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Consolidated Financial Results
for the Second Quarter Ended September 30, 2016
[Japanese Standards]
(Summary of Japanese announcement)

November 7, 2016

Company name: Japan Asia Investment Co., Ltd.

Listed on: First Section of the Tokyo Stock Exchange (Stock code: 8518)

URL: <http://www.jaic-vc.co.jp/>

Head office: Tokyo

Representative: Osamu Hosokubo, President and CEO

Contact: Tetsuro Shimomura, Executive Managing Director

Tel: +81-3-3259-8518 (main)

Scheduled date for submission of quarterly report: November 14, 2016

Scheduled date for start of payment of dividends: —

The additional materials of the Financial Results: Yes

The briefing session of the Financial Results: Yes

(Throughout this report, fractional amounts have been rounded down to the nearest one million yen.)

1. Consolidated business results for the second quarter ended September 30, 2016 (April 1, 2016 to September 30, 2016)

(1) Consolidated results of operations (cumulative total)

(Percentages indicate year-on-year increase or decrease)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change
For six months ended September 30, 2016	1,905	(30.3)	172	547.3	20	—	(94)	—
For six months ended September 30, 2015	2,735	13.2	26	—	(56)	—	36	—

(Note) Comprehensive Income

For six months ended September 30, 2016: (866 millions of yen) (—%)

For six months ended September 30, 2015: (509 millions of yen) (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
For six months ended September 30, 2016	(5.50)	—
For six months ended September 30, 2015	2.65	2.62

(Note) The Company consolidated every ten existing ordinary shares into one share. Effective date of the share consolidation was 1st October 2015. In this connection, net income per share in above chart are calculated on the assumption that the share consolidation was effected on the first day of fiscal year 2015.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2016	24,582	6,029	16.9
As of March 31, 2016	27,196	6,597	16.8

(Reference) Total shareholders' equity As of September 30, 2016: 4,143 millions of yen As of March 31, 2016: 4,563 millions of yen

2. Dividends

(Base date)	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of year	Year
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2016	—	0.00	—	0.00	0.00
Year ending March 31, 2017	—	0.00			
Year ending March 31, 2017 (forecast)	—	0.00	—	0.00	0.00

(Note) Revision of dividends forecast during the current quarterly period: None

3. Outlook for the fiscal year ending March 31, 2017(April 1, 2016 to March 31, 2017)

The overall investment business conducted by the Group (including investment partnerships) 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. Therefore we do not disclose the results forecast. For the convenience of investors and shareholders, however, we disclose “result forecast consolidated under the Previous Accounting Standard” even though it doesn’t have enough rationality. For details, please refer to “2. Outlook for the fiscal year ending March 31, 2017(April 1, 2016 to March 31, 2017)” on page 14.

The “result forecast consolidated under the Previous Accounting Standard” and any other forward-looking statements in this document 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.

4. Other matters

(1) Changes among significant subsidiaries (Changes among specific subsidiaries resulting in changes in the scope of consolidation): No

[New - company (company name: -) Excluded - company (company name: -)]

(2) Changes in accounting principles, accounting estimates and correction of prior period errors

(i) Changes in accounting principles due to revisions to accounting standards: Yes

[Adoption of practical solution on a change in depreciation method due to Tax Reform 2016]

The Company adopted the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (ASBJ Practical Issue Task Force (PITF) No. 32, issued on June 17, 2016) from the first quarter ended June 30, 2016, and changed the method for the depreciation of facilities attached buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method. There is no effect of this change on the quarterly consolidated financial statements for the six months ended September 30, 2016.

(ii) Changes other than shown in (i) above: No

(iii) Changes in accounting estimates: No

(iv) Correction of prior period errors: No

(3) No. of shares issued and outstanding (common stock)

(i) Shares issued and outstanding at the end of each period (including treasury stock)

Six months ended September 30, 2016: 17,703,792 shares

Year ended March 31, 2016: 16,848,392 shares

(ii) Shares of treasury stock at the end of each period

Six months ended September 30, 2016: 204,849shares

Year ended March 31, 2016: 204,849shares

(iii) Average number of shares during the period (cumulative quarterly consolidated period)

Six months ended September 30, 2016:	17,107,366 shares
Six months ended September 30, 2015:	13,680,360 shares

(Note) The Company consolidated every ten existing ordinary shares into one share. Effective date of the share consolidation was 1st October 2015. In this connection, numbers of shares above are calculated on the assumption that the share consolidation was effected on the first day of fiscal year 2015.

**Implementation of quarterly review procedures*

The above quarterly financial results are not subject to a quarterly review required under the Financial Instruments and Exchange Act. Review procedures for quarterly consolidated financial statements under the Financial Instruments and Exchange Act had not been carried out at the time of disclosure.

**Cautionary Statements with Respect to Forward-looking Statements and Other Notes*

The additional materials of the Financial Results for the second quarter ended September 30, 2016 was released on our website by November 14, 2016.

The “result forecast consolidated under the Previous Accounting Standard” and any other forward-looking statements in this document are based upon the information currently available to the Group 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.

1. Business Performance and Financial Condition

(1) Revenue from Fund Activities

(Millions of yen)

	For six months ended September 30, 2015 (April 1, 2015 to September 30, 2015)	For six months ended September 30, 2016 (April 1, 2016 to September 30, 2016)	For the year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Total investment funds' management fees	197	107	548
Management fees	138	107	260
Contingency fees	58	—	288

(2) Capital Gains

(Millions of yen)

	For six months ended September 30, 2015 (April 1, 2015 to September 30, 2015)	For six months ended September 30, 2016 (April 1, 2016 to September 30, 2016)	For the year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Proceeds of sales of operational investment securities (A)	2,342	1,364	3,485
Cost of securities sold(B) (Note)	1,403	706	2,027
Realized capital gains(A)-(B)	938	658	1,457

Investment write-offs(C)	9	228	13
Provision for allowance for possible investment losses(D)	206	46	950
Investment income (A)-(B)-(C)-(D)	723	383	493

(Note)

The amount of “Cost of securities sold (B)” in above table does not include the amount of “Investment write-offs (C)”.

(3) Unrealized Gains

(Millions of yen)

	As of September 30, 2015	As of September 30, 2016	As of March 31, 2016
Acquisition cost	561	231	495
Carrying value on consolidated balance sheet	745	270	621
Difference (Unrealized capital gains)	183	38	126

2.Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	8,686	6,234
Operational investment securities	18,076	17,249
Allowance for investment losses	(4,063)	(3,682)
Operating loans	205	205
Other	228	301
Allowance for doubtful accounts	(24)	(29)
Total current assets	23,109	20,279
Non-current assets		
Property, plant and equipment		
Buildings and structures	64	34
Accumulated depreciation	(44)	(14)
Buildings and structures, net	20	20
Machinery and equipment	712	1,381
Accumulated depreciation	(14)	(45)
Machinery and equipment, net	697	1,336
Vehicles, tools, furniture and fixtures	56	57
Accumulated depreciation	(49)	(47)
Vehicles, tools, furniture and fixtures, net	7	9
Land	24	24
Leased assets	569	569
Accumulated depreciation	(58)	(75)
Leased assets, net	510	493
Construction in progress	587	395
Total property, plant and equipment	1,848	2,279
Intangible assets		
Other	20	40
Total intangible assets	20	40
Investments and other assets		
Investment securities	1,847	1,734
Claims provable in bankruptcy, claims provable in rehabilitation and other	160	137
Other	257	146
Allowance for doubtful accounts	(46)	(34)
Total investments and other assets	2,218	1,983
Total non-current assets	4,087	4,303
Total assets	27,196	24,582

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Liabilities		
Current liabilities		
Short-term loans payable	2,606	1,115
Lease obligations	30	30
Accrued expenses	344	320
Income taxes payable	60	53
Deferred tax liabilities	32	—
Provision for bonuses	27	29
Provision for loss on liquidation of subsidiaries and associates	128	—
Other	236	242
Total current liabilities	3,467	1,792
Non-current liabilities		
Long-term loans payable	16,512	16,148
Lease obligations	507	492
Deferred tax liabilities	5	8
Net defined benefit liability	100	107
Other	4	4
Total non-current liabilities	17,131	16,760
Total liabilities	20,599	18,553
Net assets		
Shareholders' equity		
Capital stock	5,268	5,399
Capital surplus	3,286	3,416
Retained earnings	(4,375)	(4,469)
Treasury shares	(400)	(400)
Total shareholders' equity	3,778	3,944
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	241	(80)
Foreign currency translation adjustment	542	278
Total accumulated other comprehensive income	784	198
Subscription rights to shares	29	25
Non-controlling interests	2,004	1,860
Total net assets	6,597	6,029
Total liabilities and net assets	27,196	24,582

(2) Consolidated Statements of Income

	(Millions of yen)	
	For six months ended September 30, 2015 (April 1, 2015 to September 30, 2015)	For six months ended September 30, 2016 (April 1, 2016 to September 30, 2016)
Operating revenue	2,735	1,905
Operating cost	1,665	1,058
Operating gross profit	1,069	846
Selling, general and administrative expenses	1,043	673
Operating income	26	172
Non-operating income		
Interest income	11	12
Dividend income	16	28
Foreign exchange gains	93	—
Miscellaneous income	4	7
Total non-operating income	125	48
Non-operating expenses		
Interest expenses	204	183
Foreign exchange losses	—	10
Miscellaneous loss	3	5
Total non-operating expenses	208	199
Ordinary income (loss)	(56)	20
Extraordinary income		
Gain on sales of investment securities	61	—
Gain on redemption of investment securities	41	—
Gain on liquidation of subsidiaries and associates	33	—
Gain on sales of shares of subsidiaries and associates	—	9
Gain on reversal of subscription rights to shares	0	3
Other	0	—
Total extraordinary income	137	13
Extraordinary losses		
Impairment loss	—	130
Loss on valuation of investment securities	—	54
Loss from exemption from imputed tax payable attributable to the consolidation tax system	—	33
Other	—	1
Total extraordinary losses	—	219
Profit (loss) before income taxes	81	(184)
Income taxes - current	(16)	1
Total income taxes	(16)	1
Profit (loss)	98	(186)
Profit (loss) attributable to non-controlling interests	61	(92)
Profit (loss) attributable to owners of parent	36	(94)

(3) Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	For Six months ended September 30, 2015 (April 1, 2015 to September 30, 2015)	For Six months ended September 30, 2016 (April 1, 2016 to September 30, 2016)
Profit (loss)	98	(186)
Other comprehensive income		
Valuation difference on available-for-sale securities	(244)	(336)
Foreign currency translation adjustment	(318)	(261)
Share of other comprehensive income of entities accounted for using equity method	(45)	(81)
Total other comprehensive income	(608)	(680)
Comprehensive income	(509)	(866)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(398)	(680)
Comprehensive income attributable to non-controlling interests	(111)	(186)

(4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	For Six months ended September 30, 2015 (April 1, 2015 to September 30, 2015)	For Six months ended September 30, 2016 (April 1, 2016 to September 30, 2016)
Cash flows from operating activities		
Profit (loss) before income taxes	81	(184)
Depreciation	5	3
Impairment loss	—	130
Increase (decrease) in allowance for investment loss	(485)	(277)
Increase (decrease) in allowance for doubtful accounts	5	(3)
Increase (decrease) in provision for bonuses	21	1
Increase (decrease) in net defined benefit liability	5	6
Interest and dividend income	(20)	(29)
Interest expenses	175	134
Loss (gain) on sales of investment securities	(61)	—
Loss (gain) on valuation of investment securities	—	54
Loss (gain) on sales of shares of subsidiaries and associates	—	(13)
Loss on devaluation of operational investment securities	33	70
Decrease (increase) in investment securities for sale	964	(0)
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	20	18
Payment for purchase of investment funds	(1,114)	(1,015)
Dividends from investment funds	2,241	1,330
Increase (decrease) in investment funds of non- controlling interest	(218)	125
Other, net	128	47
Subtotal	1,782	398
Interest and dividend income received	20	29
Interest expenses paid	(193)	(193)
Income taxes paid	(22)	(11)
Net cash provided by (used in) operating activities	1,586	222
Cash flows from investing activities		
Purchase of investment securities	(2)	(0)
Proceeds from redemption of investment securities	22	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	12
Other, net	3	(2)
Net cash provided by (used in) investing activities	23	9

	(Millions of yen)	
	For Six months ended September 30, 2015 (April 1, 2015 to September 30, 2015)	For Six months ended September 30, 2016 (April 1, 2016 to September 30, 2016)
Cash flows from financing activities		
Repayments of long-term loans payable	(1,733)	(2,257)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(29)	—
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	910	257
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(852)	(2,000)
Effect of exchange rate change on cash and cash equivalents	4	(87)
Net increase (decrease) in cash and cash equivalents	761	(1,855)
Cash and cash equivalents at beginning of period	5,942	5,915
Cash and cash equivalents at end of period	6,703	4,060

(5) Notice Concerning Notes on Matters Regarding the Assumption of Going Concern

No applicable items

(6) Notice Concerning Notes on Significant Changes in Shareholder's Equity

The Company issued Stock Acquisition Rights – 2015-12 Series with Clause for Exercise Price Adjustment of 16,877 on December 29, 2015. For the second quarter ended September 30, 2016, 8,554 of the stock acquisition rights were exercised. As a result, Capital stock and Capital surplus were increased 130 million yen respectively for the second quarter ended September 30, 2016.

(7) Breakdown of Operating Revenues and Operating Gross Profit

(Millions of yen)

	For six months ended, September 30, 2015 (April 1, 2015, to September 30, 2015)			
	Operating revenues	Percentage of total	Operating cost	Operating gross profit(loss)
Fundmanagement operation	197	% 7.2	-	197
Investment operation	2,531	92.6	1,661	870
Realized capital gains	2,342	85.7	1,403	938
Investment write-offs	-	-	9	(9)
Provision for allowance for possible investment losses	-	-	206	(206)
Income gains	48	1.8	-	48
Fund interests income etc.	139	5.1	41	98
Others	6	0.2	3	2
Total	2,735	100.0	1,665	1,069

(Millions of yen)

	For six months ended, September 30, 2016 (April 1, 2016, to September 30, 2016)			
	Operating revenues	Percentage of total	Operating cost	Operating gross profit(loss)
Fundmanagement operation	107	% 5.6	-	107
Investment operation	1,787	93.8	1,055	731
Realized capital gains	1,364	71.6	706	658
Investment write-offs	-	-	228	(228)
Provision for allowance for possible investment losses	-	-	46	(46)
Income gains	31	1.6	-	31
Fund interests income etc.	391	20.6	75	316
Others	10	0.6	3	7
Total	1,905	100.0	1,058	846

Information for Reference Purposes:

Consolidated Financial Results for the Second Quarter Ended September 30, 2016

November 7, 2016

Consolidated Financial Statements, etc., under the Previous Accounting Standards for the Second Quarter Ended September 30, 2016 (As of September 30, 2016)

Disclosure of consolidated financial statements, etc., under the Previous accounting standards

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 Group.

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

(Throughout this report, fractional amounts have been rounded down to the nearest one million yen.)

1. Consolidated business results for the second quarter ended September 30, 2016 (April 1, 2016 to September 30, 2016)

(1) Consolidated results of operations (cumulative total)

(Percentages indicate year-on-year increase or decrease)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change
For six months ended September 30, 2016	1,649	(15.7)	215	—	109	—	(64)	—
For six months ended September 30, 2015	1,956	10.4	(146)	—	(202)	—	(148)	—

	Net income per share	Diluted net income per share
	Yen	Yen
For six months ended September 30, 2016	(3.76)	—
For six months ended September 30, 2015	(10.85)	—

(Note) The Company consolidated every ten existing ordinary shares into one share. Effective date of the share consolidation was 1st October 2015. In this connection, net income per share in above chart is calculated on the assumption that the share consolidation was effected on the first day of fiscal year 2015.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2016	19,826	4,611	23.1
As of March 31, 2016	22,680	5,015	21.9

(Reference) Total shareholders' equity As of September 30, 2016: 4,577 millions of yen As of March 31, 2016: 4,976 millions of yen

2. Outlook for the fiscal year ending March 31, 2017 (April 1, 2016 to March 31, 2017)

The overall investment business conducted by the 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. Therefore we do not disclose the results forecast. For the convenience of investors and shareholders, however, we disclose “result forecast consolidated under the Previous Accounting Standard” even though it doesn’t have enough rationality.

	Operating revenues		Operating income		Ordinary income		Profit attributable to owners of parent
	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change	Millions of yen
For the year ending March 31, 2017	5,100	26.1	700	747.5	550	(10.2)	375
							(37.2)

	Net income per share
	Yen
For the year ending March 31, 2017	21.92

(Note) Revision of dividends forecast during the current quarterly period: None

The “result forecast consolidated under the Previous Accounting Standard” and any other forward-looking statements in this document are based upon the information currently available to the Group 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.

Net income per share in above chart is calculated based on average number of shares during six months ended September 30, 2016.

3. Business Performance and Financial Condition

(1) Revenue from Fund Activities

(Millions of yen)

	For six months ended September 30, 2015 (April 1, 2015 to September 30, 2015)	For six months ended September 30, 2016 (April 1, 2016 to September 30, 2016)	For the year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Total investment funds' management fees	300	177	729
Management fees	241	177	441
Contingency fees	58	—	288

(2) Capital Gains

(Millions of yen)

	For six months ended September 30, 2015 (April 1, 2015 to September 30, 2015)	For six months ended September 30, 2016 (April 1, 2016 to September 30, 2016)	For the year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Proceeds of sales of operational investment securities (A)	1,557	1,168	2,954
Cost of securities sold (B) (Note)	1,013	604	1,863
Realized capital gains (A)-(B)	544	563	1,090

Investment write-offs (C)	36	118	10
Provision for allowance for possible investment losses (D)	152	1	559
Investment income (A)-(B)-(C)-(D)	354	443	520

(Note)

The amount of “Cost of securities sold (B)” in above table does not include the amount of “Investment write-offs (C)”.

(3) Unrealized Gains

(Millions of yen)

	As of September 30, 2015	As of September 30, 2016	As of March 31, 2016
Acquisition cost	285	120	217
Carrying value on consolidated balance sheet	379	134	303
Difference (Unrealized capital gains)	94	13	86

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	8,202	5,638
Operational investment securities	14,790	14,408
Allowance for possible investment loss	(2,840)	(2,527)
Operating loans	205	205
Other	164	199
Allowance for doubtful accounts	(24)	(29)
Current assets	20,496	17,896
Non-current assets		
Property, plant and equipment		
Buildings and structures	62	30
Accumulated depreciation	(43)	(14)
Buildings and structures, net	18	15
Vehicles, tools, furniture and fixtures	56	57
Accumulated depreciation	(49)	(47)
Vehicles, tools, furniture and fixtures, net	7	9
Land	24	24
Property, plant and equipment	50	49
Intangible assets		
Other	5	10
Intangible assets	5	10
Investments and other assets		
Investment securities	1,847	1,734
Claims provable in bankruptcy, claims provable in rehabilitation and other	158	137
Other	166	32
Allowance for doubtful accounts	(44)	(34)
Investments and other assets	2,128	1,870
Non-current assets	2,184	1,930
Assets	22,680	19,826

	(Millions of yen)	
	As of March 31, 2016	As of September 30, 2016
Liabilities		
Current liabilities		
Short-term loans payable	2,050	1,047
Accrued expenses	130	106
Income taxes payable	60	53
Deferred tax liabilities	32	-
Provision for bonuses	27	29
Provision for loss on liquidation of subsidiaries and associates	128	-
Other	268	257
Current liabilities	2,698	1,494
Non-current liabilities		
Long-term loans payable	14,860	13,604
Deferred tax liabilities	5	8
Net defined benefit liability	100	107
Non-current liabilities	14,966	13,720
Liabilities	17,665	15,215
Net assets		
Shareholders' equity		
Capital stock	5,268	5,399
Capital surplus	3,378	3,508
Retained earnings	(4,012)	(4,077)
Treasury shares	(400)	(400)
Shareholders' equity	4,234	4,430
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	600	12
Foreign currency translation adjustment	141	135
Total accumulated other comprehensive income	741	147
Subscription rights to shares	29	25
Non-controlling interests	9	7
Net assets	5,015	4,611
Liabilities and net assets	22,680	19,826

	(Millions of yen)	
	For six months ended September 30, 2015 (April 1, 2015 to September 30, 2015)	For six months ended September 30, 2016 (April 1, 2016 to September 30, 2016)
Operating revenue	1,956	1,649
Operating cost	1,220	747
Operating gross profit	736	902
Selling, general and administrative expenses	882	686
Operating income(loss)	(146)	215
Non-operating income		
Interest income	10	10
Dividend income	16	28
Foreign exchange gains	92	-
Miscellaneous income	4	7
Total non-operating income	122	45
Non-operating expenses		
Interest expenses	175	134
Foreign exchange losses	-	10
Miscellaneous loss	3	5
Total non-operating expenses	178	151
Ordinary income(loss)	(202)	109
Extraordinary income		
Gain on sales of investment securities	61	-
Gain on liquidation of subsidiaries and associates	3	-
Gain on sales of shares of subsidiaries and associates	-	13
Gain on reversal of subscription rights to shares	0	3
Total extraordinary income	65	17
Extraordinary losses		
Impairment loss	-	130
Loss on valuation of investment securities	-	54
Other	-	1
Total extraordinary losses	-	186
Loss before income taxes and minority interests	(137)	(58)
Income taxes - current	11	6
Total income taxes	11	6
Loss	(148)	(64)
Loss attributable to non-controlling interests	(0)	(0)
Loss attributable to owners of parent	(148)	(64)

(3) Breakdown of Operating Revenues and Operating Gross Profit

(Millions of yen)

	For six months ended, September 30, 2015 (April 1, 2015, to September 30, 2015)			
	Operating revenues	Percentage of total	Operating cost	Operating gross profit(loss)
		%		
Fundmanagement operation	300	15.4	-	300
Investment operation	1,649	84.3	1,216	433
Realized capital gains	1,557	79.6	1,013	544
Investment write-offs	-	-	36	(36)
Provision for allowance for possible investment losses	-	-	152	(152)
Income gains	40	2.1	-	40
Fund interests income etc.	51	2.6	14	37
Others	6	0.3	3	2
Total	1,956	100.0	1,220	736

(Millions of yen)

	For six months ended, September 30, 2016 (April 1, 2016, to September 30, 2016)			
	Operating revenues	Percentage of total	Operating cost	Operating gross profit(loss)
		%		
Fundmanagement operation	177	10.8	-	177
Investment operation	1,461	88.6	744	716
Realized capital gains	1,168	70.8	604	563
Investment write-offs	-	-	118	(118)
Provision for allowance for possible investment losses	-	-	1	(1)
Income gains	22	1.4	-	22
Fund interests income etc.	269	16.4	19	250
Others	10	0.6	3	7
Total	1,649	100.0	747	902

Business Position

① Investment activities (JAIC+Funds)

i) Breakdown of new investment

1) Breakdown of new investment

		For six months ended September 30, 2015 (from April 1, 2015 to September 30, 2015)		For six months ended September 30, 2016 (from April 1, 2016 to September 30, 2016)		For the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)	
		Number of companies	Amount (Millions of yen)	Number of companies	Amount (Millions of yen)	Number of companies	Amount (Millions of yen)
Area							
	Japan	14	1,022	18	1,197	33	3,586
	China, Hong Kong, Taiwan	2	508	2	204	2	506
	Southeast Asia	-	-	-	-	-	-
	Others	-	-	-	-	-	-
Industry							
	QOL(Quality of Life)	4	343	3	175	6	453
	Renewable Energy Project	7	628	10	794	18	2,788
	IT/Internet	3	194	5	378	7	380
	Machinery/ Precision machine	-	-	-	-	-	-
	Service	1	314	2	54	2	364
	Others	1	49	-	-	2	105
Total		16	1,530	20	1,402	35	4,093

ii) Balance of investment

		As of September 30, 2015		As of September 30, 2016		As of March 31, 2016	
		Number of companies	Amount (Millions of yen)	Number of companies	Amount (Millions of yen)	Number of companies	Amount (Millions of yen)
Area							
	Japan	163	10,730	156	12,290	161	12,092
	China, Hong Kong, Taiwan	56	7,488	47	6,061	49	6,431
	Southeast Asia	7	449	5	189	6	255
	Others	7	4	7	4	7	4
Industry							
	QOL(Quality of Life)	50	4,889	45	4,673	46	4,697
	Renewable Energy Project	13	1,917	27	4,336	22	3,722
	IT/Internet	79	4,680	73	4,001	77	4,484
	Machinery/ Precision machine	15	2,382	11	1,729	11	1,729
	Service	29	1,646	23	1,308	24	1,286
	Others	47	3,157	36	2,496	43	2,863
Total		233	18,672	215	18,547	223	18,783

Note:

1. QOL (Quality of Life); Biotechnology, Medical Service, Welfare Service, Medical Device, Drug Medicine, etc.
2. Investments in funds managed by third parties other than the Company in which the JAIC Group is not involved in the management, are not included.
3. Classification of industry is changed from FY 2016. This change is also reflected on the figures for six months ended September 30, 2015, and as of September 30, 2015.

② JAIC-Backed IPOs (JAIC+Funds)

i) Number of IPOs

	For six months ended September 30, 2015 (from April 1, 2015 to September 30, 2015)	For six months ended September 30, 2016 (from April 1, 2016 to September 30, 2016)	For the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)
Japan	2 companies	2 companies	6 companies
Overseas	1 company	-	2 companies
Total	3 companies	2 companies	8 companies

Note: The above numbers include companies whose listed shares the group acquired as a result of equity swaps between its invested companies and previously listed companies: 1 overseas company for six months ended September 30, 2015, 2 overseas companies for the year ended March 31, 2016, 1 domestic company for six months ended September 30, 2016.

ii) First price multiple

	For six months ended September 30, 2015 (April 1, 2015 to September 30, 2015)	For six months ended September 30, 2016 (April 1, 2016 to September 30, 2016)	For the year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Japan	1.7 times	0.5 times	1.7 times
Overseas	- times	- times	- times

Note: 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 number of companies whose listed shares the group acquired as a result of equity swaps.

iii) JAIC-Backed IPOs

For six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)

Company Name	Date of IPO	Market	Business	Head quarters
REFINVERSE, Inc.	28-Jul-16	TSE Mothers	Recycled plastic manufacturing from industrial waste. Collection, transportation, intermediate treatment and recycling of industrial waste.	Japan

Note: For six months ended September 30, 2016, there was 1 domestic company whose listed shares the group acquired as a result of equity swap between its invested company and previous listed company. The above table doesn't include these companies.

Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

Company Name	Date of IPO	Market	Business	Head quarters
NAGAOKA INTERNATIONAL CORPORATION	29-Jun-15	JASDAQ Standard	Manufacture and sales of internal equipments for oil refining and petrochemical plants, water intake screens and ground water treatment system equipment, R&D of high-speed seabed infiltration system equipment	Japan
SK home Co., Ltd.	05-Aug-15	FSE-Q	Detached house sales business mainly planning , design, sales, construction and control of custom home, and the accompanying real estate sales business	Japan
GreenPeptide Co., Ltd.	22-Oct-15	TSE Mothers	Research, development, manufacture and sale of immunotherapeutic anticancer drugs	Japan
ROZETTA CORPORATION	19-Nov-15	TSE Mothers	Automatic translation service business, translation, interpreter business and language training business for corporates	Japan
Hirose Tusyo Inc.	18-Mar-16	JASDAQ Standard	Foreign exchange trading on margin	Japan
PhoenixBio Co., Ltd.	18-Mar-16	TSE Mothers	In-house study service with "PXB-MICE", chimeric mice with human hepatocytes	Japan

Note: For year ended March 31, 2016, there were 2 overseas companies whose listed shares the group acquired as a result of equity swaps between its invested companies and previous listed companies. The above table doesn't include these companies.

③ Management of Investment Funds (Funds for which JAIC and its Group are responsible for management and provision of essential information)

i) Balance of funds under management

	As of September 30, 2015	As of September 30, 2016	As of March 31, 2016
Total commitment amount in investment funds (Millions of yen)	41,106	36,758	39,335
No. of funds	18	17	17

Note: Funds being wound up after their maturity are not included in the data above.

ii) Funds newly established or whose assets were increased

For six months ended September 30, 2015 (April 1, 2015 to September 30, 2015)			
Newly established		Assets increased	
Total commitment amount in investment funds (Millions of yen)	-	Increase in fund value (Millions of yen)	-
No. of funds	-	No. of funds	-

For six months ended September 30, 2016 (April 1, 2016 to September 30, 2016)			
Newly established		Assets increased	
Total commitment amount in investment funds (Millions of yen)	-	Increase in fund value (Millions of yen)	-
No. of funds	-	No. of funds	-

For the year ended March 31, 2016 (April 1, 2015 to March 31, 2016)			
Newly established		Assets increased	
Total commitment amount in investment funds (Millions of yen)	5,201	Increase in fund value (Millions of yen)	-
No. of funds	2	No. of funds	-

iii) Funds to reach maturity within three years of the fiscal year-end

	For the year ending March 31, 2017 (April 1, 2016 to March 31, 2017)	For the year ending March 31, 2018 (April 1, 2017 to March 31, 2018)	For the year ending March 31, 2019 (April 1, 2018 to March 31, 2019)
Total commitment amount in investment funds (Millions of yen)	15,123	6,515	3,496
No. of funds	7	4	2

Notes to tables i) to iii) above:

1. The amounts stated for funds denominated in foreign currencies are calculated on the basis of the exchange rate prevailing on the final day of the fiscal year-end. Therefore, changes in assets under management include the amount affected by exchange rates.
2. The total amount of fund is listed as the amount of commitment base.