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**Consolidated Financial Results**  
**for the Second Quarter Ended September 30, 2018**  
**[Japanese Standards]**  
(Summary of Japanese announcement)

November 12, 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 submission of quarterly report: November 12, 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 second quarter ended September 30, 2018 (April 1, 2018 to September 30, 2018)**

(1) Consolidated results of operations (cumulative total)

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

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change
For six months ended September 30, 2018	1,189	(76.5)	(390)	—	(481)	—	(535)	—
For six months ended September 30, 2017	5,062	165.7	582	237.4	446	2,052.5	560	—

(Note) Comprehensive Income

For six months ended September 30, 2018: (560) millions of yen (—%)

For six months ended September 30, 2017: 216 millions of yen (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
For six months ended September 30, 2018	(30.22)	—
For six months ended September 30, 2017	31.68	31.62

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2018	28,432	7,712	20.9	335.71
As of March 31, 2018	27,184	8,053	23.9	367.34

(Reference) Total shareholders' equity

As of September 30, 2018: 5,943 millions of yen As of March 31, 2018: 6,503 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, 2018	—	0.00	—	0.00	0.00
Year ending March 31, 2019	—	0.00			
Year ending March 31, 2019 (forecast)			—	0.00	0.00

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

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

The 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 15.

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 1 company (company name: 1 investment fund) 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: Yes

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

(iii) Changes in accounting estimates: None

(iv) Correction of prior period errors: None

For details, please refer to “3. Consolidated Financial Statements (5) Notes on Quarterly Consolidated Financial Statements (Change in accounting policy)” on page 13.

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

(i) Shares issued and outstanding at the end of each period (including treasury stock)	Six months ended September 30 2018:	17,884,392 shares	Year ended March 31, 2018:	17,884,392 shares
(ii) Shares of treasury stock at the end of each period	Six months ended September 30, 2018:	181,009 shares	Year ended March 31, 2018:	181,009 shares
(ii) Average number of shares during the period (cumulative quarterly consolidated period)	Six months ended September 30 2018:	17,703,383 shares	Six months ended September 30,2017	17,688,620 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 second quarter ended September 30, 2018 will be released on our website on November 12, 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 six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)	For six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)	For the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)
Total operating revenue (A)	5,062	1,189	8,303
Management fees	83	83	177
Contingency fees	50	—	55
Proceeds of sales of operational investment securities (B)	4,350	209	6,747
Fund interests income etc.	533	871	1,124
Income gains	34	14	68
Other operating revenue	9	11	130
Total operating cost (C)	3,790	897	5,656
Cost of securities sold (D)	3,336	209	4,787
Investment write-offs & Provision for allowance for possible investment losses (E)	361	437	630
Fund interests losses etc.	88	247	232
Other operating cost	2	3	5
Operating gross profit (A) - (C)	1,272	292	2,646
Realized capital gains (B) - (D)	1,013	0	1,959
Investment income (B) - (D) - (E)	651	(436)	1,329

### (2) Cash flows

(Millions of yen)

	For six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)	For six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)	For the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)
Cash flow from operating activities	(519)	458	1,870
Cash flow from investing activities	196	65	238
Cash flow from financing activities	(1,659)	(1,668)	(2,173)
Cash and cash equivalents at the end of period	2,825	3,599	4,757

(3) Operational Investment Securities and Allowance for Possible Investment Loss

(Millions of yen)

	As of September 30, 2017		As of September 30, 2018		As of March 31, 2018	
	Amount	(B)/(A) (%)	Amount	(B)/(A) (%)	Amount	(B)/(A) (%)
Operational Investment Securities (A)	14,586	—	9,634	—	9,394	—
Allowance for Possible Investment Loss (B)	(2,550)	17.5	(1,356)	14.1	(1,535)	16.3

(4) Breakdown of Loans payable

(Millions of yen)

	As of September 30, 2017	As of September 30, 2018	As of March 31, 2018
Total of loans payable	18,319	19,817	18,367
Non-consolidated base loans payable	12,468	10,288	11,954
Loans payable of SPC etc. by project finance	5,850	9,528	6,412

## 2. Business Position

### (1) Investment activities (JAIC+Funds)

#### i) Breakdown of new investment

	For six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)		For six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)		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)	Number of companies	Amount (Millions of yen)
Area						
Japan	14	1,970	6	1,373	20	3,639
China, Hong Kong, Taiwan	2	139	1	86	3	191
Southeast Asia	-	-	-	-	-	-
Others	1	56	-	-	1	56
Industry						
Project Investment	8	1,512	5	1,353	11	2,681
Private Equity Investment	9	653	2	106	13	1,205
Sub total						
QOL(Quality of Life)	2	190	1	86	5	692
IT/Internet	4	231	-	-	4	231
Machinery/ Precision machine	1	146	-	-	1	146
Service	2	84	1	20	2	84
Others	-	-	-	-	1	50
Total	17	2,166	7	1,459	24	3,887

#### ii) Balance of investment

	As of September 30, 2017		As of September 30, 2018		As of March 31, 2018	
	Number of companies	Amount (Millions of yen)	Number of companies	Amount (Millions of yen)	Number of companies	Amount (Millions of yen)
Area						
Japan	127	12,791	88	8,590	97	7,817
China, Hong Kong, Taiwan	47	6,046	41	4,643	45	5,912
Southeast Asia	5	189	5	189	5	189
Others	7	61	7	61	7	61
Industry						
Project Investment	30	6,998	25	4,672	24	3,582
Private Equity Investment	156	12,090	116	8,812	130	10,398
Sub total						
QOL(Quality of Life)	34	4,046	29	3,540	30	4,156
IT/Internet	69	3,340	54	2,380	58	2,581
Machinery/ Precision machine	10	1,135	6	518	8	863
Service	19	1,587	14	1,153	16	1,242
Others	24	1,980	13	1,219	18	1,555
Total	186	19,089	141	13,485	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 six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)	For six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)	For the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)
Japan	-	-	1 company
Overseas	1 company	-	1 company
Total	1 company	-	2 companies

ii) First price multiple

	For six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)	For six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)	For the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)
Japan	-	-	3.1 times
Overseas	3.2 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

For six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)

No applicable items

From the end of the second quarter to date for filling this report

Company Name	Date of IPO	Market	Business	Head quarters
VALUENEX Inc.	30-Oct-18	TSE Mothers	Providing ASP licensing services for big data analytics of patents (TechRadar) and documents (DocRadar), and offering consulting services utilizing these tools and unique methodologies	Japan

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

i) Balance of funds under management

	As of September 30, 2017	As of September 30, 2018	As of March 31, 2018
Total commitment amount in investment funds (Millions of yen)	23,299	17,329	19,150
Total commitment amount of JAIC group (Millions of yen)	7,298	5,584	5,867
No. of funds	15	11	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 six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)			
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	-

For six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)			
Newly established		Assets increased	
Total commitment amount in investment funds (Millions of yen)	-	Increase in fund value (Millions of yen)	600
No. of funds	-	No. of funds	1

For the year ended March 31, 2018 (from 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 or whose assets were increased

For six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

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

For six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)

Name of fund	Date of assets increased	Increase in fund value (Millions of yen)	Main investment targets
Succession Investment Limited Partnership, I	June 2018	600 (Note)	SMEs in Japan which has successor problem

(Note) In October 2018 Succession Investment Limited Partnership, I increased its assets of 1,400 millions of yen through additional solicitation for subscription. Total commitment amount of the Fund increased up to 3,000 millions of yen.

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

	For the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)	For the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)	For the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)
Total commitment amount in investment funds (Millions of yen)	5,496	5,753	1,980
No. of funds	4	3	1

Notes to tables i) to iv) above:

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

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2018	As of September 30, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	9,019	6,380
Operational investment securities	9,394	9,634
Allowance for investment losses	(1,535)	(1,356)
Operating loans	204	204
Other	614	717
Allowance for doubtful accounts	(39)	(0)
Total current assets	17,658	15,580
Non-current assets		
Property, plant and equipment		
Buildings and structures	29	29
Accumulated depreciation	(15)	(15)
Buildings and structures, net	14	14
Machinery and equipment	4,223	7,789
Accumulated depreciation	(257)	(474)
Machinery and equipment, net	3,965	7,314
Vehicles, tools, furniture and fixtures	70	70
Accumulated depreciation	(55)	(57)
Vehicles, tools, furniture and fixtures, net	14	12
Land	22	22
Construction in progress	3,065	2,962
Total property, plant and equipment	7,083	10,326
Intangible assets		
Other	586	669
Total intangible assets	586	669
Investments and other assets		
Investment securities	1,454	1,380
Claims provable in bankruptcy, claims provable in rehabilitation and other	89	86
Other	331	406
Allowance for doubtful accounts	(18)	(18)
Total investments and other assets	1,856	1,855
Total non-current assets	9,526	12,851
Total assets	27,184	28,432



(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
<b>Liabilities</b>		
Current liabilities		
Short-term loans payable	2,222	1,426
Accrued expenses	290	219
Income taxes payable	61	59
Provision for bonuses	51	41
Provision for loss on liquidation of subsidiaries and associates	—	63
Other	80	42
<b>Total current liabilities</b>	<b>2,706</b>	<b>1,851</b>
Non-current liabilities		
Long-term loans payable	16,144	18,391
Deferred tax liabilities	18	27
Net defined benefit liability	112	119
Asset retirement obligations	149	329
<b>Total non-current liabilities</b>	<b>16,424</b>	<b>18,868</b>
<b>Total liabilities</b>	<b>19,131</b>	<b>20,720</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	5,426	5,426
Capital surplus	3,408	3,408
Retained earnings	(2,529)	(3,064)
Treasury shares	(353)	(353)
<b>Total shareholders' equity</b>	<b>5,951</b>	<b>5,416</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	29	100
Foreign currency translation adjustment	522	426
<b>Total accumulated other comprehensive income</b>	<b>551</b>	<b>526</b>
Share acquisition rights	17	19
Non-controlling interests	1,532	1,749
<b>Total net assets</b>	<b>8,053</b>	<b>7,712</b>
<b>Total liabilities and net assets</b>	<b>27,184</b>	<b>28,432</b>

(2) Consolidated Statements of Income

	(Millions of yen)	
	For six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)	For six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)
Operating revenue	5,062	1,189
Operating cost	3,790	897
Operating gross profit	1,272	292
Selling, general and administrative expenses	690	682
Operating profit (loss)	582	(390)
Non-operating income		
Interest income	14	12
Dividend income	24	16
Foreign exchange gains	—	67
Miscellaneous income	7	6
Total non-operating income	46	103
Non-operating expenses		
Interest expenses	177	192
Foreign exchange losses	2	—
Miscellaneous loss	2	2
Total non-operating expenses	182	194
Ordinary profit (loss)	446	(481)
Extraordinary income		
Gain on sales of investment securities	—	4
Gain on sales of non-current assets	0	—
Subsidy income	217	—
Insurance income	—	34
Total extraordinary income	217	39
Extraordinary losses		
Loss on valuation of investment securities	—	4
Loss on redemption of investment securities	80	0
Provision for loss on liquidation of subsidiaries and associates	—	63
Other	0	0
Total extraordinary losses	81	68
Profit (loss) before income taxes	582	(511)
Income taxes - current	65	9
Total income taxes	65	9
Profit (loss)	516	(520)
Profit (loss) attributable to non-controlling interests	(43)	14
Profit (loss) attributable to owners of parent	560	(535)

(3) Consolidated Statements of Comprehensive Income

	For six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)	For six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)
	(Millions of yen)	
Profit (loss)	516	(520)
Other comprehensive income		
Valuation difference on available-for-sale securities	(221)	83
Deferred gains or losses on hedges	(162)	—
Foreign currency translation adjustment	64	(119)
Share of other comprehensive income of entities accounted for using equity method	19	(3)
<b>Total other comprehensive income</b>	<b>(300)</b>	<b>(39)</b>
<b>Comprehensive income</b>	<b>216</b>	<b>(560)</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	349	(559)
Comprehensive income attributable to non-controlling interests	(132)	(0)

(4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	For six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)	For six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	582	(511)
Depreciation	3	8
Increase (decrease) in allowance for investment loss	124	(237)
Increase (decrease) in allowance for doubtful accounts	1	(41)
Increase (decrease) in provision for bonuses	2	(9)
Increase (decrease) in net defined benefit liability	3	7
Interest and dividend income	(26)	(18)
Interest expenses	113	94
Loss (gain) on redemption of investment securities	80	0
Loss on devaluation of operational investment securities	0	364
Decrease (increase) in investment securities for sale	(1,038)	144
Decrease (increase) in operating loans receivable	(49)	—
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	19	8
Payment for purchase of investment funds	(1,694)	(257)
Dividends from investment funds	1,159	697
Increase (decrease) in investment funds of non- controlling interest	(23)	(13)
Other, net	171	(3)
Subtotal	(571)	232
Interest and dividend income received	26	18
Interest expenses paid	(156)	(131)
Income taxes paid	(19)	(13)
Income taxes refund	201	352
Net cash provided by (used in) operating activities	(519)	458
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	(4)	(29)
Purchase of investment securities	(7)	(15)
Proceeds from sales of investment securities	0	71
Proceeds from redemption of investment securities	219	39
Other, net	(11)	(0)
Net cash provided by (used in) investing activities	196	65
<b>Cash flows from financing activities</b>		
Repayments of long-term loans payable	(1,659)	(1,665)
Other, net	0	(3)
Net cash provided by (used in) financing activities	(1,659)	(1,668)
Effect of exchange rate change on cash and cash equivalents	(7)	(13)
Net increase (decrease) in cash and cash equivalents	(1,989)	(1,158)
Cash and cash equivalents at beginning of period	4,815	4,757
Cash and cash equivalents at end of period	2,825	3,599

(5) Notes on Quarterly Consolidated Financial Statements

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

No applicable items

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

No applicable items

(Change in accounting policy)

(Application of "Practical Solution on Transactions Granting Employees and Others Stock Acquisition Rights, which Involve Considerations, with Vesting Conditions, etc.")

The Company decided to apply "Practical Solution on Transactions Granting Employees and Others Stock Acquisition Rights, which Involve Considerations, with Vesting Conditions, etc." (ASBJ Practical Issues Task Force ("PITF") No. 36, issued on January 12, 2018; hereinafter referred to as "PITF No. 36") from April 1, 2018 and to account for transactions granting employees and others stock acquisition rights, which involve considerations, with vesting conditions in accordance with the "Accounting Standard for Stock Options" (ASBJ Statement No. 8, issued on December 27, 2005) and related guidance.

However, when applying PITF No. 36, the Company complied with the transitional provisions in Paragraph 10, Item (3) of PITF No. 36 and continued to account for transactions that granted employees and others stock acquisition rights, which involve considerations, with vesting conditions prior to the date of application of PITF No. 36 in accordance with the previously adopted accounting procedure.

## Information for Reference Purposes:

### Consolidated Financial Results for the Second Quarter Ended September 30, 2018

November 12, 2018

#### Consolidated Financial Statements, etc., under the Previous Accounting Standards for the Second Quarter Ended September 30, 2018 (As of September 30, 2018)

#### 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 Second quarter ended September 30, 2018 (April 1, 2018 to September 30, 2018)

##### (1) Consolidated results of operations (cumulative total)

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

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change
For six months ended September 30, 2018	716	(71.9)	(465)	—	(460)	—	(534)	—
For six months ended September 30, 2017	2,547	54.4	714	232.0	640	483.6	493	—

	Net income per share	Diluted net income per share
	Yen	Yen
For six months ended September 30, 2018	(30.18)	—
For six months ended September 30, 2017	27.90	27.85

##### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2018	16,941	6,006	35.3	338.16
As of March 31, 2018	19,220	6,568	34.1	369.75

(Reference) Total shareholders' equity As of September 30, 2018: 5,986 millions of yen As of March 31, 2018: 6,545 millions of yen

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

The private equity 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, 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

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

Net income per share in above chart is calculated based on the number of shares issued and outstanding excluding the number of shares of treasury stock as at September 30, 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.

### 3. Business Performance and Financial Condition

(1) Breakdown of operating revenue and operating cost

(Millions of yen)

	For six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)	For six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)	For the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)
Total operating revenue (A)	2,547	716	5,403
Management fees	134	129	277
Contingency fees	50	—	86
Proceeds of sales of operational investment securities (B)	1,053	196	3,219
Fund interests income etc.	1,261	357	1,612
Income gains	31	9	64
Other operating revenue	14	22	142
Total operating cost (C)	1,227	638	3,074
Cost of securities sold (D)	894	205	2,469
Investment write-offs & Provision for allowance for possible investment losses (E)	317	420	562
Fund interests losses etc.	13	8	36
Other operating cost	2	3	5
Operating gross profit (A) - (C)	1,319	78	2,328
Realized capital gains (B) - (D)	159	(8)	749
Investment income (B) - (D)-(E)	(157)	(429)	187

(2) Asset, Liability and Net asset

(Millions of yen)

	As of September 30, 2017	As of September 30, 2018	As of March 31, 2018
Total asset	19,604	16,941	19,220
Total liabilities	13,583	10,935	12,652
Loans payable	12,468	10,288	11,954
Total net asset	6,020	6,006	6,568
Total shareholders' equity	5,997	5,986	6,545



4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	7,308	4,885
Operational investment securities	10,844	11,038
Allowance for possible investment loss	(1,230)	(918)
Operating loans	204	204
Other	467	122
Allowance for doubtful accounts	(40)	(0)
Total current assets	17,554	15,331
Non-current assets		
Property, plant and equipment		
Buildings and structures	29	29
Accumulated depreciation	(15)	(15)
Buildings and structures, net	14	14
Vehicles, tools, furniture and fixtures	70	70
Accumulated depreciation	(55)	(57)
Vehicles, tools, furniture and fixtures, net	14	12
Land	22	22
Total property, plant and equipment	51	49
Intangible assets		
Other	55	79
Total intangible assets	55	79
Investments and other assets		
Investment securities	1,454	1,380
Claims provable in bankruptcy, claims provable in rehabilitation and other	89	86
Other	33	32
Allowance for doubtful accounts	(18)	(18)
Total investments and other assets	1,558	1,481
Total non-current assets	1,665	1,610
Total assets	19,220	16,941

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
<b>Liabilities</b>		
Current liabilities		
Short-term loans payable	1,468	1,008
Accrued expenses	156	74
Income taxes payable	61	59
Provision for bonuses	51	41
Provision for loss on liquidation of subsidiaries and associates	—	63
Other	297	261
Total current liabilities	2,035	1,508
Non-current liabilities		
Long-term loans payable	10,486	9,279
Deferred tax liabilities	18	27
Net defined benefit liability	112	119
Total non-current liabilities	10,616	9,427
<b>Total liabilities</b>	<b>12,652</b>	<b>10,935</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	5,426	5,426
Capital surplus	3,505	3,505
Retained earnings	(2,584)	(3,119)
Treasury shares	(353)	(353)
Total shareholders' equity	5,993	5,459
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	332	341
Foreign currency translation adjustment	219	186
Total accumulated other comprehensive income	552	527
Subscription rights to shares	17	19
Non-controlling interests	5	—
<b>Total net assets</b>	<b>6,568</b>	<b>6,006</b>
<b>Total liabilities and net assets</b>	<b>19,220</b>	<b>16,941</b>

(2) Consolidated Statements of Income

	(Millions of yen)	
	For six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)	For six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)
Operating revenue	2,547	716
Operating cost	1,227	638
Operating gross profit (loss)	1,319	78
Selling, general and administrative expenses		
Total selling, general and administrative expenses	605	543
Operating profit (loss)	714	(465)
Non-operating income		
Interest income	13	10
Dividend income	24	16
Foreign exchange gains	—	67
Miscellaneous income	7	6
Total non-operating income	45	101
Non-operating expenses		
Interest expenses	113	94
Foreign exchange losses	2	—
Miscellaneous loss	2	2
Total non-operating expenses	118	97
Ordinary profit (loss)	640	(460)
Extraordinary income		
Gain on sales of investment securities	—	4
Gain on sales of non-current assets	0	—
Total extraordinary income	0	4
Extraordinary losses		
Loss on valuation of investment securities	—	4
Loss on redemption of investment securities	80	0
Provision for loss on liquidation of subsidiaries and associates	—	63
Other	0	0
Total extraordinary losses	81	68
Profit (loss) before income taxes	559	(524)
Income taxes - current	65	9
Total income taxes	65	9
Profit (loss)	493	(534)
Profit (loss) attributable to owners of parent	493	(534)