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Consolidated Financial Results
for the Third Quarter Ended December 31, 2019
[Japanese Standards]
(Summary of Japanese announcement)

February 14, 2020

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: February 14, 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

(Throughout this report, fractional amounts have been rounded down to the nearest one million yen.)

1. Consolidated business results for the third quarter ended December 31, 2019 (April 1, 2019 to December 31, 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 nine months ended December 31, 2019	1,801	(6.6)	(391)	—	(614)	—	(710)	—
For nine months ended December 31, 2018	1,928	(67.4)	(448)	—	(647)	—	(199)	—

(Note) Comprehensive Income

For nine months ended December 31, 2019: (80) millions of yen (—%)

For nine months ended December 31, 2018: (412) millions of yen (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
For nine months ended December 31, 2019	(40.14)	—
For nine months ended December 31, 2018	(11.25)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2019	29,433	8,316	21.8	362.87
As of March 31, 2019	28,845	8,400	23.6	383.89

(Reference) Total shareholders' equity As of December 31, 2019: 6,424 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
	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.

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, 2020 (April 1, 2019 to March 31, 2020)” on page 16.

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)	Nine months ended December 31, 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	Nine months ended December 31, 2019:	181,009 shares	Year ended March 31, 2019:	181,009 shares
(ii) Average number of shares during the period (cumulative quarterly consolidated period)	Nine months ended December 31, 2019:	17,703,383 shares	Nine months ended December 31, 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 third quarter ended December 31, 2019 will be released on our website by February 17, 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, 2020 (April 1, 2019 to March 31, 2020)” on page 16.

1. Business Performance and Financial Condition

(1) Breakdown of operating revenue and operating cost

(Millions of yen)

	For nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)	For nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)	For the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Total operating revenue (A)	1,928	1,801	3,503
Management fees	118	101	152
Proceeds of sales of operational investment securities (B)	649	772	1,897
Fund interests income etc.	1,145	913	1,419
Other operating revenue	14	12	33
Total operating cost (C)	1,396	1,253	1,895
Cost of securities sold (D)	302	478	616
Investment write-offs & Provision for allowance for possible investment losses (E)	673	283	710
Fund interests losses etc.	416	486	562
Other operating cost	4	4	6
Operating gross profit (A) - (C)	531	548	1,608
Realized capital gains (B) - (D)	347	294	1,281
Investment income (B) - (D) - (E)	(325)	10	570

(2) Cash flows

(Millions of yen)

	For nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)	For nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)	For the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Cash flow from operating activities	994	(950)	299
Cash flow from investing activities	703	64	1,224
Cash flow from financing activities	(2,173)	(1,617)	(2,173)
Cash and cash equivalents at the end of period	4,265	1,557	4,082

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

(Millions of yen)

	As of December 31, 2018		As of December 31, 2019		As of March 31, 2019	
	Amount	(B)/(A) (%)	Amount	(B)/(A) (%)	Amount	(B)/(A) (%)
Operational Investment Securities (A)	9,433	—	10,232	—	10,242	—
Allowance for Possible Investment Loss (B)	(1,519)	16.1	(1,624)	15.9	(1,538)	15.0

(4) Breakdown of Loans payable

(Millions of yen)

	As of December 31, 2018	As of December 31, 2019	As of March 31, 2019
Total of loans payable and bonds	20,806	20,325	19,552
Non-consolidated base loans payable	9,784	8,166	9,784
Loans payable of SPC etc. by project finance and bonds of SPC etc.	11,021	12,158	9,768

2. Business Position

(1) Investment activities (JAIC+Funds)

i) Breakdown of new investment

	For nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)		For nine months ended December 31, 2019 (from April 1, 2019 to December 31, 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	10	2,733	18	2,927	14	3,662
China, Hong Kong, Taiwan	1	86	—	—	1	86
Southeast Asia	—	—	—	—	—	—
Others	1	0	—	—	1	0
Industry						
Project Oriented Investment	8	2,683	9	1,950	12	3,612
Private Equity Investment	4	136	9	977	4	136
Sub total						
QOL(Quality of Life)	1	86	2	112	1	86
IT/Internet	1	0	1	77	1	0
Machinery/ Precision machine	—	—	2	370	—	—
Service	2	50	2	56	2	50
Others	—	—	2	361	—	—
Total	12	2,819	18	2,927	16	3,749

ii) Balance of investment

	As of December 31, 2018		As of December 31, 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	84	7,924	88	9,898	81	8,485
China, Hong Kong, Taiwan	42	5,164	36	4,293	42	5,164
Southeast Asia	5	189	5	189	5	189
Others	7	116	6	109	6	111
Industry						
Project Oriented Investment	26	4,836	32	6,191	26	5,514
Private Equity Investment	112	8,558	103	8,298	108	8,437
Sub total						
QOL(Quality of Life)	29	3,540	27	3,194	29	3,540
IT/Internet	51	2,230	42	1,830	48	2,119
Machinery/ Precision machine	6	462	7	738	6	462
Service	15	1,183	15	1,015	14	1,173
Others	11	1,141	12	1,519	11	1,141
Total	138	13,394	135	14,490	134	13,951

Note:

1. QOL (Quality of Life); Biotechnology, Medical Service, Welfare Service, Medical Device, Drug Medicine, etc.

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

i)Number of IPOs

	For nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)	For nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)	For the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Japan	1 company	2 companies	2 companies
Overseas	—	1 company	—
Total	1 company	3 companies	2 companies

ii) First price multiple

	For nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)	For nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)	For the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Japan	10.8 times	8.8 times	9.7 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, 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 nine months ended December 31, 2019 (from April 1, 2019 to December 31, 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
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 December 31, 2018	As of December 31, 2019	As of March 31, 2019
Total commitment amount in investment funds (Millions of yen)	18,062	16,094	16,494
Total commitment amount of JAIC group	5,377	5,191	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 nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)			
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

For nine months ended December 31, 2019 (from April 1, 2019 to December 31, 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 nine months ended December 31, 2019 (from April 1, 2019 to December 31, 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)	3,649	6,944	500
No. of funds	3	4	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 December 31, 2019
Assets		
Current assets		
Cash and deposits	7,108	3,370
Operational investment securities	10,242	10,232
Allowance for possible investment losse	(1,538)	(1,624)
Operating loans	204	204
Other	347	432
Allowance for doubtful accounts	(0)	—
Total current assets	16,363	12,616
Non-current assets		
Property, plant and equipment		
Buildings and structures	29	29
Accumulated depreciation	(16)	(16)
Buildings and structures, net	13	12
Machinery and equipment	7,207	7,671
Accumulated depreciation	(547)	(884)
Machinery and equipment, net	6,659	6,787
Vehicles, tools, furniture and fixtures	70	71
Accumulated depreciation	(60)	(62)
Vehicles, tools, furniture and fixtures, net	10	8
Land	22	87
Construction in progress	3,949	7,134
Total property, plant and equipment	10,656	14,030
Intangible assets		
Other	783	1,705
Total intangible assets	783	1,705
Investments and other assets		
Investment securities	514	453
Claims provable in bankruptcy, claims provable in rehabilitation and other	82	64
Other	470	581
Allowance for doubtful accounts	(24)	(18)
Total investments and other assets	1,042	1,081
Total non-current assets	12,481	16,817
Total assets	28,845	29,433

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Short-term borrowings	1,250	1,580
Current portion of bonds	—	320
Accrued expenses	219	144
Income taxes payable	67	41
Provision for bonuses	62	22
Provision for loss on liquidation of subsidiaries and associates	63	—
Other	48	34
Total current liabilities	1,711	2,143
Non-current liabilities		
Bonds payable	—	220
Long-term borrowings	18,302	18,205
Deferred tax liabilities	12	63
Retirement benefit liability	116	120
Asset retirement obligations	301	365
Total non-current liabilities	18,733	18,974
Total liabilities	20,444	21,117
Net assets		
Shareholders' equity		
Share capital	5,426	5,426
Capital surplus	3,408	3,408
Retained earnings	(1,952)	(2,662)
Treasury shares	(353)	(353)
Total shareholders' equity	6,528	5,817
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	71	449
Foreign currency translation adjustment	195	156
Total accumulated other comprehensive income	267	606
Share acquisition rights	21	24
Non-controlling interests	1,583	1,867
Total net assets	8,400	8,316
Total liabilities and net assets	28,845	29,433

(2) Consolidated Statements of Income

	(Millions of yen)	
	For nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)	For nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)
Operating revenue	1,928	1,801
Operating cost	1,396	1,253
Operating gross profit	531	548
Selling, general and administrative expenses	979	939
Operating loss	(448)	(391)
Non-operating income		
Interest income	13	5
Dividend income	17	4
Foreign exchange gains	52	2
Gain on investments in investment partnerships	—	6
Miscellaneous income	8	3
Total non-operating income	92	22
Non-operating expenses		
Interest expenses	288	243
Miscellaneous loss	2	2
Total non-operating expenses	290	245
Ordinary loss	(647)	(614)
Extraordinary income		
Gain on sales of non-current assets	—	6
Gain on sales of investment securities	4	2
Gain on redemption of investment securities	425	—
Gain on liquidation of subsidiaries and associates	—	3
Gain on sales of shares of subsidiaries and associates	—	4
Insurance claim income	35	1
Other	—	0
Total extraordinary income	465	17
Extraordinary losses		
Loss on valuation of investment securities	4	—
Loss on redemption of investment securities	24	—
Provision for loss on liquidation of subsidiaries and associates	73	—
Other	0	—
Total extraordinary losses	102	—
Loss before income taxes	(284)	(596)
Income taxes - current	12	15
Total income taxes	12	15
Loss	(296)	(612)
Profit (loss) attributable to non-controlling interests	(97)	98
Loss attributable to owners of parent	(199)	(710)

(3) Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	For nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)	For nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)
Loss	(296)	(612)
Other comprehensive income		
Valuation difference on available-for-sale securities	25	374
Foreign currency translation adjustment	(137)	(41)
Share of other comprehensive income of entities accounted for using equity method	(3)	198
Total other comprehensive income	(115)	531
Comprehensive income	(412)	(80)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(291)	(372)
Comprehensive income attributable to non-controlling interests	(121)	291

(4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	For nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)	For nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)
Cash flows from operating activities		
Loss before income taxes	(284)	(596)
Depreciation	12	11
Increase (decrease) in allowance for investment loss	(258)	78
Increase (decrease) in allowance for doubtful accounts	(37)	(6)
Increase (decrease) in provision for bonuses	(27)	(39)
Increase (decrease) in retirement benefit liability	11	4
Interest and dividend income	(20)	(8)
Interest expenses	139	117
Loss (gain) on redemption of investment securities	(400)	—
Loss on valuation of operational investment securities	371	49
Decrease (increase) in investment securities for sale	45	(158)
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	8	17
Payment for purchase of investment funds	(260)	(1,383)
Dividends from investment funds	1,437	1,353
Increase (decrease) in investment funds of minority interest	99	(140)
Other, net	(23)	(123)
Subtotal	812	(826)
Interest and dividends received	20	8
Interest paid	(176)	(148)
Income taxes paid	(14)	(18)
Income taxes refund	352	34
Net cash provided by (used in) operating activities	994	(950)
Cash flows from investing activities		
Purchase of intangible assets	(47)	(9)
Purchase of investment securities	(15)	(2)
Proceeds from redemption of investment securities	696	47
Other, net	70	28
Net cash provided by (used in) investing activities	703	64
Cash flows from financing activities		
Repayments of long-term borrowings	(2,170)	(1,617)
Other, net	(3)	(0)
Net cash provided by (used in) financing activities	(2,173)	(1,617)
Effect of exchange rate change on cash and cash equivalents	(17)	(20)
Net increase (decrease) in cash and cash equivalents	(491)	(2,524)
Cash and cash equivalents at beginning of period	4,757	4,082
Cash and cash equivalents at end of period	4,265	1,557

(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 Third Quarter Ended December 31, 2019

February 14, 2020

Consolidated Financial Statements, etc., under the Previous Accounting Standards for the Third Quarter Ended December 31, 2019 (As of December 31, 2019)

Disclosure of consolidated financial statements, etc., under the Previous accounting standards

As of Fiscal year ended March 31, 2007 the JAIC Group has adopted “Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations” (Accounting Standards Board of Japan Practical Issues Task Force No. 20 issued on September 8, 2006), and consolidated financial statements, etc., are being prepared with the inclusion in the consolidation of some of the operational investment funds managed by the Group.

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

(Throughout this report, fractional amounts have been rounded down to the nearest one million yen.)

1. Consolidated business results for the third quarter ended December 31, 2019 (April 1, 2019 to December 31, 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 nine months ended December 31, 2019	937	(22.8)	(658)	—	(753)	—	(752)	—
For nine months ended December 31, 2018	1,214	(61.5)	(459)	—	(512)	—	(197)	—

	Net income per share	Diluted net income per share
	Yen	Yen
For nine months ended December 31, 2019	(42.53)	—
For nine months ended December 31, 2018	(11.18)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2019	14,972	6,452	42.9	363.09
As of March 31, 2019	17,305	6,861	39.5	386.38

(Reference) Total shareholders' equity As of December 31, 2019: 6,427 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	2,600	5.0	70	(60.5)	(60)	—	100	(82.7)

	Net income per share
	Yen
For the year ending March 31, 2020	5.65

(Note) Revision of dividends forecast during the current quarterly period: Yes

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 December 31, 2019.

The “result forecast consolidated under the Previous Accounting Standard” and any other forward-looking statements in this document are based upon the information currently available to the Group at the time of writing and certain assumptions. The achievement is not promised. Various factors could cause actual results to differ materially from these result forecasts.

3. Business Performance and Financial Condition

(1) Breakdown of operating revenue and operating cost

(Millions of yen)

	For nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)	For nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)	For the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)
Total operating revenue (A)	1,214	937	2,475
Management fees	187	153	241
Proceeds of sales of operational investment securities (B)	602	566	1,746
Fund interests income etc.	391	187	429
Other operating revenue	32	29	57
Total operating cost (C)	857	815	1,188
Cost of securities sold (D)	272	436	554
Investment write-offs & Provision for allowance for possible investment losses (E)	540	237	579
Fund interests losses etc.	40	137	49
Other operating cost	4	4	6
Operating gross profit (A) - (C)	356	121	1,286
Realized capital gains (B) - (D)	330	129	1,192
Investment income (B) - (D)-(E)	(209)	(107)	613

(2) Asset, Liability and Net asset

(Millions of yen)

	As of December 31, 2018	As of December 31, 2019	As of March 31, 2019
Total asset	16,646	14,972	17,305
Total liabilities	10,370	8,520	10,443
Loans payable	9,784	8,166	9,784
Total net asset	6,276	6,452	6,861
Total shareholders' equity	6,255	6,427	6,840

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	5,564	2,125
Operational investment securities	11,671	12,795
Allowance for possible investment loss	(1,018)	(1,104)
Operating loans	204	294
Other	140	205
Allowance for doubtful accounts	(0)	—
Total current assets	16,561	14,316
Non-current assets		
Property, plant and equipment		
Buildings and structures	29	29
Accumulated depreciation	(16)	(16)
Buildings and structures, net	13	12
Vehicles, tools, furniture and fixtures	70	69
Accumulated depreciation	(60)	(62)
Vehicles, tools, furniture and fixtures, net	10	7
Land	22	9
Total property, plant and equipment	46	29
Intangible assets		
Other	94	96
Total intangible assets	94	96
Investments and other assets		
Investment securities	514	453
Claims provable in bankruptcy, claims provable in rehabilitation and other	82	64
Other	30	30
Allowance for doubtful accounts	(24)	(18)
Total investments and other assets	602	529
Total non-current assets	743	655
Total assets	17,305	14,972

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Short-term loans payable	896	507
Accrued expenses	71	68
Income taxes payable	67	41
Provision for bonuses	62	22
Provision for loss on liquidation of subsidiaries and associates	63	—
Other	265	37
Total current liabilities	1,426	677
Non-current liabilities		
Long-term loans payable	8,887	7,658
Deferred tax liabilities	12	63
Retirement benefit liability	116	120
Total non-current liabilities	9,017	7,842
Total liabilities	10,443	8,520
Net assets		
Shareholders' equity		
Share capital	5,426	5,426
Capital surplus	3,505	3,505
Retained earnings	(2,006)	(2,759)
Treasury shares	(353)	(353)
Total shareholders' equity	6,571	5,818
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	312	620
Foreign currency translation adjustment	(44)	(12)
Total accumulated other comprehensive income	268	608
Share acquisition rights	21	24
Total net assets	6,861	6,452
Total liabilities and net assets	17,305	14,972

(2) Consolidated Statements of Income

	(Millions of yen)	
	For nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)	For nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)
Operating revenue	1,214	937
Operating cost	857	815
Operating gross profit	356	121
Selling, general and administrative expenses	816	780
Operating loss	(459)	(658)
Non-operating income		
Interest income	11	5
Dividend income	17	4
Foreign exchange gains	52	2
Gain on investments in partnership	—	6
Miscellaneous income	7	3
Total non-operating income	89	22
Non-operating expenses		
Interest expenses	139	117
Miscellaneous loss	2	0
Total non-operating expenses	141	117
Ordinary loss	(512)	(753)
Extraordinary income		
Gain on sales of non-current assets	—	6
Gain on sales of investment securities	4	2
Gain on redemption of investment securities	425	—
Gain on liquidation of subsidiaries and associates	—	3
Gain on sales of shares of subsidiaries and associates	—	4
Other	—	0
Total extraordinary income	429	16
Extraordinary losses		
Loss on valuation of investment securities	4	—
Loss on redemption of investment securities	24	—
Provision for loss on liquidation of subsidiaries and associates	73	—
Other	0	—
Total extraordinary losses	102	—
Loss before income taxes	(185)	(737)
Income taxes - current	12	15
Total income taxes	12	15
Loss	(197)	(752)
Loss attributable to owners of parent	(197)	(752)