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Consolidated Financial Results
for the Third Quarter Ended December 31, 2018
[Japanese Standards]
(Summary of Japanese announcement)

February 14, 2019

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: February 14, 2019

Scheduled date for start of payment of dividends: —

The additional materials of the Financial Results: Yes

The briefing session of the Financial Results: No

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

1. Consolidated business results for the Third quarter ended December 31, 2018 (April 1, 2018 to December 31, 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 nine months ended December 31, 2018	1,928	(67.4)	(448)	—	(647)	—	(199)	—
For nine months ended December 31, 2017	5,916	58.3	320	(32.5)	98	(61.6)	306	741.9

(Note) Comprehensive Income

For nine months ended December 31, 2018: (412) millions of yen (—%)

For nine months ended December 31, 2017: 22 millions of yen (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
For nine months ended December 31, 2018	(11.25)	—
For nine months ended December 31, 2017	17.32	17.28

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2018	29,548	7,793	21.0	350.87
As of March 31, 2018	27,184	8,053	23.9	367.34

(Reference) Total shareholders' equity

As of December 31, 2018: 6,211 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 does not 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 1 company (company name: 1 investment fund)]

(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)	Nine months ended December 31 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	Nine months ended December 31, 2018:	181,009 shares	Year ended March 31, 2018:	181,009 shares
(ii) Average number of shares during the period (cumulative quarterly consolidated period)	Nine months ended December 31 2018:	17,703,383 shares	Nine months ended December 31,2017	17,691,451 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 Third quarter ended December 31, 2018 will be released on our website on February 14, 2019.

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 nine months ended December 31, 2017 (from April 1, 2017 to December 31, 2017)	For nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)	For the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)
Total operating revenue (A)	5,916	1,928	8,303
Management fees	131	118	177
Contingency fees	55	—	55
Proceeds of sales of operational investment securities (B)	4,937	649	6,747
Fund interests income etc.	734	1,130	1,124
Income gains	37	14	68
Other operating revenue	19	14	130
Total operating cost (C)	4,588	1,396	5,656
Cost of securities sold (D)	3,831	302	4,787
Investment write-offs & Provision for allowance for possible investment losses (E)	599	673	630
Fund interests losses etc.	153	416	232
Other operating cost	4	4	5
Operating gross profit (A) - (C)	1,327	531	2,646
Realized capital gains (B) - (D)	1,105	347	1,959
Investment income (B) - (D) - (E)	506	(325)	1,329

(2) Cash flows

(Millions of yen)

	For nine months ended December 31, 2017 (from April 1, 2017 to December 31, 2017)	For nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)	For the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)
Cash flow from operating activities	(180)	994	1,870
Cash flow from investing activities	197	703	238
Cash flow from financing activities	(2,173)	(2,173)	(2,173)
Cash and cash equivalents at the end of period	2,659	4,265	4,757

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

(Millions of yen)

	As of December 31, 2017		As of December 31, 2018		As of March 31, 2018	
	Amount	(B)/(A) (%)	Amount	(B)/(A) (%)	Amount	(B)/(A) (%)
Operational Investment Securities (A)	13,354	—	9,433	—	9,394	—
Allowance for Possible Investment Loss (B)	(2,163)	16.2	(1,519)	16.1	(1,535)	16.3

(4) Breakdown of Loans payable

(Millions of yen)

	As of December 31, 2017	As of December 31, 2018	As of March 31, 2018
Total of loans payable	18,846	20,806	18,367
Non-consolidated base loans payable	11,954	9,784	11,954
Loans payable of SPC etc. by project finance	6,892	11,021	6,412

2. Business Position

(1) Investment activities (JAIC+Funds)

i) Breakdown of new investment

		For nine months ended December 31, 2017 (from April 1, 2017 to December 31, 2017)		For nine months ended December 31, 2018 (from April 1, 2018 to December 31, 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	20	3,184	10	2,733	20	3,639
	China, Hong Kong, Taiwan	2	139	1	86	3	191
	Southeast Asia	-	-	-	-	-	-
	Others	1	56	1	0	1	56
Industry							
	Project Investment	11	2,226	8	2,683	11	2,681
	Private Equity Investment	12	1,153	4	136	13	1,205
	Sub total						
	QOL(Quality of Life)	4	640	1	86	5	692
	IT/Internet	4	231	1	0	4	231
	Machinery/ Precision machine	1	146	-	-	1	146
	Service	2	84	2	50	2	84
	Others	1	50	-	-	1	50
Total		23	3,379	12	2,819	24	3,887

ii) Balance of investment

		As of December 31, 2017		As of December 31, 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	112	10,355	84	7,924	97	7,817
	China, Hong Kong, Taiwan	46	5,862	42	5,164	45	5,912
	Southeast Asia	5	189	5	189	5	189
	Others	7	61	7	116	7	61
Industry							
	Project Investment	28	5,207	26	4,836	24	3,582
	Private Equity Investment	142	11,260	112	8,558	130	10,398
	Sub total						
	QOL(Quality of Life)	30	4,374	29	3,540	30	4,156
	IT/Internet	63	2,641	51	2,230	58	2,581
	Machinery/ Precision machine	10	963	6	462	8	863
	Service	17	1,492	15	1,183	16	1,242
	Others	22	1,790	11	1,141	18	1,555
Total		170	16,468	138	13,394	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 nine months ended December 31, 2017 (from April 1, 2017 to December 31, 2017)	For nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)	For the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)
Japan	1 company	1 company	1 company
Overseas	1 company	-	1 company
Total	2 companies	1 company	2 companies

ii) First price multiple

	For nine months ended December 31, 2017 (from April 1, 2017 to December 31, 2017)	For nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)	For the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)
Japan	3.1 times	10.8 times	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 nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)

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 December 31, 2017	As of December 31, 2018	As of March 31, 2018
Total commitment amount in investment funds (Millions of yen)	23,481	18,062	19,150
Total commitment amount of JAIC group (Millions of yen)	7,356	5,377	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 nine months ended December 31, 2017 (from April 1, 2017 to December 31, 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 nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)			
Newly established		Assets increased	
Total commitment amount in investment funds (Millions of yen)	-	Increase in fund value (Millions of yen)	2,000
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 nine months ended December 31, 2017 (from April 1, 2017 to December 31, 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 nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)

Name of fund	Date of assets increased	Increase in fund value (Millions of yen)	Main investment targets
Succession Investment Limited Partnership, I	June & October 2018	2,000	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 (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)	3,822	7,285	1,454
No. of funds	3	4	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 December 31, 2018
Assets		
Current assets		
Cash and deposits	9,019	6,332
Operational investment securities	9,394	9,433
Allowance for possible investment losse	(1,535)	(1,519)
Operating loans	204	204
Other	614	678
Allowance for doubtful accounts	(39)	(0)
Total current assets	17,658	15,128
Non-current assets		
Property, plant and equipment		
Buildings and structures	29	29
Accumulated depreciation	(15)	(15)
Buildings and structures, net	14	13
Machinery and equipment	4,223	8,526
Accumulated depreciation	(257)	(597)
Machinery and equipment, net	3,965	7,929
Vehicles, tools, furniture and fixtures	70	70
Accumulated depreciation	(55)	(58)
Vehicles, tools, furniture and fixtures, net	14	11
Land	22	22
Construction in progress	3,065	3,939
Total property, plant and equipment	7,083	11,917
Intangible assets		
Other	586	814
Total intangible assets	586	814
Investments and other assets		
Investment securities	1,454	1,088
Claims provable in bankruptcy, claims provable in rehabilitation and other	89	83
Other	331	538
Allowance for doubtful accounts	(18)	(22)
Total investments and other assets	1,856	1,688
Total non-current assets	9,526	14,419
Total assets	27,184	29,548

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Liabilities		
Current liabilities		
Short-term loans payable	2,222	923
Accrued expenses	290	248
Income taxes payable	61	35
Provision for bonuses	51	24
Provision for loss on liquidation of subsidiaries and associates	—	73
Other	80	57
Total current liabilities	2,706	1,362
Non-current liabilities		
Long-term loans payable	16,144	19,882
Deferred tax liabilities	18	26
Net defined benefit liability	112	123
Asset retirement obligations	149	359
Total non-current liabilities	16,424	20,391
Total liabilities	19,131	21,754
Net assets		
Shareholders' equity		
Capital stock	5,426	5,426
Capital surplus	3,408	3,408
Retained earnings	(2,529)	(2,728)
Treasury shares	(353)	(353)
Total shareholders' equity	5,951	5,752
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	29	42
Foreign currency translation adjustment	522	416
Total accumulated other comprehensive income	551	459
Share acquisition rights	17	20
Non-controlling interests	1,532	1,561
Total net assets	8,053	7,793
Total liabilities and net assets	27,184	29,548

(2) Consolidated Statements of Income

	(Millions of yen)	
	For nine months ended December 31, 2017 (from April 1, 2017 to December 31, 2017)	For nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)
Operating revenue	5,916	1,928
Operating cost	4,588	1,396
Operating gross profit	1,327	531
Selling, general and administrative expenses	1,007	979
Operating profit (loss)	320	(448)
Non-operating income		
Interest income	17	13
Dividend income	25	17
Foreign exchange gains	—	52
Miscellaneous income	7	8
Total non-operating income	49	92
Non-operating expenses		
Interest expenses	268	288
Foreign exchange losses	1	—
Miscellaneous loss	2	2
Total non-operating expenses	272	290
Ordinary profit (loss)	98	(647)
Extraordinary income		
Gain on sales of non-current assets	0	—
Gain on redemption of investment securities	—	425
Subsidy income	217	—
Other	0	40
Total extraordinary income	217	465
Extraordinary losses		
Loss on valuation of investment securities	—	4
Loss on redemption of investment securities	80	24
Provision for loss on liquidation of subsidiaries and associates	—	73
Other	0	0
Total extraordinary losses	81	102
Profit (loss) before income taxes	234	(284)
Income taxes - current	13	12
Total income taxes	13	12
Profit (loss)	221	(296)
Loss attributable to non-controlling interests	(84)	(97)
Profit (loss) attributable to owners of parent	306	(199)

(3) Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	For nine ended December 31, 2017 (from April 1, 2017 to December 31, 2017)	For nine ended December 31, 2018 (from April 1, 2018 to December 31, 2018)
Profit (loss)	221	(296)
Other comprehensive income		
Valuation difference on available-for-sale securities	(190)	25
Deferred gains or losses on hedges	8	—
Foreign currency translation adjustment	117	(137)
Share of other comprehensive income of entities accounted for using equity method	(134)	(3)
Total other comprehensive income	(198)	(115)
Comprehensive income	22	(412)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	189	(291)
Comprehensive income attributable to non-controlling interests	(167)	(121)

(4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	For nine ended December 31, 2017 (from April 1, 2017 to December 31, 2017)	For nine ended December 31, 2018 (from April 1, 2018 to December 31, 2018)
Cash flows from operating activities		
Profit (loss) before income taxes	234	(284)
Depreciation	6	12
Increase (decrease) in allowance for investment loss	(24)	(258)
Increase (decrease) in allowance for doubtful accounts	6	(37)
Increase (decrease) in provision for bonuses	(13)	(27)
Increase (decrease) in net defined benefit liability	6	11
Interest and dividend income	(28)	(20)
Interest expenses	168	139
Loss (gain) on redemption of investment securities	80	(400)
Loss on valuation of operational investment securities	293	371
Decrease (increase) in investment securities for sale	(851)	45
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	24	8
Payment for purchase of investment funds	(1,900)	(260)
Dividends from investment funds	1,718	1,437
Increase (decrease) in investment funds of minority interest	19	99
Other, net	81	(23)
Subtotal	(179)	812
Interest and dividend income received	28	20
Interest expenses paid	(211)	(176)
Income taxes paid	(20)	(14)
Income taxes refund	201	352
Net cash provided by (used in) operating activities	(180)	994
Cash flows from investing activities		
Purchase of intangible assets	(4)	(47)
Purchase of investment securities	(7)	(15)
Proceeds from redemption of investment securities	219	696
Other, net	(10)	70
Net cash provided by (used in) investing activities	197	703
Cash flows from financing activities		
Repayments of long-term loans payable	(2,173)	(2,170)
Other, net	0	(3)
Net cash provided by (used in) financing activities	(2,173)	(2,173)
Effect of exchange rate change on cash and cash equivalents	2	(17)
Net increase (decrease) in cash and cash equivalents	(2,155)	(491)
Cash and cash equivalents at beginning of period	4,815	4,757
Cash and cash equivalents at end of period	2,659	4,265

(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 Third Quarter Ended December 31, 2018

February 14, 2019

Consolidated Financial Statements, etc., under the Previous Accounting Standards for the Third Quarter Ended December 31, 2018 (As of December 31, 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 Third quarter ended December 31, 2018 (April 1, 2018 to December 31, 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 nine months ended December 31, 2018	1,214	(61.5)	(459)	—	(512)	—	(197)	—
For nine months ended December 31, 2017	3,154	11.4	458	34.4	334	71.8	240	229.1

	Net income per share	Diluted net income per share
	Yen	Yen
For nine months ended December 31, 2018	(11.18)	—
For nine months ended December 31, 2017	13.62	13.59

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2018	16,646	6,276	37.6	353.36
As of March 31, 2018	19,220	6,568	34.1	369.75

(Reference) Total shareholders' equity As of December 31, 2018: 6,255 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	2,300	(57.4)	100	(90.2)	0	(100.0)	470 (46.2)

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

(Note) Revision of “result forecast consolidated under the Previous Accounting Standard” during the latest disclosure: None
“Result forecast consolidated under the Previous Accounting Standard” had revised on 25 December 2018,

Going forward, we plan to achieve the revised forecast by increasing gains on sale of mega solar projects even if downward risk arises in the gain on sale of shares in 4Q.

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 the number of shares issued and outstanding excluding the number of shares of treasury stock as at December 31, 2018.

3. Business Performance and Financial Condition

(1) Breakdown of operating revenue and operating cost

(Millions of yen)

	For nine months ended December 31, 2017 (from April 1, 2017 to December 31, 2017)	For nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)	For the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)
Total operating revenue (A)	3,154	1,214	5,403
Management fees	208	187	277
Contingency fees	86	—	86
Proceeds of sales of operational investment securities (B)	1,457	602	3,219
Fund interests income etc.	1,339	381	1,612
Income gains	34	10	64
Other operating revenue	27	32	142
Total operating cost (C)	1,773	857	3,074
Cost of securities sold (D)	1,219	272	2,469
Investment write-offs & Provision for allowance for possible investment losses (E)	534	540	562
Fund interests losses etc.	15	40	36
Other operating cost	4	4	5
Operating gross profit (A) - (C)	1,381	356	2,328
Realized capital gains (B) - (D)	238	330	749
Investment income (B) - (D)-(E)	(295)	(209)	187

(2) Asset, Liability and Net asset

(Millions of yen)

	As of December 31, 2017	As of December 31, 2018	As of March 31, 2018
Total asset	18,612	16,646	19,220
Total liabilities	12,748	10,370	12,652
Loans payable	11,954	9,784	11,954
Total net asset	5,864	6,276	6,568
Total shareholders' equity	5,839	6,255	6,545

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	7,308	4,931
Operational investment securities	10,844	11,045
Allowance for possible investment loss	(1,230)	(996)
Operating loans	204	204
Other	467	136
Allowance for doubtful accounts	(40)	(0)
Total current assets	17,554	15,321
Non-current assets		
Property, plant and equipment		
Buildings and structures	29	29
Accumulated depreciation	(15)	(15)
Buildings and structures, net	14	13
Vehicles, tools, furniture and fixtures	70	70
Accumulated depreciation	(55)	(58)
Vehicles, tools, furniture and fixtures, net	14	11
Land	22	22
Total property, plant and equipment	51	47
Intangible assets		
Other	55	94
Total intangible assets	55	94
Investments and other assets		
Investment securities	1,454	1,088
Claims provable in bankruptcy, claims provable in rehabilitation and other	89	83
Other	33	32
Allowance for doubtful accounts	(18)	(22)
Total investments and other assets	1,558	1,182
Total non-current assets	1,665	1,324
Total assets	19,220	16,646

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Liabilities		
Current liabilities		
Short-term loans payable	1,468	504
Accrued expenses	156	63
Income taxes payable	61	35
Provision for bonuses	51	24
Provision for loss on liquidation of subsidiaries and associates	—	73
Other	297	239
Total current liabilities	2,035	940
Non-current liabilities		
Long-term loans payable	10,486	9,279
Deferred tax liabilities	18	26
Net defined benefit liability	112	123
Total non-current liabilities	10,616	9,429
Total liabilities	12,652	10,370
Net assets		
Shareholders' equity		
Capital stock	5,426	5,426
Capital surplus	3,505	3,505
Retained earnings	(2,584)	(2,782)
Treasury shares	(353)	(353)
Total shareholders' equity	5,993	5,795
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	332	262
Foreign currency translation adjustment	219	197
Total accumulated other comprehensive income	552	459
Subscription rights to shares	17	20
Non-controlling interests	5	—
Total net assets	6,568	6,276
Total liabilities and net assets	19,220	16,646

	(Millions of yen)	
	For nine months ended December 31, 2017 (from April 1, 2017 to December 31, 2017)	For nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)
Operating revenue	3,154	1,214
Operating cost	1,773	857
Operating gross profit (loss)	1,381	356
Selling, general and administrative expenses		
Total selling, general and administrative expenses	922	816
Operating profit (loss)	458	(459)
Non-operating income		
Interest income	15	11
Dividend income	25	17
Foreign exchange gains	—	52
Miscellaneous income	7	7
Total non-operating income	47	89
Non-operating expenses		
Interest expenses	168	139
Foreign exchange losses	1	—
Miscellaneous loss	2	2
Total non-operating expenses	171	141
Ordinary profit (loss)	334	(512)
Extraordinary income		
Gain on sales of investment securities	—	4
Gain on sales of non-current assets	0	—
Gain on redemption of investment securities	—	425
Other	0	—
Total extraordinary income	0	429
Extraordinary losses		
Loss on valuation of investment securities	—	4
Loss on redemption of investment securities	80	24
Provision for loss on liquidation of subsidiaries and associates	—	73
Other	0	0
Total extraordinary losses	81	102
Profit (loss) before income taxes	253	(185)
Income taxes - current	12	12
Total income taxes	12	12
Profit (loss)	240	(197)
Profit (loss) attributable to owners of parent	240	(197)