# Consolidated Financial Results for the Fiscal Year ended September 30, 2018 (Japanese GAAP) (Summary)

October 31, 2018

Listed Company Name: **Financial Products Group Co.,Ltd.** URL https://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
Scheduled date of ordinary general meeting of shareholders: December 21, 2018
Scheduled date of payment of year-end dividends: December 25, 2018
Expected date of annual securities report submission: December 25, 2018
Supporting material for financial results: Yes
The briefing session of financial results: Yes

(Figures less than one million yen are rounded down)

1. Consolidated financial results for the Fiscal Year ended September 30, 2018 (October 1, 2017 － September 30, 2018)

(1) Consolidated operating results

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

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | |
|---|---|---|---|---|---|---|---|---|
| Fiscal Year ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| September 30, 2018 | 22,043 | 4.6 | 13,064 | (2.6) | 12,624 | (7.9) | 8,989 | (6.2) |
| September 30, 2017 | 21,071 | 11.5 | 13,417 | 13.2 | 13,711 | 15.2 | 9,580 | 25.3 |

(Notes) Comprehensive income: Fiscal year ended September 30, 2018: 9,158 million yen; [(6.9%)]
Fiscal year ended September 30, 2017: 9,836 million yen; [31.9 %]

| | Net income per share | Fully diluted net income per share | Return on equity | Ratio of ordinary income to total assets | Ratio of operating income to net sales |
|---|---|---|---|---|---|
| Fiscal year ended | Yen | Yen | % | % | % |
| September 30, 2018 | 99.71 | 99.50 | 33.4 | 15.0 | 59.3 |
| September 30, 2017 | 106.44 | 106.08 | 45.5 | 16.7 | 63.7 |

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended September 30, 2018: 239million yen
Fiscal year ended September 30, 2017: 431million yen

(2) Consolidated financial position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|---|---|---|---|---|
| | Millions of yen | Millions of yen | % | Yen |
| As of September 30, 2018 | 85,141 | 29,747 | 34.5 | 326.03 |
| As of September 30, 2017 | 82,799 | 25,624 | 29.5 | 270.60 |

(Reference) Shareholders' equity: As of September 30, 2018: 29,403 million yen
As of September 30, 2017: 24,385 million yen

(3) Consolidated cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|---|---|---|---|---|
| Fiscal year ended | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| September 30, 2018 | 11,587 | (883) | (9,815) | 13,338 |
| September 30, 2017 | 3,030 | (25) | 741 | 12,602 |

2. Dividends

| | Dividend per share | | | | | Total dividends (Annual) | Dividend payout ratio (Consolidated) | Ratio of dividend to net assets (Consolidated) |
|---|---|---|---|---|---|---|---|---|
| | End of 1st | End of 2nd | End of 3rd | End of fiscal year | Total | | | |
| Fiscal year ended | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| September 30, 2017 | － | 0.00 | － | 45.80 | 45.80 | 4,127 | 43.0 | 19.6 |
| September 30, 2018 | － | 0.00 | － | 49.25 | 49.25 | 4,441 | 49.4 | 16.5 |
| Fiscal year ending September 30,2019 (Forecast) | － | 0.00 | － | 53.00 | 53.00 | | 47.7 | |

3. Forecast of consolidated financial results for the year ending September 30, 2019 (October 1, 2018 － September 30, 2019)

(% 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 | 12,306 | 11.6 | 7,023 | 7.2 | 6,831 | 9.1 | 4,734 | 8.7 | 52.50 |
| Annual | 25,035 | 13.6 | 14,524 | 11.2 | 14,453 | 14.5 | 10,030 | 11.6 | 111.22 |

(Notes)The above net income per share is not considered for the acquisition of own shares that decided by the Board of Directors held on October 31,2018.

* Notes

(1) Material changes in subsidiaries during this period

(Changes in scope of consolidations resulting from change in subsidiaries) : Yes

Removed: 2 (Company name) FPG Raffles Holdings Pte.Ltd.、Raffles Lease Pte.Ltd.

(2) 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

(3) 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 September 30, 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 September 30, 2018 | 2,185,782 | As of September 30, 2017 | 4,506,692 |
| c) Average number of shares | Fiscal year ended September 30, 2018 | 90,154,963 | Fiscal year ended September 30, 2017 | 90,007,724 |

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended September 30, 2018 (October 1, 2017 － September 30, 2018)

(1) Non-consolidated operating results

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

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|---|---|---|---|---|---|---|---|---|
| Fiscal Year ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| September 30, 2018 | 19,914 | 0.2 | 12,698 | (6.8) | 12,064 | (11.6) | 8,550 | (10.1) |
| September 30, 2017 | 19,872 | 12.5 | 13,621 | 13.2 | 13,649 | 12.6 | 9,506 | 21.2 |

| | Net income per share | Fully diluted net income per share |
|---|---|---|
| Fiscal year ended | Yen | Yen |
| September 30, 2018 | 94.85 | 94.65 |
| September 30, 2017 | 105.62 | 105.26 |

(2) Non-consolidated financial position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|---|---|---|---|---|
| | Millions of yen | Millions of yen | % | yen |
| As of September 30, 2018 | 81,543 | 29,212 | 35.8 | 323.91 |
| As of September 30, 2017 | 76,965 | 24,599 | 32.0 | 272.98 |

(Reference) Shareholders' equity: As of September 30, 2018: 29,212 million yen

As of September 30, 2017: 24,599 million yen

* This financial results report is not subject to the audit procedures.

* Explanation of the proper use of performance forecast and other notes

Performance forecasts and other forward-looking statements presented in this report are based on information currently available to the Company and certain assumptions deemed to be reasonable, and actual performance may differ substantially due to various factors.

(Thousands of yen)

| | As of September 30, 2017 | As of September 30, 2018 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 12,602,763 | 13,338,190 |
| Accounts receivable - trade | 408,359 | 631,594 |
| Supplies | 11,268 | 8,686 |
| Equity underwritten | 19,031,725 | 40,508,516 |
| Money held in trust(Aircraft for arrangement) | 31,349,396 | 13,879,470 |
| Containers for arrangement | 2,006,264 | — |
| Real estate for arrangement | 9,753,618 | 7,222,721 |
| Deferred tax assets | 506,562 | 1,085,540 |
| Guarantee deposits | 1,345,321 | 1,809,503 |
| Other | 2,198,498 | 3,245,224 |
| Total current assets | 79,213,778 | 81,729,447 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Facilities attached to buildings, net | 162,603 | 168,088 |
| Tools, furniture and fixtures, net | 161,054 | 162,016 |
| Land | 35,927 | 35,927 |
| Total property, plant and equipment | 359,584 | 366,031 |
| Intangible assets | | |
| Goodwill | 1,539,985 | 1,054,553 |
| Other | 100,969 | 63,122 |
| Total intangible assets | 1,640,954 | 1,117,676 |
| Investments and other assets | | |
| Investment securities | 66,250 | 183,917 |
| Shares of subsidiaries and associates | 1,009,336 | 1,236,932 |
| Deferred tax assets | 32,819 | 6,897 |
| Lease and guarantee deposits | 413,437 | 407,459 |
| Other | 62,884 | 93,119 |
| Total investments and other assets | 1,584,727 | 1,928,326 |
| Total non-current assets | 3,585,267 | 3,412,034 |
| Total assets | 82,799,045 | 85,141,481 |

(Thousands of yen)

| | As of September 30, 2017 | As of September 30, 2018 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 1,186,073 | 601,874 |
| Short-term loans payable | 32,920,532 | 27,765,147 |
| Current portion of long-term loans payable | 4,047,492 | 4,763,312 |
| Current portion of bonds | 300,000 | 200,000 |
| Income taxes payable | 1,534,573 | 2,939,194 |
| Advances received | 3,831,048 | 6,233,986 |
| Provision for bonuses | 312,660 | 350,252 |
| Guarantee deposits received | 2,063,813 | 2,024,459 |
| Other | 2,147,806 | 2,517,845 |
| Total current liabilities | 48,344,000 | 47,396,073 |
| Non-current liabilities | | |
| Bonds payable | 550,000 | 350,000 |
| Long-term loans payable | 8,035,024 | 7,410,052 |
| Asset retirement obligations | 90,474 | 104,410 |
| Other | 154,884 | 133,650 |
| Total non-current liabilities | 8,830,382 | 7,998,113 |
| Total liabilities | 57,174,382 | 55,394,186 |
| 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 | 24,830,157 |
| Treasury shares | △3,524,170 | △1,708,570 |
| Total shareholders' equity | 24,344,406 | 29,313,004 |
| Accumulated other comprehensive income | | |
| Foreign currency translation adjustment | 41,043 | 9,358 |
| Valuation difference on available-for-sale securities | △170 | 81,466 |
| Total accumulated other comprehensive income | 40,872 | 90,825 |
| Non-controlling interests | 1,239,382 | 343,465 |
| Total net assets | 25,624,662 | 29,747,295 |
| Total liabilities and net assets | 82,799,045 | 85,141,481 |

(Thousands of yen)

| | Fiscal year ended September 30, 2017 | Fiscal year ended September 30, 2018 |
|---|---|---|
| Net sales | 21,071,805 | 22,043,831 |
| Cost of sales | 2,574,645 | 3,223,629 |
| Gross profit | 18,497,160 | 18,820,201 |
| Selling, general and administrative expenses | 5,079,473 | 5,755,879 |
| Operating profit | 13,417,686 | 13,064,322 |
| Non-operating income | | |
| Interest income | 491,569 | 243,614 |
| Foreign exchange gains | 123,441 | － |
| Real estate rent | 137,498 | 292,916 |
| Container rental income for arrangement | 11,748 | 169,967 |
| Share of profit of entities accounted for using equity method | 431,107 | 239,138 |
| Other | 22,166 | 91,829 |
| Total non-operating income | 1,217,531 | 1,037,466 |
| Non-operating expenses | | |
| Interest expenses | 320,716 | 578,898 |
| Foreign exchange losses | － | 206,239 |
| Commission fee | 584,285 | 587,348 |
| Rent expenses on real estates | 9,147 | 41,049 |
| Other | 9,871 | 63,954 |
| Total non-operating expenses | 924,020 | 1,477,491 |
| Ordinary profit | 13,711,196 | 12,624,296 |
| Extraordinary income | | |
| Gain on sales of shares of subsidiaries and associates | － | 158,340 |
| Gain on sales of non-current assets | 3 | － |
| Total extraordinary income | 3 | 158,340 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | 877 | － |
| Loss on retirement of non-current assets | 2,879 | 180 |
| Loss on valuation of shares of subsidiaries and associates | 4,278 | 21,045 |
| Loss on valuation of investments in capital of subsidiaries and associates | 204 | － |
| Total extraordinary losses | 8,240 | 21,226 |
| Profit before income taxes | 13,702,960 | 12,761,411 |
| Income taxes - current | 2,867,213 | 4,237,506 |
| Income taxes - deferred | 1,255,358 | △589,789 |
| Total income taxes | 4,122,571 | 3,647,717 |
| Profit | 9,580,388 | 9,113,694 |
| Profit (loss) attributable to non-controlling interests | △406 | 124,499 |
| Profit attributable to owners of parent | 9,580,795 | 8,989,194 |

(Thousands of yen)

| | Fiscal year ended September 30, 2017 | Fiscal year ended September 30, 2018 |
|---|---|---|
| Profit | 9,580,388 | 9,113,694 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | △318 | 81,637 |
| Foreign currency translation adjustment | 217,164 | △45,244 |
| Share of other comprehensive income of entities accounted for using equity method | 39,312 | 8,175 |
| Total other comprehensive income | 256,158 | 44,568 |
| Comprehensive income | 9,836,546 | 9,158,262 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 9,810,646 | 9,039,147 |
| Comprehensive income attributable to non-controlling interests | 25,899 | 119,115 |

(Thousands of yen)

| | Fiscal year ended September 30, 2017 | Fiscal year ended September 30, 2018 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 13,702,960 | 12,761,411 |
| Depreciation | 145,331 | 115,264 |
| Amortization of goodwill | 133,221 | 151,702 |
| Amortization of business commencement expenses | 20,797 | — |
| Loss on valuation of shares of subsidiaries and associates | 4,278 | 21,045 |
| Loss on valuation of investments in capital of subsidiaries and affiliates | 204 | — |
| Loss (gain) on sales of shares of subsidiaries and associates | — | △158,340 |
| Loss on retirement of non-current assets | 2,879 | 180 |
| Increase (decrease) in provision for bonuses | 13,496 | 37,885 |
| Interest and dividend income | △491,569 | △244,766 |
| Interest expenses | 320,716 | 578,898 |
| Commission fee | 584,285 | 587,348 |
| Foreign exchange losses (gains) | △70,203 | △40,213 |
| Share of loss (profit) of entities accounted for using equity method | △431,107 | △239,138 |
| Decrease (increase) in notes and accounts receivable - trade | △89,353 | △300,787 |
| Increase(decrease) in equity underwritten | 38,090,047 | △21,476,790 |
| Increase(decrease)in money held in trust(Aircraft for arrangement) | △31,349,396 | 17,469,925 |
| Increase(decrease) in real estates for arrangement | △7,291,627 | 2,530,897 |
| Increase(decrease) in containers for arrangement | △1,980,283 | 1,965,874 |
| Decrease (increase) in guarantee deposits | 1,978,202 | △464,182 |
| Guarantee deposits received | △1,602,560 | △39,354 |
| Decrease (increase) in lease and guarantee deposits | — | 5,000 |
| Increase (decrease) in notes and accounts payable - trade | 906,001 | △549,636 |
| Increase (decrease) in advances received | △6,776,477 | 2,406,850 |
| Other, net | 468,722 | △579,606 |
| Subtotal | 6,288,566 | 14,539,467 |
| Interest and dividend income received | 720,078 | 523,590 |
| Interest expenses paid | △286,814 | △588,307 |
| Income taxes paid | △3,690,848 | △2,887,077 |
| Net cash provided by (used in) operating activities | 3,030,982 | 11,587,673 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | △36,709 | △66,357 |
| Purchase of intangible assets | △23,178 | △31,417 |
| Purchase of shares of subsidiaries and associates | △140,001 | △282,137 |
| Proceeds from sales of property, plant and equipment | 17,775 | — |
| Payments for sales of shares of subsidiaries resulting in change in scope of consolidation | — | △484,200 |
| Proceeds from purchase of shares of | 136,649 | — |

| | | |
|---|---|---|
| subsidiaries resulting in change in scope of consolidation | | |
| Payments for lease and guarantee deposits | △2,325 | △610 |
| Proceeds from liquidation of subsidiaries | 27,688 | － |
| Proceeds from collection of lease and guarantee deposits | 2,186 | 1,023 |
| Other proceeds | 33,457 | 10,441 |
| Other payments | △40,691 | △30,345 |
| Net cash provided by (used in) investing activities | △25,147 | △883,603 |

(Thousands of yen)

| | Fiscal year ended September 30, 2017 | Fiscal year ended September 30, 2018 |
|---|---|---|
| Cash flows from financing activities | | |
| Proceeds from share issuance to non-controlling shareholders | 657,649 | — |
| Net increase (decrease) in short-term loans payable | 1,161,603 | △4,925,051 |
| Net increase (decrease) in commercial papers | △4,000,000 | — |
| Proceeds from long-term loans payable | 9,950,000 | 4,400,000 |
| Repayments of long-term loans payable | △2,969,792 | △4,309,152 |
| Redemption of bonds | △300,000 | △300,000 |
| Proceeds from issuance of common shares | 9,396 | — |
| Cash dividends paid | △3,193,399 | △4,127,354 |
| Commission fee paid | △573,958 | △554,401 |
| Net cash provided by (used in) financing activities | 741,499 | △9,815,959 |
| Effect of exchange rate change on cash and cash equivalents | 183,700 | △154,199 |
| Net increase (decrease) in cash and cash equivalents | 3,931,034 | 733,911 |
| Cash and cash equivalents at beginning of period | 8,671,729 | 12,602,763 |
| Increase in cash and cash equivalents from newly consolidated subsidiary | — | 1,515 |
| Cash and cash equivalents at end of period | 12,602,763 | 13,338,190 |