



**Consolidated Financial Results for the First Quarter of the
Fiscal Year Ending December 31, 2019 (FY2019)
(Three Months Ended March 31, 2019)**

[Japanese GAAP]

April 26, 2019

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Stock code: 7172

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Listed Exchange: Tokyo Stock Exchange, Mothers

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Scheduled date of filing of Quarterly Report:

May 10, 2019

Scheduled date of dividend payment:

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Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter (January 1 to March 31, 2019) of FY2019

(1) Consolidated results of operations (cumulative)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Mar. 31, 2019	2,582	▲21.1	1,161	▲46.5	913	▲46.3	503	▲50.5
Three months ended Mar. 31, 2018	3,271	108.8	2,169	140.6	1,702	138.8	1,017	160.8

Note: Comprehensive income Three months ended Mar. 31, 2019: 588 million yen (down 42.9%)

Three months ended Mar. 31, 2018: 1,029 million yen (up 194.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Mar. 31, 2019	16.94	16.50
Three months ended Mar. 31, 2018	37.64	36.19

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2019	114,416	32,362	28.2	1,086.32
As of Dec. 31, 2018	106,776	32,080	30.0	1,184.35

Reference: Owners' equity

As of Mar. 31, 2019: 32,254 million yen

As of Dec. 31, 2018: 32,003 million yen

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2018	-	5.50	-	9.50	15.00
FY2019	-	-	-	-	-
FY2019 (forecast)	-	9.50	-	12.50	22.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for FY2019 (January 1 to December 31, 2019)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	8,300	34.4	4,600	19.9	4,400	27.9	3,000	38.7	105.02
Full year	20,500	36.3	12,200	39.2	11,400	57.6	7,800	55.2	273.06

Note: Revisions to the most recently announced consolidated forecast: None

The percentage change from the previous fiscal year is retroactively applied as a result of the change in accounting policy, and is therefore shown in comparison with the figures for the previous fiscal year after retroactive application.

*** Notes**

(1) Changes in significant subsidiaries during the three months ended March 31, 2019 (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly added: - Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: Yes

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of shares issued (common stock)

1) Number of shares issued at the end of the period (including treasury shares)

As of Mar. 31, 2019	30,231,600 shares	As of Dec. 31, 2018	30,231,600 shares
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2) Number of treasury shares at the end of the period

As of Mar. 31, 2019	540,218 shares	As of Dec. 31, 2018	540,193 shares
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3) Average number of shares during the period (cumulative)

Three months ended Mar. 31, 2019	29,691,385 shares	Three months ended Mar. 31, 2018	27,022,050 shares
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* The current quarterly financial results are not subject to quarterly review by certified public accountants or auditing firms.

* Cautionary statement with respect to forward-looking statements, and other special items

Forecasts of future performance in this document are based on assumption judged to be valid and information currently available to JIA management, but are not promises by JIA regarding future performance. Actual results could differ from the business forecasts due to change in economic conditions, market trends, exchange rate fluctuations and other factors. Please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 3 for forecast assumptions and notes of caution for usage.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

The Japan Investment Adviser (JIA) Group has two reportable segments: the financial solutions business, which includes primarily the operating lease business, and the media-related business. Only information about the financial solutions business is presented because of the negligible importance of the other business.

We changed our accounting policies on the criteria for recognizing revenue in the first quarter of the current consolidated fiscal year, and the results of this year are compared with those at the end of the previous fiscal year and those of the same period last year based on the figures restated retrospectively. For more details, please see “(3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” under “2. Quarterly Consolidated Financial Statements and Notes” on Page 8.

(1) Explanation of Consolidated Results of Operations

In the first quarter of 2019, there is mounting concern over uncertainty of the global economy, such as the economic stagnation in China, the slowing economy in the United States, the trade dispute between the U.S. and China, the issue of the United Kingdom’s withdrawal from the European Union (EU), and currency depreciation in emerging markets. Meanwhile, Japan is seeing a gradual boom in the economy on the back of an upward economic circulation mechanism from income to spending and is expected to sustain steady growth in the future; however, it is of concern that such negative factors as the economic slowdown overseas have an impact on Japan’s export and production activities.

Under these economic environments, in our operating lease business, there has been a constant flow of inquiries from companies interested in leasing aircraft and shipping containers, and therefore, the JIA Group continues to have more opportunities for designing lease arrangement schemes and a high volume of potential deals. Furthermore, to locate investors who fund these leases, we executed new business matching contracts with intermediary service providers all across Japan, including regional banks, securities companies, accounting offices, and consulting companies, which has provided us with a broader point of contact with local investors and, in turn, enabled us to offer them information on investment products satisfying their respective needs and receive many investments as a result.

In the renewable energy business, as the tax incentive (tax system to promote capital investment into productivity increase) was ended at the end of March 2017, the JIA Group started focusing on sales activities by shifting the investment outlet from the conventional products designed for equalization of profit to products structured for attractive returns.

In the aircraft parts-out & conversion business that is targeted at airplanes, we strived to cement the relationships with aircraft manufacturers and expand business opportunities. The parts-out business involves dismantling of retired aircraft, management of inventories of parts obtained from these disassembled planes, and sale of these parts to maintenance companies, leasing companies, airlines, and other companies. The conversion business involves remodeling of old passenger aircraft into cargo and other similar kinds of planes, and recycling and resale of these remodeled planes.

In the insurance agency business, despite the great affinity shown with the investment purposes of investors in the operating lease business, this segment was influenced by the suspension of sale of some of the term insurance products designed for corporations.

There were 13 deals with an aggregate value of 14,871 million yen during the first quarter of 2019. Net sales decreased 21.1% year on year to 2,582 million yen, operating profit decreased 46.5% to 1,161 million yen, ordinary profit decreased 46.3% to 913 million yen and profit attributable to owners of parent was down 50.5% to 503 million yen.

(2) Explanation of Consolidated Financial Position

1) Assets

Total assets increased 7,639 million yen from the end of 2018 to 114,416 million yen at the end of the first

quarter of 2019. This was mainly due to increase in advance payments-trade of 9,549 million yen, while there were decreases in equity underwritten of 737 million yen and deposits paid of 717 million yen.

2) Liabilities

Total liabilities increased 7,357 million yen from the end of 2018 to 82,053 million yen. This was mainly due to increases in short-term loans payable of 9,977 million yen and bonds payable of 550 million yen, while there were decreases in income taxes payable of 1,297 million yen, accounts payable-operating of 1,098 million yen and unearned revenue of 507 million yen.

3) Net Assets

Total net assets increased 282 million yen from the end of 2018 to 32,362 million yen. This was mainly due to booking of profit attributable to owners of parent of 503 million yen in the first quarter of 2019.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

Sales are recognized by using the sales based method.

At this moment, the consolidated forecasts both for the second quarter of the fiscal year ending December 31, 2019 and the whole fiscal year published on February 7, 2019 remain unchanged.

Forecasts are based on information currently available to JIA. Actual performance could differ from these forecasts for a number of uncertainties and changes in the business environment.

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

	(Thousands of yen)	
	FY2018 (As of Dec. 31, 2018)	First Quarter of FY20189 (As of Mar. 31, 2019)
Assets		
Current assets		
Cash and deposits	20,292,651	19,882,361
Accounts receivable-trade	4,438,726	4,110,507
Merchandise	4,705,505	4,672,808
Equity underwritten	51,063,287	50,325,988
Costs on uncompleted services	1,059,725	982,192
Advance payments-trade	9,232,205	18,781,784
Advances paid	6,236,952	6,553,273
Short-term loans receivable	1,505,018	1,774,684
Deposits paid	1,901,788	1,184,652
Operational investment securities	803,164	965,444
Other	1,130,918	1,126,913
Total current assets	102,369,945	110,360,609
Non-current assets		
Property, plant and equipment	146,202	412,189
Intangible assets	48,724	43,588
Investments and other assets	4,139,989	3,509,659
Total non-current assets	4,334,916	3,965,436
Deferred assets		
Bond issuance cost	72,067	90,174
Total deferred assets	72,067	90,174
Total assets	106,776,929	114,416,221

	(Thousands of yen)	
	FY2018 (As of Dec. 31, 2018)	First Quarter of FY2019 (As of Mar. 31, 2019)
Liabilities		
Current liabilities		
Accounts payable-trade	33,512	18,969
Accounts payable-operating	1,516,649	417,770
Short-term loans payable	60,431,945	70,408,950
Current portion of long-term loans payable	1,342,015	1,470,332
Current portion of bonds	802,000	942,000
Accounts payable-other	239,979	43,457
Unearned revenue	4,034,385	3,527,101
Income taxes payable	1,377,676	80,365
Other	1,009,125	707,525
Total current liabilities	70,787,289	77,616,473
Non-current liabilities		
Bonds payable	2,268,000	2,678,000
Long-term loans payable	1,609,014	1,701,074
Other	32,078	58,080
Total non-current liabilities	3,909,092	4,437,154
Total liabilities	74,696,381	82,053,627
Net assets		
Shareholders' equity		
Capital stock	11,639,700	11,639,700
Capital surplus	11,574,376	11,574,376
Retained earnings	10,176,367	10,397,314
Treasury shares	(1,470,585)	(1,470,673)
Total shareholders' equity	31,919,859	32,140,718
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	84,166	126,990
Foreign currency translation adjustment	(409)	(13,278)
Total accumulated other comprehensive income	83,756	113,712
Subscription rights to shares	16,171	16,171
Non-controlling interests	60,760	91,992
Total net assets	32,080,547	32,362,593
Total liabilities and net assets	106,776,929	114,416,221

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**(Quarterly Consolidated Statement of Income)****(For the Three-month Period)**

(Thousands of yen)

	First three months of FY2018 (Jan. 1 – Mar. 31, 2018)	First three months of FY2019 (Jan. 1 – Mar. 31, 2019)
Net sales	3,271,012	2,582,120
Cost of sales	548,352	703,213
Gross profit	2,722,659	1,878,906
Selling, general and administrative expenses	553,250	717,848
Operating profit	2,169,409	1,161,058
Non-operating income		
Gain on sales of equity underwritten	88,988	148,261
Interest income	42,513	42,259
Other	4,617	41,688
Total non-operating income	136,119	232,208
Non-operating expenses		
Interest expenses	105,015	135,893
Commission fee	151,565	107,605
Share of loss of entities accounted for using equity method	249,083	196,154
Foreign exchange losses	91,346	37,635
Other	5,984	2,287
Total non-operating expenses	602,995	479,577
Ordinary profit	1,702,533	913,689
Extraordinary losses		
Office transfer expenses	2,226	-
Total extraordinary losses	2,226	-
Profit before income taxes	1,700,307	913,689
Income taxes	644,540	355,629
Profit	1,055,766	558,059
Profit (loss) attributable to non-controlling interests	38,657	55,044
Profit attributable to owners of parent	1,017,108	503,015

(Quarterly Consolidated Statement of Comprehensive Income)
(For the Three-month Period)

	(Thousands of yen)	
	First three months of FY2018 (Jan. 1 – Mar. 31, 2018)	First three months of FY2019 (Jan. 1 – Mar. 31, 2019)
Profit	1,055,766	558,059
Other comprehensive income		
Valuation difference on available-for-sale securities	(30,444)	42,824
Foreign currency translation adjustment	4,328	(12,868)
Total other comprehensive income	(26,116)	29,955
Comprehensive income	1,029,649	588,015
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	990,992	532,970
Comprehensive income attributable to non-controlling interests	38,657	55,044

(3) Notes to Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Changes in Accounting Policies)

(Changes in the criteria for recording sales and cost of sales in the operating lease business)

The JIA Group conventionally adopted the method of posting all the amounts of sales and cost of sales in the operating lease business when the investments for a deal are sold out; however, we began to follow a method of recording sales and cost of sales according to the amount of investments that are sold for a deal in the first quarter of the current consolidated fiscal year. This change has been made, based on such facts as the increasing number of orders that we are receiving for large-scale deals, with the aim of making fairer calculations of periodical profit and loss.

This change in the accounting policies is applied retrospectively; therefore, the results in the quarterly consolidated financial statement for the same period of the previous fiscal year and the consolidated financial statement for the whole previous year have been restated retrospectively.

Consequently, compared with the results before the change is applied retrospectively, for the first quarter of the previous consolidated year, sales rose by 77,602 thousand yen, cost of sales grew by 27,592 thousand yen, ordinary profit and profit before income taxes went up by 50,009 thousand yen, respectively, and profit attributable to owners of parent increased by 34,576 thousand yen.

In addition, the beginning balance of retained earnings for the first quarter of this fiscal year after the retrospective application of the policy change showed a rise of 4,092 thousand yen owing to the amount of the cumulative financial impact of the change in the accounting policies that has been reflected in the book value of the net assets at the beginning of the first quarter of this year.

(Additional information)

(Application of “Partial Amendments to Accounting Standard for Tax Effect Accounting,” etc.)

Starting to adopt “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) Statement No. 28 issued on February 16, 2018) and other standards in the first quarter of the current consolidated fiscal year, the JIA Group has presented deferred tax assets under the Investments and other assets section and deferred tax liabilities under the section of Non-current liabilities.

(Significant Changes in Shareholders' Equity)

Not applicable.

(Subsequent Events)

(Business Combination through Acquisition)

In “Notification regarding the completion of acquisition of shares of Invest Online, Inc.” dated March 29, 2019, we announced that we had concluded a contract for share transfer for acquiring some shares of Invest Online, Inc. (80% of outstanding shares) and would carry out the transfer of shares on April 5, 2019.

However, we have postponed the execution of share transfer after reaching an agreement with TATERU, Inc., which is the other party of the contract for share transfer. As soon as there emerges any item to be disclosed, we will disclose it.

This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.