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Consolidated Financial Results
for the Second Quarter Ended September 30, 2020
[Japanese Standards]
(Summary of Japanese announcement)

November 13, 2020

Company name: Japan Asia Investment Co., Ltd.
Listed on: First Section of the Tokyo Stock Exchange (Stock code: 8518) URL: <https://www.jaic-vc.co.jp/>
Head office: Tokyo
Representative: Tetsuro Shimomura, President and CEO
Contact: Kenji Kishimoto, Executive Officer
Tel: +81-3-3221-8518 (main)
Scheduled date for submission of quarterly report: November 13, 2020
Scheduled date for start of payment of dividends: —
The additional materials of the Financial Results: Yes
The briefing session of the Financial Results: None *We will distribute a video explaining financial results in Japanese on our website.

(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, 2020 (April 1, 2020 to September 30, 2020)

(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, 2020	1,257	(7.1)	(179)	—	(300)	—	(342)	—
For six months ended September 30, 2019	1,353	13.8	(216)	—	(364)	—	(462)	—

(Note) Comprehensive Income

For six months ended September 30, 2020: (459) millions of yen (—%)

For six months ended September 30, 2019: (28) millions of yen (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
For six months ended September 30, 2020	(19.36)	—
For six months ended September 30, 2019	(26.11)	—

(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, 2020	28,250	8,090	23.8	379.66
As of March 31, 2020	28,548	8,716	25.3	407.79

(Reference) Total shareholders' equity As of September 30, 2020: 6,721 millions of yen As of March 31, 2020: 7,219 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, 2020	—	0.00	—	0.00	0.00
Year ending March 31, 2021	—	0.00			
Year ending March 31, 2021 (forecast)		0.00	—	0.00	0.00

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

3. Outlook for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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.

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.

For details, please refer to “2. Outlook for the fiscal year ending March 31, 2021 (April 1, 2020 to March 31, 2021)” on page 17 in this report.

4. Other matters

(1) Changes among significant subsidiaries (Changes among specific subsidiaries resulting in changes in the scope of consolidation): None

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

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

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

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

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

(iii) Changes in accounting estimates: None

(iv) Correction of prior period errors: None

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

(i) Shares issued and outstanding at the end of each period (including treasury stock)	Six months ended September 30, 2020:	17,884,392 shares	Year ended March 31, 2020:	17,884,392 shares
(ii) Shares of treasury stock at the end of each period	Six months ended September 30, 2020:	181,009 shares	Year ended March 31, 2020:	181,009 shares
(ii) Average number of shares during the period (cumulative quarterly consolidated period)	Six months ended September 30, 2020:	17,703,383 shares	Six months ended September 30, 2019:	17,703,383 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, 2020 will be released on our website by November 20, 2020.

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. For details, please refer to “2. Outlook for the fiscal year ending March 31, 2021 (April 1, 2020 to March 31, 2021)” on page 17 in this report.

1. Business Performance and Financial Condition

(1) Breakdown of operating revenue and operating cost

(Millions of yen)

	For six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)	For six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)	For the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Total operating revenue (A)	1,353	1,257	3,950
Management fees	68	58	134
Proceeds of sales of operational investment securities (B)	611	253	2,768
Fund interests income and Income gains etc.	664	932	1,028
Other operating revenue	9	13	19
Total operating cost (C)	917	724	1,956
Cost of securities sold (D)	397	94	1,051
Investment write-offs & Provision for allowance for possible investment losses (E)	200	(57)	283
Fund interests losses etc.	318	683	617
Other operating cost	2	3	5
Operating gross profit (A) - (C)	435	533	1,993
Realized capital gains (B) - (D)	214	159	1,717
Investment income (B) - (D) - (E)	14	216	1,434

(2) Cash flows

(Millions of yen)

	For six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)	For six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)	For the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Cash flow from operating activities	(870)	326	124
Cash flow from investing activities	56	(13)	147
Cash flow from financing activities	(1,095)	(697)	(1,617)
Cash and cash equivalents at the end of period	2,161	2,326	2,723

(3) Breakdown of total assets

(Millions of yen)

	As of September 30, 2019		As of September 30, 2020		As of March 31, 2020	
	Amount	(B)/(A) (%)	Amount	(B)/(A) (%)	Amount	(B)/(A) (%)
Total assets	29,372	—	28,250	—	28,548	—
Cash and deposits	5,121	—	5,103	—	4,520	—
Property, plant and equipment	13,693	—	10,959	—	12,119	—
Operational Investment Securities (A)	9,635	—	9,789	—	9,848	—
Allowance for Possible Investment Loss (B)	(1,554)	16.1	(1,502)	15.3	(1,574)	16.0

(4) Breakdown of Loans payable

(Millions of yen)

	As of September 30, 2019	As of September 30, 2020	As of March 31, 2020
Total of loans payable and bonds	20,058	19,185	17,334
Loans payable; Non-consolidated base	8,689	7,469	8,166
Loans payable by Project finance and bonds ; Consolidated projects	11,369	11,715	9,167

2. Business Position

(1) Investment activities (JAIC+Funds)

i) Breakdown of new investment

	For six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)		For six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)		For the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)	
	Number of companies or projects	Amount (Millions of yen)	Number of companies or projects	Amount (Millions of yen)	Number of companies or projects	Amount (Millions of yen)
Area						
Japan	12	1,745	7	533	22	3,374
China, Hong Kong, Taiwan etc.	—	—	—	—	—	—
Industry						
Project Oriented Investment	6	920	5	374	10	2,150
Private Equity Investment	6	824	2	158	12	1,224
Sub total						
QOL(Quality of Life)	2	112	1	149	2	152
IT/Internet	1	77	1	8	2	112
Machinery/ Precision machine	1	260	—	—	2	379
Service	1	25	—	—	3	117
Others	1	350	—	—	3	461
Total	12	1,745	7	533	22	3,374

ii) Balance of investment

	As of September 30, 2019		As of September 30, 2020		As of March 31, 2020	
	Number of companies or projects	Amount (Millions of yen)	Number of companies or projects	Amount (Millions of yen)	Number of companies or projects	Amount (Millions of yen)
Area						
Japan	84	10,044	82	9,886	84	10,512
China, Hong Kong, Taiwan etc.	49	4,633	44	4,489	46	4,589
Industry						
Project Oriented Investment	30	6,418	31	6,000	32	6,696
Private Equity Investment	103	8,260	95	8,375	98	8,405
Sub total						
QOL(Quality of Life)	27	3,194	24	3,273	24	3,123
IT/Internet	44	1,985	40	1,763	40	1,854
Machinery/ Precision machine	7	659	6	748	7	748
Service	14	911	13	990	15	1,070
Others	11	1,508	12	1,600	12	1,608
Total	133	14,678	126	14,376	130	15,101

Note:

- QOL (Quality of Life); Biotechnology, Medical Service, Welfare Service, Medical Device, Drug Medicine, etc.
- The aggregation method has been changed from the 3rd quarter of FY Mar 2020 to better reflect JAIC's investment performance. In the past, investments in funds managed by third parties other than JAIC, for which the JAIC Group is not involved in fund management, had not been included. However, from the 3rd quarter of FY Mar 2020, investments in such funds for which the investment targets are specified etc. have been included. As a result, the amount of new investments in project oriented investment for FY Mar 2020 and balance of project oriented investments as of March 31, 2020 increased by 823 million yen respectively compared with the amount aggregated by using the previous method. The amount of new investments in project oriented investment for six months ended September 30, 2020 and the balance of project oriented investments as of September 30, 2020 also increased by 68 million yen and 868 million yen respectively compared with the amount aggregated by using the previous method. There are also effect of 300 million yen on the figures of the 2nd quarter of FY 2020 from this change in the aggregation method.

(2)JAIC-Backed IPOs (JAIC+Funds)

i)Number of IPOs

	For six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)	For six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)	For the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Japan	2 companies	—	3 companies
Overseas	—	—	1 company
Total	2 companies	—	4 companies

ii) First price multiple

	For six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)	For six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)	For the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Japan	8.8 times	—	5.2 times
Overseas	—	—	8.6 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, 2020 (from April 1, 2019 to March 31, 2020)

Company Name	Date of IPO	Market	Business	Head quarters
StemRIM	9-Aug-19	TSE Mothers	Research, development, manufacture and sales of pharmaceuticals and medical devices that promote regeneration of damaged tissues by activating and utilizing patient's own stem cells in the body, and gene therapy products for intractable diseases	Japan
PBsystems, Inc.	12-Sep-19	FSE Q-Board	"Secure Cloud Systems Business" which provides an enterprise's Core Systems as cloud computing systems, and "Emotional Systems Business" which manufactures and sells VR-theater "4D king"	Japan
Fangdd Network Group Ltd.	1-Nov-19	NASDAQ Global	Operator of "房多多", china's largest online real estate marketplace	China
Ligua Inc.	13-Mar-20	TSE Mothers	Consulting for Judo therapy establishments, Insurance agency, Financial adviser and Independent contractor management	Japan

For six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

No applicable items

(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, 2019	As of September 30, 2020	As of March 31, 2020
Total commitment amount in investment funds (Millions of yen) (Total commitment amount of JAIC group)	15,948 (5,131)	16,556 (4,928)	17,390 (5,163)
No. of funds	10	11	11

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 six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)			
Newly established		Commitment amount increased	
Total commitment amount in investment funds (Millions of yen)	—	Total commitment amount increased (Millions of yen)	—
No. of funds	—	No. of funds	—

For six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)			
Newly established		Commitment amount increased	
Total commitment amount in investment funds (Millions of yen)	151	Total commitment amount increased (Millions of yen)	—
No. of funds	1	No. of funds	—

For the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)			
Newly established		Commitment amount increased	
Total commitment amount in investment funds (Millions of yen)	1,359	Total commitment amount increased (Millions of yen)	—
No. of funds	1	No. of funds	—

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

For six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

No applicable items

For six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

Name of fund	Date of establishment	Total commitment amount (Millions of yen)	Main investment targets
Hokkaido SME Global Fund, L.P.	April 2020	151	SMEs in Hokkaido those intend to grow the business through overseas expansion and incorporation of demand related to inbound tourism

For the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

Name of fund	Date of establishment	Total commitment amount (Millions of yen)	Main investment targets
JAIC-Solar Fund, L.P., II	March 2020	1,359	Mega solar projects in operation

iv) Funds to reach maturity within six years from the fiscal year-end

	For the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)	For the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)	For the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)
Total commitment amount in investment funds (Millions of yen)	5,920	4,126	—
No. of funds	4	3	—

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, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	4,520	5,103
Operational investment securities	9,848	9,789
Allowance for investment losses	(1,574)	(1,502)
Operating loans	204	204
Other	767	1,083
Total current assets	13,767	14,679
Non-current assets		
Property, plant and equipment		
Buildings and structures	29	211
Accumulated depreciation	(17)	(4)
Buildings and structures, net	12	206
Machinery and equipment	8,826	11,336
Accumulated depreciation	(373)	(700)
Machinery and equipment, net	8,452	10,636
Vehicles, tools, furniture and fixtures	71	54
Accumulated depreciation	(63)	(35)
Vehicles, tools, furniture and fixtures, net	7	19
Land	87	91
Construction in progress	3,559	5
Total property, plant and equipment	12,119	10,959
Intangible assets		
Power production facilities concessions	1,491	1,400
Other	228	248
Total intangible assets	1,719	1,648
Investments and other assets		
Investment securities	386	376
Distressed receivables	64	56
Other	509	545
Allowance for doubtful accounts	(18)	(15)
Total investments and other assets	941	963
Total non-current assets	14,780	13,571
Total assets	28,548	28,250

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Short-term borrowings	1,403	2,057
Current portion of bonds payable	540	6
Accrued expenses	1,756	178
Income taxes payable	80	64
Provision for bonuses	64	38
Other	31	30
Total current liabilities	3,876	2,376
Non-current liabilities		
Bonds payable	—	188
Long-term borrowings	15,390	16,932
Deferred tax liabilities	10	6
Retirement benefit liability	123	133
Asset retirement obligations	431	522
Total non-current liabilities	15,955	17,783
Total liabilities	19,832	20,159
Net assets		
Shareholders' equity		
Share capital	5,426	5,426
Capital surplus	3,408	3,408
Retained earnings	(1,608)	(1,951)
Treasury shares	(353)	(353)
Total shareholders' equity	6,871	6,529
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	194	65
Foreign currency translation adjustment	152	126
Total accumulated other comprehensive income	347	191
Share acquisition rights	25	26
Non-controlling interests	1,472	1,343
Total net assets	8,716	8,090
Total liabilities and net assets	28,548	28,250

(2) Consolidated Statements of Income

	(Millions of yen)	
	For six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)	For six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)
Operating revenue	1,353	1,257
Operating costs	917	724
Operating gross profit	435	533
Selling, general and administrative expenses	652	712
Operating loss	(216)	(179)
Non-operating income		
Interest income	3	4
Dividend income	3	1
Foreign exchange gains	2	13
Gain on investments in investment partnerships	6	26
Miscellaneous income	2	2
Total non-operating income	18	48
Non-operating expenses		
Interest expenses	164	169
Miscellaneous loss	1	—
Total non-operating expenses	165	169
Ordinary loss	(364)	(300)
Extraordinary income		
Gain on sales of non-current assets	5	3
Gain on redemption of investment securities	—	8
Gain on liquidation of subsidiaries and associates	3	—
Gain on sales of shares of subsidiaries and associates	4	—
Other	0	1
Total extraordinary income	13	13
Extraordinary losses		
Loss on sales and retirement of non-current assets	—	2
Loss on redemption of investment securities	—	0
Total extraordinary losses	—	3
Loss before income taxes	(350)	(290)
Income taxes - current	11	9
Total income taxes	11	9
Loss	(362)	(299)
Profit attributable to non-controlling interests	99	43
Loss attributable to owners of parent	(462)	(342)

(3) Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	For six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)	For six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)
Loss	(362)	(299)
Other comprehensive income		
Valuation difference on available-for-sale securities	420	11
Foreign currency translation adjustment	(62)	(31)
Share of other comprehensive income of entities accounted for using equity method	(23)	(140)
Total other comprehensive income	334	(160)
Comprehensive income	(28)	(459)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(315)	(498)
Comprehensive income attributable to non-controlling interests	288	38

(4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	For six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)	For six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)
Cash flows from operating activities		
Loss before income taxes	(350)	(290)
Depreciation	7	19
Increase (decrease) in allowance for investment loss	9	(140)
Increase (decrease) in allowance for doubtful accounts	(6)	(2)
Increase (decrease) in provision for bonuses	(16)	(25)
Increase (decrease) in retirement benefit liability	6	9
Interest and dividend income	(6)	(4)
Interest expenses	79	67
Loss (gain) on investments in investment partnerships	(6)	(26)
Loss on devaluation of operational investment securities	49	—
Decrease (increase) in investment securities for sale	(616)	132
Decrease (increase) in operating loans receivable	—	(119)
Decrease (increase) in distressed receivables	12	7
Payment for purchase of investment funds	(678)	(400)
Dividends from investment funds	847	1,089
Increase (decrease) in investment funds of non-controlling interest	(119)	(36)
Other, net	0	8
Subtotal	(788)	286
Interest and dividends received	6	4
Interest paid	(110)	(93)
Income taxes paid	(12)	(13)
Income taxes refund	34	142
Net cash provided by (used in) operating activities	(870)	326
Cash flows from investing activities		
Purchase of property, plant and equipment	(0)	(48)
Proceeds from sales of property, plant and equipment	14	10
Purchase of intangible assets	(6)	(25)
Proceeds from sales of investment securities	—	4
Proceeds from redemption of investment securities	47	38
Other, net	0	7
Net cash provided by (used in) investing activities	56	(13)
Cash flows from financing activities		
Repayments of long-term borrowings	(1,095)	(697)
Other, net	(0)	—
Net cash provided by (used in) financing activities	(1,095)	(697)
Effect of exchange rate change on cash and cash equivalents	(11)	(12)
Net increase (decrease) in cash and cash equivalents	(1,920)	(396)
Cash and cash equivalents at beginning of period	4,082	2,723
Cash and cash equivalents at end of period	2,161	2,326

(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

(Additional Information)

COVID-19 has a widespread impact on the economy and business activities. However, the impact on the Group has been limited since the end of the previous consolidated fiscal year.

We make accounting estimates of investment valuations based on the assumption that the impact of this infectious disease on the economy and corporate activities will be new normal.

Information for Reference Purposes:

Consolidated Financial Results for the Second Quarter Ended September 30, 2020

November 13, 2020

Consolidated Financial Statements, etc., under the Previous Accounting Standards for the Second Quarter Ended September 30, 2020 (As of September 30, 2020)

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 Second quarter ended September 30, 2020 (April 1, 2020 to September 30, 2020)

(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, 2020	541	(21.7)	(316)	—	(335)	—	(336)	—
For six months ended September 30, 2019	691	(3.5)	(421)	—	(483)	—	(481)	—

	Net income per share		Diluted net income per share	
	Yen		Yen	
For six months ended September 30, 2020	(18.99)		—	
For six months ended September 30, 2019	(27.22)		—	

(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, 2020	14,580	6,759	46.2	380.30
As of March 31, 2020	15,800	7,248	45.7	408.06

(Reference) Total shareholders' equity As of September 30, 2020: 6,732 millions of yen, As of March 31, 2020: 7,223 millions of yen

2. Outlook for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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 the year ending March 31, 2021	3,250	17.7	350	31.9	200	42.0	180	(40.5)

	Net income per share
	Yen
For the year ending March 31, 2021	10.17

(Note) Revision of dividends forecast during the current quarterly period: No

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 September 30, 2020.

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.

For details, please refer to “3. Business Performance and Financial Condition (3) Cautionary Statements with Respect to Forward-looking Statements such as Consolidated Earnings Forecast under the Previous Accounting Standard” on page 18 in this report.

3. Business Performance and Financial Condition

(1) Breakdown of operating revenue and operating cost

(Millions of yen)

	For six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)	For six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)	For the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Total operating revenue (A)	691	541	2,760
Management fees	107	82	199
Proceeds of sales of operational investment securities (B)	406	232	2,349
Fund interests income and Income gains etc.	155	198	172
Other operating revenue	20	26	40
Total operating cost (C)	582	313	1,401
Cost of securities sold (D)	356	85	965
Investment write-offs & Provision for allowance for possible investment losses (E)	160	(62)	245
Fund interests losses etc.	61	285	184
Other operating cost	2	3	5
Operating gross profit (A) - (C)	108	227	1,359
Realized capital gains (B) - (D)	50	147	1,383
Investment income (B) - (D)-(E)	(110)	209	1,137

(2) Asset, Liability and Net asset

(Millions of yen)

	As of September 30, 2019	As of September 30, 2020	As of March 31, 2020
Total asset	15,761	14,580	15,800
Total liabilities	9,231	7,821	8,551
Loans payable	8,689	7,469	8,166
Total net asset	6,530	6,759	7,248
Total shareholders' equity	6,507	6,732	7,223

(3) Cautionary Statements with Respect to Forward-looking Statements such as Consolidated Earnings Forecast under the Previous Accounting Standard

There are no revisions on “result forecast consolidated under the Previous Accounting Standard” for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021) disclosed on May 15, 2020 in “Consolidated Financial Results for the Year Ended March 31, 2020 [Japanese Standards] (Summary of Japanese announcement)”.

However, among the prerequisite conditions, breakdown of proceeds of sales of operational investment securities has been revised. At the beginning of the current fiscal year, we expected to sell only our private equity investments and not our assets based on project oriented investments. However, several investee companies have postponed their initial public offerings during the current fiscal year due to weak stock markets and poor business performance. As a result, the gain on sale of private equity investments is expected to be lower than initially projected. In addition, the gain on the sale of private equity investments in the second half is expected to be centered on the sale of large overseas unlisted shares.

On the other hand, many buyers have expressed their interests in purchasing mega solar projects for which electricity is being sold. We recognize that this was a result of the recognition that the future revenue from sales of electricity has been determined in light of the growing social need for clean energy and the increasing uncertainty caused by COVID-19. Therefore, JAIC changed its plan at the beginning of the current fiscal year and decided to sell 7 mega solar projects amounting to 18.3 MW (including partial sales) in the second half of the current fiscal year. JAIC will focus on selling these projects and realizing the planned sale of shares to achieve the full-year earnings forecast.

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. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	3,920	3,515
Operational investment securities	11,728	10,807
Allowance for investment losses	(1,092)	(1,019)
Operating loans	294	413
Other	219	127
Total current assets	15,070	13,844
Non-current assets		
Property, plant and equipment		
Buildings and structures	29	36
Accumulated depreciation	(17)	(2)
Buildings and structures, net	12	34
Vehicles, tools, furniture and fixtures	70	53
Accumulated depreciation	(63)	(34)
Vehicles, tools, furniture and fixtures, net	6	18
Land	9	0
Total property, plant and equipment	28	52
Intangible assets		
Other	213	233
Total intangible assets	213	233
Investments and other assets		
Investment securities	386	376
Distressed receivables	64	56
Other	55	31
Allowance for doubtful accounts	(18)	(15)
Total investments and other assets	488	449
Total non-current assets	730	736
Total assets	15,800	14,580

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Short-term borrowings	513	1,026
Accrued expenses	64	69
Income taxes payable	80	64
Provision for bonuses	64	38
Other	40	39
Total current liabilities	764	1,238
Non-current liabilities		
Long-term borrowings	7,653	6,442
Deferred tax liabilities	10	6
Retirement benefit liability	123	133
Total non-current liabilities	7,787	6,583
Total liabilities	8,551	7,821
Net assets		
Shareholders' equity		
Share capital	5,426	5,426
Capital surplus	3,505	3,505
Retained earnings	(1,703)	(2,040)
Treasury shares	(353)	(353)
Total shareholders' equity	6,874	6,538
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	353	204
Foreign currency translation adjustment	(3)	(10)
Total accumulated other comprehensive income	349	194
Share acquisition rights	25	26
Total net assets	7,248	6,759
Total liabilities and net assets	15,800	14,580

(2) Consolidated Statements of Income

	(Millions of yen)	
	For six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)	For six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)
Operating revenue	691	541
Operating cost	582	313
Operating gross profit	108	227
Selling, general and administrative expenses	530	544
Operating loss	(421)	(316)
Non-operating income		
Interest income	3	4
Dividend income	3	1
Foreign exchange gains	2	13
Gain on investments in investment partnerships	6	26
Miscellaneous income	2	2
Total non-operating income	18	48
Non-operating expenses		
Interest expenses	79	67
Miscellaneous loss	0	—
Total non-operating expenses	79	67
Ordinary loss	(483)	(335)
Extraordinary income		
Gain on sales of non-current assets	5	3
Gain on redemption of investment securities	—	8
Gain on liquidation of subsidiaries and associates	3	—
Gain on sales of shares of subsidiaries and associates	4	—
Other	0	—
Total extraordinary income	12	12
Extraordinary losses		
Loss on sales and retirement of non-current assets	—	2
Loss on redemption of investment securities	—	0
Total extraordinary losses	—	3
Loss before income taxes	(470)	(326)
Income taxes - current	11	9
Total income taxes	11	9
Loss	(481)	(336)
Loss attributable to owners of parent	(481)	(336)