Consolidated Financial Results for the Second Quarter ended March 31, 2018 (Japanese GAAP) (Summary)

April 27, 2018

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 14, 2018
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 Second quarter ended March 31, 2018 (October 1, 2017 － March 31, 2018)

(1) Consolidated operating results (cumulative)

(% 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, 2018	11,028	(9.1)	6,550	(20.7)	6,262	(26.0)	4,355	(25.5)
March 31, 2017	12,136	14.5	8,262	16.3	8,464	18.7	5,843	28.6

(Note) Comprehensive income: Six months ended March 31, 2018: 4,300 million yen;[(28.0%)]
Six months ended March 31, 2017: 5,972 million yen;[32.7%]

	Net income per share	Diluted net income per share
Six months ended	Yen	Yen
March 31, 2018	48.33	48.22
March 31, 2017	64.96	64.71

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2018	74,871	25,904	32.9
As of September 30, 2017	82,799	25,624	29.5

(Reference) Shareholders' equity: As of March 31, 2018: 24,656 million yen
As of September 30, 2017: 24,385 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, 2017	－	0.00	－	45.80	45.80
September 30, 2018	－	0.00			
Fiscal year ending September 30,2018 (Forecast)			－	49.25	49.25

(Note) Revision to the latest dividend forecast: No

3. Forecast of consolidated financial results for the year ending September 30, 2018 (October 1, 2017 － September 30, 2018)

(% 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	23,701	12.5	14,753	10.0	14,928	8.9	10,313	7.6	114.40

(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 (ordinary shares)

a)	Number of issued and outstanding shares at the end of the period (including treasury shares)	As of March 31, 2018	92,373,600	As of September 30, 2017	94,623,600
b)	Number of treasury shares at the end of the period	As of March 31, 2018	2,184,912	As of September 30, 2017	4,506,692
c)	Average number of shares during the period	Six months ended March 31, 2018	90,121,641	Six months ended March 31, 2017	89,954,908

(Thousands of yen)

	As of September 30, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	12,602,763	14,331,291
Accounts receivable - trade	408,359	531,527
Supplies	11,268	9,494
Equity underwritten	19,031,725	22,309,482
Money held in trust(Aircraft for arrangement)	31,349,396	17,083,744
Containers for arrangement	2,006,264	1,866,825
Real estate for arrangement	9,753,618	8,009,417
Deferred tax assets	506,562	1,269,661
Guarantee deposits	1,345,321	2,181,876
Other	2,198,498	3,568,879
Total current assets	79,213,778	71,162,200
Non-current assets		
Property, plant and equipment	359,584	381,124
Intangible assets		
Goodwill	1,539,985	1,432,013
Other	100,969	93,795
Total intangible assets	1,640,954	1,525,808
Investments and other assets		
Deferred tax assets	32,819	3,764
Other	1,551,907	1,798,742
Total investments and other assets	1,584,727	1,802,506
Total non-current assets	3,585,267	3,709,439
Total assets	82,799,045	74,871,640
Liabilities		
Current liabilities		
Accounts payable - trade	1,186,073	419,356
Short-term loans payable	32,920,532	19,635,383
Commercial papers	—	1,000,000
Current portion of long-term loans payable	4,047,492	4,938,312
Current portion of bonds	300,000	300,000
Income taxes payable	1,534,573	2,743,647
Advances received	3,831,048	4,199,359
Provision for bonuses	312,660	210,501
Guarantee deposits received	2,063,813	2,605,718
Other	2,147,806	2,907,648
Total current liabilities	48,344,000	38,959,927
Non-current liabilities		
Bonds payable	550,000	400,000
Long-term loans payable	8,035,024	9,369,208
Asset retirement obligations	90,474	104,141
Other	154,884	133,568
Total non-current liabilities	8,830,382	10,006,918
Total liabilities	57,174,382	48,966,845

(Thousands of yen)

	As of September 30, 2017	As of March 31, 2018
Net assets		
Shareholders' equity		
Capital stock	3,095,874	3,095,874
Capital surplus	3,095,543	3,095,543
Retained earnings	21,677,159	20,196,917
Treasury shares	△3,524,170	△1,708,570
Total shareholders' equity	24,344,406	24,679,764
Accumulated other comprehensive income		
Foreign currency translation adjustment	41,043	△126,740
Valuation difference on available-for-sale securities	△170	103,789
Total accumulated other comprehensive income	40,872	△22,950
Non-controlling interests	1,239,382	1,247,980
Total net assets	25,624,662	25,904,794
Total liabilities and net assets	82,799,045	74,871,640

(Thousands of yen)

	Six months ended March 31, 2017	Six months ended March 31, 2018
Net sales	12,136,093	11,028,033
Cost of sales	1,469,596	1,668,785
Gross profit	10,666,496	9,359,247
Selling, general and administrative expenses	2,403,863	2,809,026
Operating profit	8,262,633	6,550,220
Non-operating income		
Interest income	392,336	158,408
Foreign exchange gains	35,364	—
Real estate rent	27,512	165,587
Share of profit of entities accounted for using equity method	211,638	171,361
Other	15,758	119,069
Total non-operating income	682,610	614,426
Non-operating expenses		
Interest expenses	137,373	346,469
Foreign exchange losses	—	150,572
Commission fee	338,591	364,608
Rent expenses on real estates	1,067	13,999
Other	4,022	26,664
Total non-operating expenses	481,054	902,313
Ordinary profit	8,464,189	6,262,334
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	2,879	168
Loss on valuation of shares of subsidiaries and associates	1,039	11,595
Loss on valuation of investments in capital of subsidiaries and associates	204	—
Total extraordinary losses	4,386	11,763
Profit before income taxes	8,459,806	6,250,570
Income taxes - current	1,435,136	2,602,415
Income taxes - deferred	1,165,287	△780,269
Total income taxes	2,600,423	1,822,145
Profit	5,859,382	4,428,424
Profit attributable to non-controlling interests	15,644	73,023
Profit attributable to owners of parent	5,843,738	4,355,400

(Thousands of yen)

	Six months ended March 31, 2017	Six months ended March 31, 2018
Profit	5,859,382	4,428,424
Other comprehensive income		
Valuation difference on available-for-sale securities	△167	103,960
Foreign currency translation adjustment	78,178	△211,239
Share of other comprehensive income of entities accounted for using equity method	35,559	△20,970
Total other comprehensive income	113,570	△128,249
Comprehensive income	5,972,952	4,300,174
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,953,957	4,291,577
Comprehensive income attributable to non-controlling interests	18,995	8,597

(Thousands of yen)

	Six months ended March 31, 2017	Six months ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	8,459,806	6,250,570
Depreciation	53,656	55,516
Amortization of goodwill	56,055	78,262
Amortization of business commencement expenses	20,463	—
Commission fee	338,591	364,608
Loss on valuation of shares of subsidiaries and associates	1,039	11,595
Loss on retirement of non-current assets	2,879	168
Increase (decrease) in provision for bonuses	△85,885	△101,284
Interest income	△392,336	△159,560
Interest expenses	137,373	346,469
Foreign exchange losses (gains)	225,080	△544,170
Share of (profit) loss of entities accounted for using equity method	△211,638	△171,361
Decrease (increase) in notes and accounts receivable - trade	△58,180	△128,449
Increase(decrease) in equity underwritten	35,780,989	△3,277,756
Increase(decrease)in money held in trust(Aircraft for arrangement)	△5,244,201	14,265,651
Increase(decrease) in containers for arrangement	—	25,306
Increase(decrease) in real estates for arrangement	△5,439,846	1,744,201
Decrease (increase) in guarantee deposits	1,419,074	△836,555
Guarantee Deposits Received	△1,330,609	541,904
Increase (decrease) in notes and accounts payable - trade	95,712	△747,430
Increase (decrease) in advances received	△7,041,609	370,872
Other, net	148,863	△550,020
Subtotal	26,935,278	17,538,536
Interest and dividend income received	507,968	327,681
Interest expenses paid	△122,371	△349,777
Income taxes paid	△2,259,331	△1,352,485
Net cash provided by (used in) operating activities	25,061,544	16,163,956
Cash flows from investing activities		
Purchase of property, plant and equipment	△28,455	△28,083
Proceeds from sales of property, plant and equipment	15	—
Purchase of intangible assets	△18,144	△16,676
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	136,649	—
Purchase of shares of subsidiaries and associates	△66,660	△146,593
Proceeds from liquidation of subsidiaries	27,688	—
Payments for lease and guarantee deposits	△1,109	△610
Proceeds from collection of lease and guarantee deposits	1,583	295
Other proceeds	13,181	5,558
Other payments	△16,626	△26,840
Net cash provided by (used in) investing activities	48,123	△212,951

(Thousands of yen)

	Six months ended March 31, 2017	Six months ended March 31, 2018
Cash flows from financing activities		
Proceeds from share issuance to non-controlling shareholders	657,649	—
Net increase (decrease) in short-term loans payable	△10,558,243	△12,519,288
Net increase (decrease) in commercial papers	△4,000,000	1,000,000
Proceeds from long-term loans payable	6,350,000	4,100,000
Repayments of long-term loans payable	△1,123,046	△1,874,996
Redemption of bonds	△150,000	△150,000
Cash dividends paid	△3,193,399	△4,127,354
Commission fee paid	△315,618	△346,915
Net cash provided by (used in) financing activities	△12,332,657	△13,918,554
Effect of exchange rate change on cash and cash equivalents	△204,463	△303,922
Net increase (decrease) in cash and cash equivalents	12,572,546	1,728,527
Cash and cash equivalents at beginning of period	8,671,729	12,602,763
Cash and cash equivalents at end of period	21,244,275	14,331,291