

# Financial Results Overview for the 1<sup>st</sup> Quarter Ended June 30, 2018

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

*Announcement: August 13, 2018*

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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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- ✓ Results for 1Q FY March 2019 (Previous accounting standard)
  - Revenues decreased by 73.6% year on year; final deficit ended at 0.5 billion yen.
  - Sale of listed shares decreased; there was no sale of projects
  - Write-offs and provision for allowance increased due to the drop in the expected recovery amount of overseas investments
  
- ✓ Business report
  - Fund amount increase performance: Business succession-type buyout fund of ¥0.6 bn.
  - ¥1.3 bn. of investment execution to renewable energy projects
  - Electricity sales commencement projects: 2 projects; 5.0MW
  
- ✓ Result forecast FY Mar 2019 (Previous accounting standard)
  - No change from start of term; gain on sale concentrating in Q4
  - Compensate for the excessive write-offs and allowance with gain on sale of shares through IPOs

## Business Result

Outline of results P5

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## Business Report

Private equity investment P11

Renewable energy investment P14

## 2. Results for 1Q FY March 2019 – Outline of results (Previous accounting standard)

	FY 2018 1Q (Actual)		FY 2019 1Q (Actual)			Result forecast FY2019	
	Amount (million yen)	Composition ratio	Amount (million yen)	Composition ratio	Change	Amount (million yen)	Progression ratio
Operating revenue	717	100.0%	189	100.0%	(73.6%)	3,450	5.5%
Operating cost	101	14.1%	487	257.4%	380.6%	1,650	29.5%
Operating gross profit	615	85.9%	(297)	(157.4%)	-	1,800	-
SG&A expenses	307	42.8%	239	126.7%	(21.9%)	1,100	21.8%
Operating income	308	43.0%	(537)	(284.1%)	-	700	-
Ordinary Income	284	39.6%	(537)	(283.9%)	-	550	-
Profit attributable to owners of parent	281	39.2%	(539)	(285.0%)	-	470	-
Stable revenues (*)	33	-	88	-	-	330	26.9%
Percentage of stable revenues to SG&A	10.8%	-	37.1%	-	-	30.0%	-

- ✓ Year on year: 73.6% drop in revenues; final deficit of ¥0.5 billion; decrease in proceeds of sales in operating revenue; increase in write-offs in operating cost
- ✓ Versus full-year forecast: Operating revenue 5.5%; final profit -¥1 billion; gain on sale through IPO expected mainly in Q4
- ✓ Stable revenues: Year-on-year increase due to increase in projects that started electricity sales

(\*) Stable revenues: Management fees + project oriented revenues except project oriented investment capital gain and subsidy income + PE investment income gain.

## 2. Results for 1Q FY March 2019 – Outline of results (Previous accounting standard)

	FY Mar 2017 (Actual)		FY 2019 1Q (Actual)		
	Amount (million yen)	Composition ratio	Amount (million yen)	Composition ratio	Change
<b>Total assets</b>	19,220	100.0%	<b>17,218</b>	<b>100.0%</b>	<b>(10.4%)</b>
<b>(a) Cash and deposits</b>	7,308	38.0%	<b>4,695</b>	<b>27.3%</b>	<b>(35.7%)</b>
<b>(b) Operational investment securities     (Renewable energy projects) etc.</b>	3,582	18.6%	<b>4,660</b>	<b>27.1%</b>	<b>30.1%</b>
<b>Operational investment securities after     deducting Allowance for possible</b>	6,030	31.4%	<b>5,501</b>	<b>32.0%</b>	<b>(8.8%)</b>
<b>( c ) Loans payable</b>	11,954	62.2%	<b>10,486</b>	<b>60.9%</b>	<b>(12.3%)</b>
<b>Total shareholders' equity</b>	6,545	34.1%	<b>5,990</b>	<b>34.8%</b>	<b>(8.5%)</b>
<b>(a) + (b) - ( c )</b>	<b>(1,063)</b>	-	<b>(1,130)</b>	-	-

- ✓ Project oriented investment assets increased due to progress of investment execution
- ✓ Outstanding loans payable were ¥10.4 bn. 77.2% was reduced from the peak (incl. bonds).
- ✓ Cash and deposits decreased due to repayment of borrowings. The balance between the total amount of cash and deposits and renewable energy projects and outstanding borrowings are -¥1.1 bn, roughly the same as at the end of FY March 2018.

## 2. Results for 1Q FY March 2019 – Cash Flows – (Fund consolidated accounting standard)

(JPY million)	13/3	14/3	15/3	16/3	17/3	18/3	18/3(1Q)	19/3(1Q)
Operating CF	1,196	3,624	511	974	1,406	1,870	(377)	(172)
Investing CF	277	437	213	470	(5)	238	(4)	(25)
Financing CF	(2,838)	(1,424)	(3,224)	(1,404)	(2,469)	(2,173)	(1,453)	(1,468)
Change in Net CF	(1,259)	2,758	(2,371)	(26)	(1,100)	(57)	(1,844)	(1,679)
Cash & Cash Equivalents at End of Period	5,554	8,313	5,942	5,915	4,815	4,757	2,970	3,078

- ✓ Operating CF: Net cash used was ¥0.17 bn. due to booking of losses and investments in funds
- ✓ Financing CF: Net cash used was ¥14.6 bn. due to repayment of borrowings

## 2. Results for 1Q FY March 2019 –

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

( JPY million )	Total		Private equity investment		Project oriented investment	
	FY 2018(1Q) (Actual)	FY 2019(1Q) (Actual)	FY 2018(1Q) (Actual)	FY 2019(1Q) (Actual)	FY 2018(1Q) (Actual)	FY 2019(1Q) (Actual)
<b>Operating revenue</b>	717	<b>189</b>	274	<b>154</b>	442	<b>34</b>
Fund management fees and others	63	<b>65</b>	62	<b>64</b>	0	<b>0</b>
Success Fees	50	-	50	-	-	-
Proceeds of sales of securities	156	<b>70</b>	156	<b>70</b>	-	-
Fund interests income etc.	418	<b>40</b>	0	<b>13</b>	417	<b>26</b>
Income gains	19	<b>3</b>	1	<b>3</b>	17	<b>0</b>
Other operating revenue	8	<b>8</b>	2	<b>1</b>	5	<b>6</b>
<b>Operating Cost</b>	101	<b>487</b>	100	<b>487</b>	0	-
Cost of securities sold	62	<b>64</b>	62	<b>64</b>	-	-
Investment write-offs and Provision for allowance for possible investment losses	33	<b>415</b>	33	<b>415</b>	-	-
Fund interests losses etc.	4	<b>5</b>	3	<b>5</b>	0	-
Other operating costs	1	<b>1</b>	1	<b>1</b>	-	-
<b>Operating Gross Profit</b>	615	<b>(297)</b>	173	<b>(333)</b>	441	<b>34</b>

- ✓ In private equity investment, success fees were not generated and proceeds of sale decreased while write-offs and provision for allowance increased, leading to an operating gross loss.
- ✓ In project oriented investment, gain on sale of projects or subsidy income was not generated and fund interests income decreased, resulting in failure to compensate for private equity investment.



## 2. Results for 1Q FY March 2019 – Break down of investment income of private equity

(JPY million)

	Total	Domestic listed stock	Domestic unlisted stock	Overseas unlisted stock
<b>2018/3 (1Q)</b>				
(A) Proceeds of sales of securities	156	110	12	33
(B) Cost of securities sold	62	43	2	16
(A)-(B) Realized capital gains	94	67	9	17
( C) Investment write-offs and Provision for allowance for possible investment losses	33	-	25	7
(A)-(B)-( C) Invstment income	61	67	(15)	9

	Total	Domestic listed stock	Domestic unlisted stock	Overseas unlisted stock
<b>2019/3 (1Q)</b>				
(A) Proceeds of sales of securities	70	1	58	11
(B) Cost of securities sold	64	0	49	14
(A)-(B) Realized capital gains	5	1	8	(3)
( C) Investment write-offs and Provision for allowance for possible investment losses	415	-	12	403
(A)-(B)-( C) Invstment income	(409)	1	(3)	(406)

- ✓ Decrease in sale of domestic listed shares >>> Decrease in proceeds of sales and realized capital gains
- ✓ Drop in expected amount of sales of overseas unlisted shares >>> Increase in write-offs and provision for allowance

Private equity investment	P11
Renewable energy project investment	P14

# Investment execution : 2 companies, ¥0.1 bn.

JAIC Venture Capital Investment L. P.  
( Secondary investment fund for venture companies )

Shenyang Wanrun-JAIC Venture Capital Enterprise  
( Targeting promising companies in Shenyang City )



LIGUA, Inc.

Top-class share in solution services for orthopedic and osteopathic clinics

- Provides enhancement of patient information management through system introduction, introduction of own expense menu using treatment devices such as EMS, personnel training support, and accounting support
- Capital (incl. capital reserve): ¥280 million; employees: 81



Patient information management system "LigooPOS&CRM"



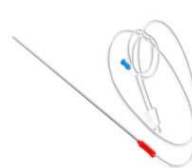
Electric treatment device "EMS-indepth-"



瀋陽中元宜和  
生物科技有限公司

Start-up firm that develops and manufactures artificial insemination medical device for medical institutions

- Obtained approval from China Food and Drug Administration (CFDA) on domestic manufacture and sale of egg cell collectors, embryo transplant conduits, and artificial fertilization tubes
- Established April 2011; capital: 6.7 million yuan



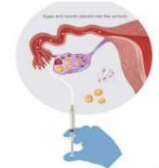
Egg cell collector



Artificial fertilization tube



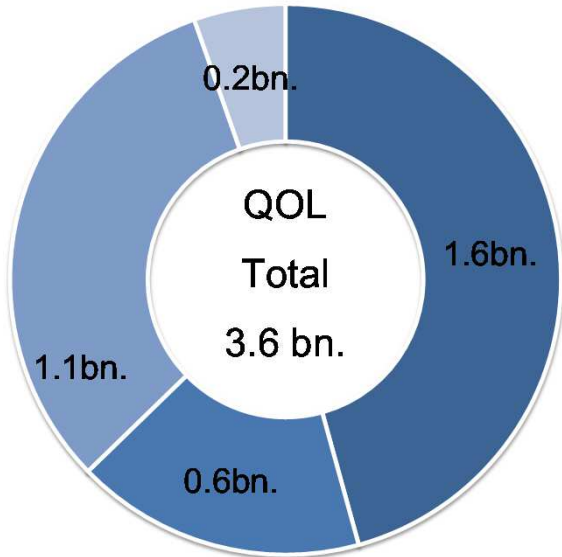
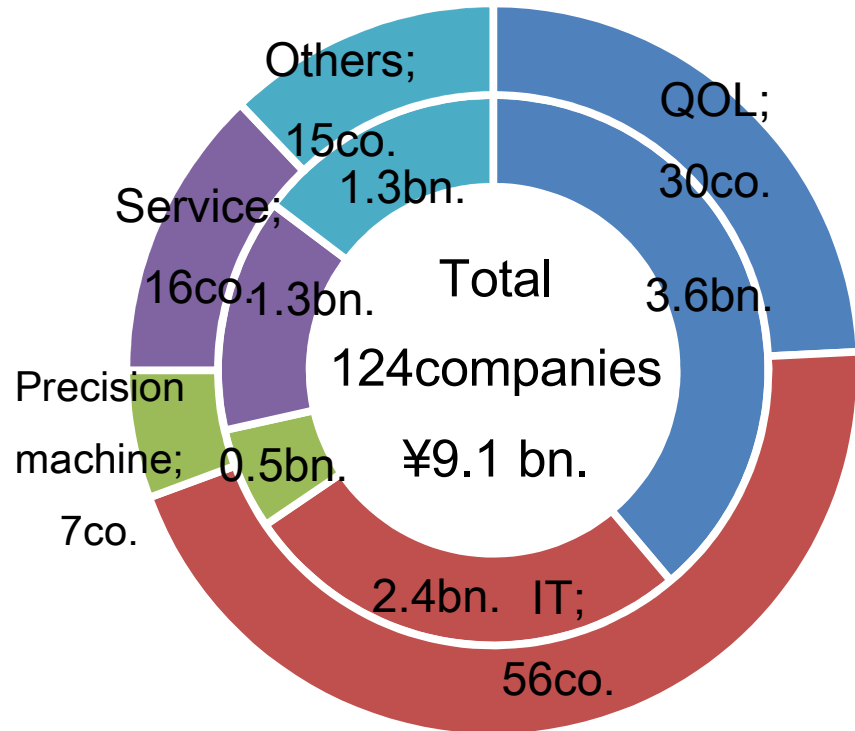
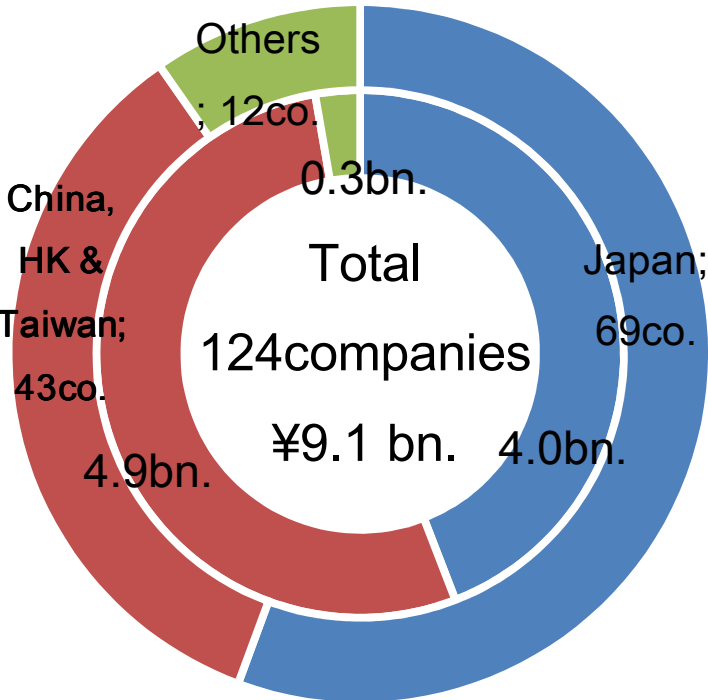
Embryo transplant conduit



# Investment balance : 124companies, ¥9.1 bn.

【Breakdown by area】

【Breakdown by industry】



- Medical device & service
- Environmental equipment & service
- Biotech, drug discovery & medicine
- Others

**Average investment amount per company (unit: ¥ million):**  
**Japan 59, China, HK & Taiwan 113 / QOL 119, IT 44**



## TMS Co., Ltd.

### Development of treatment for acute-stage cerebral infarction patients

- Aims to extend the time limit from onset to treatment from 4–5 hours for existing drugs to 12 hours.
- **In June 2018, TMS concluded an option contract with Biogen, an U.S. major bio pharmaceuticals firm.**
- TMS earned approx. ¥0.4 billion of lump-sum payment from this contract.
- Approx. ¥1.8 billion will be paid to TMS when Biogen exercises its option in the future.
- TMS can also receive up to approx. ¥33.5 billion of lump-sum payment depending on the the development and sales situations and royalties in stages depending on sales.
- Established February 2005; capital: ¥99 million



## mtes Neural Networks Co., Ltd.

### IoT platform using LoRa

- An IoT platform business and health monitoring business covering energy, human, and structures, using LoRa, a wifi communication system that covers a broad range with few electric power.
- **In June 2018, a capital increase by third-party allotment by TOPPAN FORMS CO., LTD. was decided. mtes will be an affiliate of Toppan Forms after the capital increase.**
- The procured funds will be allocated to the establishment of an IoT platform, the development of an AI robot center, and the employment of personnel specializing in AI.
- A capital partnership was formed with TOPPAN FORMS in October 2017. The relationship will further deepen due to this capital increase, with mtes accepting one officer.
- Established March 2015; capital: ¥715 million

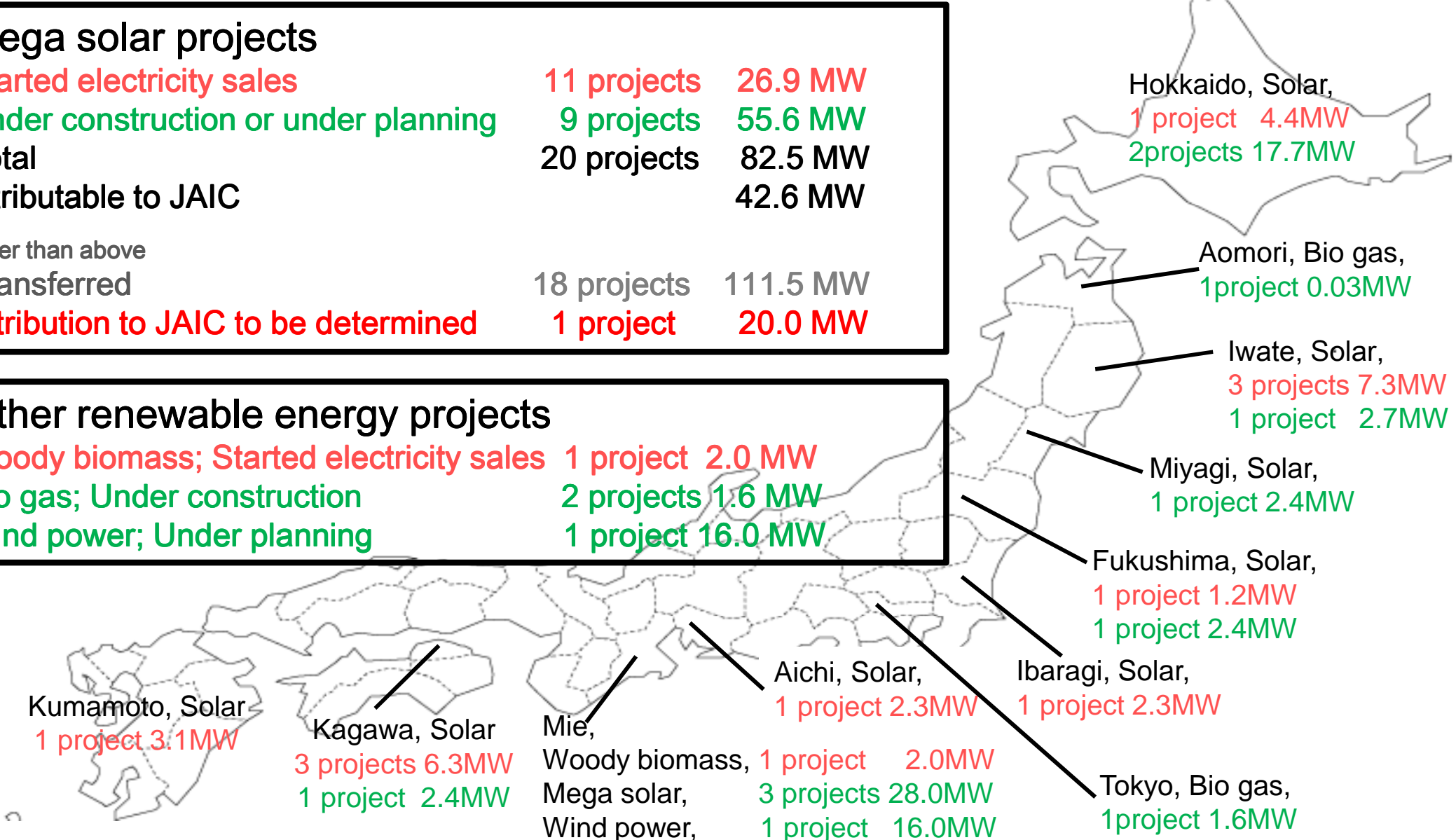
## Investment execution : 4 projects, ¥1.3 bn.

Location	Energy source	Generation capacity	Notes
Mie	Wind	16.0MW	Additional investment in an existing project
Hokkaido	Solar	2.0MW	New project
Gifu	Solar	20.0MW	New project
Aomori	Bio gas	0.03MW	New project

## 2. Results for 1Q FY March 2019 – Business report – Renewable energy projects as of June 30, 2018

<b>Mega solar projects</b>		
<b>Started electricity sales</b>	<b>11 projects</b>	<b>26.9 MW</b>
<b>Under construction or under planning</b>	<b>9 projects</b>	<b>55.6 MW</b>
<b>Total attributable to JAIC</b>	<b>20 projects</b>	<b>82.5 MW</b>
other than above		
<b>Transferred</b>	<b>18 projects</b>	<b>111.5 MW</b>
<b>Attribution to JAIC to be determined</b>	<b>1 project</b>	<b>20.0 MW</b>

<b>Other renewable energy projects</b>		
<b>Woody biomass; Started electricity sales</b>	<b>1 project</b>	<b>2.0 MW</b>
<b>Bio gas; Under construction</b>	<b>2 projects</b>	<b>1.6 MW</b>
<b>Wind power; Under planning</b>	<b>1 project</b>	<b>16.0 MW</b>



\* 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.

## 2. Results for 1Q FY March 2019 – Business report – Renewable energy projects as of June 30, 2018



Energy Source	No.	Location	Generation Capacity [MW]	Current status	FIT [tax excluded, ¥]	Total amount of project [¥ bn.]	Investors
Solar	1	Nishiki-cho, Kuma-gun, Kumamoto	3.1	Started electricity sales in Dec. 2015	40	approx. 1.05	Joint investment
	2	Tkokoname-shi, Aichi	2.3	Started electricity sales in Aug. 2016	36	approx. 0.78	Joint investment
	3	Fujisawa-cho, Ichinoseki-shi, Iwate	2.3	Started electricity sales in Sep. 2016	36	approx. 0.73	Joint investment
	4	Tsukubamirai-shi, Ibaragi	2.3	Started electricity sales in Mar. 2017	36	approx. 0.85	Joint investment
	5	Nomaike, Sanuki-shi, Kagawa	2.4	Started electricity sales in May. 2017	36	approx. 0.8	Joint investment
	6	Yama-gun, Fukushima	1.2	Started electricity sales in Sep. 2017	36	approx. 0.34	Joint investment
	7	Mitakabeike, Sanuki-shi, Kagawa	1.5	Started electricity sales in Sep. 2017	32	approx. 0.5	Joint investment
	8	Hanaizumi-cho, Ichinoseki-shi, Iwate	2.4	Started electricity sales in Jan. 2018	36	approx. 0.8	Joint investment
	9	Obihiro-shi, Hokkaido	4.4	Started electricity sales in Mar. 2018	40	approx. 2.2	JAIC
	10	Nakaoudaike, Sanuki-shi, Kagawa	2.4	Started electricity sales in Apr. 2018	36	approx. 0.86	Joint investment
	11	Yoshitaka, Fujisawa-cho, Ichinoseki-shi, Iwate	2.6	Started electricity sales in Jun. 2018	36	—	Joint investment
	12	Higashioudaike, Sanuki-shi, Kagawa	2.4	Under construction or Under planning (※Started electricity sales in Jul. 2018)	36	—	Joint investment
	13	Suzugasawa, Fujisawa-cho, Ichinoseki-shi, Iwate	2.7	Under construction or Under planning	36	—	Joint investment
	14	Miyagi	2.4	Under construction or Under planning	36	—	Joint investment
	15	Mie	2.4	Under construction or Under planning	32	—	Joint investment
	16	Mombetsu-shi, Hokkaido	15.7	Under construction or Under planning	40	approx. 6.6	Joint investment
	17	Hokkaido	2.0	Under construction or Under planning	36	—	JAIC
	18	Mie	24.4	Under construction or Under planning	24	—	Joint investment
	19	Fukushima	2.4	Under construction or Under planning	32	—	Joint investment
	20	Mie	1.2	Under construction or Under planning (※Transferred in Jul. 2018)	32	—	Joint investment
Total 82.5MW [attributable to JAIC 42.6MW]							



## 2. Results for 1Q FY March 2019 – Business report – Renewable energy projects as of June 30, 2018



Energy Source	No.	Location	Generation Capacity [MW]	Current status	FIT [tax excluded, ¥]	Total amount of project [¥ bn.]	Investors
Solar		Gifu	20.0	Under construction or Under planning	40	—	—
Woody biomass		Matsusaka-shi, Mie	2.0	Started electricity sales in Jan. 2018	—	—	Joint investment
Bio gas		Hamura-shi, Tokyo	1.6	Under construction or Under planning	39	—	Joint investment
		Aomori	0.03	Under construction or Under planning	39	—	Joint investment
Wind power		Mie	16.0	Under construction or Under planning	22	—	Joint investment

## Aquatic power plant in Nakaoudaike, Sanuki, Kagawa Prefecture started electricity sales



Name of power plant :

Nakaoudaike solar power plant

Maximum output : approx. 2.4MW

\*Solar cell panel system capacity basis

Expected annual power generation :  
approx. 3.06million k Wh

\*Equivalent to annual power consumption of approx. 690 average households

Total project amount : approx. 0.86 billion yen

\*80% of total project amount is procured from project finance from financial institutions

Feed-in tariff : 36/kWh [ex. Tax]

Started electricity sales in Apr. 2018

- ✓ JAIC's third mega solar power plant on water completed (\*The fourth was also completed on July 1) By constructing the power plant on water, costs for reclamation work to flatten the ground for panel installation will become unnecessary
- ✓ Solar radiation conditions are good since there are no obstacles around
- ✓ The temperature of the panels are kept low due to the cooling effect of the water's surface, enabling the power plant to maintain power generation efficiency

## Partially completed solar sharing power plant



Name of power plant:

Ichinoseki-shi Yoshitaka solar power plant

Location: Fujisawa-cho, Ichinoseki-shi, Iwate

Maximum output: approx. 2.6MW \*Part of 5.3MW

Expected annual power generation: approx. 3.04 million kWh

\*Equivalent to annual power consumption of approx. 687 average households

Started electricity sales on June 30, 2018

Joint investment with Renewable Japan Co., Ltd. and TOKYU LAND CORPORATION

Project finance from The Tohoku Bank, Ltd.

EPC by Mitsubishi Electric System & Service Co., Ltd.

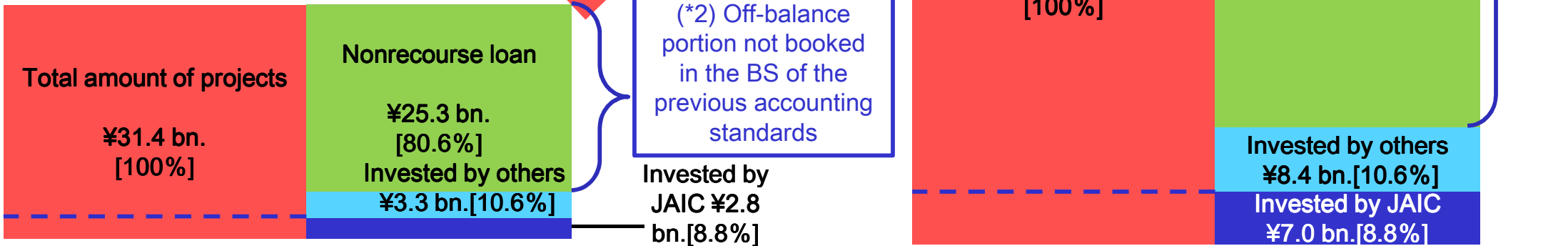
- ✓ Sharing sunlight between power generation and agriculture
- ✓ Of the two power plants (5.3MW in total), one (2.6MW) was completed
- ✓ Posts are planted on farmland and panels are installed at certain intervals, under the panels barley is grown using large agricultural machines
- ✓ Part of the income of the power generation business will be paid as farming support costs over twenty years to contribute to regional re-creation

## 2. Results for 1Q FY March 2019 – Business report – Renewable energy projects – total project amount

### Expected total amount of projects planned to be long held(\*1)

(\*1) The sum of the expected amounts of 18 projects to be long held (incl. those for which asset management is done by another firm), in which investment is carried out as of end of March 2018.

The breakdown of funds procured is the forecast amount upon completion of the projects.



- ✓ The expected total amount of projects to be long held as of end of March 2018 is ¥31.4 billion.
- ✓ Based on the previous accounting standards, other than ¥2.8 billion “invested by JAIC” (8.8%) of the total amount of projects are off-balance<sup>\*2</sup>.
- ✓ In the medium-term management plan,<sup>\*3</sup> JAIC aims to increase investment by JAIC to ¥7 billion by end of March 2021. Assuming that the same percentage of funding will be carried out in projects invested in the future as in existing projects to be long held, the total amount of projects that correspond to JAIC’s investment of ¥7 billion will increase to **¥79.5 billion.**

(\*3) Medium-term business plan for March 2019 through March 2021. The medium-term business plan and 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. Various factors could cause actual results to differ materially.



### 3. Result forecast for FY Mar 2019 (Previous accounting standard)

Previous accounting standard	Result forecast FY2019	Actual 2019/3(1Q)	
		Amount (million yen)	Amount (million yen) / Progression ratio
Operating revenue	3,450	189	5.5%
Fund management operation	240	65	27.2%
Proceeds of sales of securities (private equity)	2,800	70	2.5%
Proceeds of sales of securities (project)	-	-	-
Fund interests income etc.	400	40	10.2%
Others	10	12	123.4%
Operating cost	1,650	487	29.5%
Cost of securities sold (private equity)	1,300	64	5.0%
Cost of securities sold (project)	-	-	-
Investment write-offs & provision for allowance for possible investment losses	350	415	118.7%
Others	-	6	-
Operating gross profit	1,800	(297)	-
SG&A expenses	1,100	239	21.8%
Operating income	700	(537)	-
Ordinary Income	550	(537)	-
Profit attributable to owners of parent	470	(539)	-

#### Assumptions for the result forecast as start of term

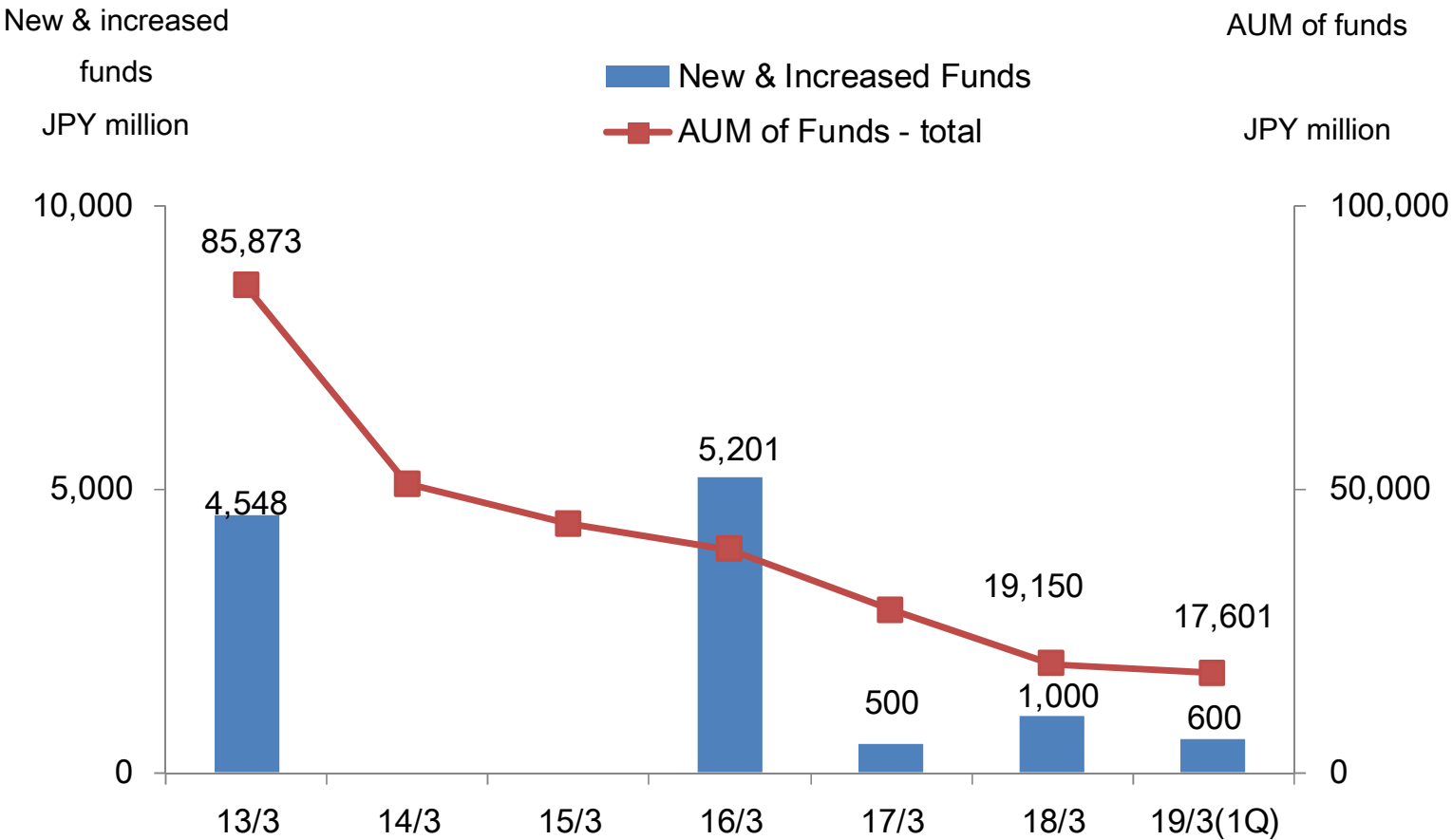
- Fund management operation fees are for existing portions only. No success fees are expected.
- Proceeds and cost of private equity securities sold consist mainly of IPOs in Japan and sales of unlisted shares in Greater China
- Fund interests income etc. of operating revenue includes the proceeds of sales of renewable energy projects and revenues from mega solar projects
- Non-operating income includes foreign exchange gains, and non-operating expenses include interest expenses. Extraordinary loss/income is not expected.
- Tax burden due to taxable income is expected.

- ✓ No change from start of term; gains on sale are expected to be concentrated in Q4
- ✓ Expected to compensate for the excessive write-offs and allowance with gain on sale of shares through IPOs

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.

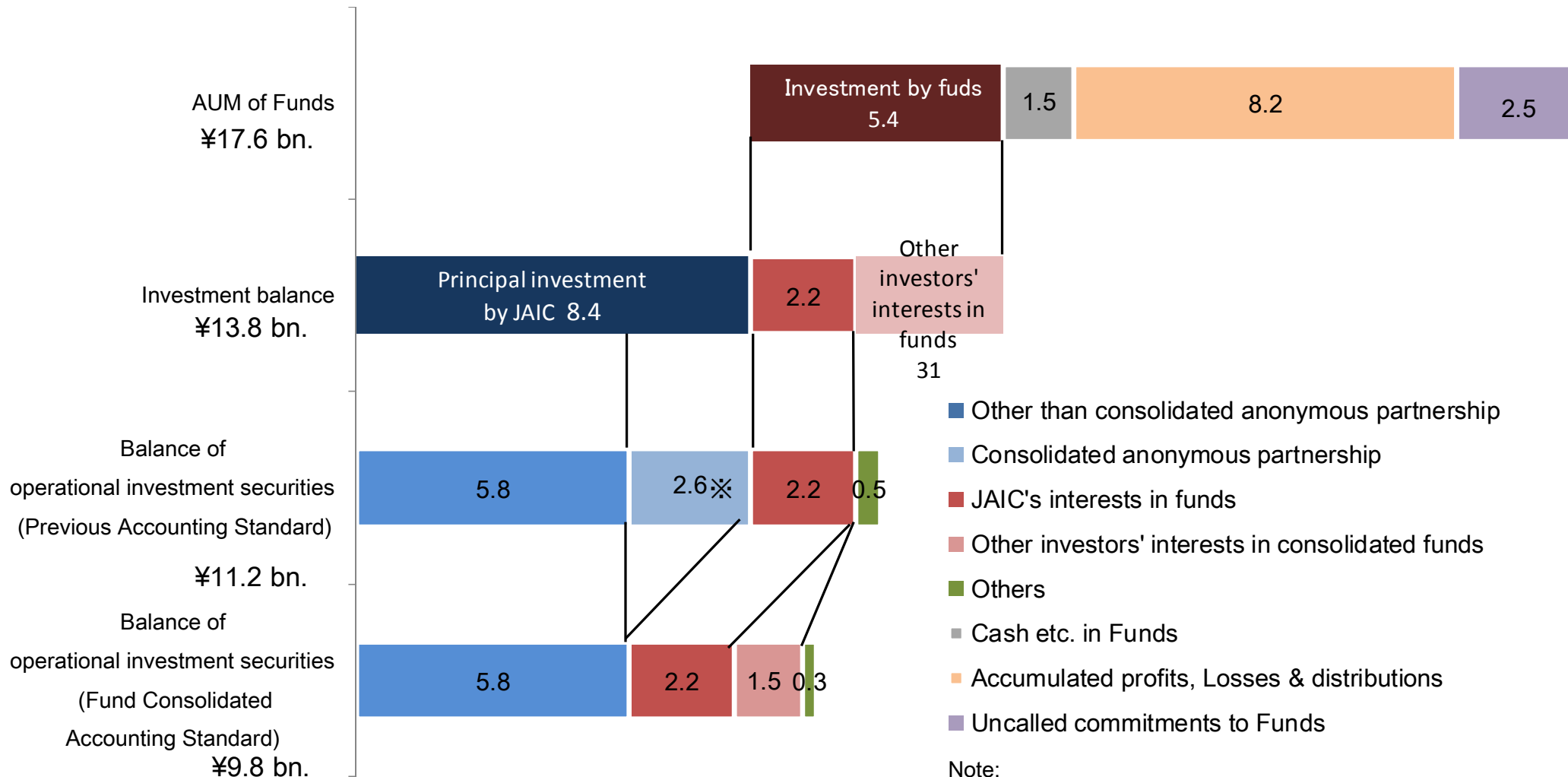
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# 5. Appendix – AUM of Funds



- ✓ Obtained investment of ¥600 million through additional solicitation for subscription to business succession-type buyout fund
- ✓ AUM decreased, affected by funds that handed over management to another firm

# 5. Appendix – AUM of Funds, Investment balance & balance of operational investment securities



Note:  
 Of the principal investment by JAIC, the investment portion in anonymous partnership, which is subject to consolidation, is deemed investment in a subsidiary under the fund consolidated accounting standards, and investment is offset by capital.  
 On the other hand, renewable energy power generation facilities held by anonymous partnerships are booked as property, plant and equipment under the fund consolidated accounting standard.



# 5. Appendix - Funds & investment activities

(JPY million)	13/3	14/3	15/3	16/3	17/3	18/3	19/3(1Q)
New & Increased Funds	4,548	-	-	5,201	500	1,000	<b>600</b>
AUM of Funds - total	85,873	50,888	43,897	39,335	28,753	19,150	<b>17,601</b>
AUM of Funds - JAIC				14,004	9,427	5,867	<b>5,801</b>
New Investnemts	4,746	4,189	2,728	4,093	4,315	3,887	<b>1,429</b>
Balance of Investments	33,886	25,862	19,722	18,783	16,558	13,981	<b>13,813</b>

## 5. Appendix - Business results & financial position (Previous accounting standards)



(JPY million)	13/3	14/3	15/3	16/3	17/3	18/3	19/3(1Q)
<b>Business Results</b>							
Operating Revenues	3,784	6,155	4,532	4,043	3,926	5,403	<b>189</b>
Operating Gross Profit	176	2,474	882	1,554	2,176	2,328	<b>(297)</b>
SG&A Expenses	2,000	1,621	1,433	1,472	1,339	1,311	<b>239</b>
Operating Income	<b>(1,823)</b>	852	<b>(550)</b>	82	836	1,017	<b>(537)</b>
Ordinary Income	<b>(2,612)</b>	374	<b>(610)</b>	612	726	954	<b>(537)</b>
Net Income	<b>(2,575)</b>	462	<b>(850)</b>	597	553	874	<b>(539)</b>
<b>Financial Position</b>							
Cash and deposits	8,550	10,428	9,437	8,202	6,213	7,308	<b>4,695</b>
Operational investment securities of project related investment	-	608	1,337	3,722	4,081	3,582	<b>4,660</b>
Operational investment securities after deducting allowance for possible investment loss (Private equity)	15,452	12,380	10,364	8,226	7,356	6,030	<b>5,501</b>
Loans payable, bonds & bonds with subscription rights to shares	25,433	24,010	20,193	16,910	14,128	11,954	<b>10,486</b>
Total shareholders' equity	1,565	2,573	3,373	4,976	5,686	6,545	<b>5,990</b>
Total assets	28,272	27,302	24,396	22,680	20,305	19,220	<b>17,218</b>

## 5. Appendix - Statement of Income - break down (Previous accounting standard)



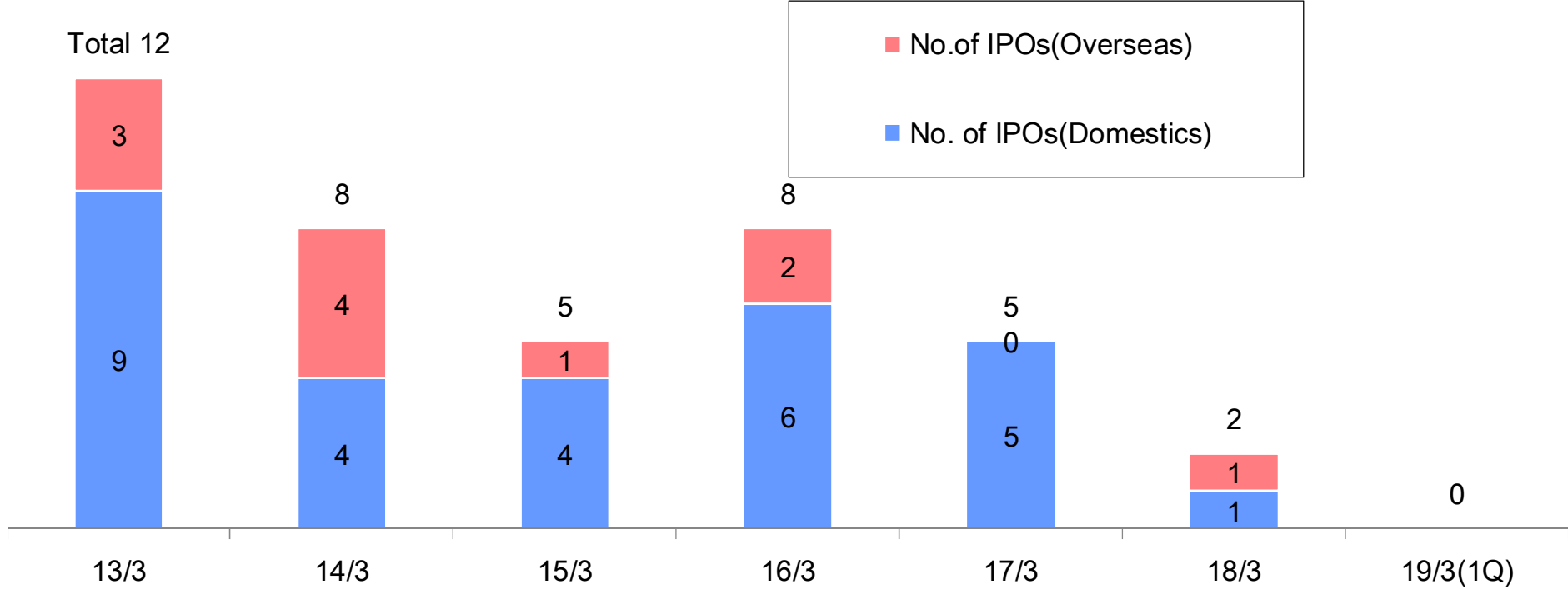
(JPY:million)	13/3	14/3	15/3	16/3	17/3	18/3
<b>1 . Fund management operation</b>						
<i>Fund management fees and others</i>	815	733	571	441	364	277
<i>Success Fees</i>	37	132	63	288	101	86
Operating Revenue	852	865	634	729	466	364
Operating Cost	-	-	-	-	-	-
Operating Gross Profit	852	865	634	729	466	364
<b>2 . Investment operation</b>						
<i>Proceeds of sales of securities (A)</i>	2,411	4,656	3,651	2,954	2,275	3,219
<i>Fund interests income etc.</i>	194	357	100	295	1,128	1,612
<i>Income gains</i>	95	121	93	49	30	64
Operating Revenue	2,701	5,134	3,844	3,300	3,434	4,897
<i>Cost of securities sold (B)</i>	1,385	2,133	1,767	1,863	1,423	2,469
<i>Investment write-offs and Provision for allowance for possible investment losses (C)</i>	2,038	1,480	1,704	569	274	562
<i>Fund interests losses etc.</i>	158	52	168	47	46	36
Operating Cost	3,582	3,666	3,640	2,481	1,744	3,069
Operating Gross Profit	(880)	1,468	203	818	1,690	1,827
<b>3 . Others</b>						
Operating Revenue	229	154	53	13	25	142
Operating Cost	25	15	9	7	6	5
Operating Gross Profit	204	139	44	5	19	136

18/3(1Q)	19/3(1Q)	Change (%)
63	65	2.1%
50	-	-
114	65	(43.2%)
-	-	-
114	65	(43.2%)
156	70	(54.7%)
418	40	(90.2%)
19	3	(80.3%)
593	115	(80.5%)
62	64	4.4%
33	415	1152.6%
4	5	19.3%
99	485	386.2%
493	(370)	-
8	8	2.1%
1	1	(7.2%)
6	7	4.0%

Total	13/3	14/3	15/3	16/3	17/3	18/3
Operating Revenues	3,784	6,155	4,532	4,043	3,926	5,403
Operating Cost	3,607	3,681	3,650	2,488	1,750	3,074
Operating Gross Profit	176	2,474	882	1,554	2,176	2,328

18/3(1Q)	19/3(1Q)	Change (%)
717	189	(73.6%)
101	487	380.6%
615	(297)	-

# 5. Appendix - JAIC-Backed IPOs



Investment multiple by Initial price (First price multiple)

	13/3	14/3	15/3	16/3	17/3	18/3
Domestics	1.5	15.2	4.9	1.7	5.6	3.1
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.

## 5. Appendix – Core competence

### Capability to capture up-to-date business information

Through the activity of exploring promising companies and investment opportunities, JAIC has capability to capture highly professional and cutting-edge information on various corporates.

### Historical background in Asian region

Since its establishment in 1981 by the Japan Association of Corporate Executives (Keizai Doyukai), JAIC has contributed to economic exchange between Japan and Asian countries over 35 years which led to high name recognition.



### Wide range of network with venture companies

JAIC has track record of leading more than 300 invested venture companies to “Going Public”. Through the long time investment activities, JAIC enjoys close relationship with wide range of venture companies. Based on this intangible asset, JAIC is utilizing the network to create value for invested companies through business matching and cultivating new business theme for JAIC’s own.

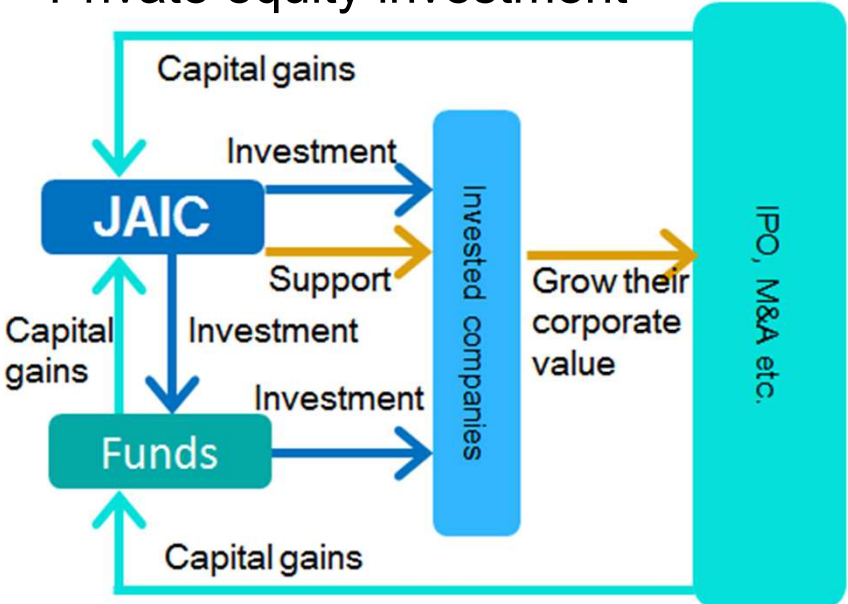
### Expertise to structure sophisticated finance scheme

JAIC’s accumulated invested volume inside and outside of Japan is Japanese Yen 330 billion.

For the project oriented investment, in addition to providing direct equity investment, JAIC has been arranging various financing scheme utilizing project-finance approach and leverage financing together with financial institutions.

# 5. Appendix – Profit structure

## • Private equity investment



There are the following two types of investment capital:

- Contribution from JAIC’s cash reserves
- Capital that is entrusted for investment by fund investors in Japan and abroad through the fund

JAIC also invests in the fund and acquires capital gains according to its investment ratio.

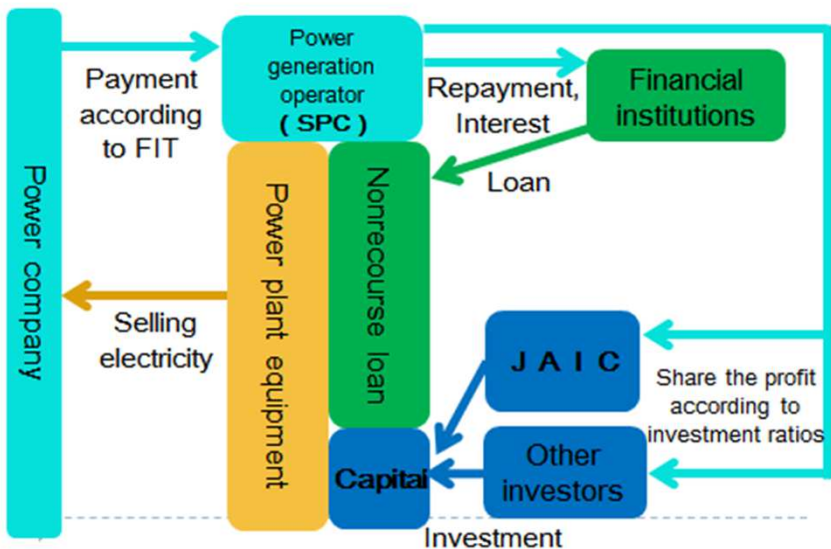
The power generation operator procures funds for the construction of power plants by the following two ways and owns the power plants:

- Investment by JAIC and other investors
- Loans from financial institutions

The generated power is purchased by power companies at FIT.

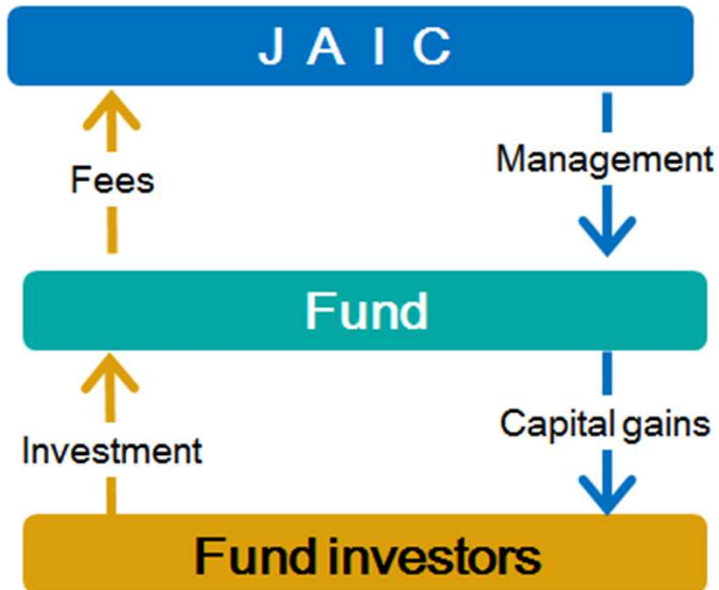
JAIC and other investors obtain stable revenue from electricity sales according to their investment ratios.

## • Renewable energy project investment



## 5. Appendix – Profit structure

- Fund management



In fund management, there are the following two types of fees:

- Management fee received as compensation for recurring management and operation
- Success fees received according to the fund's performance





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