

Results for First Two Quarters of Fiscal 2012, ending September 30, 2012

May 2012

FinTech Global Incorporated

Mothers Stock Code: 8789

<http://www.fgi.co.jp/>

Fiscal 2012 First Two Quarters (Consolidated)

Consolidated (Millions of yen)	Fiscal 2011 First two quarters	Fiscal 2012 First two quarters	YOY Change	Fiscal 2012 Full year forecast
Revenues	4,977	1,451	(3,525)	3,560
Gross profit	2,858	810	(2,048)	—
Operating income (loss)	1,791	(164)	(1,955)	80
Ordinary profit (loss)	1,757	(138)	(1,896)	150
Net income (loss)	1,835	(462)	(2,297)	280



Overall Business and Performance Summary

- ✓ Ongoing services in the financial advisory and asset management businesses presented a certain degree of revenue stability, which was complemented by the recovery of real estate investments through measures executed in the previous fiscal year as well as proceeds of ¥320 million from the sale of shares in a pioneer drug development venture in the investment portfolio of FinTech GIMV Fund, L.P. (FGF). But anticipated progress toward full-year numerical targets is being delayed by a lack of large transactions in the financial arrangement and asset management segments and by the postponement of exits on some corporate investment deals as FGI focuses on measures to boost corporate value to a more exit-worthy level.
- ✓ At FGI Capital Partners, Inc. (FGICP), results from global macro fund management were sluggish and no performance fees were booked. No performance fees were booked in the venture investment fund, either, because no exits were made on investments in portfolio companies. In addition, faltered, as fallout from the scandal surrounding AIJ Investment Advisors—a Tokyo-based money manager that lost clients' pension assets through bad equity and bond derivatives trading and falsified reports to investors to hide the situation—prompted pension funds and other investors to hesitate before entrusting discretionary asset managers with new funds for investment. Consequently, FGICP's accumulation of assets under management stalled, as did promotion of the event-driven strategy initiated by FGICP in November 2011.

Given these conditions, FGI recorded ¥324 million as loss on valuation of equity in subsidiaries and affiliates under extraordinary loss on a non-consolidated basis—with the amount cancelled out and eliminated on a consolidated basis—and also recorded ¥126 million in amortization of goodwill associated with FGICP on the consolidated accounts.

FGICP starts the third quarter with new management and a revamped structure to address these shortcomings. In addition, the AIJ Investment Advisory scandal prompted the government to begin screening fund management companies, so FGICP will strive to address heightened scrutiny by emphasizing strict compliance practices, the solid credibility and reinforced investment structure that a subsidiary gains through its listed parent, and access to original investment products. These positive steps should enable FGICP to build a larger pool of assets entrusted to it by pension funds and other investors.

In conjunction with these efforts, the Company will seek to reduce selling, general and administrative expenses through administrative rationalization and strive to achieve an improvement in performance.
- ✓ In the reinsurance business of portfolio company Crane Reinsurance Limited, the company was unable to post any revenue because its ceding source was late with billing notifications for both the first and second quarters. At a later date, the company expects the delayed billing notifications will eventually be provided and will then record premium receipts and payments based on the applicable document data.

Segment Performances

	First Two Quarters of Fiscal 2011		First Two Quarters of Fiscal 2012		YOY Change		Principal Consolidated Subsidiaries	
	Revenues	Operating income (loss)	Revenues	Operating income (loss)	Revenues	Operating income (loss)		
1	Investment Banking Business	309,763	149,895	119,843	(43,171)	(189,919)	(193,066)	FinTech Global Securities, Inc. (FGS)
2	Asset Management Business	178,493	18,601	124,766	(140,604)	(53,727)	(159,205)	FinTech Global Asset Management Inc. (FAM) FGI Capital Partners, Inc. (FGICP)
3	Principal Investment Business	3,530,538	1,858,179	730,506	169,911	(2,800,031)	(1,688,268)	FinTech Global Incorporated
4	Portfolio Business	865,039	56,905	575,246	225,261	(289,792)	168,355	Beter Life Support Co., Ltd. (BELS) Crane Reinsurance Limited FinTech GIMV Fund L.P. (FGF)
5	Public Finance-Related Business	122,438	2,553	118,722	(52,793)	(3,716)	(55,347)	Public Management Consulting Corporation (PMC)
	Total	5,006,272	2,086,135	1,669,085	158,603	(3,337,187)	(1,927,531)	
	Adjustment	(28,754)	(294,699)	(217,162)	(322,741)	(188,408)	(28,042)	
	Amount Booked on Quarterly Consolidated Statement of Income	4,977,518	1,791,436	1,451,922	(164,137)	(3,525,596)	(1,955,573)	

- 1 FinTech Global Securities, Inc. (FGS), secured a certain degree of revenue stability through financial advisory services for an operating company but showed a year-on-year decrease in revenue due to fewer large agreements. From the third quarter, FGS, which is positioned as the business development division of the FGI Group and tasked with sourcing deals and investors, will strive to expand its client base by focusing on 1) financial advisory services to facilitate business rehabilitation; 2) development-style financial arrangements, which are in high demand among mid-sized real estate developers; 3) business rehabilitation arrangements using discount payoffs; and 4) eco-friendly energy businesses undertaken in cooperation with Public Management Consulting Corporation (PMC).
- 2 FinTech Asset Management Incorporated (FAM) booked fee income on the refinancing and retained asset management accounts. But revenue in the first two quarters of fiscal 2012 was down compared with revenue in corresponding period in fiscal 2011, when the company handled large arrangements. From the third quarter, FAM will begin setting up and operating funds for each of its accounts. The company will encourage external investors to contribute to these funds and members of the FGI Group will take minor interests. The focus of these funds will be companies and business projects with promising futures.
FGICP posted no performance fee revenue on global macro fund or venture investment fund management. In addition, the accumulation of assets under management decelerated through the end of the second quarter because the scandal surrounding AIJ Investment Advisors forced pension funds, which entrust assets to fund managers, to be far more cautious in releasing assets for investment. Going forward, FGICP will maximize the merits afforded by its status as the subsidiary of a listed company and strive to build up its balance of assets under management as an investment management company with high credibility.
- 3 FGI selectively directs capital into investment and loan opportunities that have been identified inside and outside the Group and endeavors to improve the corporate value of these investments by supporting management at the subject companies. Revenue came primarily from investment exits initiated in fiscal 2011. Moving forward, the Company will begin exploring appropriate exit strategies since some existing investments have now achieved a level of improvement in corporate value that merits an exit.
- 4 Portfolio investment Better Life Support Co., Ltd. (BELS) delivered better-than-expected results. Crane Re, however, had to book unearned premiums, claims and costs based on billing notifications received in the previous fiscal year because its ceding source was late with billing notifications for the first or second quarters. The company will reflect premium receipts and payments based on billing notifications when they eventually arrive. FGF recorded proceeds of ¥320 million and operating income of ¥256 million from the sale of shares in a venture company in its investment portfolio.
- 5 PMC continued to reinforce its marketing capabilities to secure an allocation of funds from the fiscal 2012 budgets of local governments. But with many local governments following the Ministry of Internal Affairs and Communications' study group on the promotion of new regional public accounting, and the resulting wait-and-see approach hindered the number of contracts concluded. But contracts with clients other than local governments increased, thanks to market development using government accounting, and this helped boost revenue.
Moving forward, PMC will maintain its emphasis on this market and strive to boost contracts while expanding its marketing channels to attract new clients. In addition, the company will actively take on new activities, including eco-friendly energy businesses and alliances with other system providers, to meet the needs of local governments.

Fiscal 2012 Full-Year Performance Forecasts (Consolidated)

Consolidated (Millions of yen)	Fiscal 2012 First two quarters (A)	Fiscal 2012 Full year forecast (B)	(B) – (A)
Revenue	1,451	3,560	2,108
Operating income (loss)	(164)	80	244
Ordinary profit (loss)	(138)	150	288
Net income (loss)	(462)	280	742



Consolidated Fiscal 2012 Performance Forecasts

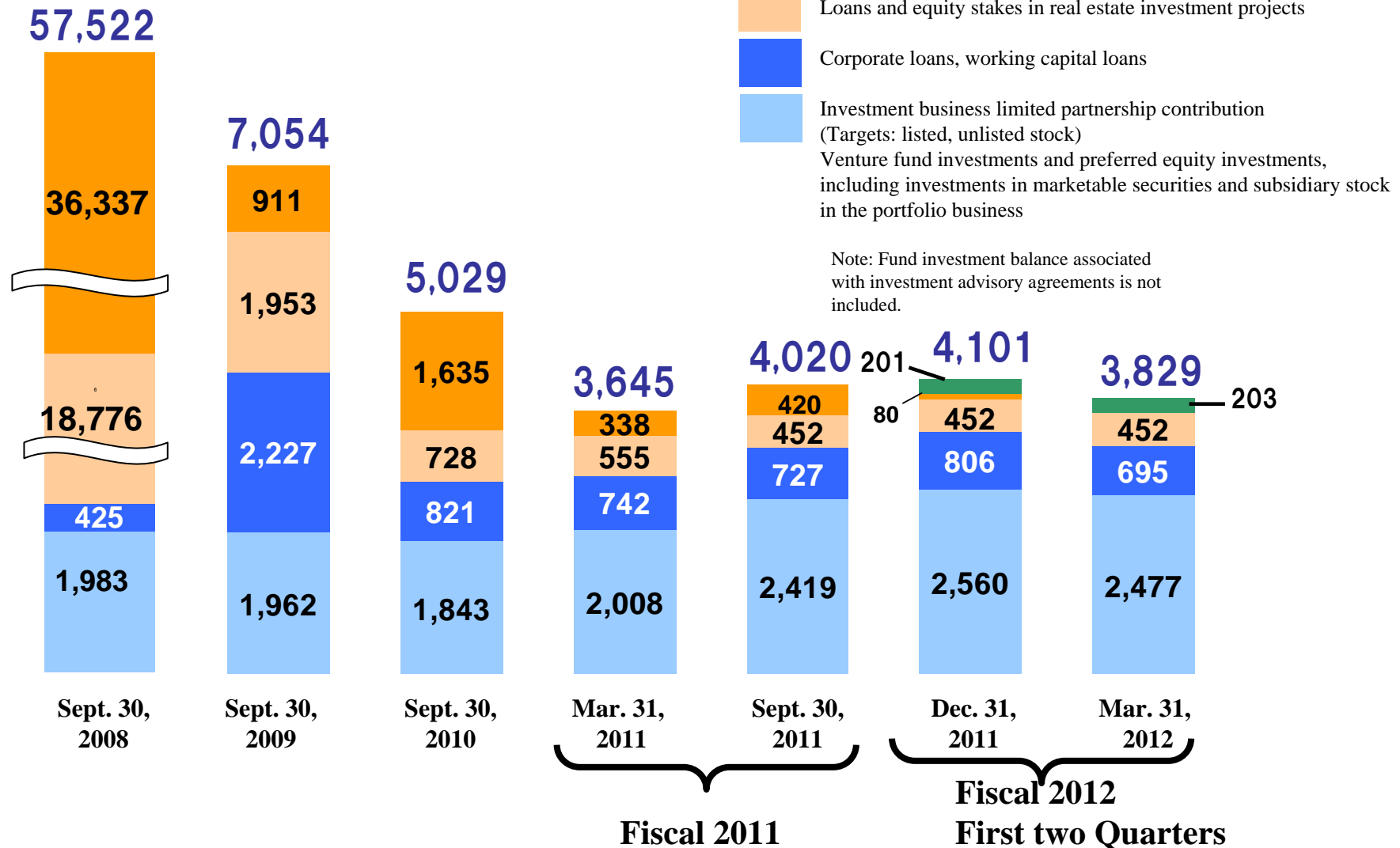
No changes to full-year performance forecasts

As of the announcement of results for the first two quarters of fiscal 2012, no changes have been made to the full-year consolidated forecasts announced on November 14, 2011.

Our focus has been to increase corporate value in existing companies in the principal investment portfolio, and some of these companies have already achieved corporate value sufficient to generate a return on investment. A select few have the potential to realize higher corporate value with management support, and these investments will be maintained. But exits through sale or other methods will still be considered during the current fiscal year, if the conditions are right. Management feels that full-year performance forecasts are quite within reach, especially if the Company can achieve appropriate returns on investments and effectively leverage Group businesses. Therefore, no changes to consolidated performance forecasts are deemed necessary at this time.

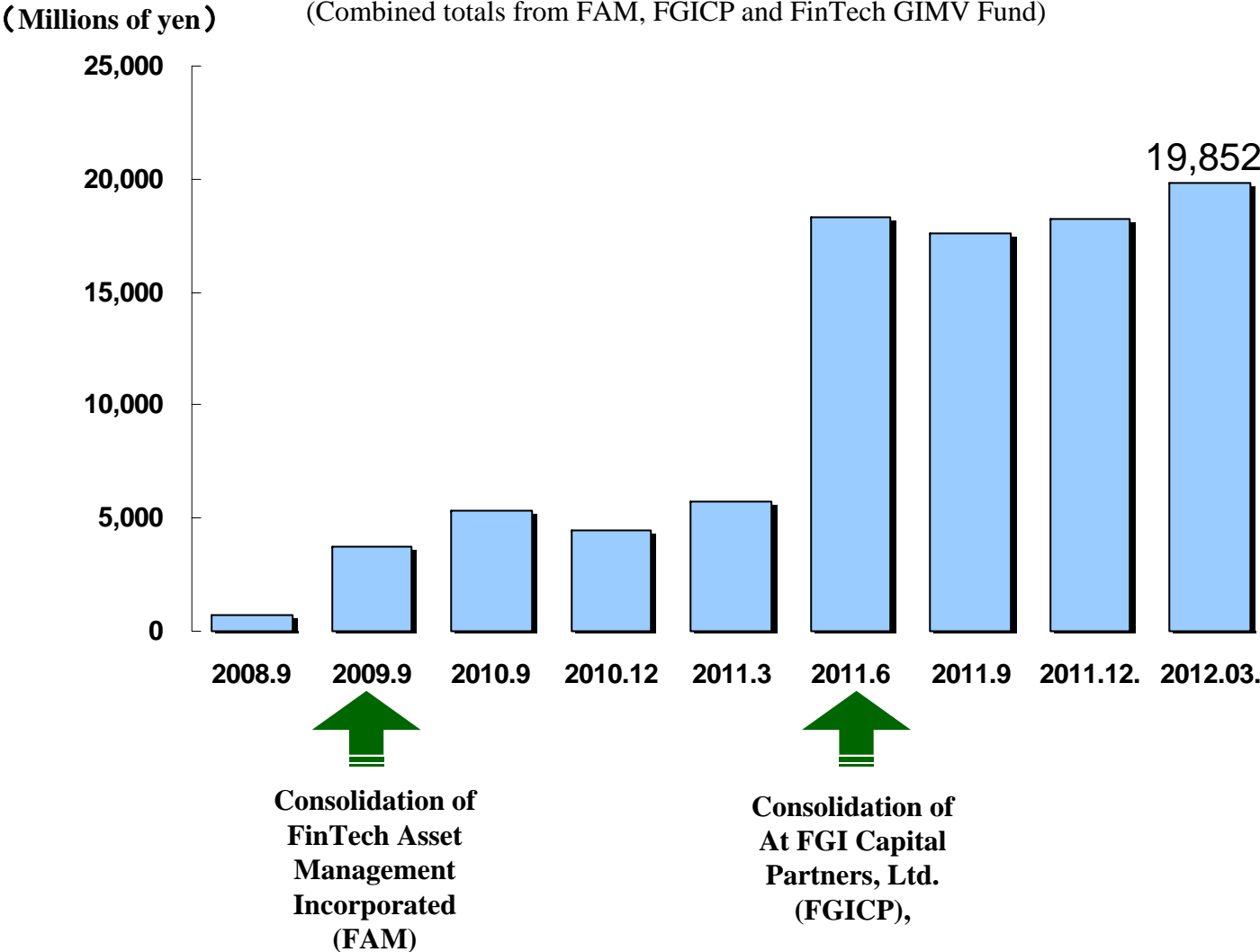
Changes in the Principal Investment Portfolio

(Millions of yen; amounts exclude claims for which an allowance has been set aside to cover the entire amount outstanding)



Trends in the FGI Group's Balance of Assets under Management

In the second quarter of fiscal 2012, the balance of assets under management grew, reflecting efforts to attract funds with an event-driven strategy launched in November 2011.



Consolidated Balance Sheets

(Thousands of yen)

Assets	Fiscal 2011	First Two Quarters of Fiscal 2012	Change
Current Assets	6,656,212	5,887,962	(768,249)
Cash and time deposits	1,804,161	2,579,580	775,418
Accounts receivable, trade	125,682	144,192	18,509
1 Investments in securities, trade	2,002,744	2,263,448	260,703
2 Real estate for sale	420,531	—	(420,531)
Deffered tax assets	1,049	5,868	4,819
Loans receivable, trade	2,707,235	2,702,579	(4,655)
3 Accrued income	1,563,973	165,013	(1,398,960)
Other	122,286	63,854	(58,432)
Allowance for doubtful accounts	(2,091,453)	(2,036,574)	54,879
Fixed assets	1,026,282	801,682	(224,600)
Property, plant and equipment	169,408	162,952	(6,456)
4 Intangible fixed assets	502,844	322,550	(180,294)
Investments and other assets	354,029	316,179	(37,849)
Total assets	7,682,494	6,689,644	(992,850)

1 Increase due to Group-managed alternative investments and investments in companies.

2 Decrease due to exit on investments

3 Proceeds from transactions for which revenue was posted in the previous year and adjustments on unearned premiums.

4 Decrease due to one-time amortization of goodwill on FGICP.

5 Insurance loss reserve for expired policies increased but adjustment on paid insurance decreased.

6 Decrease due to quarterly net loss and dividend distribution.

Liabilities	Fiscal 2011	First Two Quarters of Fiscal 2012	Change
Current liabilities	1,176,541	970,995	(205,545)
Short-term debt	55,000	40,000	(15,000)
Long-term debt due within one year	81,837	2,004	(79,833)
Accrued liabilities	301,649	291,784	(9,865)
Accrued expenses	54,312	30,380	(23,932)
Deposits received	490,755	490,707	(48)
Other	192,986	116,119	(76,867)
Long-term liabilities	1,635,063	1,345,104	(289,958)
Long-term debt	45,157	4,155	(41,002)
Deffered tax liabilities	74,123	80,991	6,867
Accrued retirement benefits	86,097	92,529	6,431
5 Reserve for insurance policy	1,286,699	1,157,180	(129,519)
Other	142,985	10,248	(132,736)
Total liabilities	2,811,604	2,316,100	(495,504)

Net Assets

Shareholders' equity	3,936,656	3,355,329	(581,326)
Common stock	2,312,384	2,312,517	133
Capital surplus	5,183	5,183	0
6 Retained earnings	1,671,501	1,090,041	(581,459)
Treasury Stock	(52,412)	(52,412)	0
Other comprehensive income	(179,872)	(137,060)	42,812
Valuation difference on available-for-sale securities	(629)	(4,259)	(3,630)
Foreign currency translation adjustments	(179,243)	(132,801)	46,442
Stock acquisition rights	18,091	17,592	(498)
Minority interests	1,096,015	1,137,682	41,667
Total net assets	4,870,890	4,373,544	(497,345)
Total liabilities and net assets	7,682,494	6,689,644	(992,850)

Consolidated Statement of Income

	First Two Quarters of Fiscal 2011	First Two Quarters of Fiscal 2012	(Thousands of yen) Change	Fiscal 2011
Revenues	4,977,518	1,451,922	(3,525,595)	6,988,197
Cost of revenues	2,119,333	641,890	(1,477,442)	3,479,193
Gross profit/(loss)	2,858,184	810,031	(2,048,152)	3,509,003
Selling, general and administrative	1,066,748	974,168	(92,579)	2,232,314
Operating income/(loss)	1,791,436	(164,137)	(1,955,573)	1,276,688
Other income	6,747	29,393	22,646	13,940
Other expenses	40,876	4,255	(36,620)	69,728
Ordinary profit/(loss)	1,757,307	(138,999)	(1,896,306)	1,220,900
Extraordinary profit	367,722	1,051	(366,670)	589,628
Extraordinary loss	271,950	161,113	(110,836)	398,839
Income/(Loss) before income taxes	1,853,079	(299,061)	(2,152,140)	1,411,689
Income taxes	39,184	7,904	(31,279)	61,432
Income/(Loss) before minority interests	1,813,894	(306,965)	(2,120,859)	1,350,257
Minority Interests/(loss)	(21,417)	155,329	176,746	(53,789)
Net income/(loss)	1,835,311	(462,295)	(2,297,606)	1,404,046

1 Decrease mainly due to lower payment commissions and the booking of a negative net amount (expense) on transfer to/reversal from allowance for doubtful accounts, reflecting collection of loans already written down in the past.

2 Recorded ¥126 million in amortization of goodwill for FGICP.

3 Mainly minority interest in FGF.

Reference Materials

- **Quarterly Non-Consolidated Financial Statements (Balance Sheets and Statements of Income)**
- **Changes in Key Financial Data (Consolidated)**
- **Summary of Subsidiary Results**

Quarterly Non-Consolidated Balance Sheets

(Thousands of yen)

Assets	Fiscal 2011	First Two Quarters of Fiscal 2012	Change
Current Assets	3,066,538	2,463,967	(602,571)
Cash and time deposits	425,683	729,649	303,966
Accounts receivable, trade	105	6,090	5,985
Investments in securities, trade	799,007	930,239	131,232
Real estate for sale	284,078	—	(284,078)
Deferred tax assets	2,718,194	2,713,538	(4,655)
Loans receivable, trade	146,127	50,906	(95,221)
Accrued income	758,545	32,630	(725,914)
Other	35,005	37,983	2,978
Allowance for doubtful accounts	(2,100,208)	(2,037,071)	63,136
Fixed assets	3,843,843	3,819,930	(23,912)
Property, plant and equipment	157,079	149,779	(7,299)
Intangible fixed assets	10,684	8,091	(2,592)
Investments and other assets	3,676,079	3,662,058	(14,021)
Total assets	6,910,381	6,283,897	(626,484)

Liabilities	Fiscal 2011	First Two Quarters of Fiscal 2012	Change
Current liabilities	2,977,952	2,806,861	(171,091)
Short-term debt	1,287,026	1,260,184	(26,841)
Accrued expenses	1,155,402	1,035,715	(119,687)
Deposits received	483,602	485,747	2,145
Other	51,920	25,213	(26,707)
Long-term liabilities	38,268	32,192	(6,075)
Accrued retirement benefits	22,317	28,649	6,332
Other	15,951	3,543	(12,408)
Total liabilities	3,016,221	2,839,054	(177,166)

Net Assets

Shareholders' equity	3,876,068	3,427,250	(448,818)
Common stock	2,312,384	2,312,517	133
Capital surplus	14	14	0
Retained earnings	1,563,669	1,114,717	(448,951)
Stock acquisition rights	18,091	17,592	(498)
Total net assets	3,894,160	3,444,843	(449,317)
Total liabilities and net assets	6,910,381	6,283,897	(626,484)

Non-Consolidated Statements of Income

(Thousands of yen)

	First two Quarters of Fiscal 2011	First two Quarters of Fiscal 2012	Change	Fiscal 2011
Revenues	3,890,487	742,935	(3,147,551)	4,474,381
Cost of revenues	1,502,885	396,220	(1,106,664)	1,840,575
Gross profit/(loss)	2,387,601	346,715	(2,040,885)	2,633,805
1 Selling, general and administrative	837,819	348,259	(489,559)	1,372,350
Operating income/(loss)	1,549,782	(1,543)	(1,551,325)	1,261,455
Other income	7,764	9,765	2,001	14,352
Other expenses	29,073	1,161	(27,911)	30,875
Ordinary profit/(loss)	1,528,472	7,059	(1,521,412)	1,244,931
Extraordinary profit	367,273	866	(366,406)	496,433
Extraordinary loss	11,193	2 335,362	324,169	176,484
Income/(Loss) before income taxes	1,884,553	(327,435)	(2,211,988)	1,564,879
Income taxes	605	612	7	1,210
Net income/(loss)	1,883,948	(328,047)	(2,211,995)	1,563,669

1 Decrease mainly due to negative adjustment difference on transfer to allowance for doubtful accounts, reflecting lower payment commissions and recovery of loans already written down.

2 Recorded ¥324 million as loss on valuation of equity in subsidiaries and affiliates for FGICP.

Changes in Key Financial Data (Consolidated)

Fiscal Year		Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	First two quarters of Fiscal 2012
Revenues	(millions of yen)	16,914	14,165	10,385	3,465	6,988	1,451
Gross profit	(millions of yen)	11,432	8,314	(7,326)	935	3,509	810
Ordinary income (loss)	(millions of yen)	5,951	(9,114)	(21,197)	(2,604)	1,220	(138)
Net income (loss)	(millions of yen)	1,767	(7,160)	(12,091)	(2,172)	1,404	(462)
Net assets	(millions of yen)	27,191	17,426	5,447	3,164	4,870	4,373
Total assets	(millions of yen)	90,740	79,021	15,766	7,352	7,682	6,689
Net assets per share	(yen)	20,797.85	13,911.77	3,851.31	2,024.72	3,152.33	2,700.25
Net income (loss) per share	(yen)	1,484.29	(5,937.48)	(10,008.43)	(1,798.88)	1,168.69	(387.91)
Diluted net income (loss) per share	(yen)	1,395.39	—	—	—	1,168.05	—
Equity ratio	(%)	27.56	21.27	29.52	33.30	48.90	48.11
Return on equity	(%)	7.09	(34.25)	(112.68)	(61.21)	45.30	—
Price earning ratio(PER)	(times)	23.78	—	—	—	2.57	—
Cash flow from operating activities	(millions of yen)	(10,000)	13,155	8,333	626	1,953	—
Cash flow from investing activities	(millions of yen)	(7,150)	(12,099)	7,687	(2,281)	(631)	—
Cash flow from financing activities	(millions of yen)	15,018	(6,743)	(19,674)	(3,376)	(413)	—
Cash and cash equivalents at the end of the fiscal year	(millions of yen)	15,163	9,500	5,811	829	1,711	—
Number of employees (consolidated)(part-time employee)	(employees)	129(11)	112(7)	117(16)	72(13)	70(17)	66(22)
Number of employees (non-consolidated)(part-time employee)	(employees)	78(8)	83(5)	50(5)	40(2)	15(2)	15(4)

Summary of Subsidiary Results

(Millions of yen)

FinTech Global Securiteis (FGS)	Fiscal 2010			Fiscal 2011			Fiscal 2012
	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half
Revenues	8	1	10	309	138	448	119
Gross profit	8	1	10	306	138	445	119
Ordinary profit (loss)	(33)	(42)	(76)	150	(56)	93	(42)

FinTech Asset Management (FAM)	Fiscal 2010			Fiscal 2011			Fiscal 2012
	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half
Revenues	33	49	83	178	166	344	54
Gross profit	33	49	83	178	119	297	54
Ordinary profit (loss)	0	24	24	19	(27)	(8)	(16)

FGI Capital Partners (FGICP)	Fiscal 2011 (2011.5~9) (*)	Fiscal 2012
		1st half
Revenues	110	70
Gross profit	110	70
Ordinary profit (loss)	(32)	(118)

(*) included in consolidated performance since May 2011

Public Management Consulting (PMC)	Fiscal 2010			Fiscal 2011			Fiscal 2012
	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half
Revenues	121	50	172	122	85	208	118
Gross profit (loss)	19	(55)	(36)	57	21	79	27
Ordinary profit (loss)	(41)	(165)	(206)	1	(46)	(44)	(53)

Better Life Support (BELS)	Fiscal 2010			Fiscal 2011			Fiscal 2012
	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half
Revenues	254	292	546	244	274	518	253
Gross profit	198	235	433	190	232	423	212
Ordinary profit	0	30	31	2	51	53	25

Crane Reinsurance	Fiscal 2010			Fiscal 2011			Fiscal 2012
	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half
Revenues	444	47	492	618	789	1,408	—
Gross profit (loss)	(36)	14	(21)	134	18	153	7
Ordinary profit (loss)	(39)	(33)	(72)	125	(15)	110	(8)

Disclaimer

Certain statements made in these materials, including some management targets, may contain forward-looking statements which reflect management's views and assumptions. Management targets represent goals that management will strive to achieve through the successful implementation of business strategies for the FGI Group. The Group may not be successful in implementing its business strategies, and management may fail to achieve its targets. Management targets and other forward-looking statements involve current assumptions of future events as well as risks and uncertainties that could significantly affect expected results, including adverse economic conditions in Japan, the United States or other countries; declining real estate and/or stock prices; additional corporate bankruptcies or additional problems in business sectors to which Group companies lend; difficulties or delays in integrating businesses and achieving desired cost savings; increased competitive pressures; changes in laws and regulations applicable to the Group's businesses; and adverse changes in Japanese economic policies.

To the extent materials containing forward-looking statements remain in available documents, we have no obligation nor the intent to update such forward-looking statements.