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Consolidated Financial Results
for the First Quarter Ended June 30, 2017
[Japanese Standards]
(Summary of Japanese announcement)

August 10, 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: Tetsuro Shimomura, President and CEO
Contact: Kenji Kishimoto, Executive Officer
Tel: +81-3-3259-8518 (main)
Scheduled date for submission of quarterly report: August 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 first quarter ended June 30, 2017 (April 1, 2017 to June 30, 2017)

(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 three months ended June 30, 2017	673	(35.5)	153	356.3	99	—	307	—
For three months ended June 30, 2016	1,045	22.9	33	—	(36)	—	(86)	—

(Note) Comprehensive Income

For three months ended June 30, 2017: (6 millions of yen) (—%)

For three months ended June 30, 2016: (768 millions of yen) (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
For three months ended June 30, 2017	17.40	17.36
For three months ended June 30, 2016	(5.10)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2017	25,553	7,204	21.0
As of March 31, 2017	25,945	6,851	20.4

(Reference) Total shareholders' equity As of June 30, 2017: 5,375 millions of yen As of March 31, 2017: 5,293 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, 2017	—	0.00	—	0.00	0.00
Year ending March 31, 2018	—				
Year ending March 31, 2018 (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, 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 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, 2018 (April 1, 2017 to March 31, 2018)” on page 12.

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): None

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

(2) Adoption of specific accounting methods for the preparation of quarterly consolidated financial statements: None

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

(i) Changes in accounting principles due to revisions to accounting standards: None

(ii) Changes other than shown in (i) above: None

(iii) Changes in accounting estimates: None

(iv) Correction of prior period errors: None

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

(i) Shares issued and outstanding at the end of each period (including treasury stock)	Three months ended June 30, 2017:	17,884,392 shares	Year ended March 31, 2017:	17,884,392 shares
(ii) Shares of treasury stock at the end of each period	Three months ended June 30, 2017:	187,309 shares	Year ended March 31, 2017:	204,909 shares
(ii) Average number of shares during the period (cumulative quarterly consolidated period)	Three months ended June 30, 2017:	17,680,063 shares	Three months ended June 30, 2016	16,871,457 shares

*The above quarterly financial results are not subject to a quarterly review required under the Financial Instruments and Exchange Act.

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

The additional materials of the Financial Results for the first quarter ended June 30, 2017 was released on our website by August 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 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) Breakdown of operating revenue and operating cost

(Millions of yen)

	For three months ended June 30, 2016 (April 1, 2016 to June 30, 2016)	For three months ended June 30, 2017 (April 1, 2017 to June 30, 2017)	For the year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Total operating revenue (A)	1,045	673	4,681
Management fees	56	37	232
Contingency fees	-	50	46
Proceeds of sales of operational investment securities (B)	897	236	3,184
Income gains	2	19	45
Fund interests income etc.	83	322	1,153
Other operating revenue	4	6	20
Total operating cost (C)	689	169	2,645
Cost of securities sold (D)	370	72	2,126
Investment write-offs & Provision for allowance for possible investment losses (E)	284	51	351
Fund interests losses etc.	33	43	160
Other operating cost	1	1	6
Operating gross profit (A) - (C)	355	504	2,036
Realized capital gains (B) - (D)	527	164	1,057
Investment income (B) - (D) - (E)	242	112	705

(2) Breakdown of Loans payable and Lease obligations

(Millions of yen)

	As of June 30, 2016	As of June 30, 2017	As of March 31, 2017
Total of loans payable and lease obligations	17,587	17,433	18,334
Non-consolidated base loans payable	14,860	12,675	14,128
Loans payable and lease obligations of SPC etc.	2,727	4,757	4,205

(3)Unrealized Gains

(Millions of yen)

	As of June 30, 2016	As of June 30, 2017	As of March 31, 2017
Acquisition cost	256	35	87
Carrying value on consolidated balance sheet	322	110	308
Difference (Unrealized capital gains)	65	74	221

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	7,396	5,926
Operational investment securities	14,413	14,458
Allowance for possible investment losse	(2,415)	(2,244)
Operating loans	205	253
Other	442	585
Allowance for doubtful accounts	(29)	(37)
Total current assets	20,012	18,942
Non-current assets		
Property, plant and equipment		
Buildings and structures	29	29
Accumulated depreciation	(14)	(14)
Buildings and structures, net	15	15
Machinery and equipment	1,376	2,789
Accumulated depreciation	(85)	(119)
Machinery and equipment, net	1,290	2,670
Vehicles, tools, furniture and fixtures	57	64
Accumulated depreciation	(50)	(50)
Vehicles, tools, furniture and fixtures, net	7	14
Land	24	22
Construction in progress	2,441	1,570
Total property, plant and equipment	3,780	4,293
Intangible assets		
Other	38	55
Total intangible assets	38	55
Investments and other assets		
Investment securities	1,849	1,849
Claims provable in bankruptcy, claims provable in rehabilitation and other	119	107
Other	172	328
Allowance for doubtful accounts	(27)	(22)
Total investments and other assets	2,113	2,262
Total non-current assets	5,933	6,611
Total assets	25,945	25,553

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Liabilities		
Current liabilities		
Short-term loans payable	2,247	2,760
Accrued expenses	416	407
Income taxes payable	68	26
Deferred tax liabilities	22	20
Provision for bonuses	33	17
Other	36	202
Total current liabilities	2,823	3,434
Non-current liabilities		
Long-term loans payable	16,086	14,673
Deferred tax liabilities	11	10
Net defined benefit liability	113	113
Other	58	118
Total non-current liabilities	16,270	14,914
Total liabilities	19,094	18,349
Net assets		
Shareholders' equity		
Capital stock	5,426	5,426
Capital surplus	3,443	3,423
Retained earnings	(3,811)	(3,503)
Treasury shares	(400)	(366)
Total shareholders' equity	4,657	4,979
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	253	170
Deferred gains or losses on hedges	(100)	(262)
Foreign currency translation adjustment	483	488
Total accumulated other comprehensive income	635	395
Subscription rights to shares	28	15
Non-controlling interests	1,529	1,813
Total net assets	6,851	7,204
Total liabilities and net assets	25,945	25,553

(Millions of yen)

	For three months ended June 30, 2016 (April 1, 2016 to June 30, 2016)	For three months ended June 30, 2017 (April 1, 2017 to June 30, 2017)
Operating revenue	1,045	673
Operating cost	689	169
Operating gross profit	355	504
Selling, general and administrative expenses	321	351
Operating profit	33	153
Non-operating income		
Interest income	7	4
Dividend income	28	24
Foreign exchange gains	—	0
Miscellaneous income	5	6
Total non-operating income	41	35
Non-operating expenses		
Interest expenses	93	87
Foreign exchange losses	14	—
Miscellaneous loss	4	2
Total non-operating expenses	111	89
Ordinary profit (loss)	(36)	99
Extraordinary income		
Gain on sales of non-current assets	—	0
Subsidy income	—	217
Total extraordinary income	—	217
Extraordinary losses		
Loss on valuation of investment securities	69	—
Loss on retirement of non-current assets	1	0
Loss from exemption from imputed tax payable attributable to the consolidation tax system	33	—
Total extraordinary losses	104	0
Profit (loss) before income taxes	(141)	315
Income taxes - current	18	2
Total income taxes	18	2
Profit (loss)	(159)	313
Profit (loss) attributable to non-controlling interests	(73)	5
Profit (loss) attributable to owners of parent	(86)	307

(3) Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	For three month ended June 30, 2016 (April 1, 2016 to June 30, 2016)	For three month ended June 30, 2017 (April 1, 2017 to June 30, 2017)
Profit (loss)	(159)	313
Other comprehensive income		
Valuation difference on available-for-sale securities	(267)	(167)
Deferred gains or losses on hedges	—	(162)
Foreign currency translation adjustment	(270)	5
Share of other comprehensive income of entities accounted for using equity method	(71)	5
Total other comprehensive income	(608)	(319)
Comprehensive income	(768)	(6)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(625)	67
Comprehensive income attributable to non-controlling interests	(142)	(73)

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For three months ended June 30, 2016 (April 1, 2016 to June 30, 2016)	For three months ended June 30, 2017 (April 1, 2017 to June 30, 2017)
Cash flows from operating activities		
Profit (loss) before income taxes	(141)	315
Depreciation	1	1
Increase (decrease) in allowance for investment loss	(92)	(17)
Increase (decrease) in allowance for doubtful accounts	1	3
Increase (decrease) in provision for bonuses	(13)	(15)
Increase (decrease) in net defined benefit liability	3	(0)
Interest and dividend income	(28)	(25)
Interest expenses	69	57
Loss (gain) on valuation of investment securities	69	—
Loss on valuation of operational investment securities	70	0
Decrease (increase) in investment securities for sale	(208)	(368)
Decrease (increase) in operating loans receivable	—	(48)
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	8	12
Payment for purchase of investment funds	(144)	(305)
Dividends from investment funds	19	14
Increase (decrease) in investment funds of non- controlling interest	103	(32)
Other, net	6	116
Subtotal	(274)	(292)
Interest and dividend income received	28	25
Interest expenses paid	(118)	(90)
Income taxes paid	(20)	(19)
Net cash provided by (used in) operating activities	(384)	(377)
Cash flows from investing activities		
Purchase of investment securities	(0)	(7)
Other, net	(3)	2
Net cash provided by (used in) investing activities	(3)	(4)
Cash flows from financing activities		
Repayments of long-term loans payable	(2,050)	(1,453)
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	188	—
Other, net	(0)	0
Net cash provided by (used in) financing activities	(1,861)	(1,453)
Effect of exchange rate change on cash and cash equivalents	(38)	(9)
Net increase (decrease) in cash and cash equivalents	(2,287)	(1,844)
Cash and cash equivalents at beginning of period	5,915	4,815
Cash and cash equivalents at end of period	3,627	2,970

(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
No applicable items

Information for Reference Purposes:

Consolidated Financial Results for the First Quarter Ended June 30, 2017

August 10, 2017

Consolidated Financial Statements, etc., under the Previous Accounting Standards for the First Quarter Ended June 30, 2017 (As of June 30, 2017)

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

As of Fiscal year ended June 30, 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 first quarter ended June 30, 2017 (April 1, 2017 to June 30, 2017)

(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 three months ended June 30, 2017	717	(20.7)	308	279.6	284	741.9	281	—
For three months ended June 30, 2016	904	34.2	81	—	33	—	(60)	—

	Net income per share	Diluted net income per share
	Yen	Yen
For three months ended June 30, 2017	15.90	15.86
For three months ended June 30, 2016	(3.58)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2017	18,948	5,761	30.3
As of March 31, 2017	20,305	5,722	28.0

(Reference) Total shareholders' equity As of June 30, 2017: 5,738 millions of yen As of March 31, 2017: 5,686 millions of yen

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

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, 2018	4,700	19.7	750	(10.4)	550	(24.3)	470	(15.1)

	Net income per share
	Yen
For the year ending March 31, 2018	26.58

(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 three months ended June 30, 2017.

3. Business Performance and Financial Condition

(1) Breakdown of operating revenue and operating cost

(Millions of yen)

	For three months ended June 30, 2016 (April 1, 2016 to June 30, 2016)	For three months ended June 30, 2017 (April 1, 2017 to June 30, 2017)	For the year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Total operating revenue (A)	904	717	3,926
Management fees	93	63	364
Contingency fees	-	50	101
Proceeds of sales of operational investment securities (B)	771	156	2,275
Income gains	1	19	30
Fund interests income etc.	33	418	1,128
Other operating revenue	4	8	25
Total operating cost (C)	491	101	1,750
Cost of securities sold (D)	324	62	1,423
Investment write-offs & Provision for allowance for possible investment losses (E)	155	33	274
Fund interests losses etc.	10	4	46
Other operating cost	1	1	6
Operating gross profit (A) - (C)	412	615	2,176
Realized capital gains (B) - (D)	447	94	852
Investment income (B) - (D)-(E)	291	61	577

(2) Asset, Liability and Net asset

(Millions of yen)

	As of June 30, 2016	As of June 30, 2017	As of March 31, 2017
Total asset	20,099	18,948	20,305
Total liabilities	15,498	13,187	14,583
Loans payable	14,860	12,675	14,128
Total net asset	4,600	5,761	5,722
Total shareholders' equity	4,562	5,738	5,686

(3) Unrealized Gains

(Millions of yen)

	As of June 30, 2016	As of June 30, 2017	As of March 31, 2017
Acquisition cost	130	38	87
Carrying value on consolidated balance sheet	158	69	185
Difference (Unrealized capital gains)	27	30	98

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	6,213	4,515
Operational investment securities	13,129	13,353
Allowance for possible investment loss	(1,691)	(1,605)
Operating loans	205	253
Other	373	366
Allowance for doubtful accounts	(29)	(37)
Total current assets	18,201	16,845
Non-current assets		
Property, plant and equipment		
Buildings and structures	29	29
Accumulated depreciation	(14)	(14)
Buildings and structures, net	15	15
Vehicles, tools, furniture and fixtures	57	64
Accumulated depreciation	(50)	(50)
Vehicles, tools, furniture and fixtures, net	7	14
Land	24	22
Total property, plant and equipment	47	52
Intangible assets		
Other	8	10
Total intangible assets	8	10
Investments and other assets		
Investment securities	1,849	1,849
Claims provable in bankruptcy, claims provable in rehabilitation and other	119	107
Other	106	106
Allowance for doubtful accounts	(27)	(22)
Total investments and other assets	2,047	2,040
Total non-current assets	2,103	2,102
Total assets	20,305	18,948

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Liabilities		
Current liabilities		
Short-term loans payable	1,453	1,235
Accrued expenses	90	67
Income taxes payable	68	26
Deferred tax liabilities	22	20
Provision for bonuses	33	17
Other	115	256
Total current liabilities	1,782	1,623
Non-current liabilities		
Long-term loans payable	12,675	11,440
Deferred tax liabilities	11	10
Net defined benefit liability	113	113
Total non-current liabilities	12,800	11,563
Total liabilities	14,583	13,187
Net assets		
Shareholders' equity		
Capital stock	5,426	5,426
Capital surplus	3,536	3,515
Retained earnings	(3,458)	(3,177)
Treasury shares	(400)	(366)
Total shareholders' equity	5,102	5,398
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	489	423
Deferred gains or losses on hedges	(100)	(262)
Foreign currency translation adjustment	194	180
Total accumulated other comprehensive income	583	340
Subscription rights to shares	28	15
Non-controlling interests	7	6
Total net assets	5,722	5,761
Total liabilities and net assets	20,305	18,948

(Millions of yen)

	For three months ended June 30, 2016 (April 1, 2016 to June 30, 2016)	For three months ended June 30, 2017 (April 1, 2017 to June 30, 2017)
Operating revenue	904	717
Operating cost	491	101
Operating gross profit	412	615
Total selling, general and administrative expenses	331	307
Operating profit	81	308
Non-operating income		
Interest income	6	4
Dividend income	28	24
Foreign exchange gains	-	0
Miscellaneous income	5	6
Total non-operating income	40	35
Non-operating expenses		
Interest expenses	69	57
Foreign exchange losses	14	-
Miscellaneous loss	4	2
Total non-operating expenses	87	60
Ordinary profit	33	284
Extraordinary income		
Gain on sales of non-current assets	-	0
Total extraordinary income	-	0
Extraordinary losses		
Loss on sales and retirement of non-current assets	1	0
Loss on valuation of investment securities	69	-
Total extraordinary losses	71	0
Profit (loss) before income taxes	(37)	283
Income taxes - current	22	2
Total income taxes	22	2
Profit (loss)	(60)	281
(Loss) attributable to non-controlling interests	(0)	-
Profit (loss) attributable to owners of parent	(60)	281

