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Differences between the “Result Forecast Consolidated under the Previous Accounting Standard” and the Results for the First Half of the Fiscal Year Mar. 2024

Japan Asia Investment Co., Ltd. (JAIC) hereby announces differences between the “Result Forecast Consolidated under the Previous Accounting Standard” for the first half of the fiscal year Mar. 2024 (from April 1, 2023 to September 30, 2023) that the company released on May 15, 2023 and the actual results disclosed today.

1. Differences between the “result forecast consolidated under the Previous Accounting Standard” and the results for the First Half of the Fiscal Year Mar. 2024 (from April 1, 2023 to September 30, 2023)

	Consolidated operating revenue (Millions of yen)	Consolidated operating income (Millions of yen)	Consolidated ordinary income (Millions of yen)	Profit attributable to owners of parent (Millions of yen)	Consolidated net income per share (Yen)
Previous forecast(A)	525	(370)	(410)	(410)	(23.16)
Actual results (B)	426	(535)	(558)	(560)	(31.67)
Change(B-A)	(98)	(165)	(148)	(150)	
Percentage change(%)	(18.7)	-	-	-	
(Reference) Consolidated financial results under the Previous Accounting Standards for the First Half of the FY Mar. 2023	669	(598)	(640)	(655)	(37.01)

2. Reasons for differences

Consolidated operating revenue decreased by 18.7% from the previous forecast because a part of the planned stock sales has been delayed from the third quarter of FY 2024 onward. Additionally, cost of securities sold exceeded the forecast due to an unplanned capital loss. Along with these factors, consolidated operating income, consolidated ordinary income and profit attributable to owners of parent were below the previous forecast.

3. “Result Forecast Consolidated under the Previous Accounting Standard” for full-year FY Mar. 2024

“Result Forecast Consolidated under the Previous Accounting Standard” for full-year FY Mar. 2024 remain unchanged from the previous announcement on May 15, 2023.

As for the stock sales that has been delayed from the third quarter of FY 2024 onward, JAIC expects to complete the stock sales by the end of the fiscal year. JAIC also expects to compensate for the capital loss, which was incurred in the first half of the fiscal year Mar. 2024, through a decrease of investment write-offs & provisions for allowance for possible investment losses. At the beginning of the fiscal year, JAIC conservatively assumed that write-offs & provisions would increase year-on-year. The actual amount of write-offs & provisions, however, has been below the forecast. If the same situation continues after the third quarter of FY 2024, the full year actual amount is also expected to decrease from the forecast. These factors resulted in no revisions on the result forecast for full year.

In the full year result forecast at the beginning of the fiscal year, JAIC expected proceeds of sales of operational investment securities of 1,470 million yen mainly from unlisted shares with relatively large investment amount in Japan. JAIC also expected fund interests income of 580 million yen mainly from sales of a distribution center and group homes for disabled people.

JAIC will focus on realizing these sales those key factors for achieving the full-year result forecast.

Please be noticed that the “result forecast consolidated under the Previous Accounting Standard” is based upon the information currently available to JAIC and certain assumptions. The achievement is not promised. Numerous factors could cause actual results to differ from this result forecasts.

4. Result forecast and “Result Forecast Consolidated Under the Previous Accounting Standard”

4-1. Result forecast

The private equity investment business conducted by the JAIC 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 in recent years. Therefore JAIC does not disclose the results forecast. For the convenience of investors and shareholders, however, JAIC discloses “result forecast consolidated under the Previous Accounting Standard” even though it does not have enough rationality.

4-2. “Result forecast consolidated under the Previous Accounting Standard”

There is a difference between current accounting standards and those applied to the “Result forecast consolidated under the Previous Accounting Standard”. 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 JAIC Group.

On the other hand, the operational investment funds managed by the JAIC Group are excluded from the scope of consolidations in the financial statements etc., prepared in accordance with the previous accounting standards. Assets, liabilities, revenues and expenses for investment funds are reported based on the investment portion by JAIC and its subsidiaries and by excluding the portion held by external investors. In addition, company-type funds are excluded from the scope of consolidations.

To enable investors and shareholders to have an accurate understanding of the JAIC Group’s business results and financial position, JAIC considers it essential also to disclose financial statements, etc., prepared in accordance with the previous accounting standards. Therefore, for reference purposes, JAIC will continue to disclose financial statements, etc., in accordance with the previous accounting standards.

(End)