

## Consolidated Financial Report for the First Nine Months of the Fiscal Year Ending March 31, 2018 (Fiscal 2017)

February 5, 2018

Company	Fuyo General Lease Co., Ltd.	Stock Exchange Listing	First Section, Tokyo
Ticker	8424	Head office	Tokyo
(URL <a href="http://www.fgl.co.jp/">http://www.fgl.co.jp/</a> )			
President & CEO	Yasunori Tsujita	Managing Director	Tel: +81-3-5275-8800
Inquiries, Person in Charge	Soichi Hosoi	Date of payout of dividend	—
Date of issue of quarterly Securities Report	February 13, 2018 (planned)		
Supplementary materials to quarterly results: Available			
Quarterly results presentation: Not conducted			

(Figures in millions are rounded down to the nearest million yen)

### 1. Consolidated Operating Results for the First Nine Months of Fiscal 2017

(April 1, 2017 - December 31, 2017)

#### (1) Consolidated Operating Results

(Percentage figures represent year-on-year changes.)

	Total Revenues		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	(¥ millions)	%	(¥ millions)	%	(¥ millions)	%	(¥ millions)	%
First nine months of FY2017	431,199	17.1	24,831	21.5	26,420	18.7	16,432	16.1
First nine months of FY2016	368,330	0.2	20,445	2.4	22,253	(5.8)	14,149	(1.8)

Note: Comprehensive income	First nine months of FY2017	First nine months of FY2016
	¥25,690 million 79.1%	¥14,340 million 35.8%

	Basic Earnings per Share	Diluted Earnings per Share
	(¥)	(¥)
First nine months of FY2017	544.03	539.23
First nine months of FY2016	468.84	464.77

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	(¥ millions)	(¥ millions)	%	(¥)
December 31, 2017	2,429,105	280,560	10.2	8,196.58
March 31, 2017	2,300,090	259,192	9.9	7,547.33

Reference: Shareholders' Equity December 31, 2017 ¥247,668 million March 31, 2017 ¥227,843 million

### 2. Cash Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Full Year
	(¥)	(¥)	(¥)	(¥)	(¥)
FY 2016	—	60.00	—	70.00	130.00
FY 2017	—	68.00	—		
FY 2017 (planned)				68.00	136.00

Note: No changes were made to the most recently announced cash dividends forecasts.

### 3. Forecast for Fiscal 2017 (April 1, 2017 - March 31, 2018)

(Percentage figures represent comparisons with fiscal 2016 full-year results)

	Total Revenues		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Basic Earnings per Share
	(¥ millions)	%	(¥ millions)	%	(¥ millions)	%	(¥ millions)	%	(¥)
Full Year	530,000	4.5	31,000	8.3	33,000	5.2	20,500	2.6	679.06

Note: No changes were made to the most recently announced earnings forecasts.

#### \*Other Information

- (1) Changes to the consolidation status of major subsidiaries during the period: None
- (2) Accounting procedures specific to preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
  - (i) Changes in accounting policies due to revisions to accounting standards: None
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement of prior period financial statements after error corrections: None
- (4) Number of outstanding shares at period-end (common shares)
  - (i) Number of outstanding shares at period-end (including treasury stock)
 

	December 31, 2017	30,287,810 shares	March 31, 2017	30,287,810 shares
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  - (ii) Number of shares of treasury stock
 

	December 31, 2017	71,739 shares	March 31, 2017	99,224 shares
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  - (iii) Average number of shares during the period (first nine months)
 

	December 31, 2017	30,205,977 shares	December 31, 2016	30,179,709 shares
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**\*This consolidated financial report is not subject to quarterly review.**

#### \*Appropriate Use of Earnings Forecast and Other Important Information

(Caution Concerning Forward-Looking Statements)

Earnings forecasts and other forward-looking statements in this report are based on certain assumptions that are deemed reasonable and information available to the Company at the time of this report's preparation. Therefore the Company does not guarantee the achievement of any projections. Actual results may differ significantly from these forecasts for a number of reasons.

(Method of Obtaining Supplementary Explanation Materials)

The materials are disclosed on the Timely Disclosure network (TDnet) on the same day as the date of this report.

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# 1. Consolidated Financial Statements and Significant Notes Thereto

## (1) Consolidated Balance Sheets

(¥ millions)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	50,990	48,880
Installment sales trade receivables	129,663	122,070
Lease receivables and investment assets	1,048,607	1,100,566
Accounts receivable - operating loans	305,886	295,724
Accounts receivable - other loans to customers	77,486	85,694
Operational investment securities	145,343	161,916
Other operating assets	2,381	4,188
Lease and other trade receivables	15,160	16,506
Short-term investment securities	—	15
Deferred tax assets	2,533	2,213
Other	29,671	29,239
Allowance for doubtful receivables	(3,519)	(2,840)
Total current assets	1,804,206	1,864,176
Fixed assets		
Tangible fixed assets		
Leased assets		
Leased assets	320,637	379,941
Advances on purchases of property and equipment for lease	11,730	8,900
Total leased assets	332,367	388,841
Own-used assets		
Own-used assets	18,137	21,175
Total own-used assets	18,137	21,175
Total tangible fixed assets	350,505	410,017
Intangible fixed assets		
Leased assets		
Software leased to customers	572	427
Total leased assets	572	427
Other intangible fixed assets		
Goodwill	7,797	6,619
Other	4,208	4,106
Total other intangible fixed assets	12,005	10,725
Total intangible fixed assets	12,578	11,153

(¥ millions)

	As of March 31, 2017	As of December 31, 2017
Investments and other assets		
Investment in securities	83,449	94,303
Claims provable in bankruptcy, claims provable in rehabilitation and other	879	1,019
Net defined benefit asset	139	78
Deferred tax assets	642	650
Other	47,789	47,377
Allowance for doubtful receivables	(356)	(394)
Total investments and other assets	132,544	143,034
Total fixed assets	495,628	564,205
Deferred assets		
Deferred organization expenses	0	0
Business commencement expenses	253	723
Total deferred assets	254	724
Total assets	2,300,090	2,429,105

(¥ millions)

	As of March 31, 2017	As of December 31, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	30,174	22,435
Short-term loans from bank and other financial institutions	456,620	464,126
Current portion of bonds payable	300	10,150
Current portion of long-term loans from bank and other financial institutions	210,914	214,512
Commercial paper	419,700	506,200
Payables under fluidity lease receivables and installment sales trade receivables	21,500	18,900
Current portion of payables under fluidity long-term lease receivables and installment sales trade receivables	33,968	32,399
Lease obligations	49,728	37,638
Income taxes payable	5,511	2,460
Deferred tax liabilities	134	325
Deferred profit on installment sales	1,812	1,681
Provision for bonuses	1,635	861
Provision for directors' bonuses	141	104
Provision for future lease payments	2	2
Provision for loss on guarantees	85	186
Other	23,413	25,538
Total current liabilities	1,255,645	1,337,523
Long-term liabilities		
Bonds Payable	90,000	100,000
Long-term loans from bank and other financial institutions	566,093	586,706
Payables under fluidity long-term lease receivables and installment sales trade receivables	51,835	39,291
Lease obligations	41	484
Deferred tax liabilities	14,806	18,643
Net defined benefit liability	1,744	1,633
Accrued retirement benefits for directors and corporate auditors	142	167
Provision for automobile maintenance costs	350	381
Provision for loss on guarantees	1,107	1,025
Asset retirement obligations	534	674
Other	58,595	62,012
Total long-term liabilities	785,252	811,022
Total liabilities	2,040,897	2,148,545

(¥ millions)

	As of March 31, 2017	As of December 31, 2017
Net assets		
Shareholders' equity		
Common stock	10,532	10,532
Capital surplus	10,416	10,416
Retained earnings	169,942	182,169
Treasury stock, at cost	(342)	(248)
Total Shareholders' equity	190,548	202,869
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	35,314	43,523
Deferred gains (losses) on hedges	(109)	(100)
Foreign currency translation adjustment	2,137	1,397
Remeasurements of defined benefit plans	(47)	(22)
Total accumulated other comprehensive income	37,294	44,798
Subscription rights to shares	842	940
Non-controlling interests	30,506	31,951
Total net assets	259,192	280,560
Total liabilities and net assets	2,300,090	2,429,105

**(2) Consolidated Statements of Income and Statements of Comprehensive Income**

Consolidated Statements of Income

For the nine months ended December 31, 2017

(¥ millions)

	FY2016 (April 1, 2016— December 31, 2016)	FY2017 (April 1, 2017— December 31, 2017)
Total revenues	368,330	431,199
Total costs	328,246	385,547
Gross profit	40,083	45,652
Selling, general and administrative expenses	19,638	20,820
Operating profit	20,445	24,831
Other income		
Interest income	16	33
Dividend income	1,169	985
Gain on investments in partnership	1	14
Gain on investments in silent partnership	34	242
Equity in earnings of affiliates	564	560
Bad debt recovered	265	97
Reversal of allowance for doubtful receivables	—	69
Reversal of provision for loss on guarantees	152	—
Other	165	152
Total other income	2,370	2,155
Other expenses		
Interest expenses	228	274
Bond issuance cost	9	7
Foreign exchange losses	101	59
Loss on investments in partnership	27	32
Loss on investments in silent partnership	0	0
Other	195	192
Total other expenses	562	566
Ordinary profit	22,253	26,420
Extraordinary gains		
Gain on sale of marketable and investment securities	23	0
Total extraordinary gains	23	0



(¥ millions)

	FY2016 (April 1, 2016— December 31, 2016)	FY2017 (April 1, 2017— December 31, 2017)
Extraordinary losses		
Loss on sales of marketable and investment securities	0	—
Loss on disposal of own-used assets	1	8
Loss on liquidation of subsidiaries and associates	—	1
Total extraordinary losses	1	10
Profit before income taxes	22,275	26,410
Income taxes	6,603	8,238
Profit after income taxes	15,672	18,172
Profit attributable to non-controlling interests	1,523	1,739
Profit attributable to owners of parent	14,149	16,432

Consolidated Statements of Comprehensive Income  
For the nine months ended December 31, 2017

(¥ millions)

	FY2016 (April 1, 2016— December 31, 2016)	FY2017 (April 1, 2017— December 31, 2017)
Profit after income taxes	15,672	18,172
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	2,414	8,217
Deferred gains (losses) on hedges	22	7
Foreign currency translation adjustment	(3,864)	(741)
Remeasurements of defined benefit plans	45	46
Share of other comprehensive income of entities accounted for using equity method	50	(11)
Total other comprehensive income	(1,331)	7,518
Comprehensive income	14,340	25,690
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	12,799	23,936
Comprehensive income attributable to non-controlling interests	1,541	1,754

**(3) Notes to the Consolidated Financial Statements**

**Note on the Going-concern Assumption**

Not applicable

**Note on Significant Changes in Shareholders' Equity**

Not applicable

**Accounting Procedures Specific to Preparation of Quarterly Consolidated Financial Statements**

(Calculation of Tax Expenses)

Tax expenses for certain consolidated subsidiaries of the Company were calculated by multiplying profit before income taxes by the estimated effective tax rates. The tax rate was determined by making a reasonable estimate of the effective tax rate after the adoption of tax effect accounting for profit before income taxes in the fiscal year including the third quarter ended December 31, 2017.

## 2. Newly Executed Contracts, Operating Assets

### (1) Executed Contracts Volume

Segment by Business		First nine months of FY2016 (April 1, 2016— December 31, 2016)		First nine months of FY2017 (April 1, 2017— December 31, 2017)		Net Change	
		Executed contracts volume	Composition	Executed contracts volume	Composition	Amount	Pct.
		(¥ millions)	(%)	(¥ millions)	(%)	(¥ millions)	(%)
Lease and installment sales	Finance leases	290,682	51.4	320,355	38.8	29,672	10.2
	Operating leases	93,229	16.5	123,507	15.0	30,278	32.5
	Total leases	383,911	67.9	443,862	53.8	59,951	15.6
	Installment sales	42,232	7.5	39,879	4.8	△2,352	△5.6
	Lease and installment sales total	426,144	75.4	483,742	58.6	57,598	13.5
Financing		139,068	24.6	337,847	41.0	198,779	142.9
Other		84	0.0	3,314	0.4	3,230	—
Total		565,297	100.0	824,905	100.0	259,607	45.9

Notes:

1. Operating leases are recorded at the acquisition costs of lease assets. The executed volume of re-lease transactions is not included.
2. The figures for the lease segment are the purchase prices of lease assets acquired during each respective nine-month period. The figures for the installment sales segment are the installment sales trade receivables net of the deferred profit on installment sales on an execution basis.
3. A dash is presented for the percentage year-on-year net change for Other because the value exceeds 1,000%.

### (2) Operating Assets

Segment by Business		As of March 31, 2017		As of December 31, 2017		Net Change	
		Balance	Composition	Balance	Composition	Amount	Pct.
		(¥ millions)	(%)	(¥ millions)	(%)	(¥ millions)	(%)
Lease and installment sales	Finance leases	1,048,607	51.3	1,100,566	50.8	51,958	5.0
	Operating leases	321,210	15.7	380,368	17.6	59,158	18.4
	Total leases	1,369,818	67.0	1,480,935	68.4	111,117	8.1
	Installment sales	127,850	6.3	120,389	5.5	△7,461	△5.8
	Lease and installment sales total	1,497,668	73.3	1,601,324	73.9	103,656	6.9
Financing		528,716	25.9	545,206	25.2	16,490	3.1
Other		17,180	0.8	19,627	0.9	2,446	14.2
Total		2,043,565	100.0	2,166,158	100.0	122,592	6.0

Note:

The figures for the installment sales segment are the installment sales trade receivables net of the deferred profit on installment sales.