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Consolidated Financial Results
for the First Quarter Ended June 30, 2019
[Japanese Standards]
(Summary of Japanese announcement)

August 13, 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

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Scheduled date for submission of quarterly report: August 13, 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 first quarter ended June 30, 2019 (April 1, 2019 to June 30, 2019)

(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 three months ended June 30, 2019	483	14.3	(57)	—	(126)	—	(143)	—
For three months ended June 30, 2018	422	(37.2)	(516)	—	(561)	—	(540)	—

(Note) Comprehensive Income

For three months ended June 30, 2019: (244) millions of yen (—%)

For three months ended June 30, 2018: (546) millions of yen (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
For three months ended June 30, 2019	(8.09)	—
For three months ended June 30, 2018	(30.51)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2019	28,974	8,236	22.7	371.17
As of March 31, 2019	28,845	8,400	23.6	383.89

(Reference) Total shareholders' equity As of June 30, 2019: 6,571 millions of yen As of March 31, 2019: 6,796 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
Year ended March 31, 2019	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00
Year ending March 31, 2020	—				
Year ending March 31, 2020 (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, 2020 (April 1, 2019 to March 31, 2020)

The private equity investment business conducted by the Group (including investment partnerships) is significantly affected by changing factors such as stock markets, given the characteristics of the business. In addition, it has been difficult to forecast results reasonably in the rapidly changing environment. Therefore we do not disclose the results forecast. For the convenience of investors and shareholders, however, we disclose “result forecast consolidated under the Previous Accounting Standard” even though it doesn’t have enough rationality. For details, please refer to “2. Outlook for the fiscal year ending March 31, 2020 (April 1, 2019 to March 31, 2020)” on page 16.

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): 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)	Three months ended June 30, 2019:	17,884,392 shares	Year ended March 31, 2019:	17,884,392 shares
(ii) Shares of treasury stock at the end of each period	Three months ended June 30, 2019:	181,009 shares	Year ended March 31, 2019:	181,009 shares
(ii) Average number of shares during the period (cumulative quarterly consolidated period)	Three months ended June 30, 2019:	17,703,383 shares	Three months ended June 30, 2018	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 first quarter ended June 30, 2019 will be released on our website by August 13, 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 three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)	For three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)	For the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Total operating revenue (A)	422	483	3,503
Management fees	42	35	152
Proceeds of sales of operational investment securities (B)	81	113	1,897
Fund interests income etc.	297	328	1,419
Other operating revenue	2	5	33
Total operating cost (C)	610	190	1,895
Cost of securities sold (D)	67	55	616
Investment write-offs & Provision for allowance for possible investment losses (E)	415	15	710
Fund interests losses etc.	126	118	562
Other operating cost	1	1	6
Operating gross profit (A) - (C)	(187)	292	1,608
Realized capital gains (B) - (D)	13	58	1,281
Investment income (B) - (D) - (E)	(402)	43	570

(2) Cash flows

(Millions of yen)

	For three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)	For three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)	For the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Cash flow from operating activities	(172)	(187)	299
Cash flow from investing activities	(25)	43	1,224
Cash flow from financing activities	(1,468)	(896)	(2,173)
Cash and cash equivalents at the end of period	3,078	3,048	4,082

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

(Millions of yen)

	As of June 30, 2018		As of June 30, 2019		As of March 31, 2019	
	Amount	(B)/(A) (%)	Amount	(B)/(A) (%)	Amount	(B)/(A) (%)
Operational Investment Securities (A)	9,819	-	10,317	-	10,242	—
Allowance for Possible Investment Loss (B)	(1,493)	15.2	(1,514)	14.7	(1,538)	15.0

(4) Breakdown of Loans payable

(Millions of yen)

	As of June 30, 2018	As of June 30, 2019	As of March 31, 2019
Total of loans payable	19,145	19,984	19,552
Non-consolidated base loans payable	10,486	8,887	9,784
Loans payable of SPC etc. by project finance	8,659	11,096	9,768

2.Business Position

(1) Investment activities (JAIC+Funds)

i) Breakdown of new investment

	For three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)		For three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)		For the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	
	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	5	1,343	9	1,144	14	3,662
China, Hong Kong, Taiwan	1	86	-	-	1	86
Southeast Asia	-	-	-	-	-	-
Others	-	-	-	-	1	0
Industry						
Project Oriented Investment	4	1,323	4	380	12	3,612
Private Equity Investment	2	106	5	764	4	136
Sub total						
QOL(Quality of Life)	1	86	1	52	1	86
IT/Internet	-	-	1	77	1	0
Machinery/ Precision machine	-	-	1	260	-	-
Service	1	20	1	25	2	50
Others	-	-	1	350	-	-
Total	6	1,429	9	1,144	16	3,749

ii) Balance of investment

	As of June 30, 2018		As of June 30, 2019		As of March 31, 2019	
	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	95	8,697	85	9,645	81	8,485
China, Hong Kong, Taiwan	43	4,864	41	5,004	42	5,164
Southeast Asia	5	189	5	189	5	189
Others	7	61	6	111	6	111
Industry						
Project Oriented Investment	26	4,660	29	5,923	26	5,514
Private Equity Investment	124	9,153	108	9,026	108	8,437
Sub total						
QOL(Quality of Life)	30	3,555	29	3,593	29	3,540
IT/Internet	56	2,439	46	2,060	48	2,119
Machinery/ Precision machine	7	549	7	684	6	462
Service	16	1,262	14	1,179	14	1,173
Others	15	1,346	12	1,508	11	1,141
Total	150	13,813	137	14,950	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 three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)	For three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)	For the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Japan	-	-	2 companies
Overseas	-	-	-
Total	-	-	2 companies

ii) First price multiple

	For three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)	For three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)	For the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Japan	-	-	9.7 times
Overseas	-	-	-

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, 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

For three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)

No applicable items

(Reference)

For the period from July 1, 2019 to August 13, 2019.

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

(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 June 30, 2018	As of June 30, 2019	As of March 31, 2019
Total commitment amount in investment funds (Millions of yen)	17,601	16,150	16,494
[Total commitment amount of JAIC group]	[5,801]	[5,216]	[5,344]
No. of funds	11	10	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 three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)			
Newly established		Commitment amount increased	
Total commitment amount in investment funds (Millions of yen)	-	Total commitment amount increased (Millions of yen)	600
No. of funds	-	No. of funds	1

For three months ended June 30, 2019 (from April 1, 2019 to June 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 the year ended March 31, 2019 (from 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 three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)

Name of fund	Date of commitment amount increased	Total commitment amount increased (Millions of yen)	Main investment targets
Succession Investment Limited Partnership, I	Jun 2018	600	SMEs in Japan which has successor problem

For three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)

No applicable items

For the year ended March 31, 2019 (from 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 (from April 1, 2019 to March 31, 2020)	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)
Total commitment amount in investment funds (Millions of yen)	5,558	5,091	500
No. of funds	4	3	1

Notes to tables i) to iv) above:

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

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	7,108	5,426
Operational investment securities	10,242	10,317
Allowance for possible investment loss	(1,538)	(1,514)
Operating loans	204	204
Other	347	517
Allowance for doubtful accounts	(0)	—
Total current assets	16,363	14,952
Non-current assets		
Property, plant and equipment		
Buildings and structures	29	29
Accumulated depreciation	(16)	(16)
Buildings and structures, net	13	13
Machinery and equipment	7,207	7,608
Accumulated depreciation	(547)	(653)
Machinery and equipment, net	6,659	6,954
Vehicles, tools, furniture and fixtures	70	71
Accumulated depreciation	(60)	(61)
Vehicles, tools, furniture and fixtures, net	10	10
Land	22	82
Construction in progress	3,949	5,217
Total property, plant and equipment	10,656	12,278
Intangible assets		
Other	783	768
Total intangible assets	783	768
Investments and other assets		
Investment securities	514	460
Claims provable in bankruptcy, claims provable in rehabilitation and other	82	74
Other	470	459
Allowance for doubtful accounts	(24)	(19)
Total investments and other assets	1,042	975
Total non-current assets	12,481	14,022
Total assets	28,845	28,974

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Short-term borrowings	1,250	1,621
Accrued expenses	219	197
Income taxes payable	67	31
Provision for bonuses	62	22
Provision for loss on liquidation of subsidiaries and associates	63	—
Other	48	79
Total current liabilities	1,711	1,952
Non-current liabilities		
Long-term borrowings	18,302	18,363
Deferred tax liabilities	12	0
Retirement benefit liability	116	119
Asset retirement obligations	301	301
Total non-current liabilities	18,733	18,785
Total liabilities	20,444	20,738
Net assets		
Shareholders' equity		
Share capital	5,426	5,426
Capital surplus	3,408	3,408
Retained earnings	(1,952)	(2,095)
Treasury shares	(353)	(353)
Total shareholders' equity	6,528	6,385
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	71	(11)
Foreign currency translation adjustment	195	196
Total accumulated other comprehensive income	267	185
Share acquisition rights	21	22
Non-controlling interests	1,583	1,642
Total net assets	8,400	8,236
Total liabilities and net assets	28,845	28,974

(2) Consolidated Statements of Income

	(Millions of yen)	
	For three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)	For three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)
Operating revenue	422	483
Operating cost	610	190
Operating gross profit (loss)	(187)	292
Selling, general and administrative expenses	328	350
Operating loss	(516)	(57)
Non-operating income		
Interest income	5	1
Dividend income	16	3
Foreign exchange gains	24	0
Gain on investments in investment partnerships	—	6
Miscellaneous income	5	1
Total non-operating income	52	12
Non-operating expenses		
Interest expenses	95	82
Miscellaneous loss	2	0
Total non-operating expenses	98	82
Ordinary loss	(561)	(126)
Extraordinary income		
Gain on liquidation of subsidiaries and associates	—	3
Gain on sales of shares of subsidiaries and associates	—	4
Insurance claim income	34	0
Other	—	0
Total extraordinary income	34	7
Loss before income taxes	(527)	(119)
Income taxes - current	2	3
Total income taxes	2	3
Loss	(529)	(123)
Profit attributable to non-controlling interests	10	20
Loss attributable to owners of parent	(540)	(143)

(3) Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	For three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)	For three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)
Loss	(529)	(123)
Other comprehensive income		
Valuation difference on available-for-sale securities	39	(105)
Foreign currency translation adjustment	(53)	(2)
Share of other comprehensive income of entities accounted for using equity method	(2)	(12)
Total other comprehensive income	(16)	(121)
Comprehensive income	(546)	(244)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(556)	(225)
Comprehensive income attributable to non-controlling interests	9	(19)

(4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	For three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)	For three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)
Cash flows from operating activities		
Loss before income taxes	(527)	(119)
Depreciation	4	3
Increase (decrease) in allowance for investment loss	(163)	(0)
Increase (decrease) in allowance for doubtful accounts	(40)	(5)
Increase (decrease) in provision for bonuses	(30)	(39)
Increase (decrease) in retirement benefit liability	3	3
Interest and dividend income	(17)	(4)
Interest expenses	48	40
Loss on valuation of operational investment securities	359	0
Decrease (increase) in investment securities for sale	249	(314)
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	4	7
Payment for purchase of investment funds	(251)	(144)
Dividends from investment funds	135	492
Increase (decrease) in investment funds of non- controlling interest	(10)	(19)
Other, net	136	(19)
Subtotal	(99)	(118)
Interest and dividends received	17	4
Interest paid	(76)	(62)
Income taxes paid	(13)	(10)
Net cash provided by (used in) operating activities	(172)	(187)
Cash flows from investing activities		
Purchase of intangible assets	(9)	(3)
Purchase of investment securities	(15)	—
Proceeds from sales of investment securities	0	0
Proceeds from redemption of investment securities	0	47
Other, net	(0)	(0)
Net cash provided by (used in) investing activities	(25)	43
Cash flows from financing activities		
Repayments of long-term borrowings	(1,468)	(896)
Other, net	—	(0)
Net cash provided by (used in) financing activities	(1,468)	(896)
Effect of exchange rate change on cash and cash equivalents	(13)	5
Net increase (decrease) in cash and cash equivalents	(1,679)	(1,034)
Cash and cash equivalents at beginning of period	4,757	4,082
Cash and cash equivalents at end of period	3,078	3,048

(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

Information for Reference Purposes:

Consolidated Financial Results for the First Quarter Ended June 30, 2019

August 13, 2019

Consolidated Financial Statements, etc., under the Previous Accounting Standards for the First Quarter Ended June 30, 2019 (As of June 30, 2019)

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 first quarter ended June 30, 2019 (April 1, 2019 to June 30, 2019)

(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 three months ended June 30, 2019	196	3.7	(118)	—	(146)	—	(142) —
For three months ended June 30, 2018	189	(73.6)	(537)	—	(537)	—	(539) —

	Net income per share	Diluted net income per share
	Yen	Yen
For three months ended June 30, 2019	(8.07)	—
For three months ended June 30, 2018	(30.48)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2019	16,029	6,637	41.3	373.67
As of March 31, 2019	17,305	6,861	39.5	386.38

(Reference) Total shareholders' equity As of June 30, 2019: 6,615 millions of yen, As of March 31, 2019: 6,840 millions of yen

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

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.

(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

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

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

3. Business Performance and Financial Condition

(1) Breakdown of operating revenue and operating cost

(Millions of yen)

	For three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)	For three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)	For the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Total operating revenue (A)	189	196	2,475
Management fees	65	55	241
Proceeds of sales of operational investment securities (B)	70	90	1,746
Fund interests income etc.	44	40	429
Other operating revenue	8	10	57
Total operating cost (C)	487	59	1,188
Cost of securities sold (D)	64	50	554
Investment write-offs & Provision for allowance for possible investment losses (E)	415	5	579
Fund interests losses etc.	5	1	49
Other operating cost	1	1	6
Operating gross profit (A) - (C)	(297)	136	1,286
Realized capital gains (B) - (D)	5	39	1,192
Investment income (B) - (D)-(E)	(409)	34	613

(2) Asset, Liability and Net asset

(Millions of yen)

	As of June 30, 2018	As of June 30, 2019	As of March 31, 2019
Total asset	17,218	16,029	17,305
Total liabilities	11,204	9,392	10,443
Loans payable	10,486	8,887	9,784
Total net asset	6,013	6,637	6,861
Total shareholders' equity	5,990	6,615	6,840

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	5,564	3,724
Operational investment securities	11,671	12,281
Allowance for possible investment loss	(1,018)	(994)
Operating loans	204	204
Other	140	127
Allowance for doubtful accounts	(0)	—
Total current assets	16,561	15,343
Non-current assets		
Property, plant and equipment		
Buildings and structures	29	29
Accumulated depreciation	(16)	(16)
Buildings and structures, net	13	13
Vehicles, tools, furniture and fixtures	70	70
Accumulated depreciation	(60)	(61)
Vehicles, tools, furniture and fixtures, net	10	9
Land	22	22
Total property, plant and equipment	46	45
Intangible assets		
Other	94	94
Total intangible assets	94	94
Investments and other assets		
Investment securities	514	460
Claims provable in bankruptcy, claims provable in rehabilitation and other	82	74
Other	30	30
Allowance for doubtful accounts	(24)	(19)
Total investments and other assets	602	545
Total non-current assets	743	686
Total assets	17,305	16,029

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Short-term loans payable	896	1,214
Accrued expenses	71	47
Income taxes payable	67	31
Provision for bonuses	62	22
Provision for loss on liquidation of subsidiaries and associates	63	—
Other	265	282
Total current liabilities	1,426	1,598
Non-current liabilities		
Long-term loans payable	8,887	7,673
Deferred tax liabilities	12	0
Net defined benefit liability	116	119
Total non-current liabilities	9,017	7,793
Total liabilities	10,443	9,392
Net assets		
Shareholders' equity		
Capital stock	5,426	5,426
Capital surplus	3,505	3,505
Retained earnings	(2,006)	(2,149)
Treasury shares	(353)	(353)
Total shareholders' equity	6,571	6,428
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	312	171
Foreign currency translation adjustment	(44)	14
Total accumulated other comprehensive income	268	186
Share acquisition rights	21	22
Total net assets	6,861	6,637
Total liabilities and net assets	17,305	16,029

(2) Consolidated Statements of Income

	(Millions of yen)	
	For three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)	For three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)
Operating revenue	189	196
Operating cost	487	59
Operating gross profit (loss)	(297)	136
Selling, general and administrative expenses		
Total selling, general and administrative expenses	239	255
Operating loss	(537)	(118)
Non-operating income		
Interest income	4	1
Dividend income	16	3
Gain on investments in partnership	—	6
Foreign exchange gains	24	0
Miscellaneous income	5	1
Total non-operating income	51	12
Non-operating expenses		
Interest expenses	48	40
Miscellaneous loss	2	0
Total non-operating expenses	50	40
Ordinary loss	(537)	(146)
Extraordinary income		
Gain on liquidation of subsidiaries and associates	—	3
Gain on sales of shares of subsidiaries and associates	—	4
Other	—	0
Total extraordinary income	—	7
Loss before income taxes	(537)	(139)
Income taxes - current	2	3
Total income taxes	2	3
Loss	(539)	(142)
Loss attributable to owners of parent	(539)	(142)