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Consolidated Financial Results for the Second Quarter Ended September 30, 2019 [Japanese Standards]

(Summary of Japanese announcement)

November 14, 2019

Company name: Japan Asia Investment Co., Ltd.
Listed on: First Section of the Tokyo Stock Exchange (Stock code: 8518) URL: http://www.jaic-vc.co.jp/
Head office: Tokyo
Representative: Tetsuro Shimomura, President and CEO
Contact: Kenji Kishimoto, Executive Officer
Tel: +81-3-3259-8518 (main)

Scheduled date for submission of quarterly report: November 14, 2019
Scheduled date for start of payment of dividends: —
The additional materials of the Financial Results: Yes
The briefing session of the Financial Results: Yes

(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, 2019 (April 1, 2019 to September 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 six months ended September 30, 2019	1,353	13.8	(216)	—	(364)	—	(462)	—
For six months ended September 30, 2018	1,189	(76.5)	(390)	—	(481)	—	(535)	—

(Note) Comprehensive Income
For six months ended September 30, 2019: (28) millions of yen (—%)
For six months ended September 30, 2018: (560) millions of yen (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
For six months ended September 30, 2019	(26.11)	—
For six months ended September 30, 2018	(30.22)	—

(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, 2019	29,372	8,415	22.1	366.07
As of March 31, 2019	28,845	8,400	23.6	383.89

(Reference) Total shareholders' equity As of September 30, 2019: 6,480 millions of yen As of March 31, 2019: 6,796 millions of yen

2. Dividends

	Dividends per share				
(Base date)	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, 2019	—	0.00	—	0.00	0.00
Year ending March 31, 2020	—	0.00			
Year ending March 31, 2020 (forecast)			—	0.00	0.00

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

3. Outlook for the fiscal year ending March 31, 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)	Six months ended September30, 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	Six months ended September 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)	Six months ended September 30, 2019:	17,703,383 shares	Six 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 second quarter ended September 30, 2019 will be released on our website by November 20, 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 six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)	For six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)	For the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Total operating revenue (A)	1,189	1,353	3,503
Management fees	83	68	152
Proceeds of sales of operational investment securities (B)	209	611	1,897
Fund interests income etc.	885	664	1,419
Other operating revenue	11	9	33
Total operating cost (C)	897	917	1,895
Cost of securities sold (D)	209	397	616
Investment write-offs & Provision for allowance for possible investment losses (E)	437	200	710
Fund interests losses etc.	247	318	562
Other operating cost	3	2	6
Operating gross profit (A) - (C)	292	435	1,608
Realized capital gains (B) - (D)	0	214	1,281
Investment income (B) - (D) – (E)	(436)	14	570

(2) Cash flows

(Millions of yen)

	For six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)	For six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)	For the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Cash flow from operating activities	458	(870)	299
Cash flow from investing activities	65	56	1,224
Cash flow from financing activities	(1,668)	(1,095)	(2,173)
Cash and cash equivalents at the end of period	3,599	2,161	4,082

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

(Millions of yen)

	As of September 30, 2018		As of September 30, 2019		As of March 31, 2019	
	Amount	(B)/(A) (%)	Amount	(B)/(A) (%)	Amount	(B)/(A) (%)
Operational Investment Securities (A)	9,634	-	9,635	-	10,242	—
Allowance for Possible Investment Loss (B)	(1,356)	14.1	(1,554)	16.1	(1,538)	15.0

(4) Breakdown of Loans payable

(Millions of yen)

	As of September 30, 2018	As of September 30, 2019	As of March 31, 2019
Total of loans payable and bonds	19,817	20,058	19,552
Non-consolidated base loans payable	10,288	8,689	9,784
Loans payable of SPC etc. by project finance and bonds of SPC etc.	9,528	11,369	9,768

2.Business Position

(1) Investment activities (JAIC+Funds)

i) Breakdown of new investment

		For six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)		For six months ended September 30, 2019 (from April 1, 2019 to September 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	6	1,373	12	1,745	14	3,662
	China, Hong Kong, Taiwan	1	86	-	-	1	86
	Southeast Asia	-	-	-	-	-	-
	Others	-	-	-	-	1	0
Industry							
	Project Oriented Investment	5	1,353	6	920	12	3,612
	Private Equity Investment Sub total	2	106	6	824	4	136
	QOL(Quality of Life)	1	86	2	112	1	86
	IT/Internet	-	-	1	77	1	0
	Machinery/ Precision machine	-	-	1	260	-	-
	Service	1	20	1	25	2	50
	Others	-	-	1	350	-	-
Total		7	1,459	12	1,745	16	3,749

ii) Balance of investment

		As of September 30, 2018		As of September 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	88	8,590	84	10,044	81	8,485
	China, Hong Kong, Taiwan	41	4,643	38	4,333	42	5,164
	Southeast Asia	5	189	5	189	5	189
	Others	7	61	6	111	6	111
Industry							
	Project Oriented Investment	25	4,672	30	6,418	26	5,514
	Private Equity Investment Sub total	116	8,812	103	8,260	108	8,437
	QOL(Quality of Life)	29	3,540	27	3,194	29	3,540
	IT/Internet	54	2,380	44	1,985	48	2,119
	Machinery/ Precision machine	6	518	7	659	6	462
	Service	14	1,153	14	911	14	1,173
	Others	13	1,219	11	1,508	11	1,141
Total		141	13,485	133	14,678	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 six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)	For six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)	For the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Japan	-	2 companies	2 companies
Overseas	-	-	-
Total	-	2 companies	2 companies

ii) First price multiple

	For six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)	For six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)	For the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Japan	-	8.8 times	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 six months ended September 30, 2019 (from April 1, 2019 to September 30, 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
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

(Reference)
For the period from October 1, 2019 to November 14, 2019.

Company Name	Date of IPO	Market	Business	Head quarters
Fangdd Network Group Ltd.	1-Nov-19	NASDAQ Global	Operator of "房多多", china's largest online real estate marketplace	China

(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, 2018	As of September 30, 2019	As of March 31, 2019
Total commitment amount in investment funds (Millions of yen) [Total commitment amount of JAIC group]	17,329 [5,584]	15,948 [5,131]	16,494 [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 six months ended September 30, 2018 (from April 1, 2018 to September 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 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 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 six months ended September 30, 2018 (from April 1, 2018 to September 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 six months ended September 30, 2019 (from April 1, 2019 to September 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)	5,463	4,985	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 September 30, 2019
Assets		
Current assets		
Cash and deposits	7,108	5,121
Operational investment securities	10,242	9,635
Allowance for investment losses	(1,538)	(1,554)
Operating loans	204	204
Other	347	412
Allowance for doubtful accounts	(0)	—
Total current assets	16,363	13,820
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	7,671
Accumulated depreciation	(547)	(771)
Machinery and equipment, net	6,659	6,899
Vehicles, tools, furniture and fixtures	70	71
Accumulated depreciation	(60)	(61)
Vehicles, tools, furniture and fixtures, net	10	9
Land	22	73
Construction in progress	3,949	6,696
Total property, plant and equipment	10,656	13,693
Intangible assets		
Other	783	790
Total intangible assets	783	790
Investments and other assets		
Investment securities	514	451
Claims provable in bankruptcy, claims provable in rehabilitation and other	82	69
Other	470	566
Allowance for doubtful accounts	(24)	(18)
Total investments and other assets	1,042	1,068
Total non-current assets	12,481	15,552
Total assets	28,845	29,372

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Short-term borrowings	1,250	1,443
Current portion of bonds	—	220
Accrued expenses	219	246
Income taxes payable	67	66
Provision for bonuses	62	45
Provision for loss on liquidation of subsidiaries and associates	63	—
Other	48	28
Total current liabilities	1,711	2,049
Non-current liabilities		
Long-term borrowings	18,302	18,395
Deferred tax liabilities	12	23
Retirement benefit liability	116	123
Asset retirement obligations	301	364
Total non-current liabilities	18,733	18,907
Total liabilities	20,444	20,957
Net assets		
Shareholders' equity		
Share capital	5,426	5,426
Capital surplus	3,408	3,408
Retained earnings	(1,952)	(2,414)
Treasury shares	(353)	(353)
Total shareholders' equity	6,528	6,066
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	71	275
Foreign currency translation adjustment	195	139
Total accumulated other comprehensive income	267	414
Share acquisition rights	21	23
Non-controlling interests	1,583	1,911
Total net assets	8,400	8,415
Total liabilities and net assets	28,845	29,372

(2) Consolidated Statements of Income

(Millions of yen)

	For six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)	For six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)
Operating revenue	1,189	1,353
Operating cost	897	917
Operating gross profit	292	435
Selling, general and administrative expenses	682	652
Operating loss	(390)	(216)
Non-operating income		
Interest income	12	3
Dividend income	16	3
Foreign exchange gains	67	2
Gain on investments in investment partnerships	—	6
Miscellaneous income	6	2
Total non-operating income	103	18
Non-operating expenses		
Interest expenses	192	164
Miscellaneous loss	2	1
Total non-operating expenses	194	165
Ordinary loss	(481)	(364)
Extraordinary income		
Gain on sales of investment securities	4	—
Gain on liquidation of subsidiaries and associates	—	3
Gain on sales of shares of subsidiaries and associates	—	4
Gain on sales of non-current assets	—	5
Insurance claim income	34	0
Other	—	0
Total extraordinary income	39	13
Extraordinary losses		
Loss on valuation of investment securities	4	—
Loss on redemption of investment securities	0	—
Provision for loss on liquidation of subsidiaries and associates	63	—
Other	0	—
Total extraordinary losses	68	—
Loss before income taxes	(511)	(350)
Income taxes - current	9	11
Total income taxes	9	11
Loss	(520)	(362)
Profit attributable to non-controlling interests	14	99
Loss attributable to owners of parent	(535)	(462)

(3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	For six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)	For six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)
Loss	(520)	(362)
Other comprehensive income		
Valuation difference on available-for-sale securities	83	420
Foreign currency translation adjustment	(119)	(62)
Share of other comprehensive income of entities accounted for using equity method	(3)	(23)
Total other comprehensive income	(39)	334
Comprehensive income	(560)	(28)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(559)	(315)
Comprehensive income attributable to non-controlling interests	(0)	288

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)	For six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)
Cash flows from operating activities		
Loss before income taxes	(511)	(350)
Depreciation	8	7
Increase (decrease) in allowance for investment loss	(237)	9
Increase (decrease) in allowance for doubtful accounts	(41)	(6)
Increase (decrease) in provision for bonuses	(9)	(16)
Increase (decrease) in retirement benefit liability	7	6
Interest and dividend income	(18)	(6)
Interest expenses	94	79
Loss (gain) on redemption of investment securities	0	—
Loss on devaluation of operational investment securities	364	49
Decrease (increase) in investment securities for sale	144	(616)
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	8	12
Payment for purchase of investment funds	(257)	(678)
Dividends from investment funds	697	847
Increase (decrease) in investment funds of non-controlling interest	(13)	(119)
Other, net	(3)	(6)
Subtotal	232	(788)
Interest and dividends received	18	6
Interest paid	(131)	(110)
Income taxes paid	(13)	(12)
Income taxes refund	352	34
Net cash provided by (used in) operating activities	458	(870)
Cash flows from investing activities		
Proceeds from sales of property, plant and equipment	—	14
Purchase of intangible assets	(29)	(6)
Purchase of investment securities	(15)	—
Proceeds from sales of investment securities	71	—
Proceeds from redemption of investment securities	39	47
Other, net	(0)	0
Net cash provided by (used in) investing activities	65	56
Cash flows from financing activities		
Repayments of long-term borrowings	(1,665)	(1,095)
Other, net	(3)	(0)
Net cash provided by (used in) financing activities	(1,668)	(1,095)
Effect of exchange rate change on cash and cash equivalents	(13)	(11)
Net increase (decrease) in cash and cash equivalents	(1,158)	(1,920)
Cash and cash equivalents at beginning of period	4,757	4,082
Cash and cash equivalents at end of period	3,599	2,161

(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 Second Quarter Ended September 30, 2019

November 14, 2019

Consolidated Financial Statements, etc., under the Previous Accounting Standards for the Second Quarter Ended September 30, 2019 (As of September 30, 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 Second quarter ended September 30, 2019 (April 1, 2019 to September 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 six months ended September 30, 2019	691	(3.5)	(421)	—	(483)	—	(481)	—
For six months ended September 30, 2018	716	(71.9)	(465)	—	(460)	—	(534)	—

	Net income per share	Diluted net income per share
	Yen	Yen
For six months ended September 30, 2019	(27.22)	—
For six months ended September 30, 2018	(30.18)	—

(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, 2019	15,761	6,530	41.3	367.56
As of March 31, 2019	17,305	6,861	39.5	386.38

(Reference) Total shareholders' equity As of September 30, 2019: 6,507 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 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 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 September 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 six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)	For six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)	For the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Total operating revenue (A)	716	691	2,475
Management fees	129	107	241
Proceeds of sales of operational investment securities (B)	196	406	1,746
Fund interests income etc.	367	155	429
Other operating revenue	22	20	57
Total operating cost (C)	638	582	1,188
Cost of securities sold (D)	205	356	554
Investment write-offs & Provision for allowance for possible investment losses (E)	420	160	579
Fund interests losses etc.	8	61	49
Other operating cost	3	2	6
Operating gross profit (A) - (C)	78	108	1,286
Realized capital gains (B) - (D)	(8)	50	1,192
Investment income (B) - (D)-(E)	(429)	(110)	613

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

	As of September 30, 2018	As of September 30, 2019	As of March 31, 2019
Total asset	16,941	15,761	17,305
Total liabilities	10,935	9,231	10,443
Loans payable	10,288	8,689	9,784
Total net asset	6,006	6,530	6,861
Total shareholders' equity	5,986	6,507	6,840

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	5,564	2,825
Operational investment securities	11,671	13,033
Allowance for possible investment loss	(1,018)	(1,043)
Operating loans	204	204
Other	140	77
Allowance for doubtful accounts	(0)	—
Total current assets	16,561	15,098
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	8
Land	22	13
Total property, plant and equipment	46	35
Intangible assets		
Other	94	95
Total intangible assets	94	95
Investments and other assets		
Investment securities	514	451
Claims provable in bankruptcy, claims provable in rehabilitation and other	82	69
Other	30	30
Allowance for doubtful accounts	(24)	(18)
Total investments and other assets	602	532
Total non-current assets	743	663
Total assets	17,305	15,761

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Short-term loans payable	896	1,030
Accrued expenses	71	47
Income taxes payable	67	66
Provision for bonuses	62	45
Provision for loss on liquidation of subsidiaries and associates	63	—
Other	265	235
Total current liabilities	1,426	1,425
Non-current liabilities		
Long-term loans payable	8,887	7,658
Deferred tax liabilities	12	23
Retirement benefit liability	116	123
Total non-current liabilities	9,017	7,805
Total liabilities	10,443	9,231
Net assets		
Shareholders' equity		
Capital stock	5,426	5,426
Capital surplus	3,505	3,505
Retained earnings	(2,006)	(2,488)
Treasury shares	(353)	(353)
Total shareholders' equity	6,571	6,090
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	312	419
Foreign currency translation adjustment	(44)	(2)
Total accumulated other comprehensive income	268	417
Share acquisition rights	21	23
Total net assets	6,861	6,530
Total liabilities and net assets	17,305	15,761

(2) Consolidated Statements of Income

(Millions of yen)

	For six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)	For six months ended September 30, 2019 (from April 1, 2018 to September 30, 2019)
Operating revenue	716	691
Operating cost	638	582
Operating gross profit	78	108
Selling, general and administrative expenses		
Total selling, general and administrative expenses	543	530
Operating loss	(465)	(421)
Non-operating income		
Interest income	10	3
Dividend income	16	3
Foreign exchange gains	67	2
Gain on investments in partnership	—	6
Miscellaneous income	6	2
Total non-operating income	101	18
Non-operating expenses		
Interest expenses	94	79
Miscellaneous loss	2	0
Total non-operating expenses	97	79
Ordinary loss	(460)	(483)
Extraordinary income		
Gain on sales of investment securities	4	—
Gain on liquidation of subsidiaries and associates	—	3
Gain on sales of shares of subsidiaries and associates	—	4
Gain on sales of non-current assets	—	5
Other	—	0
Total extraordinary income	4	12
Extraordinary losses		
Loss on valuation of investment securities	4	—
Loss on redemption of investment securities	0	—
Provision for loss on liquidation of subsidiaries and associates	63	—
Other	0	—
Total extraordinary losses	68	—
Loss before income taxes	(524)	(470)
Income taxes - current	9	11
Total income taxes	9	11
Loss	(534)	(481)
Loss attributable to owners of parent	(534)	(481)