# Consolidated Financial Results for the First Quarter ended December 31, 2016 (Japanese GAAP) (Summary)

January 31, 2017

Listed Company Name: **Financial Products Group Co.,Ltd.** URL http://www.fpg.jp/en/
Listed Stock Exchange: Tokyo Stock Exchange 1st Section Code Number: 7148
Representative: Hisanaga Tanimura, CEO and Founder
Contact: Kenji Kubode, Managing Executive Officer Phone: +81-3- 5288-5691
Expected date of quarterly report submission: February 13, 2017
Expected date of dividend payment: －
Supporting material for quarterly results: Yes
The briefing session of quarterly results: No

(Figures less than one million yen are rounded off.)

1. Consolidated financial results for the first quarter ended December 31, 2016 (October 1, 2016 － December 31, 2016)

(1) Consolidated operating results (cumulative)

(% figures show year-on-year change.)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | |
|---|---|---|---|---|---|---|---|---|
| Three months ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| December 31, 2016 | 4,743 | (18.2) | 3,020 | (26.2) | 3,240 | (22.7) | 2,227 | (19.1) |
| December 31, 2015 | 5,798 | 35.2 | 4,091 | 27.8 | 4,191 | 34.4 | 2,753 | 38.0 |

(Note) Comprehensive income: Three months ended December 31, 2016: 2,367 million yen; ((14.1) %)
Three months ended December 31, 2015: 2,755 million yen; (36.4 %)

| | Net income per share | Diluted net income per share |
|---|---|---|
| Three months ended | Yen | Yen |
| December 31, 2016 | 24.76 | 24.66 |
| December 31, 2015 | 29.26 | 29.11 |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|---|---|---|---|
| | Millions of yen | Millions of yen | % |
| As of December 31, 2016 | 70,915 | 17,080 | 23.9 |
| As of September 30, 2016 | 81,222 | 17,809 | 21.8 |

(Reference) Equity capital: As of December 31, 2016: 16,915 million yen
As of September 30, 2016: 17,708 million yen

2. Dividends

| | Dividend per share | | | | |
|---|---|---|---|---|---|
| | End of 1st Quarter | End of 2nd Quarter | End of 3rd Quarter | End of fiscal year | Total |
| Fiscal year ended | Yen | Yen | Yen | Yen | Yen |
| September 30, 2016 | － | 0.00 | － | 35.50 | 35.50 |
| September 30, 2017 | － | | | | |
| Fiscal year ending September 30,2017 (Forecast) | | 0.00 | － | 37.15 | 37.15 |

(Note) Revision to the latest dividend forecast: No

3. Forecast of consolidated financial results for the year ending September 30, 2017 (October 1, 2016 － September 30, 2017)

(% figures show year-on-year change.)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | | Net income per share |
|---|---|---|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| First half | 10,459 | (1.3) | 6,330 | (10.9) | 6,378 | (10.5) | 4,145 | (8.8) | 46.08 |
| Annual | 21,234 | 12.4 | 12,944 | 9.2 | 12,936 | 8.7 | 8,353 | 9.3 | 92.87 |

(Note) Revision to the latest consolidated financial results forecast: No

* Notes

(1) Material changes in subsidiaries during this period
(Changes in scope of consolidations resulting from change in subsidiaries) : No

(2) Applying of specific accounting of the consolidated quarterly financial statements : No

(3) Changes in accounting policies, accounting estimates and retrospective restatement

a) Changes in accounting policies based on revisions of accounting standard : No
b) Changes in accounting policies other than ones based on revisions of accounting standard : No
c) Changes in accounting estimates : No
d) Retrospective restatement : No

(4) Number of issued and outstanding shares (common stock)

| | | | | | |
|---|---|---|---|---|---|
| a) | Number of issued and outstanding shares at the end of the period (including treasury stock) | As of December 31, 2016 | 94,461,600 | As of September 30, 2016 | 94,461,600 |
| b) | Number of treasury stock at the end of the period | As of December 31, 2016 | 4,506,692 | As of September 30, 2016 | 4,506,692 |
| c) | Average number of shares during the period | Three months ended December 31, 2016 | 89,954,908 | Three months ended December 31, 2015 | 94,097,275 |

(Thousands of yen)

| | As of September 30, 2016 | As of December 31, 2016 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 8,671,729 | 16,198,165 |
| Accounts receivable - trade | 289,634 | 231,338 |
| Supplies | 8,705 | 9,402 |
| Equity underwritten | 57,121,772 | 43,819,703 |
| Real estate for arrangement | 2,461,991 | 1,323,551 |
| Deferred tax assets | 1,752,942 | 1,176,802 |
| Guarantee deposits | 3,323,523 | 1,918,305 |
| Other | 4,707,837 | 3,352,385 |
| Total current assets | 78,338,136 | 68,029,656 |
| Non-current assets | | |
| Property, plant and equipment | 443,317 | 437,361 |
| Intangible assets | | |
| Goodwill | 1,192,526 | 1,212,299 |
| Other | 66,916 | 61,735 |
| Total intangible assets | 1,259,442 | 1,274,034 |
| Investments and other assets | | |
| Deferred tax assets | 38,018 | 41,575 |
| Other | 1,122,770 | 1,122,747 |
| Total investments and other assets | 1,160,788 | 1,164,323 |
| Total non-current assets | 2,863,548 | 2,875,720 |
| Deferred assets | | |
| Business commencement expenses | 20,797 | 10,565 |
| Total deferred assets | 20,797 | 10,565 |
| Total assets | 81,222,482 | 70,915,941 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 190,657 | 327,114 |
| Short-term loans payable | 31,777,200 | 23,484,900 |
| Commercial papers | 4,000,000 | 4,500,000 |
| Current portion of long-term loans payable | 2,014,792 | 2,623,392 |
| Current portion of bonds | 300,000 | 300,000 |
| Income taxes payable | 2,354,563 | 483,295 |
| Advances received | 10,575,516 | 8,957,413 |
| Provision for bonuses | 287,302 | 171,219 |
| Guarantee deposits received | 3,666,374 | 2,765,412 |
| Other | 4,076,129 | 2,846,457 |
| Total current liabilities | 59,242,534 | 46,459,204 |
| Non-current liabilities | | |
| Bonds payable | 850,000 | 800,000 |
| Long-term loans payable | 3,087,516 | 6,344,518 |
| Asset retirement obligations | 98,054 | 95,388 |
| Other | 134,807 | 136,509 |
| Total non-current liabilities | 4,170,378 | 7,376,416 |
| Total liabilities | 63,412,913 | 53,835,620 |

(Thousands of yen)

| | As of September 30, 2016 | As of December 31, 2016 |
|---|---|---|
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 3,091,176 | 3,091,176 |
| Capital surplus | 3,041,176 | 3,090,845 |
| Retained earnings | 15,289,763 | 14,323,548 |
| Treasury shares | △3,524,170 | △3,524,170 |
| Total shareholders' equity | 17,897,945 | 16,981,399 |
| Accumulated other comprehensive income | | |
| Foreign currency translation adjustment | △189,127 | △65,885 |
| Valuation difference on available-for-sale securities | 148 | △40 |
| Total accumulated other comprehensive income | △188,978 | △65,925 |
| Non-controlling interests | 100,602 | 164,847 |
| Total net assets | 17,809,569 | 17,080,320 |
| Total liabilities and net assets | 81,222,482 | 70,915,941 |

(Thousands of yen)

| | Three months ended December 31, 2015 | Three months ended December 31, 2016 |
|---|---|---|
| Net sales | 5,798,442 | 4,743,218 |
| Cost of sales | 632,551 | 550,745 |
| Gross profit | 5,165,891 | 4,192,472 |
| Selling, general and administrative expenses | 1,074,735 | 1,171,978 |
| Operating income | 4,091,156 | 3,020,494 |
| Non-operating income | | |
| Interest income | 134,929 | 169,762 |
| Foreign exchange gains | — | 47,827 |
| Real estate rent | 19,641 | 12,074 |
| Share of profit of entities accounted for using equity method | 77,246 | 71,276 |
| Other | 3,315 | 8,909 |
| Total non-operating income | 235,133 | 309,850 |
| Non-operating expenses | | |
| Interest expenses | 80,078 | 61,615 |
| Commission for purchase of treasury shares | 27,128 | — |
| Commission fee | 15,213 | 26,601 |
| Rent expenses on real estates | 6,817 | 1,025 |
| Other | 5,172 | 314 |
| Total non-operating expenses | 134,409 | 89,556 |
| Ordinary income | 4,191,879 | 3,240,788 |
| Extraordinary income | | |
| Gain on sales of non-current assets | — | 3 |
| Total extraordinary income | — | 3 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | — | 263 |
| Loss on retirement of non-current assets | 192 | 2,879 |
| Loss on valuation of shares of subsidiaries and associates | 1,014 | 1,039 |
| Loss on valuation of investments in capital of subsidiaries and associates | 295 | 204 |
| Loss on valuation of membership | 9,477 | — |
| Total extraordinary losses | 10,978 | 4,386 |
| Profit before income taxes | 4,180,901 | 3,236,405 |
| Income taxes - current | 1,326,624 | 426,534 |
| Income taxes - deferred | 79,542 | 572,871 |
| Total income taxes | 1,406,167 | 999,405 |
| Profit | 2,774,733 | 2,237,000 |
| Profit attributable to non-controlling interests | 21,011 | 9,816 |
| Profit attributable to owners of parent | 2,753,722 | 2,227,183 |

(Thousands of yen)

| | Three months ended December 31, 2015 | Three months ended December 31, 2016 |
|---|---|---|
| Profit | 2,774,733 | 2,237,000 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | — | △188 |
| Foreign currency translation adjustment | △27,509 | 82,678 |
| Share of other comprehensive income of entities accounted for using equity method | 7,940 | 48,010 |
| Total other comprehensive income | △19,568 | 130,500 |
| Comprehensive income | 2,755,164 | 2,367,500 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 2,736,420 | 2,350,236 |
| Comprehensive income attributable to non-controlling interests | 18,744 | 17,264 |