Consolidated Financial Results for the Second Quarter ended March 31, 2017 (Japanese GAAP) (Summary)

April 28, 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
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Expected date of quarterly report submission: May 11, 2017
Expected date of dividend payment: —
Supporting material for quarterly results: Yes
The briefing session of quarterly results: Yes

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

1. Consolidated financial results for the six months ended March 31, 2017 (October 1, 2016 — March 31, 2017)

(1) Consolidated operating results

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2017	12,136	14.5	8,262	16.3	8,464	18.7	5,843	28.6
March 31, 2016	10,598	28.5	7,104	20.9	7,128	21.9	4,542	22.8

(Note) Comprehensive income: Six months ended March 31, 2017: 5,972 million yen; (32.7 %)
Six months ended March 31, 2016: 4,500 million yen; (21.9 %)

	Net income per share	Diluted net income per share
Six months ended	Yen	Yen
March 31, 2017	64.96	64.71
March 31, 2016	49.40	49.13

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity／Total assets
	Millions of yen	Millions of yen	%
As of March 31, 2017	64,507	21,751	31.8
As of September 30, 2016	81,222	17,809	21.8

(Reference) Shareholders' equity: As of March 31, 2017: 20,519 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	—	0.00			
Fiscal year ending September 30,2017 (Forecast)			—	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
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) : Yes
Newly consolidated: 2 (Company name) FPG Raffles Holdings Pte. Ltd. FPG Raffles Pte. Ltd.

(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 March 31, 2017	94,461,600	As of September 30, 2016	94,461,600
b)	Number of treasury stock at the end of the period	As of March 31, 2017	4,506,692	As of September 30, 2016	4,506,692
c)	Average number of shares	Six month ended March 31, 2017	89,954,908	Six month ended March 31, 2016	91,966,894

(Thousands of yen)

	As of September 30, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	8,671,729	21,244,275
Accounts receivable - trade	289,634	355,117
Supplies	8,705	9,244
Equity underwritten	57,121,772	21,340,783
Real estate for arrangement	2,461,991	7,901,837
Money held in trust	—	5,244,201
Deferred tax assets	1,752,942	588,501
Guarantee deposits	3,323,523	1,904,449
Other	4,707,837	2,459,409
Total current assets	78,338,136	61,047,819
Non-current assets		
Property, plant and equipment	443,317	415,686
Intangible assets		
Goodwill	1,192,526	1,554,601
Other	66,916	134,533
Total intangible assets	1,259,442	1,689,135
Investments and other assets		
Deferred tax assets	38,018	37,002
Other	1,122,770	1,318,018
Total investments and other assets	1,160,788	1,355,021
Total non-current assets	2,863,548	3,459,844
Deferred assets		
Business commencement expenses	20,797	333
Total deferred assets	20,797	333
Total assets	81,222,482	64,507,996
Liabilities		
Current liabilities		
Accounts payable - trade	190,657	363,244
Short-term loans payable	31,777,200	21,218,956
Commercial papers	4,000,000	—
Current portion of long-term loans payable	2,014,792	3,167,992
Current portion of bonds	300,000	300,000
Income taxes payable	2,354,563	1,528,386
Advances received	10,575,516	3,534,173
Provision for bonuses	287,302	204,953
Guarantee deposits received	3,666,374	2,335,765
Other	4,076,129	2,008,067
Total current liabilities	59,242,534	34,661,537
Non-current liabilities		
Bonds payable	850,000	700,000
Long-term loans payable	3,087,516	7,161,270
Asset retirement obligations	98,054	95,527
Other	134,807	137,988
Total non-current liabilities	4,170,378	8,094,785
Total liabilities	63,412,913	42,756,323

(Thousands of yen)

	As of September 30, 2016	As of March 31, 2017
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	17,940,102
Treasury shares	△3,524,170	△3,524,170
Total shareholders' equity	17,897,945	20,597,954
Accumulated other comprehensive income		
Foreign currency translation adjustment	△189,127	△78,740
Valuation difference on available-for-sale securities	148	△19
Total accumulated other comprehensive income	△188,978	△78,759
Non-controlling interests	100,602	1,232,478
Total net assets	17,809,569	21,751,672
Total liabilities and net assets	81,222,482	64,507,996

(Thousands of yen)

	Six months ended March 31, 2016	Six months ended March 31, 2017
Net sales	10,598,656	12,136,093
Cost of sales	1,301,649	1,469,596
Gross profit	9,297,007	10,666,496
Selling, general and administrative expenses	2,192,961	2,403,863
Operating income	7,104,045	8,262,633
Non-operating income		
Interest income	321,802	392,336
Foreign exchange gains	—	35,364
Real estate rent	33,373	27,512
Share of profit of entities accounted for using equity method	158,912	211,638
Other	5,626	15,758
Total non-operating income	519,715	682,610
Non-operating expenses		
Interest expenses	158,495	137,373
Commission for purchase of treasury shares	27,128	—
Foreign exchange losses	66,460	—
Commission fee	232,001	338,591
Rent expenses on real estates	9,916	1,067
Other	1,025	4,022
Total non-operating expenses	495,027	481,054
Ordinary income	7,128,733	8,464,189
Extraordinary income		
Gain on sales of non-current assets	—	3
Total extraordinary income	—	3
Extraordinary losses		
Impairment loss	144,047	—
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	2,622	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	156,634	4,386
Profit before income taxes	6,972,099	8,459,806
Income taxes - current	2,032,194	1,435,136
Income taxes - deferred	375,770	1,165,287
Total income taxes	2,407,965	2,600,423
Profit	4,564,134	5,859,382
Profit attributable to non-controlling interests	21,350	15,644
Profit attributable to owners of parent	4,542,783	5,843,738

(Thousands of yen)

	Six months ended March 31, 2016	Six months ended March 31, 2017
Profit	4,564,134	5,859,382
Other comprehensive income		
Valuation difference on available-for-sale securities	232	△167
Foreign currency translation adjustment	△61,441	78,178
Share of other comprehensive income of entities accounted for using equity method	△2,408	35,559
Total other comprehensive income	△63,617	113,570
Comprehensive income	4,500,516	5,972,952
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,484,208	5,953,957
Comprehensive income attributable to non-controlling interests	16,308	18,995

(Thousands of yen)

	Six months ended March 31, 2016	Six months ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	6,972,099	8,459,806
Depreciation	42,632	53,656
Impairment loss	144,047	—
Amortization of goodwill	68,060	56,055
Amortization of business commencement expenses	20,463	20,463
Commission fee	232,001	338,591
Loss on valuation of shares of subsidiaries and associates	2,622	1,039
Loss on retirement of non-current assets	192	2,879
Increase (decrease) in provision for bonuses	△57,762	△85,885
Interest income	△321,802	△392,336
Interest expenses	158,495	137,373
Foreign exchange losses (gains)	38,485	225,080
Share of (profit) loss of entities accounted for using equity method	△158,912	△211,638
Decrease (increase) in notes and accounts receivable - trade	△629,201	△58,180
Increase(decrease) in equity underwritten	990,134	35,780,989
Increase(decrease) in real estates for arrangement	△2,271,259	△5,439,846
Increase(decrease)in money held in trust	—	△5,244,201
Decrease (increase) in guarantee deposits	2,596,584	1,419,074
Guarantee Deposits Received	△2,856,014	△1,330,609
Increase (decrease) in notes and accounts payable - trade	101,161	95,712
Increase (decrease) in advances received	△1,391,160	△7,041,609
Other, net	△598,414	148,863
Subtotal	3,082,451	26,935,278
Interest and dividend income received	442,806	507,968
Interest expenses paid	△157,314	△122,371
Income taxes paid	△3,322,347	△2,259,331
Net cash provided by (used in) operating activities	45,596	25,061,544
Cash flows from investing activities		
Purchase of property, plant and equipment	△30,565	△28,455
Proceeds from sales of property, plant and equipment	—	15
Purchase of intangible assets	—	△18,144
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	136,649
Purchase of shares of subsidiaries and associates	△76,739	△66,660
Proceeds from liquidation of subsidiaries	—	27,688
Payments for lease and guarantee deposits	△12,579	△1,109
Proceeds from collection of lease and guarantee deposits	557	1,583
Other proceeds	5,463	13,181
Other payments	△6,074	△16,626
Net cash provided by (used in) investing activities	△119,938	48,123

(Thousands of yen)

	Six months ended March 31, 2016	Six months ended March 31, 2017
Cash flows from financing activities		
Proceeds from share issuance to non-controlling shareholders	—	657,649
Net increase (decrease) in short-term loans payable	6,385,950	△10,558,243
Net increase (decrease) in commercial papers	1,700,000	△4,000,000
Proceeds from long-term loans payable	1,900,000	6,350,000
Repayments of long-term loans payable	△1,341,796	△1,123,046
Redemption of bonds	△160,000	△150,000
Proceeds from issuance of common shares	6,264	—
Cash dividends paid	△2,307,593	△3,193,399
Commission fee paid	△240,930	△315,618
Purchase of treasury shares	△3,523,500	—
Net cash provided by (used in) financing activities	2,418,393	△12,332,657
Effect of exchange rate change on cash and cash equivalents	△60,308	△204,463
Net increase (decrease) in cash and cash equivalents	2,283,743	12,572,546
Cash and cash equivalents at beginning of period	7,384,443	8,671,729
Cash and cash equivalents at end of period	9,668,186	21,244,275