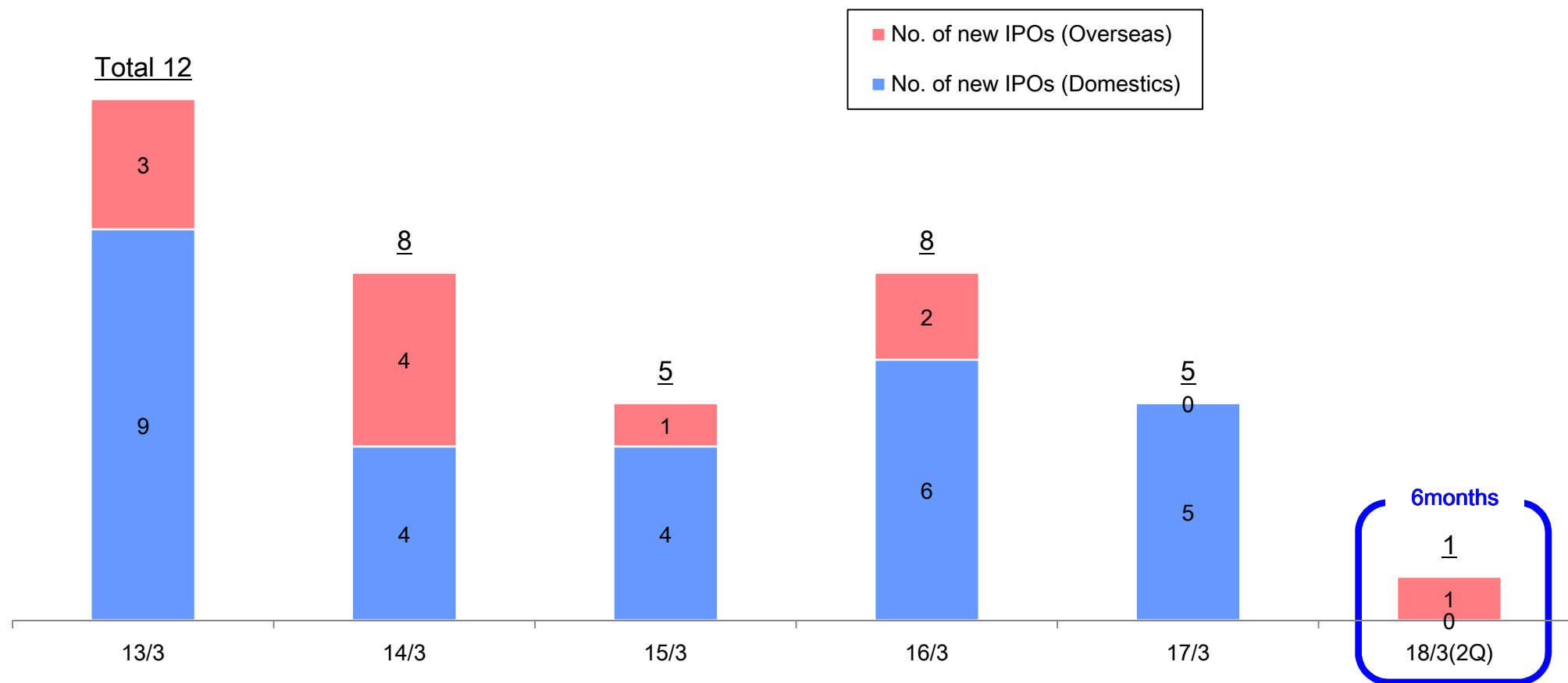
(JPY million)	13/3	14/3	15/3	16/3	17/3	18/3(2Q)
Business Results						
Operating Revenues	3,784	6,155	4,532	4,043	3,926	2,547
Operating Gross Profit	176	2,474	882	1,554	2,176	1,319
SG&A Expenses	2,000	1,621	1,433	1,472	1,339	605
Operating Income	(1,823)	852	(550)	82	836	714
Ordinary Income	(2,612)	374	(610)	612	726	640
Net Income	(2,575)	462	(850)	597	553	493
Financial Position						
Cash and deposits	8,550	10,428	9,437	8,202	6,213	4,135
Operational investment securities of renewable energy projects	-	608	1,337	3,722	4,081	6,242
Operational investment securities after deducting allowance for possible investment loss (Private equity)	15,452	12,380	10,364	8,226	7,356	7,064
Loans payable, bonds & bonds with subscription rights to shares	25,433	24,010	20,193	16,910	14,128	12,468
Total shareholders' equity	1,565	2,573	3,373	4,976	5,686	5,997
Total assets	28,272	27,302	24,396	22,680	20,305	19,604

(JPY million)	13/3	14/3	15/3	16/3	17/3	18/3(2Q)
New & Increased Funds	4,548	-	-	5,201	500	1,000
AUM of Funds - total	85,873	50,888	43,897	39,335	28,753	23,299
AUM of Funds - JAIC				14,004	9,427	7,298
New Investnemts	4,746	4,189	2,728	4,093	4,315	2,166
Balance of Investments	33,886	25,862	19,722	18,783	16,558	19,089

Statement of Income – Break Down (Previous accounting standard)



(JPY:million)		13/3	14/3	15/3	16/3	17/3	17/3(2Q)	18/3(2Q)	Change (%)
1.	Fund management operation								
	<i>Fund management fees and others</i>	815	733	571	441	364	177	134	(24%)
	<i>Success Fees</i>	37	132	63	288	101	-	50	-
	Operating Revenue	852	865	634	729	466	177	185	4%
	Operating Cost	-	-	-	-	-	-	-	-
	Operating Gross Profit	852	865	634	729	466	177	185	4%
2.	Investment operation								
	<i>Proceeds of sales of securities (A)</i>	2,411	4,656	3,651	2,954	2,275	1,168	1,053	(10%)
	<i>Income gains</i>	95	121	93	49	30	22	31	39%
	<i>Fund interests income etc.</i>	194	357	100	295	1,128	269	1,261	367%
	Operating Revenue	2,701	5,134	3,844	3,300	3,434	1,461	2,346	61%
	<i>Cost of securities sold (B)</i>	1,385	2,133	1,767	1,863	1,423	604	894	48%
	<i>Investment write-offs and Provision for allowance for possible investment losses (C)</i>	2,038	1,480	1,704	569	274	120	317	164%
	<i>Fund interests losses etc.</i>	158	52	168	47	46	19	13	(30%)
	Operating Cost	3,582	3,666	3,640	2,481	1,744	744	1,225	65%
	Operating Gross Profit	(880)	1,468	203	818	1,690	716	1,121	56%
3.	Others								
	Operating Revenue	229	154	53	13	25	10	14	39%
	Operating Cost	25	15	9	7	6	3	2	(11%)
	Operating Gross Profit	204	139	44	5	19	7	11	60%
Total									
	Operating Revenues	3,784	6,155	4,532	4,043	3,926	1,649	2,547	54%
	Operating Cost	3,607	3,681	3,650	2,488	1,750	747	1,227	64%
	Operating Gross Profit	176	2,474	882	1,554	2,176	902	1,319	46%



Investment multiple by Initial price (First price multiple)

(Investment multiple)

	13/3	14/3	15/3	16/3	17/3	18/3
Domestics	1.5	15.2	4.9	1.7	5.6	-
Overseas	3.4	2.2	1.8	-	-	3.2

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).

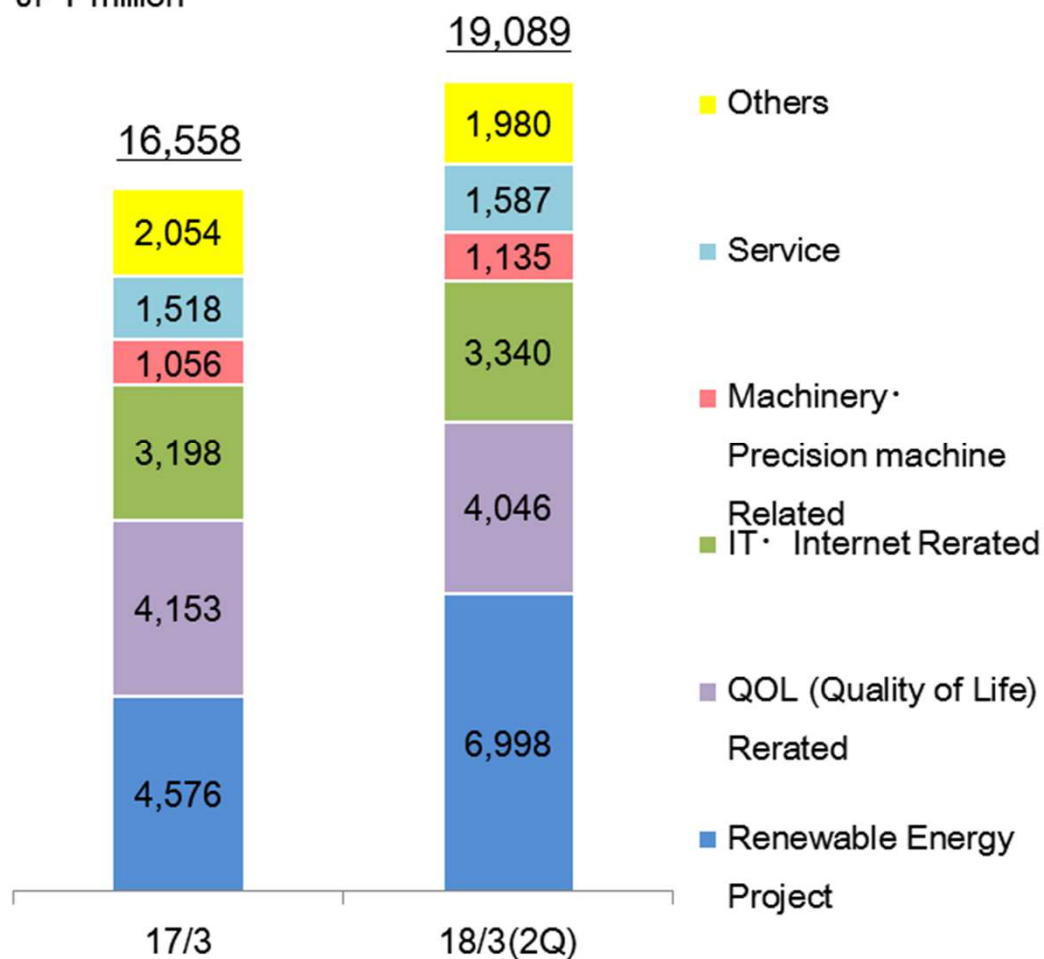
2: First price multiple = Gross market capitalization at first price/Total our acquisition cost. However, the calculation of the first price multiple does not include the companies whose shares are acquired by listed companies as a result of equity swaps etc.

Investment Portfolio Breakdown



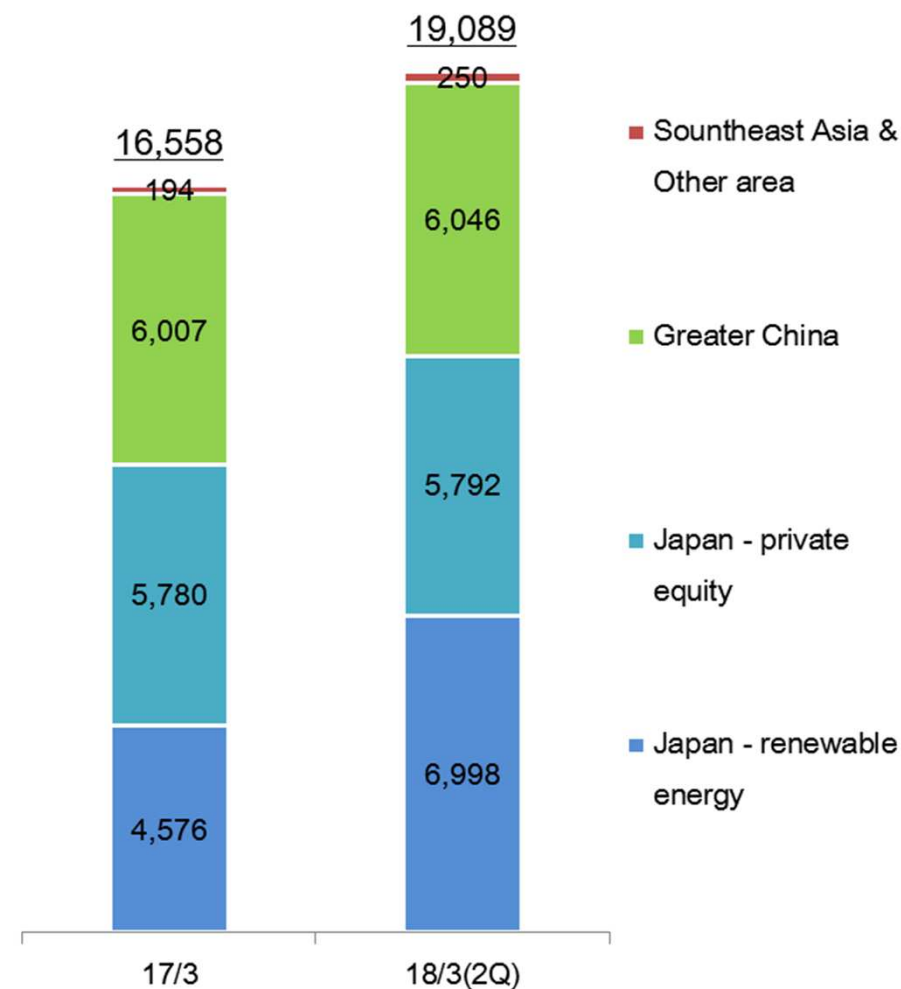
◆ By Industry

JPY million



◆ By Area

JPY million



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

Company name	Japan Asia Investment Co., Ltd. Abbreviation; JAIC		
Head office	3-11 Kandnishiki-cho, Chiyoda-ku, Tokyo 101-8570, Japan		
Established	July 10, 1981		
Paid-in capital	5,426 million yen		
Listed market	Tokyo Stock Exchange, 1st Section (Securities code 8518)		
Number of employees	42 (Consolidated) /24 (Non-consolidated)		
Main business	<ul style="list-style-type: none"> ▪Private equity ▪Renewable energy investment ▪New investment 		
Board of Directors	Chairman of Board	Yoshiaki Kawamata	Outside director
	President & CEO	Tetsuro Shimomura	
	Managing Director	Seiichiro Shimura	
	Director	Kazunori Omori **	
	Director	Hitoshi Yasukawa*	Independent outside director
	Director	Tadashi Nunami*	Independent outside director
	**chairman of Audit and Supervisory Committee		
	*members of Audit and Supervisory Committee		

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