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**Consolidated Financial Results**  
**for the Third Quarter Ended December 31, 2016**  
**[Japanese Standards]**  
(Summary of Japanese announcement)

February 13, 2017

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  
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Tel: +81-3-3259-8518 (main)  
Scheduled date for submission of quarterly report: February 14, 2017  
Scheduled date for start of payment of dividends: —  
The additional materials of the Financial Results: Yes  
The briefing session of the Financial Results: No

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

**1. Consolidated business results for the third quarter ended December 31, 2016 (April 1, 2016 to December 31, 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 nine months ended December 31, 2016	3,736	15.4	474	—	256	—	36	—
For nine months ended December 31, 2015	3,238	(51.0)	(300)	—	(518)	—	(341)	—

(Note) Comprehensive Income

For nine months ended December 31, 2016: (23 millions of yen) (—%)

For nine months ended December 31, 2015: (1,144 millions of yen) (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
For nine months ended December 31, 2016	2.10	2.10
For nine months ended December 31, 2015	(24.68)	—

(Note) The Company consolidated every ten existing ordinary shares into one share. Effective date of the share consolidation was 1<sup>st</sup> 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 December 31, 2016	25,105	6,928	19.1
As of March 31, 2016	27,196	6,597	16.8

(Reference) Total shareholders' equity As of December 31, 2016: 4,791 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 nine months ended December 31, 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)

Nine months ended December 31, 2016: 17,884,392 shares

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

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

Nine months ended December 31, 2016: 204,909 shares

Year ended March 31, 2016: 204,849 shares

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

Nine months ended December 31, 2016:	17,288,823 shares
Nine months ended December 31, 2015:	13,835,635 shares

(Note) The Company consolidated every ten existing ordinary shares into one share. Effective date of the share consolidation was 1<sup>st</sup> 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 third quarter ended December 31, 2016 will be released on our website by February 17, 2017.

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 nine months ended December 31, 2015 (April 1, 2015 to December 31, 2015)	For nine months ended December 31, 2016 (April 1, 2016 to December 31, 2016)	For the year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Total investment funds' management fees	260	208	548
Management fees	199	162	260
Contingency fees	60	46	288

### (2) Capital Gains

(Millions of yen)

	For nine months ended December 31, 2015 (April 1, 2015 to December 31, 2015)	For nine months ended December 31, 2016 (April 1, 2016 to December 31, 2016)	For the year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Proceeds of sales of operational investment securities (A)	2,584	2,948	3,485
Cost of securities sold(B) (Note)	1,444	2,020	2,027
Realized capital gains(A)-(B)	1,139	927	1,457
Investment write-offs(C)	9	75	13
Provision for allowance for possible investment losses(D)	689	42	950
Investment income (A)-(B)-(C)-(D)	441	809	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 December 31, 2015	As of December 31, 2016	As of March 31, 2016
Acquisition cost	541	135	495
Carrying value on consolidated balance sheet	645	224	621
Difference (Unrealized capital gains)	103	89	126

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	8,686	5,570
Operational investment securities	18,076	16,624
Allowance for possible investment losse	(4,063)	(2,210)
Operating loans	205	205
Other	228	328
Allowance for doubtful accounts	(24)	(33)
Total current assets	23,109	20,485
Non-current assets		
Property, plant and equipment		
Buildings and structures	64	34
Accumulated depreciation	(44)	(14)
Buildings and structures, net	20	19
Machinery and equipment	712	1,381
Accumulated depreciation	(14)	(65)
Machinery and equipment, net	697	1,315
Vehicles, tools, furniture and fixtures	56	56
Accumulated depreciation	(49)	(48)
Vehicles, tools, furniture and fixtures, net	7	8
Land	24	24
Leased assets	569	569
Accumulated depreciation	(58)	(83)
Leased assets, net	510	485
Construction in progress	587	636
Total property, plant and equipment	1,848	2,490
Intangible assets		
Other	20	39
Total intangible assets	20	39
Investments and other assets		
Investment securities	1,847	1,846
Claims provable in bankruptcy, claims provable in rehabilitation and other	160	126
Other	257	146
Allowance for doubtful accounts	(46)	(29)
Total investments and other assets	2,218	2,090
Total non-current assets	4,087	4,619
Total assets	27,196	25,105

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
<b>Liabilities</b>		
Current liabilities		
Short-term loans payable	2,606	611
Lease obligations	30	31
Accrued expenses	344	331
Income taxes payable	60	35
Deferred tax liabilities	32	35
Provision for bonuses	27	15
Provision for loss on liquidation of subsidiaries and associates	128	—
Other	236	155
<b>Total current liabilities</b>	<b>3,467</b>	<b>1,216</b>
Non-current liabilities		
Long-term loans payable	16,512	16,357
Lease obligations	507	484
Deferred tax liabilities	5	4
Net defined benefit liability	100	110
Other	4	4
<b>Total non-current liabilities</b>	<b>17,131</b>	<b>16,960</b>
<b>Total liabilities</b>	<b>20,599</b>	<b>18,176</b>
Net assets		
Shareholders' equity		
Capital stock	5,268	5,426
Capital surplus	3,286	3,443
Retained earnings	(4,375)	(4,339)
Treasury shares	(400)	(400)
<b>Total shareholders' equity</b>	<b>3,778</b>	<b>4,129</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	241	193
Foreign currency translation adjustment	542	467
<b>Total accumulated other comprehensive income</b>	<b>784</b>	<b>661</b>
Subscription rights to shares	29	27
Non-controlling interests	2,004	2,109
<b>Total net assets</b>	<b>6,597</b>	<b>6,928</b>
<b>Total liabilities and net assets</b>	<b>27,196</b>	<b>25,105</b>

(2) Consolidated Statements of Income

	(Millions of yen)	
	For nine months ended December 31, 2015 (April 1, 2015 to December 31, 2015)	For nine months ended December 31, 2016 (April 1, 2016 to December 31, 2016)
Operating revenue	3,238	3,736
Operating cost	2,218	2,243
Operating gross profit	1,019	1,493
Selling, general and administrative expenses	1,319	1,018
Operating income (loss)	(300)	474
Non-operating income		
Interest income	17	16
Dividend income	16	29
Foreign exchange gains	79	11
Miscellaneous income	4	7
Total non-operating income	118	64
Non-operating expenses		
Interest expenses	305	273
Miscellaneous loss	30	9
Total non-operating expenses	336	282
Ordinary income (loss)	(518)	256
Extraordinary income		
Gain on sales of investment securities	61	1
Gain on redemption of investment securities	8	—
Gain on liquidation of subsidiaries and associates	109	—
Gain on sales of shares of subsidiaries and associates	—	9
Gain on reversal of subscription rights to shares	0	3
Other	1	0
Total extraordinary income	180	15
Extraordinary losses		
Impairment loss	—	130
Provision for loss on liquidation of subsidiaries and associates	100	—
Loss from exemption from imputed tax payable attributable to the consolidation tax system	—	33
Other	0	1
Total extraordinary losses	100	165
Profit (loss) before income taxes	(437)	106
Income taxes - current	(13)	5
Total income taxes	(13)	5
Profit (loss)	(424)	101
Profit (loss) attributable to non-controlling interests	(83)	65
Profit (loss) attributable to owners of parent	(341)	36

(3) Consolidated Statements of Comprehensive Income

	For Nine months ended December 31, 2015 (April 1, 2015 to December 31, 2015)	For Nine months ended December 31, 2016 (April 1, 2016 to December 31, 2016)
	(Millions of yen)	
Profit (loss)	(424)	101
Other comprehensive income		
Valuation difference on available-for-sale securities	(218)	(28)
Foreign currency translation adjustment	(413)	(83)
Share of other comprehensive income of entities accounted for using equity method	(87)	(13)
Total other comprehensive income	(719)	(125)
Comprehensive income	(1,144)	(23)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(808)	(86)
Comprehensive income attributable to non-controlling interests	(336)	62



(4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	For Nine months ended December 31, 2015 (April 1, 2015 to December 31, 2015)	For Nine months ended December 31, 2016 (April 1, 2016 to December 31, 2016)
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	(437)	106
Depreciation	7	5
Impairment loss	—	130
Increase (decrease) in allowance for investment loss	(554)	(648)
Increase (decrease) in allowance for doubtful accounts	8	(3)
Increase (decrease) in provision for bonuses	8	(12)
Increase (decrease) in net defined benefit liability	8	9
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	100	—
Interest and dividend income	(21)	(31)
Interest expenses	259	198
Loss (gain) on sales of investment securities	(61)	(1)
Loss (gain) on redemption of investment securities	0	—
Loss (gain) on sales of shares of subsidiaries and associates	—	(13)
Loss on valuation of operational investment securities	2	75
Decrease (increase) in investment securities for sale	1,327	187
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	22	28
Payment for purchase of investment funds	(1,997)	(2,485)
Dividends from investment funds	2,653	2,155
Increase (decrease) in investment funds of minority interest	(61)	(24)
Other, net	208	(37)
Subtotal	1,472	(360)
Interest and dividend income received	21	31
Interest expenses paid	(328)	(259)
Income taxes paid	(36)	(38)
Net cash provided by (used in) operating activities	1,129	(627)
<b>Cash flows from investing activities</b>		
Purchase of investment securities	(18)	(0)
Proceeds from sales of investment securities	70	6
Proceeds from redemption of investment securities	80	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	14
Other, net	4	(10)
Net cash provided by (used in) investing activities	137	10

	(Millions of yen)	
	For Nine months ended December 31, 2015 (April 1, 2015 to December 31, 2015)	For Nine months ended December 31, 2016 (April 1, 2016 to December 31, 2016)
Cash flows from financing activities		
Repayments of long-term loans payable	(2,448)	(2,781)
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	311
Other, net	3	0
Net cash provided by (used in) financing activities	(1,564)	(2,469)
Effect of exchange rate change on cash and cash equivalents	(85)	(84)
Net increase (decrease) in cash and cash equivalents	(383)	(3,170)
Cash and cash equivalents at beginning of period	5,942	5,915
Cash and cash equivalents at end of period	5,558	2,744

(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 nine months ended December 31, 2016, 10,360 of the stock acquisition rights were exercised and Capital stock and Capital surplus were increased 157 million yen respectively.

(7) Breakdown of Operating Revenues and Operating Gross Profit

(Millions of yen)

	For nine months ended December 31,2015 (April 1, 2015 to December 31, 2015)			
	Operating revenues	Percentage of total	Operating cost	Operating gross profit(loss)
Fundmanagement operation	260	8.0	-	260
Investment operation	2,968	91.7	2,212	755
Realized capital gains	2,584	79.8	1,444	1,139
Investment write-offs	-	-	9	(9)
Provision for allowance for possible investment losses	-	-	689	(689)
Income gains	64	2.0	-	64
Fund interests income etc.	319	9.9	69	250
Others	9	0.3	5	3
Total	3,238	100.0	2,218	1,019

(Millions of yen)

	For nine months ended December 31,2016 (April 1, 2016 to December 31, 2016)			
	Operating revenues	Percentage of total	Operating cost	Operating gross profit(loss)
Fundmanagement operation	208	5.6	-	208
Investment operation	3,515	94.1	2,238	1,276
Realized capital gains	2,948	78.9	2,020	927
Investment write-offs	-	-	75	(75)
Provision for allowance for possible investment losses	-	-	42	(42)
Income gains	41	1.1	-	41
Fund interests income etc.	525	14.1	99	425
Others	12	0.3	4	8
Total	3,736	100.0	2,243	1,493

## Information for Reference Purposes:

### Consolidated Financial Results for the Third Quarter Ended December 31, 2016

February 13, 2017

#### Consolidated Financial Statements, etc., under the Previous Accounting Standards for the Third Quarter Ended December 31, 2016 (As of December 31, 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 third quarter ended December 31, 2016 (April 1, 2016 to December 31, 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 nine months ended December 31, 2016	2,831	18.9	341	—	194	—	73	—
For nine months ended December 31, 2015	2,380	(43.6)	(291)	—	(465)	—	(514)	—

	Net income per share	Diluted net income per share
	Yen	Yen
For nine months ended December 31, 2016	4.23	4.22
For nine months ended December 31, 2015	(37.19)	—

(Note) The Company consolidated every ten existing ordinary shares into one share. Effective date of the share consolidation was 1<sup>st</sup> 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 December 31, 2016	19,859	5,273	26.4
As of March 31, 2016	22,680	5,015	21.9

(Reference) Total shareholders' equity As of December 31, 2016: 5,238 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	% change
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	21.69

(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 nine months ended December 31, 2016.

### 3. Business Performance and Financial Condition

#### (1) Revenue from Fund Activities

(Millions of yen)

	For nine months ended December 31, 2015 (April 1, 2015 to December 31, 2015)	For nine months ended December 31, 2016 (April 1, 2016 to December 31, 2016)	For the year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Total investment funds' management fees	407	309	729
Management fees	346	263	441
Contingency fees	60	46	288

#### (2) Capital Gains

(Millions of yen)

	For nine months ended December 31, 2015 (April 1, 2015 to December 31, 2015)	For nine months ended December 31, 2016 (April 1, 2016 to December 31, 2016)	For the year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Proceeds of sales of operational investment securities (A)	1,711	2,135	2,954
Cost of securities sold (B) (Note)	1,044	1,363	1,863
Realized capital gains (A)-(B)	667	772	1,090

Investment write-offs (C)	6	75	10
Provision for allowance for possible investment losses (D)	418	(2)	559
Investment income (A)-(B)-(C)-(D)	241	698	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 December 31, 2015	As of December 31, 2016	As of March 31, 2016
Acquisition cost	273	90	217
Carrying value on consolidated balance sheet	338	131	303
Difference (Unrealized capital gains)	64	40	86

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2016	As of December 31, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	8,202	4,470
Operational investment securities	14,790	14,584
Allowance for possible investment loss	(2,840)	(1,600)
Operating loans	205	205
Other	164	197
Allowance for doubtful accounts	(24)	(33)
Total current assets	20,496	17,823
Non-current assets		
Property, plant and equipment		
Buildings and structures	62	29
Accumulated depreciation	(43)	(14)
Buildings and structures, net	18	15
Vehicles, tools, furniture and fixtures	56	56
Accumulated depreciation	(49)	(48)
Vehicles, tools, furniture and fixtures, net	7	8
Land	24	24
Total property, plant and equipment	50	48
Intangible assets		
Other	5	9
Total intangible assets	5	9
Investments and other assets		
Investment securities	1,847	1,846
Claims provable in bankruptcy, claims provable in rehabilitation and other	158	126
Other	166	34
Allowance for doubtful accounts	(44)	(29)
Total investments and other assets	2,128	1,977
Total non-current assets	2,184	2,035
Total assets	22,680	19,859



(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
<b>Liabilities</b>		
Current liabilities		
Short-term loans payable	2,050	523
Accrued expenses	130	95
Income taxes payable	60	35
Deferred tax liabilities	32	35
Provision for bonuses	27	15
Provision for loss on liquidation of subsidiaries and associates	128	-
Other	268	161
Total current liabilities	2,698	866
Non-current liabilities		
Long-term loans payable	14,860	13,604
Deferred tax liabilities	5	4
Net defined benefit liability	100	110
Total non-current liabilities	14,966	13,719
Total liabilities	17,665	14,585
<b>Net assets</b>		
Shareholders' equity		
Capital stock	5,268	5,426
Capital surplus	3,378	3,536
Retained earnings	(4,012)	(3,939)
Treasury shares	(400)	(400)
Total shareholders' equity	4,234	4,622
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	600	495
Foreign currency translation adjustment	141	121
Total accumulated other comprehensive income	741	616
Subscription rights to shares	29	27
Non-controlling interests	9	7
Total net assets	5,015	5,273
Total liabilities and net assets	22,680	19,859

	(Millions of yen)	
	For nine months ended December 31, 2015 (April 1, 2015 to December 31, 2015)	For nine months ended December 31, 2016 (April 1, 2016 to December 31, 2016)
Operating revenue	2,380	2,831
Operating cost	1,510	1,455
Operating gross profit	870	1,375
Selling, general and administrative expenses	1,161	1,034
Operating income(loss)	(291)	341
Non-operating income		
Interest income	14	13
Dividend income	16	29
Foreign exchange gains	80	11
Miscellaneous income	4	6
Total non-operating income	116	61
Non-operating expenses		
Interest expenses	259	198
Miscellaneous loss	30	9
Total non-operating expenses	290	207
Ordinary income(loss)	(465)	194
Extraordinary income		
Gain on sales of investment securities	61	1
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
Other	0	0
Total extraordinary income	65	19
Extraordinary losses		
Impairment loss	-	130
Provision for loss on liquidation of subsidiaries and associates	100	-
Other	0	1
Total extraordinary losses	100	131
Profit (Loss) before income taxes	(499)	82
Income taxes - current	14	9
Total income taxes	14	9
Profit (loss)	(514)	72
Loss attributable to non-controlling interests	(0)	(0)
Profit (loss) attributable to owners of parent	(514)	73

(3) Breakdown of Operating Revenues and Operating Gross Profit

(Millions of yen)

	For nine months ended December 31, 2015 (April 1, 2015 to December 31, 2015)			
	Operating revenues	Percentage of total	Operating cost	Operating gross profit(loss)
Fundmanagement operation	407	17.1%	-	407
Investment operation	1,964	82.5	1,504	459
Realized capital gains	1,711	71.9	1,044	667
Investment write-offs	-	-	6	(6)
Provision for allowance for possible investment losses	-	-	418	(418)
Income gains	46	1.9	-	46
Fund interests income etc.	206	8.7	34	171
Others	9	0.4	5	3
Total	2,380	100.0	1,510	870

(Millions of yen)

	For nine months ended December 31, 2016 (April 1, 2016 to December 31, 2016)			
	Operating revenues	Percentage of total	Operating cost	Operating gross profit(loss)
Fundmanagement operation	309	10.9%	-	309
Investment operation	2,505	88.5	1,450	1,054
Realized capital gains	2,135	75.4	1,363	772
Investment write-offs	-	-	75	(75)
Provision for allowance for possible investment losses	-	-	(2)	2
Income gains	26	1.0	-	26
Fund interests income etc.	343	12.1	13	329
Others	16	0.6	4	11
Total	2,831	100.0	1,455	1,375

## Business Position

### ① Investment activities (JAIC+Funds)

#### i) Breakdown of new investment

	For nine months ended December 31, 2015 (from April 1, 2015 to December 31, 2015)		For nine months ended December 31, 2016 (from April 1, 2016 to December 31, 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	21	1,630	22	2,942	33	3,586
China, Hong Kong, Taiwan	2	508	3	583	2	506
Southeast Asia	-	-	-	-	-	-
Others	-	-	-	-	-	-
Industry						
QOL(Quality of Life)	6	455	3	175	6	453
Renewable Energy Project	11	1,109	13	2,487	18	2,788
IT/Internet	4	209	6	429	7	380
Machinery/ Precision machine	-	-	-	-	-	-
Service	1	314	3	432	2	364
Others	1	49	-	-	2	105
Total	23	2,138	25	3,525	35	4,093

#### ii) Balance of investment

	As of December 31, 2015		As of December 31, 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	160	11,136	141	11,499	161	12,092
China, Hong Kong, Taiwan	54	7,342	46	6,291	49	6,431
Southeast Asia	7	449	5	189	6	255
Others	7	4	7	4	7	4
Industry						
QOL(Quality of Life)	48	4,961	40	4,238	46	4,697
Renewable Energy Project	16	2,386	28	5,696	22	3,722
IT/Internet	78	4,662	67	3,219	77	4,484
Machinery/ Precision machine	14	2,236	10	1,121	11	1,729
Service	27	1,614	22	1,523	24	1,286
Others	45	3,073	32	2,186	43	2,863
Total	228	18,933	199	17,985	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.

② JAIC-Backed IPOs (JAIC+Funds)

i) Number of IPOs

	For nine months ended December 31, 2015 (from April 1, 2015 to December 31, 2015)	For nine months ended December 31, 2016 (from April 1, 2016 to December 31, 2016)	For the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)
Japan	4 companies	4 companies	6 companies
Overseas	2 companies	-	2 companies
Total	6 companies	4 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: 2 overseas companies for nine months ended December 31, 2015, 2 overseas companies for the year ended March 31, 2016, 1 domestic company for nine months ended December 31, 2016.

ii) First price multiple

	For nine months ended December 31, 2015 (April 1, 2015 to December 31, 2015)	For nine months ended December 31, 2016 (April 1, 2016 to December 31, 2016)	For the year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Japan	1.6 times	5.1 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 nine months ended December 31, 2016 (From April 1, 2016 to December 31, 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
WASHHOUSE CO., LTD.	22-Nov-16	TSE Mothers FSE-Q	Provision of franchise system as a chain headquarter of the coin-operated laundry "WASH House"	Japan
Eltes Co., Ltd.	29-Nov-16	TSE Mothers	Internal and external risk detection and risk consulting services through big data analysis.	Japan

Note: For nine months ended December 31, 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 December 31, 2015	As of December 31, 2016	As of March 31, 2016
Total commitment amount in investment funds (Millions of yen)	35,452	38,372	39,335
(Total commitment amount of JAIC group)	(11,752)	(13,533)	(14,004)
No. of funds	16	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 nine months ended December 31, 2015 (April 1, 2015 to December 31, 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 nine months ended December 31, 2016 (April 1, 2016 to December 31, 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)	9,036	10,183	7,043
No. of funds	4	6	3

Notes to tables i) to iii) above:

- 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.
- The total amount of fund is listed as the amount of commitment base.