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Consolidated Financial Results
for the Year Ended March 31, 2018
[Japanese Standards]
(Summary of Japanese announcement)

May 14, 2018

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 ordinary general meeting of shareholders: June 26, 2018
Scheduled date for submission of annual report: June 27, 2018
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 year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(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, 2018	8,303	77.4	1,237	67.5	1,047	93.6	1,281	127.1
For the year ended March 31, 2017	4,681	1.9	739	—	540	61.2	564	(20.2)

(Note) Comprehensive Income

For the year ended March 31, 2018: 967 millions of yen 121.2%

For the year ended March 31, 2017: 437 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, 2018	72.45	72.31	21.7	3.9	14.9
For the year ended March 31, 2017	32.47	32.38	11.5	2.0	15.8

(Reference)Equity in earnings (loss) of affiliates

For the year ended March 31 2018: — millions of yen

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

(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, 2018	27,184	8,053	23.9	367.34
As of March 31, 2017	25,945	6,851	20.4	299.44

(Reference) Total shareholders' equity;

As of March 31, 2018: 6,503 millions of yen As of March 31, 2017: 5,293 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, 2018	1,870	238	(2,173)	4,757
For the year ended March 31, 2017	1,406	(5)	(2,469)	4,815

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 ended March 31, 2018	—	0.00	—	0.00	0.00
Year ending March 31, 2019 (forecast)	—	0.00	—	0.00	0.00

3. Outlook for the fiscal year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

The overall private equity 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, 2019 (April 1, 2018 to March 31, 2019)” on page 18.

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): Yes

[New 2 companies (company name: 2 investment funds) Excluded 3 companies (company name: 3 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: None

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

(iii) Changes in accounting estimates: None

(iv) Correction of prior period errors: None

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

(i) Shares issued and outstanding at the end of each period (including treasury stock)	The year ended March 31, 2018:	17,884,392 shares	The year ended March 31, 2017:	17,884,392 shares
(ii) Shares of treasury stock at the end of each period	The year ended March 31, 2018:	181,009 shares	The year ended March 31, 2017:	204,909 shares
(ii) Average number of shares during the period	The year ended March 31, 2018:	17,694,341 shares	The year ended March 31, 2017:	17,385,150 shares

Reference: Non-consolidated results

Business results for the year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(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, 2018	5,172	42.8	1,006	27.9	987	46.9	898	62.4
For the year ended March 31, 2017	3,621	(1.5)	786	4,685.3	672	(1.4)	553	(32.8)

	Net income per share	Diluted net income per share
	Yen	Yen
For the year ended March 31, 2018	50.80	50.70
For the year ended March 31, 2017	31.83	31.75

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2018	18,614	6,039	32.4	340.17
As of March 31, 2017	19,744	5,203	26.2	292.73

(Reference) Total shareholders' equity As of March 31, 2018: 6,022 millions of yen As of March 31, 2017: 5,175 millions of yen

*This report is not subject to audit procedures.

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

The additional materials of the financial results for the year ended March 31, 2018 will be released on our website by May 31, 2018.

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 the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)	For the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)
Total operating revenue (A)	4,681	8,303
Management fees	232	177
Contingency fees	46	55
Proceeds of sales of operational investment securities (B)	3,184	6,747
Fund interests income etc.	1,153	1,124
Income gains	45	68
Other operating revenue	20	130

Total operating cost (C)	2,645	5,656
Cost of securities sold (D)	2,126	4,787
Investment write-offs & Provision for allowance for possible investment losses (E)	351	630
Fund interests losses etc.	160	232
Other operating cost	6	5

Operating gross profit (A) - (C)	2,036	2,646
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Realized capital gains (B) - (D)	1,057	1,959
Investment income (B) - (D) - (E)	705	1,329

(2) Breakdown of Loans payable and Lease obligations

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Total of loans payable and lease obligations	18,334	18,367
Non-consolidated base loans payable	14,128	11,954
Loans payable and lease obligations of SPC etc.	4,205	6,412

(3) Cash flows

(Millions of yen)

	For the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)	For the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)
Cash flow from operating activities	1,406	1,870
Cash flow from investing activities	(5)	238
Cash flow from financing activities	(2,469)	(2,173)
Cash and cash equivalents at the end of period	4,815	4,757

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	7,396	9,019
Operational investment securities	14,413	9,394
Allowance for possible investment loss	(2,415)	(1,535)
Operating loans	205	204
Other	442	614
Allowance for doubtful accounts	(29)	(39)
Total current assets	20,012	17,658
Non-current assets		
Property, plant and equipment		
Buildings and structures	29	29
Accumulated depreciation	(14)	(15)
Buildings and structures, net	15	14
Machinery and equipment	1,376	4,223
Accumulated depreciation	(85)	(257)
Machinery and equipment, net	1,290	3,965
Vehicles, tools, furniture and fixtures	57	70
Accumulated depreciation	(50)	(55)
Vehicles, tools, furniture and fixtures, net	7	14
Land	24	22
Construction in progress	2,441	3,065
Total property, plant and equipment	3,780	7,083
Intangible assets		
Other	38	586
Total intangible assets	38	586
Investments and other assets		
Investment securities	1,849	1,454
Claims provable in bankruptcy, claims provable in rehabilitation and other	119	89
Other	172	331
Allowance for doubtful accounts	(27)	(18)
Total investments and other assets	2,113	1,856
Total non-current assets	5,933	9,526
Total assets	25,945	27,184

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Short-term loans payable	2,247	2,222
Accrued expenses	416	290
Income taxes payable	68	61
Deferred tax liabilities	22	7
Provision for bonuses	33	51
Other	36	80
Total current liabilities	2,823	2,713
Non-current liabilities		
Long-term loans payable	16,086	16,144
Deferred tax liabilities	11	11
Net defined benefit liability	113	112
Other	58	149
Total non-current liabilities	16,270	16,417
Total liabilities	19,094	19,131
Net assets		
Shareholders' equity		
Capital stock	5,426	5,426
Capital surplus	3,443	3,408
Retained earnings	(3,811)	(2,529)
Treasury shares	(400)	(353)
Total shareholders' equity	4,657	5,951
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	253	29
Deferred gains or losses on hedges	(100)	—
Foreign currency translation adjustment	483	522
Total accumulated other comprehensive income	635	551
Share acquisition rights	28	17
Non-controlling interests	1,529	1,532
Total net assets	6,851	8,053
Total liabilities and net assets	25,945	27,184

(2) Consolidated Statements of Income

	(Millions of yen)	
	For the year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	For the year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Operating revenue	4,681	8,303
Operating cost	2,645	5,656
Operating gross profit	2,036	2,646
Selling, general and administrative expenses		
Salaries and allowances	294	289
Operations consignment expenses	177	191
Provision for bonuses	33	51
Retirement benefit expenses	22	23
Provision of allowance for doubtful accounts	(14)	1
Taxes and dues	142	134
Depreciation	7	9
Fund interests expenses	231	302
Other	403	405
Total selling, general and administrative expenses	1,297	1,409
Operating profit	739	1,237
Non-operating income		
Interest income	24	25
Dividend income	122	135
Foreign exchange gains	10	—
Miscellaneous income	6	8
Total non-operating income	164	169
Non-operating expenses		
Interest expenses	353	352
Foreign exchange losses	—	3
Miscellaneous loss	9	4
Total non-operating expenses	362	360
Ordinary profit	540	1,047
Extraordinary income		
Gain on sales of investment securities	1	—
Gain on sales of non-current assets	394	0
Subsidy income	—	217
Other	15	19
Total extraordinary income	410	237
Extraordinary losses		
Impairment loss	130	—
Loss on valuation of investment securities	42	—
Loss on redemption of investment securities	—	81
Loss on cancellation of leases	181	—
Other	35	0
Total extraordinary losses	389	82
Profit before income taxes	562	1,201
Income taxes - current	17	19
Total income taxes	17	19
Profit	545	1,182
Loss attributable to non-controlling interests	(19)	(99)
Profit attributable to owners of parent	564	1,281

(3) Consolidated Statements of Comprehensive Income

	For the ended March 31, 2017 (April 1, 2016 to March 31, 2017)	For the ended March 31, 2018 (April 1, 2017 to March 31, 2018)
	(Millions of yen)	
Profit	545	1,182
Other comprehensive income		
Valuation difference on available-for-sale securities	84	(344)
Deferred gains or losses on hedges	(100)	100
Foreign currency translation adjustment	(62)	19
Share of other comprehensive income of entities accounted for using equity method	(28)	9
Total other comprehensive income	(107)	(215)
Comprehensive income	437	967
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	415	1,197
Comprehensive income attributable to non-controlling interests	21	(229)

(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 share acquisition rights	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 share acquisition rights							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

(4) Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,426	3,443	(3,811)	(400)	4,657
Changes of items during period					
Issuance of new shares - exercise of share acquisition rights					—
Profit attributable to owners of parent			1,281		1,281
Purchase of treasury shares					—
Disposal of treasury shares		(30)		46	16
Change in ownership interest of parent due to transactions with non-controlling interests		(4)			(4)
Net changes of items other than shareholders' equity					
Total changes of items during period		(35)	1,281	46	1,293
Balance at end of current period	5,426	3,408	(2,529)	(353)	5,951

	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	253	(100)	483	635	28	1,529	6,851
Changes of items during period							
Issuance of new shares - exercise of share acquisition rights							—
Profit attributable to owners of parent							1,281
Purchase of treasury shares							—
Disposal of treasury shares							16
Change in ownership interest of parent due to transactions with non-controlling interests							(4)
Net changes of items other than shareholders' equity	(223)	100	39	(84)	(11)	3	(92)
Total changes of items during period	(223)	100	39	(84)	(11)	3	1,201
Balance at end of current period	29	—	522	551	17	1,532	8,053

(5) Consolidated Statements of Cash Flows

	For the year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	For the year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
(Millions of yen)		
Cash flows from operating activities		
Profit before income taxes	562	1,201
Depreciation	7	9
Impairment loss	130	—
Increase (decrease) in allowance for investment loss	(635)	(178)
Increase (decrease) in allowance for doubtful accounts	(9)	1
Increase (decrease) in provision for bonuses	5	18
Increase (decrease) in net defined benefit liability	12	(1)
Interest and dividend income	(125)	(139)
Interest expenses	260	221
Loss (gain) on sales of investment securities	(1)	—
Loss (gain) on valuation of investment securities	42	—
Loss (gain) on redemption of investment securities	—	62
Loss on valuation of operational investment securities	159	305
Decrease (increase) in investment securities for sale	(539)	(463)
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	35	30
Payment for purchase of investment funds	(4,045)	(1,903)
Dividends from investment funds	5,736	2,963
Increase (decrease) in investment funds of minority interest	10	(310)
Other, net	(43)	(35)
Subtotal	1,562	1,781
Interest and dividend income received	125	139
Interest expenses paid	(280)	(229)
Income taxes paid	(31)	(22)
Income taxes refund	31	201
Net cash provided by (used in) operating activities	1,406	1,870
Cash flows from investing activities		
Purchase of intangible assets	(5)	(46)
Purchase of investment securities	(0)	(13)
Proceeds from sales of investment securities	6	3
Proceeds from redemption of investment securities	—	306
Other, net	(5)	(10)
Net cash provided by (used in) investing activities	(5)	238
Cash flows from financing activities		
Repayments of long-term loans payable	(2,781)	(2,173)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	311	—
Other, net	0	0
Net cash provided by (used in) financing activities	(2,469)	(2,173)
Effect of exchange rate change on cash and cash equivalents	(32)	8
Net increase (decrease) in cash and cash equivalents	(1,100)	(57)
Cash and cash equivalents at beginning of period	5,915	4,815
Cash and cash equivalents at end of period	4,815	4,757

(6) Notes to Consolidated Financial Statements

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

No applicable items

(Changes in accounting principles)

No applicable items

(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, 2017 (April 1, 2016, to March 31, 2017)	For the year ended March 31, 2018 (April 1, 2017, to March 31, 2018)
Net assets per share	¥299.44	¥367.34
Net income per share	¥32.47	¥72.45
Diluted net income per share	¥32.38	¥72.31

Note:

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, 2017 (April 1, 2016 to March 31, 2017)	For the year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Net income per share		
Net income attributable to owners of parent (Millions of yen)	564	1,281
Amount not attributable to common shareholders (Millions of yen)	—	—
Net income attributable to owners of parent relating to common stock (Millions of yen)	564	1,281
Average no. of shares outstanding during the term (Thousands)	17,385	17,694
Diluted net income per share		
Adjustment of net income attributable to owners of parent (Millions of yen)	—	—
Increase in common stock (Thousands)	44	33
Latent shares not included in diluted net income per share calculation due to lack of dilution effect	—	—

(Important Subsequent Events)

No applicable items

3. Non-consolidated Financial Statements

(1) Balance Sheets

(Millions of yen)

	As of March 31,2017	As of March 31,2018
Assets		
Current assets		
Cash and deposits	5,457	6,637
Operational investment securities	12,770	10,475
Allowance for possible investment loss	(1,650)	(1,188)
Operating loans	205	204
Accounts receivable - other	247	368
Other	103	88
Allowance for doubtful accounts	(30)	(41)
Total current assets	17,102	16,544
Non-current assets		
Property, plant and equipment		
Buildings	15	14
Tools, furniture and fixtures	6	9
Land	24	22
Total property, plant and equipment	46	47
Intangible assets		
Other	8	8
Total intangible assets	8	8
Investments and other assets		
Investment securities	1,484	1,047
Shares of subsidiaries and associates	863	816
Claims provable in bankruptcy, claims provable in rehabilitation and other	119	88
Other	146	78
Allowance for doubtful accounts	(27)	(17)
Total investments and other assets	2,586	2,013
Total non-current assets	2,641	2,069
Total assets	19,744	18,614

(1) Balance Sheets

(Millions of yen)

	As of March 31,2017	As of March 31,2018
Liabilities		
Current liabilities		
Current portion of long-term loans payable	1,453	1,468
Accrued expenses	82	148
Income taxes payable	56	53
Provision for bonuses	26	43
Deferred tax liabilities	22	7
Other	95	243
Total current liabilities	1,735	1,964
Non-current liabilities		
Long-term loans payable	12,675	10,486
Provision for retirement benefits	113	112
Deferred tax liabilities	16	11
Total non-current liabilities	12,805	10,609
Total liabilities	14,540	12,574
Net assets		
Shareholders' equity		
Capital stock	5,426	5,426
Capital surplus		
Legal capital surplus	1,426	1,426
Other capital surplus	2,111	2,081
Total capital surpluses	3,537	3,507
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(3,802)	(2,903)
Total retained earnings	(3,802)	(2,903)
Treasury shares	(400)	(353)
Total shareholders' equity	4,760	5,676
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	514	346
Deferred gains or losses on hedges	(100)	—
Total valuation and translation adjustments	414	346
Share acquisition rights	28	17
Total net assets	5,203	6,039
Total liabilities and net assets	19,744	18,614

(2) Statements of Income

(Millions of yen)

	For the year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	For the year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Operating revenue	3,621	5,172
Operating cost	1,747	3,069
Operating gross profit	1,874	2,103
Selling, general and administrative expenses	1,087	1,096
Operating profit	786	1,006
Non-operating income		
Interest income	16	17
Dividend income	122	180
Foreign exchange gains	9	2
Miscellaneous income	6	5
Total non-operating income	154	206
Non-operating expenses		
Interest expenses	260	221
Miscellaneous loss	8	3
Total non-operating expenses	269	224
Ordinary profit	672	987
Extraordinary income		
Gain on sales of investment securities	1	—
Gain on redemption of investment securities	—	18
Gain on sales of shares of subsidiaries and associates	52	—
Other	3	0
Total extraordinary income	58	19
Extraordinary losses		
Impairment loss	130	—
Loss on valuation of investment securities	42	—
Loss on redemption of investment securities	—	104
Other	1	0
Total extraordinary losses	173	105
Profit before income taxes	556	902
Income taxes - current	3	3
Total income taxes	3	3
Profit	553	898

Information for Reference Purposes:

Consolidated Financial Results for the Year Ended March 31, 2018

May 14, 2018

Consolidated Financial Statements, etc., under the Previous Accounting Standards for the Year Ended March 31, 2018 (As of March 31, 2018)

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 year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(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, 2018	5,403	37.6	1,017	21.5	954	31.3	874	57.8
For the year ended March 31, 2017	3,926	(2.9)	836	913.1	726	18.7	553	(7.2)

	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, 2018	49.40	49.31	14.3	4.8	18.8
For the year ended March 31, 2017	31.86	31.78	10.4	3.4	21.3

(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, 2018	19,220	6,568	34.1	369.75
As of March 31, 2017	20,305	5,722	28.0	321.65

(Reference) Total shareholders' equity As of March 31, 2018: 6,545 millions of yen As of March 31, 2017: 5,686 millions of yen

2. Outlook for the fiscal year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

The private equity investment business conducted by the Group will be 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. 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 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 ending March 31, 2019	3,450	(36.2)	700	(31.2)	550	(42.4)	470	(46.2)

	Net income per share
	Yen
For the year ending March 31, 2019	26.55

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.

Net income per share in above chart is calculated by the number of shares issued and outstanding excluding the number of shares of treasury stock as at March 31, 2018.

3. Business Performance and Financial Condition

(1) Breakdown of operating revenue and operating cost (Millions of yen)

	For the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)	For the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)
Total operating revenue (A)	3,926	5,403
Management fees	364	277
Contingency fees	101	86
Proceeds of sales of operational investment securities (B)	2,275	3,219
Fund interests income etc.	1,128	1,612
Income gains	30	64
Other operating revenue	25	142

Total operating cost (C)	1,750	3,074
Cost of securities sold (D)	1,423	2,469
Investment write-offs & Provision for allowance for possible investment losses (E)	274	562
Fund interests losses etc.	46	36
Other operating cost	6	5

Operating gross profit (A) - (C)	2,176	2,328
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Realized capital gains (B) - (D)	852	749
Investment income (B)-(D)-(E)	577	187

(2) Asset, Liability and Net asset (Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Total asset	20,305	19,220
Total liabilities	14,583	12,652
Loans payable	14,128	11,954
Total net asset	5,722	6,568
Total shareholders' equity	5,686	6,545

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	6,213	7,308
Operational investment securities	13,129	10,844
Allowance for possible investment loss	(1,691)	(1,230)
Operating loans	205	204
Other	373	467
Allowance for doubtful accounts	(29)	(40)
Total current assets	18,201	17,554
Non-current assets		
Property, plant and equipment		
Buildings and structures	29	29
Accumulated depreciation	(14)	(15)
Buildings and structures, net	15	14
Vehicles, tools, furniture and fixtures	57	70
Accumulated depreciation	(50)	(55)
Vehicles, tools, furniture and fixtures, net	7	14
Land	24	22
Total property, plant and equipment	47	51
Intangible assets		
Other	8	55
Total intangible assets	8	55
Investments and other assets		
Investment securities	1,849	1,454
Claims provable in bankruptcy, claims provable in rehabilitation and other	119	89
Other	106	33
Allowance for doubtful accounts	(27)	(18)
Total investments and other assets	2,047	1,558
Total non-current assets	2,103	1,665
Total assets	20,305	19,220

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Short-term loans payable	1,453	1,468
Accrued expenses	90	156
Income taxes payable	68	61
Deferred tax liabilities	22	7
Provision for bonuses	33	51
Other	115	297
Total current liabilities	1,782	2,042
Non-current liabilities		
Long-term loans payable	12,675	10,486
Deferred tax liabilities	11	11
Net defined benefit liability	113	112
Total non-current liabilities	12,800	10,609
Total liabilities	14,583	12,652
Net assets		
Shareholders' equity		
Capital stock	5,426	5,426
Capital surplus	3,536	3,505
Retained earnings	(3,458)	(2,584)
Treasury shares	(400)	(353)
Total shareholders' equity	5,102	5,993
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	489	332
Deferred gains or losses on hedges	(100)	—
Foreign currency translation adjustment	194	219
Total accumulated other comprehensive income	583	552
Subscription rights to shares	28	17
Non-controlling interests	7	5
Total net assets	5,722	6,568
Total liabilities and net assets	20,305	19,220

(2) Consolidated Statements of Income

	(Millions of yen)	
	For the year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	For the year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Operating revenue	3,926	5,403
Operating cost	1,750	3,074
Operating gross profit	2,176	2,328
Selling, general and administrative expenses		
Salaries and allowances	294	289
Operations consignment expenses	173	190
Provision for bonuses	33	51
Retirement benefit expenses	22	23
Provision of allowance for doubtful accounts	(12)	1
Taxes and dues	142	134
Depreciation	7	9
Fund interests expenses	279	201
Other	398	409
Total selling, general and administrative expenses	1,339	1,311
Operating profit	836	1,017
Non-operating income		
Interest income	20	21
Dividend income	122	135
Foreign exchange gains	10	—
Miscellaneous income	6	8
Total non-operating income	160	166
Non-operating expenses		
Interest expenses	260	221
Foreign exchange losses	—	3
Miscellaneous loss	9	3
Total non-operating expenses	269	228
Ordinary profit	726	954
Extraordinary income		
Gain on sales of investment securities	1	—
Gain on redemption of investment securities	—	18
Gain on sales of shares of subsidiaries and associates	14	—
Gain on reversal of subscription rights to shares	3	0
Other	0	0
Total extraordinary income	20	19
Extraordinary losses		
Impairment loss	130	—
Loss on valuation of investment securities	42	—
Loss on redemption of investment securities	—	81
Other	1	0
Total extraordinary losses	174	82
Profit before income taxes	573	891
Income taxes - current	21	18
Total income taxes	21	18
Profit	551	872
Loss attributable to non-controlling interests	(2)	(1)
Profit attributable to owners of parent	553	874

Business Position

① Investment activities (JAIC+Funds)

i) Breakdown of new investment

	For the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)		For the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)	
	Number of companies	Amount (Millions of yen)	Number of companies	Amount (Millions of yen)
Area				
Japan	29	3,731	20	3,639
China, Hong Kong, Taiwan	4	584	3	191
Southeast Asia	-	-	-	-
Others	-	-	1	56
Industry				
QOL(Quality of Life)	4	176	5	692
Renewable Energy Project	17	3,184	11	2,681
IT/Internet	7	459	4	231
Machinery/ Precision machine	1	20	1	146
Service	3	432	2	84
Others	1	42	1	50
Total	33	4,315	24	3,887

ii) Balance of investment

	As of March 31, 2017		As of March 31, 2018	
	Number of companies	Amount (Millions of yen)	Number of companies	Amount (Millions of yen)
Area				
Japan	139	10,356	97	7,817
China, Hong Kong, Taiwan	45	6,007	45	5,912
Southeast Asia	5	189	5	189
Others	7	4	7	61
Industry				
QOL(Quality of Life)	37	4,153	30	4,156
Renewable Energy Project	29	4,576	24	3,582
IT/Internet	67	3,198	58	2,581
Machinery/ Precision machine	11	1,056	8	863
Service	21	1,518	16	1,242
Others	31	2,054	18	1,555
Total	196	16,558	154	13,981

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 JAIC Group 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 the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)	For the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)
Japan	5 companies	1 company
Overseas	- companies	1 company
Total	5 companies	2 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 domestic company for the year ended March 31, 2017.

ii) First price multiple

	For the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)	For the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)
Japan	5.6 times	3.1 times
Overseas	- times	3.2 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

Fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

Company Name	Date of IPO	Market	Business	Head quarters
Suzhou Institute of Building Science Group	5-Sep-17	SSE A-shares	Construction survey, new building materials, professional construction	China
MIDAC CO., LTD.	22-Dec-17	NSE 2nd Sec.	- Collection, transport, intermediate treatment and permanent disposal of industrial waste - Collection, transport and intermediate treatment of general waste	Japan

Fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

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
Net Marketing. Co. Ltd.	31-Mar-17	JASDAQ Standard	Advertising agency business: Affiliate marketing strategy planning and execution services to support customers' marketing operations Media business: Operates a safe and secure online matchmaking service "Omiai", and related services	Japan

Note: For the year ended March 31, 2017, there was 1 domestic company 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 the company.

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 March 31, 2017	As of March 31, 2018
Total commitment amount in investment funds (Millions of yen) (Total commitment amount of JAIC group)	28,753 (9,427)	19,150 (5,867)
No. of funds	15	12

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 the year ended March 31, 2017 (April 1, 2016 to March 31, 2017)			
Newly established		Assets increased	
Total commitment amount in investment funds (Millions of yen)	500	Increase in fund value (Millions of yen)	-
No. of funds	1	No. of funds	-

For the year ended March 31, 2018 (April 1, 2017 to March 31, 2018)			
Newly established		Assets increased	
Total commitment amount in investment funds (Millions of yen)	1,000	Increase in fund value (Millions of yen)	-
No. of funds	1	No. of funds	-

iii) Details of funds newly established

Name of fund	Date of establishment	Total commitment amount (Millions of yen)	Main investment targets
Succession Investment Limited Partnership, I	Jun 2017	1,000	SMEs in Japan which has successor problem

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

	For the year ending March 31, 2019 (April 1, 2018 to March 31, 2019)	For the year ending March 31, 2020 (April 1, 2019 to March 31, 2020)	For the year ending March 31, 2021 (April 1, 2020 to March 31, 2021)
Total commitment amount in investment funds (Millions of yen)	7,690	5,928	2,030
No. of funds	5	3	1

Notes to tables i) to iv) 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.