Consolidated Financial Results for the Second Quarter ended March 31, 2019 (Japanese GAAP) (Summary)

April 26, 2019

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
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Expected date of quarterly report submission: May 13, 2019
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, 2019 (October 1, 2018 ― March 31, 2019)

(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, 2019	11,253	2.0	6,182	(5.6)	5,675	(9.4)	3,930	(9.7)
March 31, 2018	11,028	(9.1)	6,550	(20.7)	6,262	(26.0)	4,355	(25.5)

(Note) Comprehensive income: Six months ended March 31, 2019: 3,751 million yen;[(12.8%)]
Six months ended March 31, 2018: 4,300 million yen;[(28.0%)]

	Net income per share	Diluted net income per share
Six months ended	Yen	Yen
March 31, 2019	44.18	―
March 31, 2018	48.33	48.22

(Note) Diluted net income per share for the second quarter of the year ending September 2019 is not stated because there are no potential shares.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2019	166,612	26,965	16.0
As of September 30, 2018	85,141	29,747	34.5

(Reference) Shareholders' equity: As of March 31, 2019: 26,723 million yen
As of September 30, 2018: 29,403 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, 2018	―	0.00	―	49.25	49.25
September 30, 2019	―	0.00			
Fiscal year ending September 30,2019 (Forecast)			―	53.00	53.00

(Note) Revision to the latest dividend forecast: No

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
Annual	25,035	13.6	14,524	11.2	14,453	14.5	10,030	11.6	112.96

(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, 2019	90,673,600	As of September 30, 2018	92,373,600
b)	Number of treasury shares at the end of the period	As of March 31, 2019	2,054,494	As of September 30, 2018	2,185,782
c)	Average number of shares during the period	Six months ended March 31, 2019	88,980,673	Six months ended March 31, 2018	90,121,641

(Thousands of yen)

	As of September 30, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	13,338,190	16,262,765
Accounts receivable - trade	631,594	1,044,116
Supplies	8,686	10,084
Equity underwritten	40,508,516	101,270,617
Money held in trust(Aircraft for arrangement)	13,879,470	29,716,094
Real estate for arrangement	7,222,721	7,217,504
Guarantee deposits	1,809,503	1,018,071
Other	3,245,224	4,262,899
Total current assets	80,643,907	160,802,153
Non-current assets		
Property, plant and equipment	366,031	347,841
Intangible assets		
Goodwill	1,054,553	971,553
Other	63,122	42,662
Total intangible assets	1,117,676	1,014,215
Investments and other assets		
Deferred tax assets	1,092,438	2,477,440
Other	1,921,428	1,971,022
Total investments and other assets	3,013,866	4,448,462
Total non-current assets	4,497,574	5,810,519
Total assets	85,141,481	166,612,672
Liabilities		
Current liabilities		
Accounts payable - trade	601,874	1,338,676
Short-term loans payable	27,765,147	89,687,682
Commercial papers	—	10,000,000
Current portion of long-term loans payable	4,763,312	5,566,632
Current portion of bonds	200,000	100,000
Income taxes payable	2,939,194	3,187,598
Advances received	6,233,986	15,073,588
Provision for bonuses	350,252	302,610
Guarantee deposits received	2,024,459	1,457,714
Other	2,517,845	2,451,470
Total current liabilities	47,396,073	129,165,972
Non-current liabilities		
Bonds payable	350,000	300,000
Long-term loans payable	7,410,052	9,947,576
Asset retirement obligations	104,410	104,681
Other	133,650	128,751
Total non-current liabilities	7,998,113	10,481,008
Total liabilities	55,394,186	139,646,980

(Thousands of yen)

	As of September 30, 2018	As of March 31, 2019
Net assets		
Shareholders' equity		
Capital stock	3,095,874	3,095,874
Capital surplus	3,095,543	3,045,874
Retained earnings	24,830,157	22,873,771
Treasury shares	△1,708,570	△2,231,117
Total shareholders' equity	29,313,004	26,784,402
Accumulated other comprehensive income		
Foreign currency translation adjustment	9,358	△82,263
Valuation difference on available-for-sale securities	81,466	21,410
Total accumulated other comprehensive income	90,825	△60,853
Non-controlling interests	343,465	242,142
Total net assets	29,747,295	26,965,691
Total liabilities and net assets	85,141,481	166,612,672

(Thousands of yen)

	Six months ended March 31, 2018	Six months ended March 31, 2019
Net sales	11,028,033	11,253,201
Cost of sales	1,668,785	2,029,251
Gross profit	9,359,247	9,223,950
Selling, general and administrative expenses	2,809,026	3,041,300
Operating profit	6,550,220	6,182,649
Non-operating income		
Interest income	158,408	317,276
Real estate rent	165,587	144,253
Share of profit of entities accounted for using equity method	171,361	107,399
Other	119,069	100,578
Total non-operating income	614,426	669,508
Non-operating expenses		
Interest expenses	346,469	484,717
Foreign exchange losses	150,572	82,598
Commission fee	364,608	550,519
Rent expenses on real estates	13,999	36,434
Other	26,664	22,382
Total non-operating expenses	902,313	1,176,653
Ordinary profit	6,262,334	5,675,505
Extraordinary losses		
Impairment loss	—	27,252
Loss on retirement of non-current assets	168	200
Loss on valuation of shares of subsidiaries and associates	11,595	9,122
Total extraordinary losses	11,763	36,575
Profit before income taxes	6,250,570	5,638,929
Income taxes - current	2,602,415	3,078,967
Income taxes - deferred	△780,269	△1,360,552
Total income taxes	1,822,145	1,718,415
Profit	4,428,424	3,920,513
Profit (loss) attributable to non-controlling interests	73,023	△10,321
Profit attributable to owners of parent	4,355,400	3,930,835

(Thousands of yen)

	Six months ended March 31, 2018	Six months ended March 31, 2019
Profit	4,428,424	3,920,513
Other comprehensive income		
Valuation difference on available-for-sale securities	103,960	△60,056
Foreign currency translation adjustment	△211,239	△95,598
Share of other comprehensive income of entities accounted for using equity method	△20,970	△13,030
Total other comprehensive income	△128,249	△168,686
Comprehensive income	4,300,174	3,751,827
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,291,577	3,779,156
Comprehensive income attributable to non-controlling interests	8,597	△27,328

(Thousands of yen)

	Six months ended March 31, 2018	Six months ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	6,250,570	5,638,929
Depreciation	55,516	45,416
Impairment loss	—	27,252
Amortization of goodwill	78,262	53,717
Commission fee	364,608	550,519
Loss on valuation of shares of subsidiaries and associates	11,595	9,122
Loss on retirement of non-current assets	168	200
Increase (decrease) in provision for bonuses	△101,284	△39,445
Interest and dividend income	△159,560	△318,556
Interest expenses	346,469	484,717
Foreign exchange losses (gains)	△544,170	214,003
Share of loss (profit) of entities accounted for using equity method	△171,361	△107,399
Decrease (increase) in notes and accounts receivable - trade	△128,449	△433,967
Increase(decrease) in equity underwritten	△3,277,756	△60,762,101
Increase(decrease)in money held in trust(Aircraft for arrangement)	14,265,651	△15,836,623
Increase(decrease) in containers for arrangement	25,306	—
Increase(decrease) in real estates for arrangement	1,744,201	5,217
Decrease (increase) in guarantee deposits	△836,555	791,431
Guarantee Deposits Received	541,904	△566,744
Increase (decrease) in notes and accounts payable - trade	△747,430	747,573
Increase (decrease) in advances received	370,872	8,856,233
Other, net	△550,020	△1,225,177
Subtotal	17,538,536	△61,865,679
Interest and dividend income received	327,681	431,504
Interest expenses paid	△349,777	△472,241
Income taxes paid	△1,352,485	△2,698,234
Other, net	—	55,449
Net cash provided by (used in) operating activities	16,163,956	△64,549,202
Cash flows from investing activities		
Purchase of property, plant and equipment	△28,083	△8,437
Purchase of intangible assets	△16,676	△14,285
Purchase of shares of subsidiaries and associates	△146,593	△143,139
Purchase of investment securities	—	△23,418
Proceeds from liquidation of subsidiaries	—	4,188
Payments for lease and guarantee deposits	△610	△1,228
Proceeds from collection of lease and guarantee deposits	295	8,625
Other proceeds	5,558	24,885
Other payments	△26,840	△14,746
Net cash provided by (used in) investing activities	△212,951	△167,557

(Thousands of yen)

	Six months ended March 31, 2018	Six months ended March 31, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	△12,519,288	61,935,021
Proceeds from long-term loans payable	4,100,000	5,600,000
Repayments of long-term loans payable	△1,874,996	△2,259,156
Net increase (decrease) in commercial papers	1,000,000	10,000,000
Purchase of treasury shares	－	△1,999,921
Purchase of treasury shares of subsidiaries	－	△137,666
Redemption of bonds	△150,000	△150,000
Cash dividends paid	△4,127,354	△4,441,750
Commission fee paid	△346,915	△598,006
Net cash provided by (used in) financing activities	△13,918,554	67,948,521
Effect of exchange rate change on cash and cash equivalents	△303,922	△307,187
Net increase (decrease) in cash and cash equivalents	1,728,527	2,924,574
Cash and cash equivalents at beginning of period	12,602,763	13,338,190
Cash and cash equivalents at end of period	14,331,291	16,262,765