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Consolidated Financial Results
for the Year Ended March 31, 2019
[Japanese Standards]
(Summary of Japanese announcement)

May 15, 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 ordinary general meeting of shareholders: June 26, 2019
Scheduled date for submission of annual report: June 27, 2019
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, 2019 (April 1, 2018 to March 31, 2019)

(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, 2019	3,503	(57.8)	294	(76.2)	5	(99.4)	577	(55.0)
For the year ended March 31, 2018	8,303	77.4	1,237	67.5	1,047	93.6	1,281	127.1

(Note) Comprehensive Income

For the year ended March 31, 2019: 270 millions of yen (72.1%)

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

	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, 2019	32.60	32.53	8.7	0.0	8.4
For the year ended March 31, 2018	72.45	72.31	21.7	3.9	14.9

(Reference)Equity in earnings (loss) of affiliates

For the year ended March 31 2019: — millions of yen

For the year ended March 31 2018: — 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, 2019	28,845	8,400	23.6	383.89
As of March 31, 2018	27,184	8,053	23.9	367.34

(Reference) Total shareholders' equity;

As of March 31, 2019: 6,796 millions of yen As of March 31, 2018: 6,503 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, 2019	299	1,224	(2,173)	4,082
For the year ended March 31, 2018	1,870	238	(2,173)	4,757

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 ended March 31, 2019	—	0.00	—	0.00	0.00
Year ending March 31, 2020 (forecast)	—	0.00	—	0.00	0.00

3. Outlook for the fiscal year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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, 2020 (April 1, 2019 to March 31, 2020)” on page 22.

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 2 companies (company name: 2 investment funds)]

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

(i) Changes in accounting principles due to revisions to accounting standards: Yes

(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, 2019:	17,884,392 shares	The year ended March 31, 2018:	17,884,392 shares
(ii) Shares of treasury stock at the end of each period	The year ended March 31, 2019:	181,009 shares	The year ended March 31, 2018:	181,009 shares
(ii) Average number of shares during the period	The year ended March 31, 2019:	17,703,383 shares	The year ended March 31, 2018:	17,694,341 shares

Reference: Non-consolidated results

Business results for the year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(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, 2019	2,271	(56.1)	344	(65.8)	244	(75.2)	588	(34.5)
For the year ended March 31, 2018	5,172	42.8	1,006	27.9	987	46.9	898	62.4

	Net income per share	Diluted net income per share
	Yen	Yen
For the year ended March 31, 2019	33.24	33.18
For the year ended March 31, 2018	50.80	50.70

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	16,945	6,610	38.9	372.16
As of March 31, 2018	18,614	6,039	32.4	340.17

(Reference) Total shareholders' equity As of March 31, 2019: 6,588 millions of yen As of March 31, 2018: 6,022 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, 2019 will be released on our website by May 31, 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 the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)	For the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Total operating revenue (A)	8,303	3,503
Management fees	177	152
Contingency fees	55	—
Proceeds of sales of operational investment securities (B)	6,747	1,897
Fund interests income etc.	1,124	1,391
Income gains	68	28
Other operating revenue	130	33

Total operating cost (C)	5,656	1,895
Cost of securities sold (D)	4,787	616
Investment write-offs & Provision for allowance for possible investment losses (E)	630	710
Fund interests losses etc.	232	562
Other operating cost	5	6

Operating gross profit (A) - (C)	2,646	1,608
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Realized capital gains (B) - (D)	1,959	1,281
Investment income (B) - (D) - (E)	1,329	570

(2) Cash flows

(Millions of yen)

	For the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)	For the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Cash flow from operating activities	1,870	299
Cash flow from investing activities	238	1,224
Cash flow from financing activities	(2,173)	(2,173)
Cash and cash equivalents at the end of period	4,757	4,082

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

(Millions of yen)

	As of March 31, 2018		As of March 31, 2019	
	Amount	(B)/(A) (%)	Amount	(B)/(A) (%)
Operational Investment Securities (A)	9,394	—	10,242	—
Allowance for Possible Investment Loss (B)	(1,535)	16.3	(1,538)	15.0

(4) Breakdown of Loans payable

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Total of loans payable	18,367	19,552
Non-consolidated base loans payable	11,954	9,784
Loans payable of SPC etc. by project finance	6,412	9,768

2. Business Position

(1) Investment activities (JAIC+Funds)

i) Breakdown of new investment

	For the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)		For the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	
	Number of companies	Amount (Millions of yen)	Number of companies	Amount (Millions of yen)
Area				
Japan	20	3,639	14	3,662
China, Hong Kong, Taiwan	3	191	1	86
Southeast Asia	-	-	-	-
Others	1	56	1	0
Industry				
Project Investment	11	2,681	12	3,612
Private Equity Investment	13	1,205	4	136
Sub total				
QOL(Quality of Life)	5	692	1	86
IT/Internet	4	231	1	0
Machinery/ Precision machine	1	146	-	-
Service	2	84	2	50
Others	1	50	-	-
Total	24	3,887	16	3,749

ii) Balance of investment

	As of March 31, 2018		As of March 31, 2019	
	Number of companies	Amount (Millions of yen)	Number of companies	Amount (Millions of yen)
Area				
Japan	97	7,817	81	8,485
China, Hong Kong, Taiwan	45	5,912	42	5,164
Southeast Asia	5	189	5	189
Others	7	61	6	111
Industry				
Project Investment	24	3,582	26	5,514
Private Equity Investment	130	10,398	108	8,437
Sub total				
QOL(Quality of Life)	30	4,156	29	3,540
IT/Internet	58	2,581	48	2,119
Machinery/ Precision machine	8	863	6	462
Service	16	1,242	14	1,173
Others	18	1,555	11	1,141
Total	154	13,981	134	13,951

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, 2018 (from April 1, 2017 to March 31, 2018)	For the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Japan	1 company	2 companies
Overseas	1 company	- company
Total	2 companies	2 companies

ii) First price multiple

	For the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)	For the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Japan	3.1 times	9.7 times
Overseas	3.2 times	- 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, 2019 (from April 1, 2018 to March 31, 2019)

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
MINKABU THE INFONOID,Inc.	19-Mar-19	TSE Mothers	Financial media business and informational fintech solution business, utilizing content generating technology with its proprietary artificial intelligence and crowd inputs	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 March 31, 2018	As of March 31, 2019
Total commitment amount in investment funds (Millions of yen) (Total commitment amount of JAIC group)	19,150 (5,867)	16,494 (5,344)
No. of funds	12	10

Note: Funds being wound up after their maturity are not included in the data above.

ii) Funds newly established or those commitment amount increased

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

For the year ended March 31, 2019 (April 1, 2018 to March 31, 2019)			
Newly established		Commitment amount increased	
Total commitment amount in investment funds (Millions of yen)	-	Total commitment amount increased (Millions of yen)	2,000
No. of funds	-	No. of funds	1

iii) Details of funds newly established or those commitment amount increased

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

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

For the year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

Name of fund	Date of commitment amount increased	Total commitment amount increased (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, 2020 (April 1, 2019 to March 31, 2020)	For the year ending March 31, 2021 (April 1, 2020 to March 31, 2021)	For the year ending March 31, 2022 (April 1, 2021 to March 31, 2022)
Total commitment amount in investment funds (Millions of yen)	9,512	1,482	500
No. of funds	6	1	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.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	As of March 31, 2018	As of March 31, 2019
(Millions of yen)		
Assets		
Current assets		
Cash and deposits	9,019	7,108
Operational investment securities	9,394	10,242
Allowance for possible investment loss	(1,535)	(1,538)
Operating loans	204	204
Other	614	347
Allowance for doubtful accounts	(39)	(0)
Total current assets	17,658	16,363
Non-current assets		
Property, plant and equipment		
Buildings and structures	29	29
Accumulated depreciation	(15)	(16)
Buildings and structures, net	14	13
Machinery and equipment	4,223	7,207
Accumulated depreciation	(257)	(547)
Machinery and equipment, net	3,965	6,659
Vehicles, tools, furniture and fixtures	70	70
Accumulated depreciation	(55)	(60)
Vehicles, tools, furniture and fixtures, net	14	10
Land	22	22
Construction in progress	3,065	3,949
Total property, plant and equipment	7,083	10,656
Intangible assets		
Other	586	783
Total intangible assets	586	783
Investments and other assets		
Investment securities	1,454	514
Claims provable in bankruptcy, claims provable in rehabilitation and other	89	82
Other	331	470
Allowance for doubtful accounts	(18)	(24)
Total investments and other assets	1,856	1,042
Total non-current assets	9,526	12,481
Total assets	27,184	28,845

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Short-term loans payable	2,222	1,250
Accrued expenses	290	219
Income taxes payable	61	67
Provision for bonuses	51	62
Provision for loss on liquidation of subsidiaries and associates	—	63
Other	80	48
Total current liabilities	2,706	1,711
Non-current liabilities		
Long-term loans payable	16,144	18,302
Deferred tax liabilities	18	12
Retirement benefit liability	112	116
Asset retirement obligations	149	301
Total non-current liabilities	16,424	18,733
Total liabilities	19,131	20,444
Net assets		
Shareholders' equity		
Capital stock	5,426	5,426
Capital surplus	3,408	3,408
Retained earnings	(2,529)	(1,952)
Treasury shares	(353)	(353)
Total shareholders' equity	5,951	6,528
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	29	71
Foreign currency translation adjustment	522	195
Total accumulated other comprehensive income	551	267
Share acquisition rights	17	21
Non-controlling interests	1,532	1,583
Total net assets	8,053	8,400
Total liabilities and net assets	27,184	28,845

(2) Consolidated Statements of Income

	(Millions of yen)	
	For the year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	For the year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Operating revenue	8,303	3,503
Operating cost	5,656	1,895
Operating gross profit	2,646	1,608
Selling, general and administrative expenses		
Salaries and allowances	289	265
Operations consignment expenses	191	156
Provision for bonuses	51	62
Retirement benefit expenses	23	25
Provision of allowance for doubtful accounts	1	(30)
Taxes and dues	134	130
Depreciation	9	16
Fund interests expenses	302	286
Other	405	399
Total selling, general and administrative expenses	1,409	1,314
Operating profit	1,237	294
Non-operating income		
Interest income	25	15
Dividend income	135	17
Foreign exchange gains	—	51
Miscellaneous income	8	12
Total non-operating income	169	97
Non-operating expenses		
Interest expenses	352	383
Foreign exchange losses	3	—
Miscellaneous loss	4	2
Total non-operating expenses	360	385
Ordinary profit	1,047	5
Extraordinary income		
Gain on sales of investment securities	—	32
Gain on redemption of investment securities	—	425
Gain on sales of shares of subsidiaries and associates	—	226
Gain on sales of non-current assets	0	—
Subsidy income	217	—
Other	19	38
Total extraordinary income	237	723
Extraordinary losses		
Loss on sales of investment securities	—	41
Loss on valuation of investment securities	—	31
Loss on redemption of investment securities	81	25
Loss on sales of shares of subsidiaries and associates	—	9
Provision for loss on liquidation of subsidiaries and associates	—	63
Other	0	0
Total extraordinary losses	82	171
Profit before income taxes	1,201	557

	(Millions of yen)	
	For the year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	For the year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Income taxes - current	19	18
Total income taxes	19	18
Profit	1,182	538
Loss attributable to non-controlling interests	(99)	(38)
Profit attributable to owners of parent	1,281	577

(3) Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	For year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)	For year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Profit	1,182	538
Other comprehensive income		
Valuation difference on available-for-sale securities	(344)	86
Deferred gains or losses on hedges	100	—
Foreign currency translation adjustment	19	(355)
Share of other comprehensive income of entities accounted for using equity method	9	0
Total other comprehensive income	(215)	(268)
Comprehensive income	967	270
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,197	293
Comprehensive income attributable to non-controlling interests	(229)	(23)

(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					
Profit attributable to owners of parent			1,281		1,281
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				Share acquisition rights	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							
Profit attributable to owners of parent							1,281
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

(4) Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,426	3,408	(2,529)	(353)	5,951
Changes of items during period					
Profit attributable to owners of parent			577		577
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	—	—	577	—	577
Balance at end of current period	5,426	3,408	(1,952)	(353)	6,528

	Accumulated other comprehensive income				Share acquisition rights	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	29	—	522	551	17	1,532	8,053
Changes of items during period							
Profit attributable to owners of parent							577
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	42		(326)	(284)	4	50	(229)
Total changes of items during period	42	—	(326)	(284)	4	50	347
Balance at end of current period	71	—	195	267	21	1,583	8,400

(5) Consolidated Statements of Cash Flows

(Millions of yen)

	For year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)	For year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Cash flows from operating activities		
Profit before income taxes	1,201	557
Depreciation	9	16
Increase (decrease) in allowance for investment loss	(178)	(235)
Increase (decrease) in allowance for doubtful accounts	1	(36)
Increase (decrease) in provision for bonuses	18	11
Increase (decrease) in retirement benefit liability	(1)	4
Interest and dividend income	(139)	(21)
Interest expenses	221	183
Loss (gain) on redemption of investment securities	62	(399)
Loss (gain) on sales of shares of subsidiaries and associates	—	(217)
Loss on valuation of operational investment securities	305	369
Decrease (increase) in investment securities for sale	(463)	(859)
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	30	10
Payment for purchase of investment funds	(1,903)	(964)
Dividends from investment funds	2,963	1,636
Increase (decrease) in investment funds of minority interest	(310)	39
Other, net	(35)	40
Subtotal	1,781	135
Interest and dividend income received	139	21
Interest expenses paid	(229)	(190)
Income taxes paid	(22)	(19)
Income taxes refund	201	352
Net cash provided by (used in) operating activities	1,870	299
Cash flows from investing activities		
Purchase of intangible assets	(46)	(49)
Purchase of investment securities	(13)	(15)
Proceeds from sales of investment securities	3	593
Proceeds from redemption of investment securities	306	702
Other, net	(10)	(6)
Net cash provided by (used in) investing activities	238	1,224
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	8	(26)
Net increase (decrease) in cash and cash equivalents	(57)	(675)
Cash and cash equivalents at beginning of period	4,815	4,757
Cash and cash equivalents at end of period	4,757	4,082

(6) Notes to Consolidated Financial Statements

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

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.

(Segment Information)

Segment information is not provided as the Group has single segment; Investment business.

(Per-share Data)

	For the year ended March 31, 2018 (April 1, 2017, to March 31, 2018)	For the year ended March 31, 2019 (April 1, 2018, to March 31, 2019)
Net assets per share	¥367.34	¥383.89
Net income per share	¥72.45	¥32.60
Diluted net income per share	¥72.31	¥32.53

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, 2018 (April 1, 2017 to March 31, 2018)	For the year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Net income per share		
Net income attributable to owners of parent (Millions of yen)	1,281	577
Amount not attributable to common shareholders (Millions of yen)	—	—
Net income attributable to owners of parent relating to common stock (Millions of yen)	1,281	577
Average no. of shares outstanding during the term (Thousands)	17,694	17,703
Diluted net income per share		
Adjustment of net income attributable to owners of parent (Millions of yen)	—	—
Increase in common stock (Thousands)	33	36
<i>Share acquisition rights</i>	33	36
Latent shares not included in diluted net income per share calculation due to lack of dilution effect	—	—

(Important Subsequent Events)

No applicable items

4. Non-consolidated Financial Statements

(1) Balance Sheets

(Millions of yen)

	As of March 31,2018	As of March 31,2019
Assets		
Current assets		
Cash and deposits	6,637	4,978
Operational investment securities	10,475	11,631
Allowance for possible investment loss	(1,188)	(1,018)
Operating loans	204	204
Accounts receivable - other	368	44
Other	88	81
Allowance for doubtful accounts	(41)	(0)
Total current assets	16,544	15,921
Non-current assets		
Property, plant and equipment		
Buildings	14	13
Tools, furniture and fixtures	9	6
Land	22	22
Total property, plant and equipment	47	43
Intangible assets		
Other	8	8
Total intangible assets	8	8
Investments and other assets		
Investment securities	1,047	341
Shares of subsidiaries and associates	816	482
Claims provable in bankruptcy, claims provable in rehabilitation and other	88	82
Other	78	88
Allowance for doubtful accounts	(17)	(24)
Total investments and other assets	2,013	971
Total non-current assets	2,069	1,023
Total assets	18,614	16,945

(1) Balance Sheets

(Millions of yen)

	As of March 31,2018	As of March 31,2019
Liabilities		
Current liabilities		
Current portion of long-term loans payable	1,468	896
Accrued expenses	148	68
Income taxes payable	53	60
Provision for bonuses	43	57
Other	243	236
Total current liabilities	1,957	1,318
Non-current liabilities		
Long-term loans payable	10,486	8,887
Provision for retirement benefits	112	116
Deferred tax liabilities	18	12
Total non-current liabilities	10,616	9,017
Total liabilities	12,574	10,335
Net assets		
Shareholders' equity		
Capital stock	5,426	5,426
Capital surplus		
Legal capital surplus	1,426	1,426
Other capital surplus	2,081	2,081
Total capital surpluses	3,507	3,507
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(2,903)	(2,315)
Total retained earnings	(2,903)	(2,315)
Treasury shares	(353)	(353)
Total shareholders' equity	5,676	6,264
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	346	323
Total valuation and translation adjustments	346	323
Share acquisition rights	17	21
Total net assets	6,039	6,610
Total liabilities and net assets	18,614	16,945

(2) Statements of Income

(Millions of yen)

	For year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)	For year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Operating revenue	5,172	2,271
Operating cost	3,069	982
Operating gross profit	2,103	1,288
Selling, general and administrative expenses	1,096	944
Operating profit	1,006	344
Non-operating income		
Interest income	17	9
Dividend income	180	17
Foreign exchange gains	2	49
Miscellaneous income	5	9
Total non-operating income	206	85
Non-operating expenses		
Interest expenses	221	183
Miscellaneous loss	3	2
Total non-operating expenses	224	185
Ordinary profit	987	244
Extraordinary income		
Gain on sales of investment securities	—	28
Gain on redemption of investment securities	18	425
Other	0	0
Total extraordinary income	19	453
Extraordinary losses		
Loss on sales of investment securities	—	41
Loss on valuation of investment securities	—	31
Loss on redemption of investment securities	104	25
Loss on sales of shares of subsidiaries and associates	—	7
Other	0	—
Total extraordinary losses	105	105
Profit before income taxes	902	592
Income taxes - current	3	4
Total income taxes	3	4
Profit	898	588

Information for Reference Purposes:

Consolidated Financial Results for the Year Ended March 31, 2019

May 15, 2019

Consolidated Financial Statements, etc., under the Previous Accounting Standards for the Year Ended March 31, 2019

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, 2019 (April 1, 2018 to March 31, 2019)

(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, 2019	2,475	(54.2)	177	(82.6)	83	(91.2)	578	(33.8)
For the year ended March 31, 2018	5,403	37.6	1,017	21.5	954	31.3	874	57.8

	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, 2019	32.67	32.60	8.6	0.5	7.2
For the year ended March 31, 2018	49.40	49.31	14.3	4.8	18.8

(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, 2019	17,305	6,861	39.5	386.38
As of March 31, 2018	19,220	6,568	34.1	369.75

(Reference) Total shareholders' equity As of March 31, 2019: 6,840 millions of yen As of March 31, 2018: 6,545 millions of yen

2. Outlook for the fiscal year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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.

(Percentages indicate changes from the corresponding period of the previous fiscal year)

	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 ending September 30, 2019	600	(16.2)	(240)	—	(320)	—	(330)	—
For the year ending March 31, 2020	3,500	41.4	800	350.9	650	674.8	500	(13.6)

	Net income per share
	Yen
For six months ending September 30, 2019	(18.64)
For the year ending March 31, 2020	28.24

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, 2019.

3. Business Performance and Financial Condition

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

	For the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)	For the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Total operating revenue (A)	5,403	2,475
Management fees	277	241
Contingency fees	86	—
Proceeds of sales of operational investment securities (B)	3,219	1,746
Fund interests income etc.	1,612	406
Income gains	64	23
Other operating revenue	142	57

Total operating cost (C)	3,074	1,188
Cost of securities sold (D)	2,469	554
Investment write-offs & Provision for allowance for possible investment losses (E)	562	579
Fund interests losses etc.	36	49
Other operating cost	5	6

Operating gross profit (A) - (C)	2,328	1,286
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Realized capital gains (B) - (D)	749	1,192
Investment income (B)-(D)-(E)	187	613

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

	As of March 31, 2018	As of March 31, 2019
Total asset	19,220	17,305
Total liabilities	12,652	10,443
Loans payable	11,954	9,784
Total net asset	6,568	6,861
Total shareholders' equity	6,545	6,840

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	7,308	5,564
Operational investment securities	10,844	11,671
Allowance for possible investment loss	(1,230)	(1,018)
Operating loans	204	204
Other	467	140
Allowance for doubtful accounts	(40)	(0)
Total current assets	17,554	16,561
Non-current assets		
Property, plant and equipment		
Buildings and structures	29	29
Accumulated depreciation	(15)	(16)
Buildings and structures, net	14	13
Vehicles, tools, furniture and fixtures	70	70
Accumulated depreciation	(55)	(60)
Vehicles, tools, furniture and fixtures, net	14	10
Land	22	22
Total property, plant and equipment	51	46
Intangible assets		
Other	55	94
Total intangible assets	55	94
Investments and other assets		
Investment securities	1,454	514
Claims provable in bankruptcy, claims provable in rehabilitation and other	89	82
Other	33	30
Allowance for doubtful accounts	(18)	(24)
Total investments and other assets	1,558	602
Total non-current assets	1,665	743
Total assets	19,220	17,305

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Short-term loans payable	1,468	896
Accrued expenses	156	71
Income taxes payable	61	67
Provision for bonuses	51	62
Provision for loss on liquidation of subsidiaries and associates	—	63
Other	297	265
Total current liabilities	2,035	1,426
Non-current liabilities		
Long-term loans payable	10,486	8,887
Deferred tax liabilities	18	12
Net defined benefit liability	112	116
Total non-current liabilities	10,616	9,017
Total liabilities	12,652	10,443
Net assets		
Shareholders' equity		
Capital stock	5,426	5,426
Capital surplus	3,505	3,505
Retained earnings	(2,584)	(2,006)
Treasury shares	(353)	(353)
Total shareholders' equity	5,993	6,571
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	332	312
Foreign currency translation adjustment	219	(44)
Total accumulated other comprehensive income	552	268
Share acquisition rights	17	21
Non-controlling interests	5	—
Total net assets	6,568	6,861
Total liabilities and net assets	19,220	17,305

(2) Consolidated Statements of Income

	(Millions of yen)	
	For the year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	For the year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Operating revenue	5,403	2,475
Operating cost	3,074	1,188
Operating gross profit	2,328	1,286
Selling, general and administrative expenses		
Salaries and allowances	289	265
Operations consignment expenses	190	155
Provision for bonuses	51	62
Retirement benefit expenses	23	25
Provision of allowance for doubtful accounts	1	(30)
Taxes and dues	134	130
Depreciation	9	16
Other	610	482
Total selling, general and administrative expenses	1,311	1,109
Operating profit	1,017	177
Non-operating income		
Interest income	21	13
Dividend income	135	17
Foreign exchange gains	—	51
Miscellaneous income	8	9
Total non-operating income	166	91
Non-operating expenses		
Interest expenses	221	183
Foreign exchange losses	3	—
Miscellaneous loss	3	2
Total non-operating expenses	228	185
Ordinary profit	954	83
Extraordinary income		
Gain on sales of investment securities	—	32
Gain on redemption of investment securities	18	425
Gain on sales of shares of subsidiaries and associates	—	226
Gain on reversal of subscription rights to shares	0	—
Other	0	—
Total extraordinary income	19	684
Extraordinary losses		
Loss on sales of investment securities	—	41
Loss on valuation of investment securities	—	31
Loss on redemption of investment securities	81	25
Loss on sales of shares of subsidiaries and associates	—	9
Provision for loss on liquidation of subsidiaries and associates	—	63
Other	0	0
Total extraordinary losses	82	171
Profit before income taxes	891	597
Income taxes - current	18	18
Total income taxes	18	18
Profit	872	578

	(Millions of yen)	
	For the year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	For the year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Profit (Loss) attributable to non-controlling interests	(1)	0
Profit attributable to owners of parent	874	578