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Consolidated Financial Results
for the Year Ended March 31, 2017
[Japanese Standards]
(Summary of Japanese announcement)

May 15, 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
Contact: Tetsuro Shimomura, Executive Managing Director
Tel: +81-3-3259-8518 (main)
Scheduled date for ordinary general meeting of shareholders: June 27, 2017
Scheduled date for submission of annual report: June 28, 2017
Scheduled date for start of payment of dividends: —

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

1. Consolidated business results for the year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(1) Consolidated results of operations

(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 the year ended March 31, 2017	4,681	1.9	739	—	540	61.2	564	(20.2)
For the year ended March 31, 2016	4,596	(33.7)	(123)	—	335	(13.8)	707	—

(Note) Comprehensive Income

For the year ended March 31, 2017: 437millions of yen (—%)

For the year ended March 31, 2016: (983)millions of yen (—%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to operating revenues
	Yen	Yen	%	%	%
For the year ended March 31, 2017	32.47	32.38	11.5	2.0	15.8
For the year ended March 31, 2016	49.96	48.69	18.8	1.2	(2.7)

(Reference)Equity in earnings (loss) of affiliates

For the year ended March 31 2017: — millions of yen

For the year ended March 31 2016: — millions of yen

(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 and diluted 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 2016.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2017	25,945	6,851	20.4	299.44
As of March 31, 2016	27,196	6,597	16.8	274.16

(Reference) Total shareholders' equity As of March 31, 2017: 5,293 millions of yen As of March 31, 2016: 4,563 millions of yen

(3) Cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at year-end
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
For the year ended March 31, 2017	1,406	(5)	(2,469)	4,815
For the year ended March 31, 2016	974	470	(1,404)	5,915

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 ended March 31, 2017	—	0.00	—	0.00	0.00
Year ending March 31, 2018 (forecast)	—	0.00	—	0.00	0.00

3. Outlook for the fiscal year ending March 31, 2018 (April 1, 2017 to March 31, 2018)

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 decided to disclose “result forecast consolidated under the Previous Accounting Standard” even though it doesn't have enough rationality.

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.

For details, please refer to “2. Outlook for the fiscal year ending March 31, 2018 (April 1, 2017 to March 31, 2018)” on page 21.

4. Other matters

(1) Changes among significant subsidiaries (Changes among specific subsidiaries resulting in changes in the scope of consolidation): Yes

[New - company (company name: -) Excluded 2 companies (company name: 2 Investment Funds)]

(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

*Details are shown in page 14.

(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)

Year ended March 31, 2017: 17,884,392 shares

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

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

Year ended March 31, 2017: 204,909 shares

Year ended March 31, 2016: 204,849 shares

(iii) Average number of shares during the period

Year ended March 31, 2017:	17,385,150shares
Year ended March 31, 2016:	14,161,555shares

(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 mentioned above are calculated on the assumption that the share consolidation was effected on the first day of fiscal year 2016.

Reference: Non-consolidated results

Business results for the year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(1) Results of operations

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

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change
For the year ended March 31, 2017	3,621	(1.5)	786	4,685.3	672	(1.4)	553	(32.8)
For the year ended March 31, 2016	3,678	(7.0)	16	—	681	—	824	—

	Net income per share	Diluted net income per share
	Yen	Yen
For the year ended March 31, 2017	31.83	31.75
For the year ended March 31, 2016	58.19	56.71

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2017	19,744	5,203	26.2	292.73
As of March 31, 2016	22,025	4,550	20.5	271.63

(Reference) Total shareholders' equity As of March 31, 2017: 5,175 millions of yen As of March 31, 2016: 4,520 millions of yen

*This report is not subject to audit procedures.

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

The presentation material for the year ended March 31, 2017 will be released on our website by May 31, 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 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.

1. Business Performance and Financial Condition

(1) Revenue from Fund Activities

(Millions of yen)

	For the year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	For the year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Total investment funds' management fees	548	278
Management fees	260	232
Contingency fees	288	46

(2) Capital Gains

(Millions of yen)

	For the year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	For the year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Proceeds of sales of operational investment securities (A)	3,485	3,184
Cost of securities sold (B) (Note)	2,027	2,126
Realized capital gains (A)-(B)	1,457	1,057

Investment write-offs (C)	13	72
Provision for allowance for possible investment losses (D)	950	279
Investment income (A)-(B)-(C)-(D)	493	705

(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 March 31, 2016	As of March 31, 2017
Acquisition cost	495	87
Carrying value on consolidated balance sheet	621	308
Difference (Unrealized capital gains)	126	221

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	8,686	7,396
Operational investment securities	18,076	14,413
Allowance for possible investment loss	(4,063)	(2,415)
Operating loans	205	205
Other	228	442
Allowance for doubtful accounts	(24)	(29)
Total current assets	23,109	20,012
Non-current assets		
Property, plant and equipment		
Buildings and structures	64	29
Accumulated depreciation	(44)	(14)
Buildings and structures, net	20	15
Machinery and equipment	712	1,376
Accumulated depreciation	(14)	(85)
Machinery and equipment, net	697	1,290
Vehicles, tools, furniture and fixtures	56	57
Accumulated depreciation	(49)	(50)
Vehicles, tools, furniture and fixtures, net	7	7
Land	24	24
Leased assets	569	—
Accumulated depreciation	(58)	—
Leased assets, net	510	—
Construction in progress	587	2,441
Total property, plant and equipment	1,848	3,780
Intangible assets		
Other	20	38
Total intangible assets	20	38
Investments and other assets		
Investment securities	1,847	1,849
Claims provable in bankruptcy, claims provable in rehabilitation and other	160	119
Other	257	172
Allowance for doubtful accounts	(46)	(27)
Total investments and other assets	2,218	2,113
Total non-current assets	4,087	5,933
Total assets	27,196	25,945

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Short-term loans payable	2,606	2,247
Lease obligations	30	—
Accrued expenses	344	416
Income taxes payable	60	68
Deferred tax liabilities	32	22
Provision for bonuses	27	33
Provision for loss on liquidation of subsidiaries and associates	128	—
Other	236	36
Total current liabilities	3,467	2,823
Non-current liabilities		
Long-term loans payable	16,512	16,086
Lease obligations	507	—
Deferred tax liabilities	5	11
Net defined benefit liability	100	113
Other	4	58
Total non-current liabilities	17,131	16,270
Total liabilities	20,599	19,094
Net assets		
Shareholders' equity		
Capital stock	5,268	5,426
Capital surplus	3,286	3,443
Retained earnings	(4,375)	(3,811)
Treasury shares	(400)	(400)
Total shareholders' equity	3,778	4,657
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	241	253
Deferred gains or losses on hedges	—	(100)
Foreign currency translation adjustment	542	483
Total accumulated other comprehensive income	784	635
Subscription rights to shares	29	28
Non-controlling interests	2,004	1,529
Total net assets	6,597	6,851
Total liabilities and net assets	27,196	25,945

(2) Consolidated Statements of Income

	(Millions of yen)	
	For the year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	For the year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Operating revenue	4,596	4,681
Operating cost	3,098	2,645
Operating gross profit	1,498	2,036
Selling, general and administrative expenses		
Salaries and allowances	315	294
Operations consignment expenses	188	177
Provision for bonuses	27	33
Retirement benefit expenses	23	22
Provision of allowance for doubtful accounts	(1)	(14)
Taxes and dues	123	142
Depreciation	10	7
Fund interests expenses	527	231
Other	407	403
Total selling, general and administrative expenses	1,621	1,297
Operating profit (loss)	(123)	739
Non-operating income		
Interest income	27	24
Dividend income	700	122
Foreign exchange gains	174	10
Miscellaneous income	5	6
Total non-operating income	906	164
Non-operating expenses		
Interest expenses	413	353
Miscellaneous loss	34	9
Total non-operating expenses	448	362
Ordinary profit	335	540
Extraordinary income		
Gain on sales of investment securities	61	1
Gain on redemption of investment securities	84	—
Gain on liquidation of subsidiaries and associates	110	—
Gain on sales of non-current assets	—	394
Other	3	15
Total extraordinary income	259	410
Extraordinary losses		
Impairment loss	—	130
Loss on valuation of investment securities	—	42
Provision for loss on liquidation of subsidiaries and associates	128	—
Loss on cancellation of leases	—	181
Other	0	35
Total extraordinary losses	128	389

(Millions of yen)

	For the year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	For the year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Profit before income taxes	466	562
Income taxes - current	(2)	17
Total income taxes	(2)	17
Profit	468	545
Loss attributable to non-controlling interests	(238)	(19)
Profit attributable to owners of parent	707	564

(3) Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	For the year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	For the year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Profit	468	545
Other comprehensive income		
Valuation difference on available-for-sale securities	(443)	84
Deferred gains or losses on hedges	—	(100)
Foreign currency translation adjustment	(866)	(62)
Share of other comprehensive income of entities accounted for using equity method	(142)	(28)
Total other comprehensive income	(1,452)	(107)
Comprehensive income	(983)	437
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(244)	415
Comprehensive income attributable to non-controlling interests	(739)	21

(4) Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,299	2,415	(5,083)	(410)	1,221
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares	969	969			1,938
Profit attributable to owners of parent			707		707
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(4)		9	5
Change in ownership interest of parent due to transactions with non-controlling interests		(94)			(94)
Net changes of items other than shareholders' equity					
Total changes of items during period	969	870	707	9	2,557
Balance at end of current period	5,268	3,286	(4,375)	(400)	3,778

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	572	—	1,163	1,736	34	5,054	8,047
Changes of items during period							
Issuance of new shares - exercise of subscription rights to shares							1,938
Profit attributable to owners of parent							707
Purchase of treasury shares							(0)
Disposal of treasury shares							5
Change in ownership interest of parent due to transactions with non-controlling interests							(94)
Net changes of items other than shareholders' equity	(331)	—	(620)	(951)	(4)	(3,050)	(4,007)
Total changes of items during period	(331)	—	(620)	(951)	(4)	(3,050)	(1,449)
Balance at end of current period	241	—	542	784	29	2,004	6,597

(4) Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,268	3,286	(4,375)	(400)	3,778
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares	157	157			314
Profit attributable to owners of parent			564		564
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					—
Change in ownership interest of parent due to transactions with non-controlling interests					—
Net changes of items other than shareholders' equity					
Total changes of items during period	157	157	564	(0)	879
Balance at end of current period	5,426	3,443	(3,811)	(400)	4,657

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	241	—	542	784	29	2,004	6,597
Changes of items during period							
Issuance of new shares - exercise of subscription rights to shares							314
Profit attributable to owners of parent							564
Purchase of treasury shares							(0)
Disposal of treasury shares							—
Change in ownership interest of parent due to transactions with non-controlling interests							—
Net changes of items other than shareholders' equity	11	(100)	(59)	(148)	(1)	(475)	(624)
Total changes of items during period	11	(100)	(59)	(148)	(1)	(475)	254
Balance at end of current period	253	(100)	483	635	28	1,529	6,851

(5) Consolidated Statements of Cash Flows

	(Millions of yen)	
	For the year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	For the year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Cash flows from operating activities		
Profit before income taxes	466	562
Depreciation	10	7
Impairment loss	—	130
Increase (decrease) in allowance for investment loss	(832)	(635)
Increase (decrease) in allowance for doubtful accounts	3	(9)
Increase (decrease) in provision for bonuses	21	5
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	128	—
Increase (decrease) in net defined benefit liability	11	12
Interest and dividend income	(706)	(125)
Interest expenses	338	260
Loss (gain) on sales of investment securities	(61)	(1)
Loss (gain) on valuation of investment securities	—	42
Loss (gain) on redemption of investment securities	(70)	—
Loss on valuation of operational investment securities	6	159
Decrease (increase) in investment securities for sale	2,058	(539)
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	36	35
Payment for purchase of investment funds	(4,222)	(4,045)
Dividends from investment funds	3,346	5,736
Increase (decrease) in investment funds of minority interest	156	10
Other, net	(29)	(43)
Subtotal	661	1,562
Interest and dividend income received	706	125
Interest expenses paid	(354)	(280)
Income taxes paid	(58)	(31)
Income taxes refund	19	31
Net cash provided by (used in) operating activities	974	1,406
Cash flows from investing activities		
Purchase of investment securities	(18)	(0)
Proceeds from sales of investment securities	70	6
Proceeds from redemption of investment securities	413	—
Other, net	4	(11)
Net cash provided by (used in) investing activities	470	(5)

	For the year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	For the year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
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	1,088	311
Other, net	(14)	0
Net cash provided by (used in) financing activities	(1,404)	(2,469)
Effect of exchange rate change on cash and cash equivalents	(67)	(32)
Net increase (decrease) in cash and cash equivalents	(26)	(1,100)
Cash and cash equivalents at beginning of period	5,942	5,915
Cash and cash equivalents at end of period	5,915	4,815

(6) Notes to Consolidated Financial Statements

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

No applicable items

(Changes in accounting principles)

(Adoption of the “Practical Solution on a change in depreciation method due to Tax Reform 2016”)

Following the revision of the Corporation Tax Act, JAIC adopted the “Practical Solution on a change in depreciation method due to Tax Reform 2016” (ASBJ Practical Issue Task Force No. 32, issued on June 17, 2016) from the year ended March 31, 2017, and changed the method for the depreciation of equipment attached buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method. No effect of this change on the consolidated financial statements for the year ended March 31, 2017.

(Changes in accounting estimates)

No applicable items

(Correction of prior period errors)

No applicable items

(Segment Information)

Since the Group carries out investment and managements of funds as a single business segment, business segment information is not presented.

(Per-share Data)

	For the year ended March 31, 2016 (April 1, 2015, to March 31, 2016)	For the year ended March 31, 2017 (April 1, 2016, to March 31, 2017)
Net assets per share	¥274.16	¥299.44
Net income per share	¥49.96	¥32.47
Diluted net income per share	¥48.69	¥32.38

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 and diluted net income per share in above chart are calculated on the assumption that the share consolidation was effected on April 1, 2015.
- The basis for the calculation of net income per share and diluted net income per share is as follows.

	For the year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	For the year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Net income per share		
Net income attributable to owners of parent (Millions of yen)	707	564
Amount not attributable to common shareholders (Millions of yen)	—	—
Net income attributable to owners of parent relating to common stock (Millions of yen)	707	564
Average no. of shares outstanding during the term (Thousands)	14,161	17,385
Diluted net income per share		
Adjustment of net income attributable to owners of parent (Millions of yen)	—	—
Increase in common stock (Thousands)	370	44
Latent shares not included in diluted net income per share calculation due to lack of dilution effect	Stock acquisition rights issued by resolution of board of directors held on June 24, 2011 (ordinary shares 7 thousand shares)	—

(Important Subsequent Events)
No applicable items

(7) Breakdown of Operating Revenues and Operating Gross Profit

(Millions of yen)

	For the year ended March 31, 2016 (April 1, 2015 to March 31, 2016)			
	Operating revenues	Percentage of total	Operating cost	Operating gross profit(loss)
Fundmanagement operation	548	% 11.9	-	548
Management fees	260	5.6	-	260
Contingency fees	288	6.3	-	288
Investment operation	4,001	87.1	3,090	910
Realized capital gains	3,485	75.9	2,027	1,457
Investment write-offs	-	-	13	(13)
Provision for allowance for possible investment losses	-	-	950	(950)
Income gains	69	1.5	-	69
Fund interests income etc.	445	9.7	98	347
Others	46	1.0	7	39
Total	4,596	100.0	3,098	1,498

(Millions of yen)

	For the year ended March 31, 2017 (April 1, 2016 to March 31, 2017)			
	Operating revenues	Percentage of total	Operating cost	Operating gross profit(loss)
Fundmanagement operation	278	% 6.0	-	278
Management fees	232	5.0	-	232
Contingency fees	46	1.0	-	46
Investment operation	4,383	93.6	2,638	1,744
Realized capital gains	3,184	68.0	2,126	1,057
Investment write-offs	-	-	72	(72)
Provision for allowance for possible investment losses	-	-	279	(279)
Income gains	45	1.0	-	45
Fund interests income etc.	1,153	24.6	160	993
Others	20	0.4	6	14
Total	4,681	100.0	2,645	2,036

