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 Listed on: Tokyo Stock Exchange Section 1 (Stock code: 8518)
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Notice of Revision to “Result Forecast Consolidated Under the Previous Accounting Standard”

Japan Asia Investment Co., Ltd. (JAIC) hereby announces that, based on the recent business performance etc., JAIC has revised its “result forecast consolidated under the Previous Accounting Standard” for the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020), previously announced on May 15, 2019.

The “result forecast consolidated under the Previous Accounting Standard” is based upon the information currently available to JAIC and certain assumptions. Various factors could cause actual results to differ materially from this result forecasts.

1. Revision to the “result forecast consolidated under the Previous Accounting Standard”

For the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

	Consolidated operating revenue (Millions of yen)	Consolidated operating income (Millions of yen)	Consolidated ordinary income (Millions of yen)	Profit attributable to owners of parent (Millions of yen)	Consolidated net income per share (Note 1) (Yen)
Previous forecast (A)	3,500	800	650	500	28.24
Revised forecast (B)	2,600	70	(60)	100	5.65
Change (B-A)	(900)	(730)	(710)	(400)	
Percentage Change(%)	(25.7%)	(91.3%)	–	(80.0%)	
(Reference) Consolidated financial results under the Previous Accounting Standards for the fiscal year ended March 31, 2019	2,475	177	83	578	32.67

Note 1: Net income per share in above chart is calculated based on the number of shares issued and outstanding excluding the number of shares of treasury stock as at December 31, 2019.

2. Reasons for revision

In the previous result forecast, profits are expected to be concentrated in the fourth quarter mainly due to gains on sale of shares resulting from the initial public offering (IPOs) of investee companies in Japan and China. However, in addition to the postponement of the IPOs of the investee companies, the stock prices of the newly listed investee companies at the time of sale of shares are expected to be lower than initially anticipated. In addition, in the case of the sale of unlisted shares, there were cases where the sale negotiations that had been in progress were not concluded or where the terms of the sale worsened. As a result, the sales of shares and the gains on sale of shares expected in the fourth quarter are forecasted to decline.

In anticipation of a certain decline in gains on sale of shares from the beginning of the current fiscal year, JAIC had planned to sell off its mega solar projects in such a case in order to cover the decline in gains on sale of shares. Based on this, we expect to sell six mega solar projects by the end of March 2020. The revised result forecast reflect the sale of the projects amounting to 1,350 million yen and gains from the sale of the projects amounting to 960 million yen.

However, the recent decline in gains on sale of shares is expected to significantly exceed the scope of our initial forecast. Therefore, to achieve the result forecast, with just the gains from the sale of the mega solar projects described above, the net sale amount is expected to be 1,000 million yen and the gains from the sale will be 850 million yen short. Furthermore, the time required for the due diligence of the sale of the mega solar projects has been longer than we had anticipated and the procedures will likely take a long period of time. As a result, with only one and a half months to the end of the current fiscal year under review, it is extremely difficult for us to make up for the decline in gains on sale of shares by selling additional mega solar projects.

As an alternative measure, JAIC has made every effort to proceed with negotiations for the sale of shares in other investee companies, shares in affiliated companies and investment securities. Despite such effort, it is unlikely for us to be able to make up for all the decline, and thus we have regrettably decided to revise downward our results forecast.

As a result, operating revenue is expected to decrease by 25.7% from the previous forecast. In line with the decrease in operating revenue, operating income is expected to decrease by 91.3% to 70 million yen, and ordinary income is expected to decrease by 710 million yen to ordinary loss of 60 million yen.

In addition, profit attributable to owners of parent is expected to decrease by 80.0% to 100 million yen, as the recording of extraordinary income and a decline in tax expenses are anticipated, despite a drop in profit due to a decline in operating revenue.

The “result forecast consolidated under the Previous Accounting Standard” is based upon the information currently available to JAIC and certain assumptions. Various factors could cause actual results to differ materially from this result forecasts.

3. “Result Forecast Consolidated Under the Previous Accounting Standard”

The private equity investment business conducted by the JAIC Group is significantly affected by changing factors such as stock markets, given the characteristics of the business.

In addition, it has been difficult to forecast results reasonably in the rapidly changing environment in recent years. Therefore JAIC doesn't disclose the results forecast. For the convenience of investors and shareholders, however, JAIC discloses "result forecast consolidated under the Previous Accounting Standard" even though it doesn't have enough rationality.

(Note) Previous Accounting Standard

As of Fiscal year ended March 31, 2007 the JAIC Group has adopted "Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations" (Accounting Standards Board of Japan Practical Issues Task Force No. 20 issued on September 8, 2006), and consolidated financial statements, etc., are being prepared with the inclusion in the consolidation of some of the operational investment funds managed by the JAIC Group.

Nevertheless, to enable investors and shareholders to have an accurate understanding of the JAIC Group's business results and financial position, JAIC considers it essential also to disclose financial statements, etc., prepared in accordance with the previous accounting standards. Therefore, for reference purposes, JAIC will continue to disclose financial statements, etc., in accordance with the previous accounting standards.

In those financial statements etc., prepared in accordance with the previous accounting standards, assets, liabilities, revenues and expenses for investment funds were reported based on the investment portion by JAIC and its subsidiaries and by excluding the portion held by external investors. In addition, company-type funds are excluded from the scope of consolidations in those financial statements.

(End)