Information Meeting Materials for Third Quarter (October 2014 – June 2015) of the Fiscal Year Ending September 30, 2015 Consolidated Results

Financial Products Group Co., Ltd.

Tokyo Stock Exchange First Section
(Code: 7148)

JPX
TSE LISTED

July 2015

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FY2015 : Third Quarter Summary



Performance Highlights

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◆ Robust Sales of the Tax Leasing Arrangement Business driven by strong demand from profitable investors

- Due to improvements in corporate earnings, and the gradual reduction in the corporate tax rate in accordance with Japanese government policy, there has been strong demand for Japanese Operating Lease ("JOL") from profitable investors (clients: mainly small and medium-sized enterprises, hereinafter "SMEs"), which has been met by the acceleration of equity placements. As a result, we posted 132.7% increase in the total amount of equity sales to ¥ 69.7 billion.
- In addition, due to contributions from net sales and profits in the other businesses, the consolidated net sales and profits greatly increased compared with the same period of the previous year.

(Millions of yen)	FY2014 3Q	FY2015 3Q	Year-on- Year Change	Year-on- Year Change (%)	Full-year forecast (Revised on June 15)	Progress	FY2014 Full-Year
Net sales	4,797	12,146	7,349	153.2%	14,281	85.1%	6,257
Operating income	2,736	8,578	5,842	213.5%	9,493	90.4%	3,461
Ordinary income	2,498	8,660	6,162	246.7%	9,490	91.3%	3,263
Net income	1,519	5,525	4,005	263.5%	5,925	93.3%	1,988
Total amount of leased assets	88,026	205,094	117,068	133.0%	285,000	72.0%	168,613
Total amount of equity sales	29,994	69,792	39,797	132.7%	77,240	90.4%	37,899

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Review

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Topics

Apr.	13th	Established the Employee Stock Ownership Plan
	30th	Announced upward revision of dividend forecast
May	1th	Announced the new management organizational structure of FPG Trust Co., Ltd. to promote development and provision of new trust products and services
	14th	Increased our share in Amentum Capital Limited to expand our successful partnership
Jun.	15th	Announced upward revision of consolidated performance forecast
	22th	Announced the new management organizational structure of FPG Asset Management Co., Ltd. aiming for development and sales of investment products and services which meet FPG group's customers needs.

Topics – Tax Leasing Arrangement Business

Arrangements / Originations

- Enhanced our sourcing and arrangement capabilities by alliances with affiliated companies
  Tripled the number of deals which were arranged by FPG Asset & Investment Management B.V., (YoY)
  ＊ Number of deals = Number of SPC ＊ Including deals arranged by its subsidiary.
- Our reputation and track record with existing clients has led to many new aircraft and ship deals with these clients .

Sales / Placement

- Expansion of distribution network, increased alliance with another 85 accounting firms and 4 financial institutions in this quarter of FY2015. （→Refer to page 6 " Expansion of distribution network " ）
- Our increased regional presence with new branches in Sendai, Hiroshima, and Takamatsu has led to alliances with 13 accounting firms and 2 financial institutions in these regions.

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Topics – Stronger fund-procurement capability

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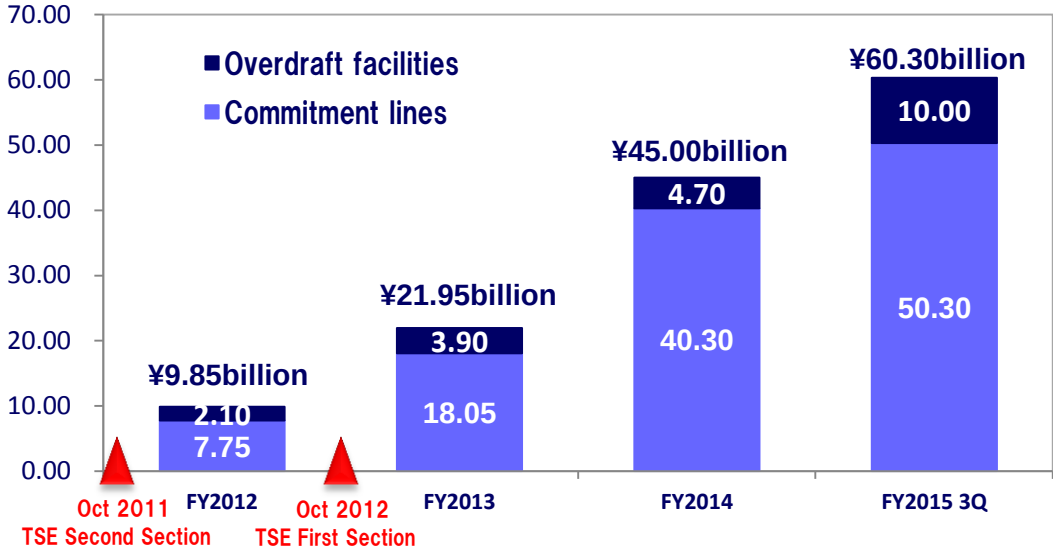
Fund-procurement capability continued to expand to ¥60.3billion (34.0% up from FY 2014)



Fund-procurement capability was about ¥1.5 billion before we were listed on JASDAQ, but our listing on JASDAQ, TSE Second Section and TSE First Section, has dramatically enhanced our credibility among lenders. The number of lenders was 7 before The IPO, but has now increased to 51.

Diversify and stabilize fund-raising sources

Having successfully obtained a credit rating from JCR on October 8, 2014, we did our first CP issuance in January 2015. After that, we have been an active CP issuer.

CP outstanding As of the end of June 2015	¥3 billion

We obtained a credit rating from an independent credit rating agency in order to further diversify and stabilize our funding sources, including short-term and long-term funding.

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Topics – Expansion of distribution network

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Created more alliances with accounting firms and financial institutions
Enhanced Introduction of large investors from financial institutions, especially regional banks

Network of over 8000 accounting firms. Partnership agreements with over 2,000 accounting firms

New alliances with 85 accounting firms in FY2015 3Q

Accounting firms

Clients
Small-mid size companies

partnership

Incentive

Introduction of clients

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Business matching

Incentive

Introduction of clients

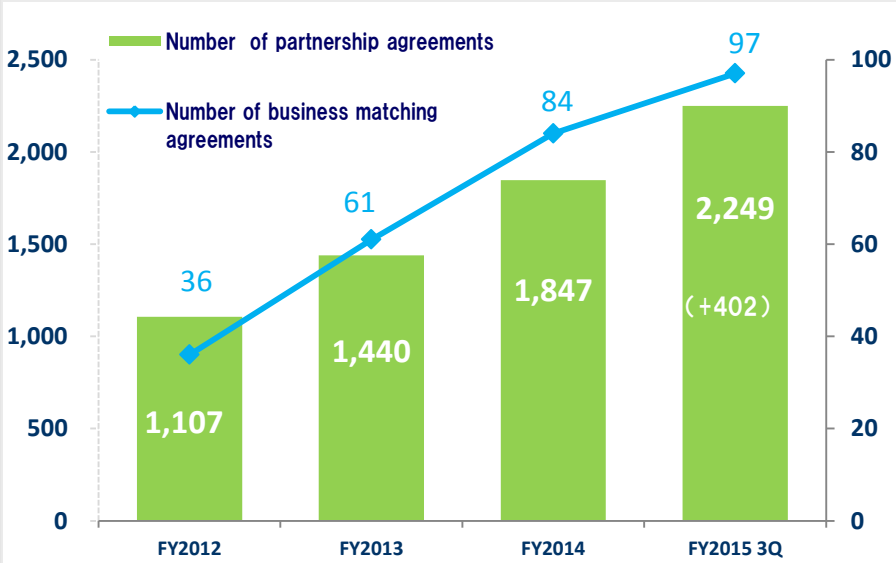
Financial institutions

Clients
Small-mid size companies

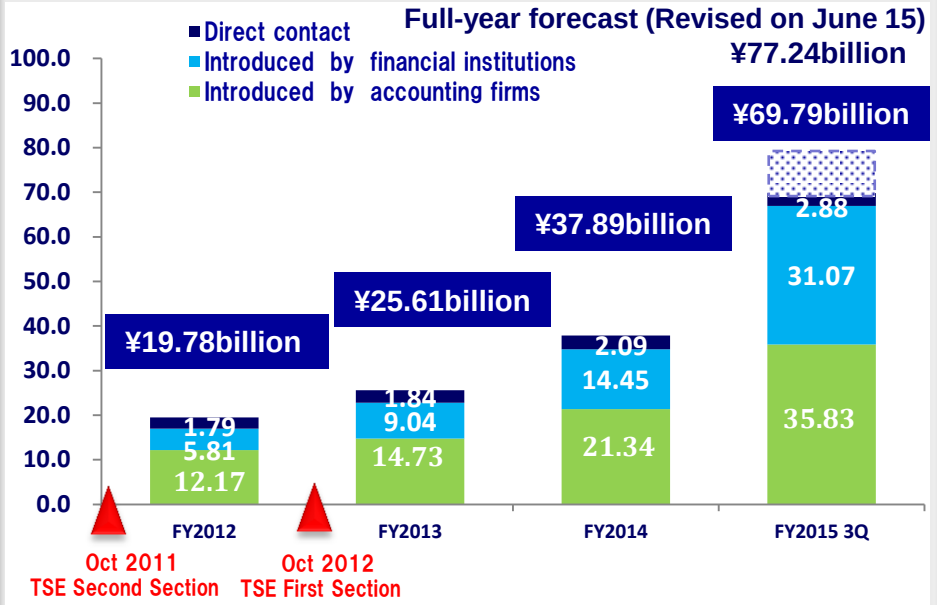
Business alliance with 79regional banks and 18 securities companies

New alliances with 4 regional banks in FY2015 3Q

Number of partnership agreement and business matching



Transition of equity sales (through accounting firms and financial institutions)



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FY 2015 : Third Quarter
Business Summary



Status of the Tax Leasing Arrangement Business

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◆ By enhancing our sourcing and arrangement capabilities due to alliances with affiliated companies and favorable sales environment, total amount of equity sales has increased significantly

Arrangements /Originations

We promoted the alliance with overseas joint ventures to support the structuring of cross-border JOLs.
In order to enhance the origination capacity for JOL, we actively expanded lease arrangement especially for ships underpinned by the improved fund-procurement capacity. Consequently, total amount of leased assets has increased significantly to ¥205 billion (an increase of 133% Year-on-Year).

Sales /Placement

We have seen strong demand for Japanese operating leases (JOLs) from profitable investors with substantial earnings due to the improvement in corporate earnings and expectations for the gradual reduction in the corporate tax rate and our significantly expanded distribution network. Therefore we have sold equity investments ahead of schedule. As a result, the amount of equity sales has reached ¥69.7 billion (an increase of 132.7% Year-on-Year).

(Millions of yen)		FY2014 3Q	FY2015 3Q	Year-on-Year Change	Year-on-Year Change (%)	Full-year forecast (Revised on June 15)	Progress (%)	FY2014 Full-Year
Total amount of leased assets		88,026	205,094	117,068	133.0	285,000	72.0	168,613
Total amount of equity sales		29,994	69,792	39,797	132.7	77,240	90.4	37,899
	Ships	1,221	38,347	37,125	3,038.2			5,224
	Marine containers	10,847	11,748	900	8.3			12,289
	Aircraft	17,925	19,696	1,771	9.9			20,385
Number of companies (number of deals)		613	1,299	686	111.9			834
Tax leasing arrangement business net sales		4,326	11,481	7,155	165.4	13,027	88.1	5,444
Commission fees from equity sales, excluding full-equity deals		14.4%	16.5%	2.1point	—			14.4%

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Status of the Tax Leasing Arrangement Business

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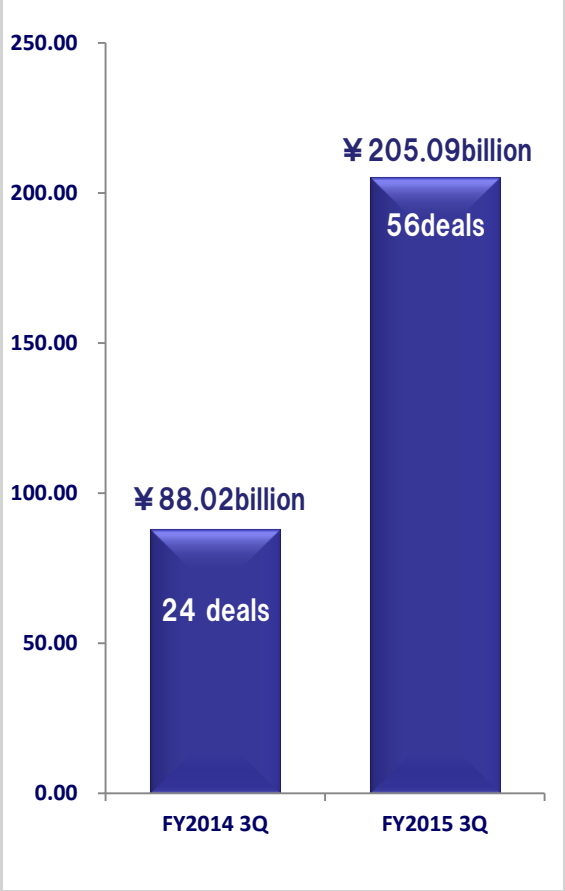
Total amount of leased assets

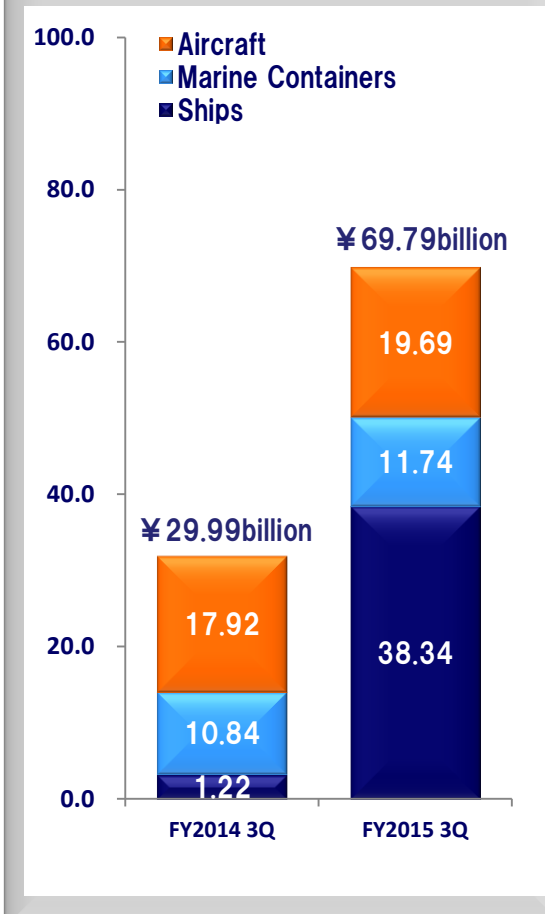
Up 133.0% (Year-on-Year)



＊ Number of deals = Number of SPC

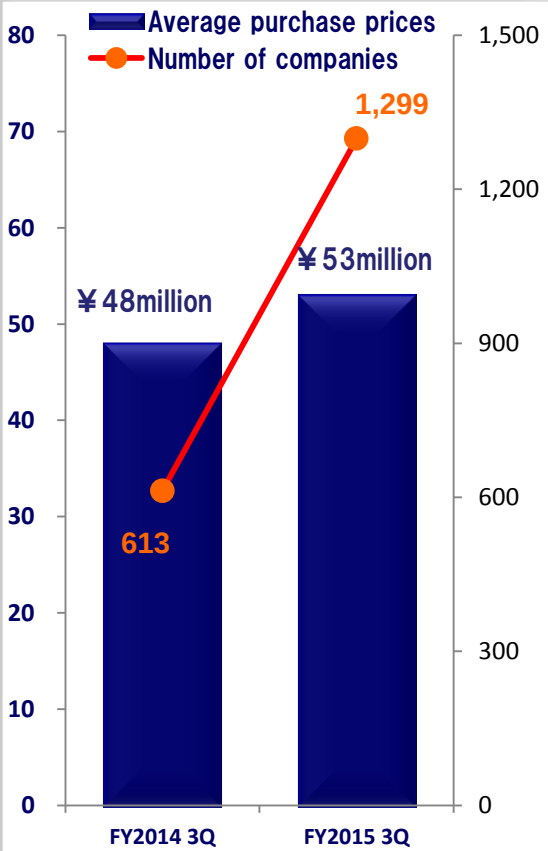
Total amount of Equity sales

Up 132.7% (Year-on-Year)



Number of companies (number of deals) /Average purchase prices

Up 686 / Up ¥5million (Year-on-Year)



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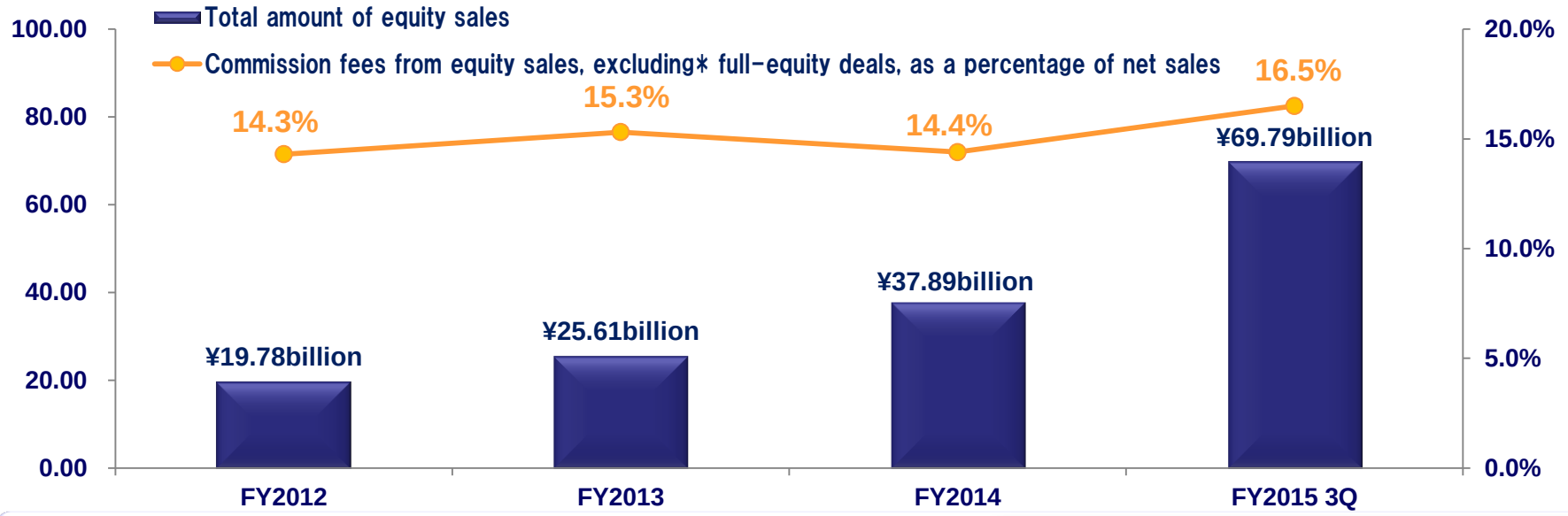
Commission Fees from Equity Sales



(Billions of yen)	FY2012	FY2013	FY2014	FY2015 3Q
Tax leasing arrangement business net sales	2.66	3.74	5.44	11.48
Total amount of equity sales	19.78	25.61	37.89	69.79
Commission fees from equity sales, excluding* full-equity deals, as a percentage of net sales (Net sales/Total amount of equity sales)	14.3%	15.3%	14.4%	16.5%

* Full-equity deals

Normally, in the arrangement of an operating lease, funds are procured through loans and investments to purchase the target asset. But in a full-equity deal, the entire amount is financed by equity from investors, with no loans used.

Changes in Commission Fees from Equity Sales

We aggressively put together arrangements to meet robust investor demand.

As a result, commission fees from equity sales were settling into the 14% to 15% range in recent years. Nevertheless, this level is still considered high, compared with that of other financial products.

We secured high-profit products in this quarter, and through arrangements and sales, commission fees increased to 16.5%.

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FY 2015 : Third Quarter
Financial Highlights



Statements of Income

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(Millions of yen)	FY2014 3Q	FY2015 3Q	Difference
Net sales	4,797	12,146	7,349
Cost of sales	668	1,579	910
Gross profit	4,128	10,567	6,438
Selling, general and administrative expenses	1,392	1,988	596
Operating income	2,736	8,578	5,842
Non-operating income	222	615	393
Non-operating expenses	460	533	72
Ordinary income	2,498	8,660	6,162
Income before income taxes	2,493	8,675	6,182
Total Income taxes	973	3,150	2,176
Net income	1,519	5,525	4,005

1 Net sales ¥12,146million (up¥7,349million)

(Millions of yen)

Tax Leasing Arrangement Business	11,481 (up	7,155)
Real Estate Business	102 (down	12)
Insurance Brokerage Business	232 (up	44)
Securities Business	191 (up	46)
Asset Management Business	51 (up	39)
Trust Business	24 (	—)

2 Cost of sales ¥1,579million (up¥910million)

(Millions of yen)

Arrangement costs	201 (up	106)
Commission fee for client referrals	1,369 (up	799)

→This was primarily due to the increase of commission fees paid for client introductions along with the increase of the net sales in Tax Leasing Arrangement Business.

3 SGA Expenses ¥1,988million (up¥596million)

In order to accommodate the expanded operation, personnel expenses and various expenses as we have hired more staff, and consolidated subsidiaries have increased.

Number of employees 93 (FY2014 3Q)→ 137 (FY2015 3Q)

(Millions of yen)

Personnel expenses	966 (up	313)

4 Non-operating income ¥615million (up¥393million)

We temporally underwrite the equity portion for the operating lease products and sell down to investors as small lot investment products. Interest for the period of the equity underwriting to investors and is added to other operating income after the sale. With the expansion of arrangements in leasing operations, interest receivable for the period of underwriting , rent from real estate, and equity in earnings of affiliates had increased.

5 Non-operating expenses ¥533million (up¥72million)

Commission fees is up due to higher payment fees resulting from the growth of commitment line agreements and increase in interest expenses with the expansion of our financing amounts.

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Balance Sheet

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Assets (Millions of yen)	FY2014 Sep.30,2014	FY2015 3Q June 30,2015	Difference
Current assets	42,278	52,088	9,809
Cash and deposits	4,092	6,632	2,540
Equity underwritten	28,542	30,902	2,360
Real estate for arrangement	3,403	2,305	(1,097)
Other current assets	6,240	12,247	6,006
Fixed assets	1,737	2,919	1,182
Deferred assets	—	71	71
Total assets	44,016	55,080	11,063

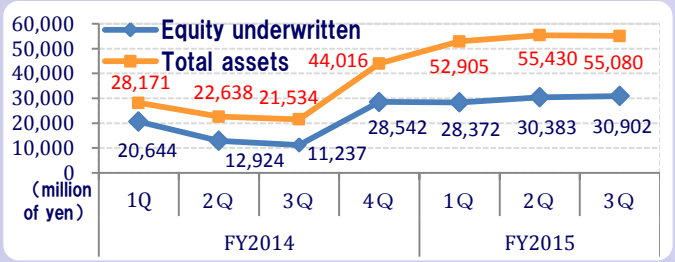
Liabilities (Millions of yen)	FY2014 Sep.30,2014	FY2015 3Q June 30,2015	Difference
Current liabilities	31,968	36,623	4,654
Short-term debts・bonds	21,580	18,415	(3,165)
Advances received	4,404	5,139	734
Other current liabilities	5,983	13,068	7,085
Fixed liabilities	1,497	3,112	1,614
Long-term debt・bonds	1,301	2,900	1,598
Other fixed liabilities	196	212	15
Total liabilities	33,466	39,735	6,268

Net assets (Millions of yen)	FY2014 Sep.30,2014	FY2015 2Q June 30,2015	Difference
Common stock	3,072	3,081	9
Additional paid-in capital	3,022	3,031	9
Retained earnings	4,441	9,137	4,696
Treasury stock	(0)	(0)	(0)
Foreign currency translation adjustment	14	28	14
Minority Interests	—	65	65
Total net assets	10,549	15,344	4,794
Total liabilities and net assets	44,016	55,080	11,063

1 Equity underwritten ¥30,902million (up ¥2,360million)

Due to robust investor demand in this quarter, we accelerated our sales of the equity of some leased assets. We were however also able to reach the highest ever equity underwritten balance due to the successful structuring of new deals (including equity underwritten which is scheduled for sale in the next term).

Use short-term loans, mainly commitment lines, to secure advances on total equity underwritten (The temporary advanced paid)



2 Real estate for arrangement ¥2,305million (down ¥1,097million)

We're now selling 2 articles of Real Estate Investment Program "Hiroo and Aoyama".

3 Other current assets ¥12,247million (up ¥6,006million)
Other current liabilities ¥13,068million (up ¥7,085million)

Our securities business division provides currency-related OTC derivative transactions by back to back trade with financial institutions. Each derivative transaction is accounted as an asset or a liability depending on the result of the mark-to-market. In addition, the division receives and pledges guarantee deposits which are determined by market value. Amounts in each account title was increased due to the fluctuation of market value.

4 Advances Received ¥ 5,139million (down ¥ 734 million)

Since the equity underwritten balance and commission fees increased, the advances received balance also increased.

5 Long-and Short-term・Bonds ¥21,315 million (down ¥ 1,566 million)

Due to our strong liquidity position, we have utilized a portion of our own funds for our equity underwriting. Therefore, Short-term debts・bonds have decreased.

6 Total net assets ¥15,344million (up¥4,794million)

Dividend payments were ¥812 million. However because of this quarter net income ¥5,525 million total net assets increased. The equity ratio increased to 27.7% from 24.0% (FY2014).

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FY 2015
Consolidated Performance Forecast



Consolidated Performance Forecast (announced on June 15, 2015)

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(Millions of yen)		FY2015 First Half (Actual)	FY2015 Second Half (Forecast)	FY2015 Full-year forecast	Change	FY2015 Initial Full-year Forecast (October 30,2014)
Net sales		8,246	6,034	14,281	85.1%	8,803
	Tax Leasing Arrangement Business	7,822	5,204	13,027	88.1%	7,708
	Other Business	424	829	1,254	53.0%	1,094
Operating income		5,874	3,618	9,493	90.4%	4,933
Ordinary income		5,849	3,640	9,490	91.3%	4,583
Net income		3,700	2,224	5,925	93.3%	2,700
Total amount of leased assets		133,083	151,916	285,000	72.0%	200,488
Total amount of equity sales		47,463	29,777	77,240	90.4%	47,082

For Tax Leasing Arrangement Business, which accounts for the majority of FPG group's net sales, JOL arrangement activities expanded steadily, and equity sales were higher than the initial plan because of strong demand among investors. As a result, net sales, operating income, ordinary income and net income are all forecasted to be higher than the forecast announced on March 9, 2015.

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FY2015 Dividend Forecast (announced on June 30, 2015)

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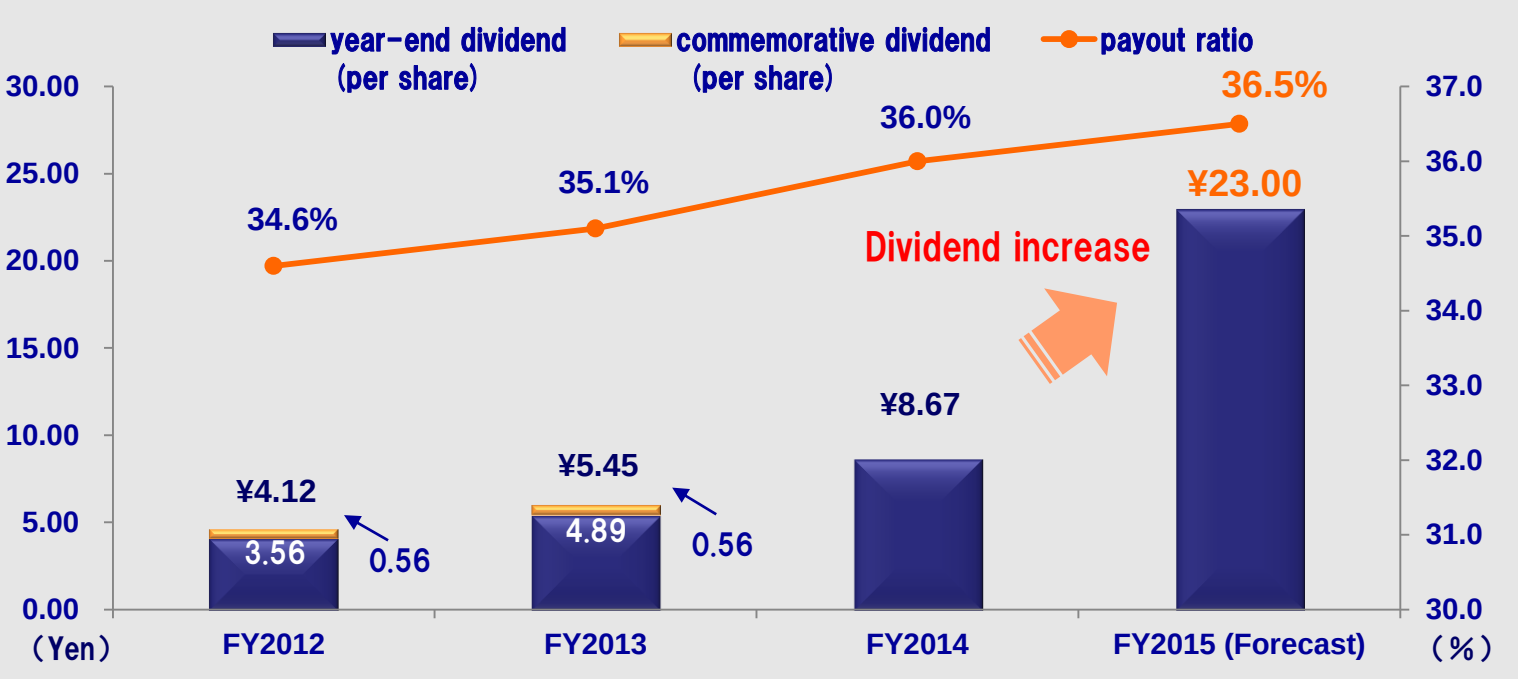
Increased year-end dividend forecast to ¥23.00 per share (the previous forecast of ¥10.34 per share)

Returning adequate profit to shareholders is one of our top priorities. Our policy is to distribute dividends in line with profit improvement while retaining sufficient funds to ensure FPG's sustainable business expansion. Our dividend policy is a payout ratio of greater than 30%.
In the light of our consolidated performance forecast, after revising the year-end dividend forecast to ¥18.50 per share on April 30, we also have decided to revise it to ¥23.00 per share on June 30. This is a ¥12.66 increase compared to the forecast of ¥10.34 made on October 30, 2014. The payout ratio is 36.5%。



Note1:Amounts take into account the impact of the upcoming stock split and reflect retroactive adjustment.
Note2:Interim dividends for FY2012 was a commemorative dividend for our 10th year of business and listing on TSE second section. Interim dividends for FY2013 was a commemorative dividend for listing on TSE first section.

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Shareholder Incentives

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Changed detail of incentives to maintain their investment loyalty over the medium to long term （announced on June 30, 2015）

We changed the incentives we provide to shareholders to show our appreciation for their constant support and also to make investment in our stock more attractive and to encourage as many shareholders as possible to maintain their investment loyalty over the medium to long term.

◆ Details of incentives (revised)

We present gift certificates to shareholders, as of the following criteria.

Shares held	Number of years shares are held				Frequency	Record date
	Less than 1 year	1 year or more	2 years or more	3 years or more		
500～999	¥1,000	¥1,500	¥2,000	¥2,500	Once each year	September 30
1,000～4,999	¥2,000	¥3,000	¥4,000	¥5,000		
5,000 or more	¥5,000	¥7,000	¥9,000	¥10,000		

- Shareholders who are recorded in the shareholder registry as of September 30, 2015 as holding 500 shares or more are covered by the revised incentives.
- The number of years shares have been held is calculated as of September 30 and March 31. The holder must be listed on the shareholder registry under the same Shareholder Number on this date.
- Shareholders who qualify as holding shares for 1 year or more will be these who have been recorded with the same Shareholder Number for 3 consecutive record dates (with each September 30 and March 31 being a record date). Similarly, “for 2 years or more” is for 5 consecutive record dates, and “for 3 years or more” is for 7 consecutive record dates.

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FPG's sustainable growth factors

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Product competitiveness	**Provision of products to meet the needs of customers.** FPG provides one-stop financial service offering a variety of products including JOL, small-lot real estate products, insurance, securities, investment advisory and trust etc.
Distribution network	**Distribution network in partnership with national accounting firms and financial institutions.** **2,249** accounting firms and **97** financial institutions in FY2015 3Q
Fund procurement capabilities	**Expansion of the commitment line agreements with banks.** Fund procurement capacity of **¥60.3 billion** in FY2015 3Q
Profitability	**Pursuit of profitability and Efficiency, Maintaining a high ROE levels. ROE 26.4% in FY2014** (Average ROE ratio in the listed companies in TSE first section 8.2%)
Achieving high productivity	**Operating income was ¥ 35 million per employee, as of the end of September 2014.**

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Medium-term Management Strategies

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Promoting Growth Strategies

- Continued strengthening of revenue from the tax leasing arrangement business
- Diversification of revenue structure

  To provide one-stop financial services targeting profitable SMEs and wealthy individuals
- Expansion of new product

  Development of Yield-oriented products

Reinforcement of Business Platform

- Development of professional group for sustainable growth

  Develop financial specialist based on our personnel policy ‘Small numbers-exceptional talent’
- Securing of stable and flexible Funds

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Diversification of Revenue Structure

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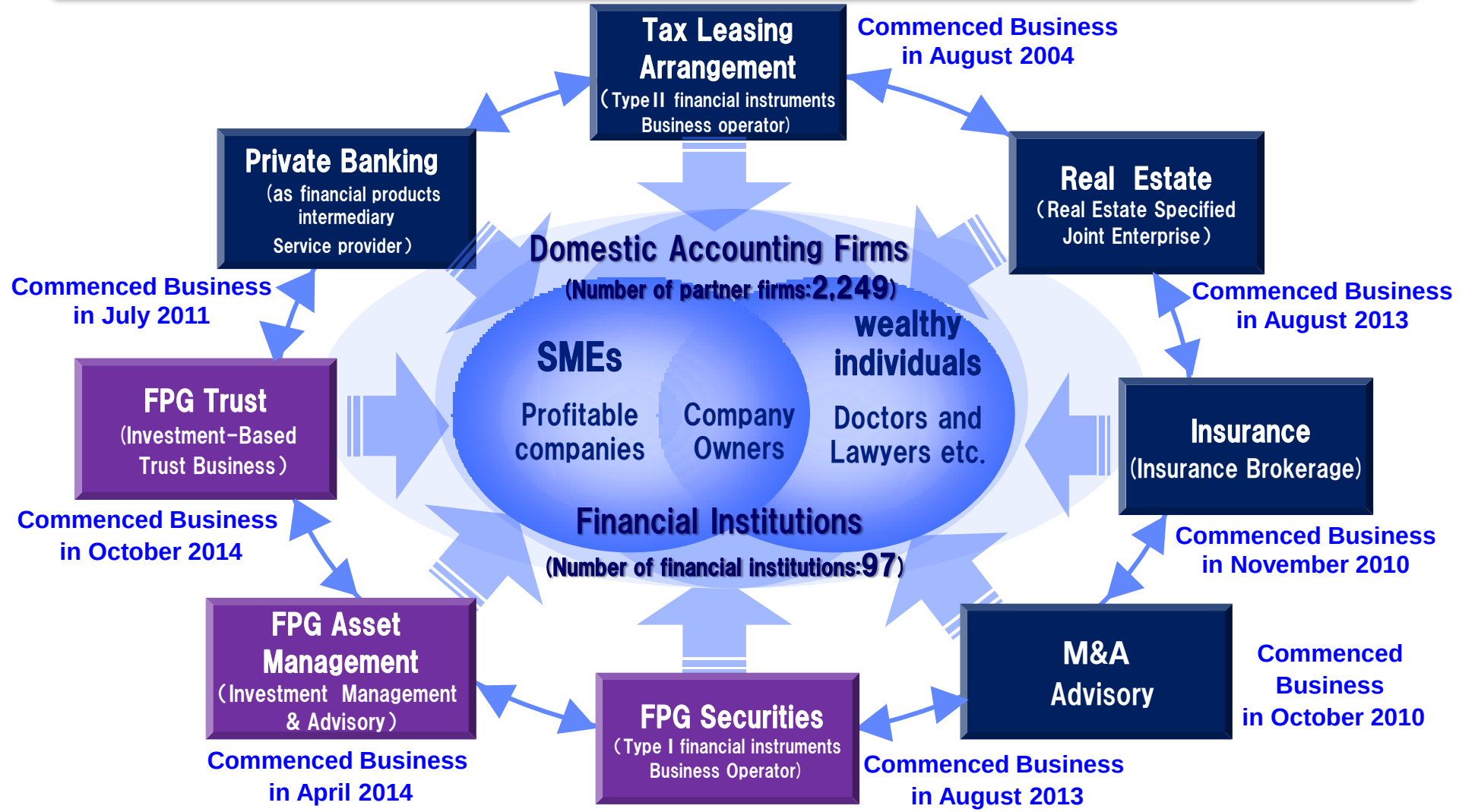
FPG will continue striving to provide one-stop financial services for profitable SMEs and Wealthy Individuals.



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IR Inquiry

If you have questions or comments regarding our stocks and/or investments, please feel free to contact us.

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*We may reply to you in writing, and it may take some time to respond to your inquiries. Please note that we will respond on or after the following business day if your inquiries are received on weekends, holidays, or the year-end and New Year holidays.

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