



## Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2018 [J-GAAP]

August 10, 2018

Name of listed company: Future Innovation Group, Inc. (Mobile Create Co., Ltd. portion) Securities code: 4392 Representative: Yuji Murai, President and CEO Contact: Kazuhisa Kibe, Director, Manager of Management Planning Office, Mobile Create Co., Ltd. Scheduled date of filing the quarterly financial report: — Scheduled date to start dividends distribution: — Supplementary quarterly materials prepared: Yes Explanation meeting for quarterly financial results: Yes (for institutional investors and analysts)	Listed on: Tokyo Stock Exchange, 1st Section and Fukuoka Stock Exchange URL: <a href="http://www.figinc.jp">http://www.figinc.jp</a> TEL: +81-97-576-8181 (Figures shown are rounded down to the nearest million yen.)
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### 1. Consolidated results for the second quarter ended June 30, 2018 (January 1, 2018 – June 30, 2018)

#### (1) Consolidated operating results

(Percentage figures show changes from the previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended June 30, 2018	4,127	11.4	189	82.2	234	62.8	56	15.7
Six months ended June 30, 2017	3,704	—	103	—	144	—	48	—

Note: Comprehensive income: Six months ended June 30, 2018: ¥93 million (+3.3%)  
 Six months ended June 30, 2017: ¥90 million (—%)

	Profit per share		Diluted profit per share	
	Yen	Yen	Yen	Yen
Six months ended June 30, 2018	2.44	2.42	2.11	2.09
Six months ended June 30, 2017	2.11	2.09	—	—

Note: Consolidated financial results were not prepared for the second quarter of the fiscal period ended December 31, 2016, which was a transitional period due to a change in the Company's fiscal year-end. Consequently, year-on-year percentage comparisons for the six months ended June 30, 2017 have been omitted.

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2018	11,317	7,684	40.5
As of December 31, 2017	11,419	7,703	41.0

Reference: Equity capital: As of June 30, 2018: ¥4,586 million      As of December 31, 2017: ¥4,682 million

### 2. Dividends

	Dividends per share				
	First quarter -end	Second quarter -end	Third quarter -end	Year-end	Annual
Year ended December 31, 2017	Yen —	Yen 0.00	Yen —	Yen 5.00	Yen 5.00
Year ending December 31, 2018	—	0.00	—	—	—
Year ending December 31, 2018 (Forecast)	—	—	—	—	—

Note: Revisions to the most recently announced dividend forecast during the period: No

### 3. Consolidated financial forecast for the fiscal year ending December 31, 2018 (January 1, 2018 – December 31, 2018)

For Future Innovation Group, Inc. (FIG Inc.)'s consolidated financial forecasts and dividend forecast for the fiscal year ending December 31, 2018, please refer to the press release issued by FIG Inc. on August 10, 2018.

Notes:

(1) Significant changes to subsidiaries during the period (Transfers of specific subsidiaries with changes in the scope of consolidation): No

(2) Application of the specific accounting methods for preparing the quarterly consolidated financial statements: No

(3) Changes in accounting policies, accounting estimates and restatement of revisions

1) Changes in accounting policies due to revision of accounting standard, etc.: No

2) Changes in accounting policies other than 1): No

3) Changes in accounting estimates: No

4) Restatement of revisions: No

(4) Number of outstanding shares (common stock):

1) Number of shares issued and outstanding (including treasury shares)	As of June 30, 2018	23,157,600 shares	As of December 31, 2017	23,157,600 shares
2) Number of treasury shares	As of June 30, 2018	- shares	As of December 31, 2017	- shares
3) Average number of shares issued and outstanding in each period	Six months ended June 30, 2018	23,157,600 shares	Six months ended June 30, 2017	23,157,600 shares

**\* This quarterly report is not subject to audit procedures conducted by certified public accountants and the independent auditor.**

#### **\* Explanation of appropriate use of forecasts of financial results; other important items**

Mobile Create Co., Ltd. and Ishii Tool & Engineering Corporation established a joint holding company called Future Innovation Group, Inc. (FIG Inc.) on July 2, 2018 through a joint share transfer.

For FIG Inc.'s consolidated financial forecasts and dividend forecast for the fiscal year ending December 31, 2018, please refer to the press release issued by FIG Inc. on August 10, 2018.

## Contents

<b>1. Analysis of operating results and financial position .....</b>	<b>2</b>
(1) Analysis of operating results .....	2
(2) Analysis of financial position .....	2
(3) Qualitative information on consolidated financial forecasts and other future projection data .....	3
<b>2. Quarterly consolidated financial statements and related notes.....</b>	<b>4</b>
(1) Quarterly consolidated balance sheets.....	4
(2) Quarterly consolidated statements of income and comprehensive income .....	6
(Quarterly consolidated statements of income).....	6
(Quarterly consolidated statements of comprehensive income).....	7
(3) Quarterly consolidated statements of cash flows.....	8
(4) Notes on quarterly consolidated financial statements.....	9
(Notes related to the going concern assumption) .....	9
(Notes on significant fluctuation in amounts of shareholders' equity) .....	9
(Segment information, etc.) .....	10
(Material subsequent events) .....	10

## 1. Analysis of operating results and financial position

### (1) Analysis of operating results

The Group is working to expand existing businesses and move into new business fields, including building a business model in the growing IoT market.

In the Information Communications segment, the Group is focusing on new product development and implementing an aggressive marketing strategy to further expand the Stock Business.

In the Equipment segment, sales and orders for semiconductor-related equipment and vehicle facility-related equipment were strong, supported by rising demand for automotive electronic devices due to the shift to electrification and high-performance systems in vehicles.

In addition, in new business development, the Group is conducting research and development into an automated transportation robot that can map and follow its own routes.

As a result of the above, consolidated net sales of the second quarter, cumulative for the first six months of the fiscal year, was ¥4,127,600,000 (up 11.4% year on year). For the same period, operating profit was ¥189,402,000 (up 82.2%), ordinary profit was ¥234,446,000 (up 62.8%), and profit attributable to owners of parent for the quarter was ¥56,448,000 (up 15.7%).

Performance in the Mobile Create Group's business segments was as follows.

#### **(Information Communications segment)**

This segment reported net sales to external customers of ¥1,959,553,000 (down 7.1% year on year) and operating loss of ¥13,379,000 (compared to operating profit of ¥105,944,000 in the same quarter a year earlier).

#### **(Equipment segment)**

This segment reported net sales to external customers of ¥2,168,047,000 (up 35.9%) and operating profit of ¥204,647,000 (compared to operating profit of ¥6,533,000 in the same quarter a year earlier).

### (2) Analysis of financial position

#### 1) Assets, liabilities and net assets

As of June 30, 2018, total assets stood at ¥11,317,796,000, down ¥102,199,000 from the end of the previous fiscal year. This result mainly reflected a decrease of ¥271,890,000 in cash and deposits, along with a decrease of ¥89,366,000 in investment securities, despite an increase in inventories of ¥305,836,000.

Total liabilities for the period amounted to ¥3,633,151,000, a decrease of ¥83,470,000 from the previous fiscal year-end. This was mainly attributable to decreases of ¥100,000,000 in short-term loans payable and ¥91,398,000 in income taxes payable, which outweighed increases of ¥70,305,000 in notes and accounts payable – trade and ¥78,762,000 in long-term loans payable.

Total net assets stood at ¥7,684,644,000, down ¥18,728,000 from the end of the previous fiscal year. This was largely the result of a decline of ¥115,788,000 in retained earnings due to the payment of dividends and a decrease of ¥35,504,000 in valuation difference on available-for-sale securities, offsetting increases of ¥73,523,000 in non-controlling interests and ¥56,448,000 in retained earnings, the latter owing to the posting of profit attributable to owners of parent for the quarter.

#### 2) Cash flows

Cash and cash equivalents as of June 30, 2018 stood at ¥1,274,565,000, a decrease of ¥271,890,000 from the end of the previous fiscal year. Cumulative cash flows for the first half of the fiscal year (six months ended June 30, 2018) were as follows:

##### **(Cash flows from operating activities)**

Operating activities provided net cash of ¥7,819,000. The main sources of cash were increase in notes and accounts payable – trade of ¥36,498,000, profit before income taxes of ¥234,446,000 and depreciation of ¥241,407,000, while the main uses of cash were income taxes paid of ¥134,525,000 and increase in inventories of ¥305,836,000.

##### **(Cash flows from investing activities)**

Investing activities used net cash of ¥133,950,000. The main uses of cash were purchase of property, plant and equipment of ¥65,540,000 and purchase of intangible assets of ¥92,534,000, while the main source of cash was proceeds from subsidy income of ¥32,001,000.

##### **(Cash flows from financing activities)**

Financing activities used net cash of ¥144,561,000. The main uses of cash were repayments of long-term loans payable of ¥101,198,000 and cash dividends paid of ¥115,366,000, while the main source of cash was proceeds from long-term loans payable of ¥200,000,000.

(3) Qualitative information on consolidated financial forecasts and other future projection data

For FIG Inc.'s consolidated financial forecasts and dividend forecast for the fiscal year ending December 31, 2018, please refer to the press release issued by FIG Inc. on August 10, 2018.

## 2. Quarterly consolidated financial statements and related notes

### (1) Quarterly consolidated balance sheets

(Thousands of yen)

	As of December 31, 2017	As of June 30, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	1,546,456	1,274,565
Notes and accounts receivable – trade	2,960,640	3,018,318
Inventories	1,698,607	2,004,443
Others	325,383	283,750
Allowance for doubtful accounts	(19,053)	(15,716)
Total current assets	6,512,033	6,565,362
Non-current assets		
Property, plant and equipment		
Land	1,413,649	1,413,649
Other- net	1,430,402	1,433,336
Total property, plant and equipment	2,844,052	2,846,986
Intangible assets	667,626	616,482
Investments and other assets		
Investment securities	987,188	897,822
Net defined benefit asset	271,895	267,789
Deferred tax assets	32,899	20,309
Others	110,090	108,586
Allowance for doubtful accounts	(5,790)	(5,541)
Total investments and other assets	1,396,283	1,288,964
Total non-current assets	4,907,962	4,752,434
Total assets	11,419,995	11,317,796

Future Innovation Group, Inc. (Mobile Create Co., Ltd. portion) (4392)  
Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2018

(Thousands of yen)

	As of December 31, 2017	As of June 30, 2018
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	1,186,161	1,256,466
Short-term loans payable	500,000	400,000
Current portion of bonds	20,800	11,700
Current portion of long-term loans payable	302,396	322,436
Income taxes payable	163,753	72,354
Provision	48,768	51,534
Others	406,358	397,371
Total current liabilities	2,628,237	2,511,863
Non-current liabilities		
Bonds payable	300,000	300,000
Long-term loans payable	558,327	637,089
Lease obligations	22,220	11,468
Deferred tax liabilities	150,930	116,349
Provision for directors' retirement benefits	14,407	18,257
Net defined benefit liability	13,822	17,646
Others	28,677	20,478
Total non-current liabilities	1,088,384	1,121,288
Total liabilities	3,716,622	3,633,151
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,004,678	1,004,678
Capital surplus	994,388	1,006,186
Retained earnings	2,644,006	2,572,781
Total shareholders' equity	4,643,073	4,583,646
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	69,273	33,768
Foreign currency translation adjustment	1,014	562
Remeasurements of defined benefit plans	(31,033)	(31,909)
Total accumulated other comprehensive income	39,253	2,421
Subscription rights to shares	96,150	100,157
Non-controlling interests	2,924,895	2,998,419
Total net assets	7,703,373	7,684,644
Total liabilities and net assets	11,419,995	11,317,796

(2) Quarterly consolidated statements of income and comprehensive income  
(Quarterly consolidated statements of income)

	(Thousands of yen)	
	Six months ended June 30, 2017	Six months ended June 30, 2018
Net sales	3,704,026	4,127,600
Cost of sales	2,622,989	2,946,701
Gross profit	1,081,036	1,180,898
Selling, general and administrative expenses	977,106	991,496
Operating profit	103,930	189,402
Non-operating income		
Interest income	3,167	3,151
Dividend income	5,465	6,998
Subsidy income	33,100	32,001
Others	19,087	10,921
Total non-operating income	60,819	53,072
Non-operating expenses		
Interest expenses	7,198	6,577
Loss on retirement of non-current assets	11,073	0
Others	2,453	1,450
Total non-operating expenses	20,725	8,028
Ordinary profit	144,024	234,446
Profit before income taxes	144,024	234,446
Income taxes	78,533	48,592
Income taxes – deferred	(12,963)	17,467
Total income taxes	65,569	66,060
Profit	78,454	168,386
Profit attributable to non-controlling interests	29,660	111,937
Profit attributable to owners of parent	48,794	56,448



Future Innovation Group, Inc. (Mobile Create Co., Ltd. portion) (4392)  
 Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2018

(Quarterly consolidated statements of comprehensive income)

	(Thousands of yen)	
	Six months ended June 30, 2017	Six months ended June 30, 2018
Profit	78,454	168,386
Other comprehensive income		
Valuation difference on available-for-sale securities	8,864	(72,654)
Foreign currency translation adjustment	(919)	(451)
Remeasurements of defined benefit plans	3,727	(2,139)
Total other comprehensive income	11,671	(75,246)
Comprehensive income	90,126	93,140
(Breakdown of comprehensive income)		
Comprehensive income attributable to owners of parent	57,966	19,616
Comprehensive income attributable to non-controlling interests	32,159	73,523

(3) Quarterly consolidated statements of cash flows

	(Thousands of yen)	
	Six months ended June 30, 2017	Six months ended June 30, 2018
<b>Cash flows from operating activities</b>		
Profit before income taxes	144,024	234,446
Depreciation	220,508	241,407
Share-based compensation expenses	7,279	4,730
Increase (decrease) in allowance for doubtful accounts	(1,177)	(3,586)
Decrease (increase) in net defined benefit asset	14,544	987
Increase (decrease) in provision for product warranties	2,598	(6,629)
Increase (decrease) in net defined benefit liability	2,332	3,824
Increase (decrease) in provision for bonuses	6,332	9,394
Increase (decrease) in provision for directors' retirement benefits	3,239	3,850
Interest and dividend income	(8,632)	(10,149)
Interest expenses	7,198	6,577
Subsidy income	(33,100)	(32,001)
Loss on retirement of non-current assets	11,073	0
Decrease (increase) in notes and accounts receivable - trade	760,662	(57,677)
Decrease (increase) in inventories	(293,728)	(305,836)
Increase (decrease) in notes and accounts payable - trade	167,391	36,498
Decrease (increase) in lease investment assets	(10,976)	12,646
Others	(117,467)	(418)
Subtotal	882,100	138,064
Interest and dividend income received	8,759	10,276
Interest expenses paid	(6,895)	(5,995)
Proceeds from subsidy income	3,100	-
Income taxes paid	(62,818)	(134,525)
Net cash provided by (used in) operating activities	824,245	7,819
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(417,765)	(65,540)
Proceeds from sales of property, plant and equipment	113,128	504
Purchase of intangible assets	(213,206)	(92,534)
Proceeds from sales of investment securities	3,183	-
Purchase of investment securities	(54,775)	(11,340)
Collection of loans receivable	1,020	1,020
Proceeds from subsidy income	30,000	32,001
Others	(4,719)	1,938
Net cash provided by (used in) investing activities	(543,133)	(133,950)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(200,000)	(100,000)
Proceeds from long-term loans payable	300,000	200,000
Repayments of long-term loans payable	(126,224)	(101,198)
Redemption of bonds	(9,100)	(9,100)
Cash dividends paid	(69,002)	(115,366)
Others	(19,900)	(18,897)
Net cash provided by (used in) financing activities	(124,226)	(144,561)
Effect of exchange rate change on cash and cash equivalents	(1,335)	(1,197)
Net increase (decrease) in cash and cash equivalents	155,549	(271,890)
Cash and cash equivalents at the beginning of period	1,473,994	1,546,456
Cash and cash equivalents at the end of period	1,629,543	1,274,565

(4) Notes on quarterly consolidated financial statements

(Notes related to the going concern assumption)

There is no related information.

(Notes on significant fluctuation in amounts of shareholders' equity)

Second quarter cumulative for the first six months of the previous year (January 1, 2017 - June 30, 2017)

1. Payment of cash dividends

Resolution	Share type	Total amount of dividends (¥ thousands)	Dividend per share (¥)	Date of record	Effective date	Source of dividends
March 28, 2017 Ordinary general meeting of shareholders	Common shares	69,472	3.00	December 31, 2016	March 29, 2017	Retained earnings

2. Dividends for which the date of record was the second quarter (cumulative for the first six months of the year) in which the effective date of the dividends followed the final day of the second quarter

No applicable items.

Second quarter cumulative for the first six months of the year (January 1, 2018 - June 30, 2018)

1. Payment of cash dividends

Resolution	Share type	Total amount of dividends (¥ thousands)	Dividend per share (¥)	Date of record	Effective date	Source of dividends
March 27, 2018 Ordinary general meeting of shareholders	Common shares	115,788	5.00	December 31, 2017	March 28, 2018	Retained earnings

2. Dividends for which the date of record was the second quarter (cumulative for the first six months of the year) in which the effective date of the dividends followed the final day of the second quarter

No applicable items.

(Segment information, etc.)

(Segment information)

Second quarter cumulative for the first six months of the previous year (January 1, 2017 – June 30, 2017)

Information regarding sales and income by reportable segment

(Thousands of yen)

	Reportable segment		Total	Adjustment (Note 1)	Carried on consolidated financial statements (Note 2)
	Information Communications	Equipment			
Net sales					
Sales to external customers	2,108,755	1,595,270	3,704,026	—	3,704,026
Intersegment sales and transfers	4,153	8,748	12,901	(12,901)	—
Total	2,112,909	1,604,018	3,716,928	(12,901)	3,704,026
Segment income	105,944	6,533	112,477	(8,547)	103,930

Notes:

- Adjustments of segment income of -¥8,547,000 are due to the elimination of intersegment transactions.
- Some adjustments were made between segment income and operating profit recorded in the consolidated financial statements.

Second quarter cumulative for the first six months of the year (January 1, 2018 – June 30, 2018)

Information regarding sales and income (loss) by reportable segment

(Thousands of yen)

	Reportable segment		Total	Adjustment (Note 1)	Carried on consolidated financial statements (Note 2)
	Information Communications	Equipment			
Net sales					
Sales to external customers	1,959,553	2,168,047	4,127,600	—	4,127,600
Intersegment sales and transfers	—	20,904	20,904	(20,904)	—
Total	1,959,553	2,188,952	4,148,505	(20,904)	4,127,600
Segment income (loss)	(13,379)	204,647	191,268	(1,866)	189,402

Notes:

- Adjustments of segment income of -¥1,866,000 are due to the elimination of intersegment transactions.
- Some adjustments were made between segment income (loss) and operating profit recorded in the consolidated financial statements.

(Material subsequent events)

Following approval at the ordinary general meetings of shareholders of Mobile Create Co., Ltd. on March 27, 2018 and Ishii Tool & Engineering Corporation on March 23, 2018, Mobile Create Co., Ltd. and Ishii Tool & Engineering Corporation established a wholly owing parent company called Future Innovation Group, Inc. (FIG Inc.) on July 2, 2018 through a joint share transfer.