

Results for First Two Quarters of Fiscal 2013, ending September 30, 2013

May 2013

FinTech Global Incorporated

Mothers Stock Code: 8789

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

Fiscal 2013 First Two Quarters (Consolidated)

(Millions of yen)	Fiscal 2012 First Two Quarters	Fiscal 2013		Fiscal 2013 First Two Quarters	YOY Change	Fiscal 2013 Full Year
		Fiscal 2013 First Quarter	Fiscal 2013 Second Quarter			
Revenue	1,451	243	364	608	(843)	2,038
Gross profit	810	208	327	535	(274)	908
Operating loss	(164)	(249)	7	(242)	(78)	(974)
Ordinary loss	(138)	(217)	41	(176)	(37)	(915)
Net loss	(462)	(148)	83	(64)	397	(1,274)



Overall Business Status and Performance Summary



Corporate Investment

Implemented several exits on small and medium-sized investments. Earned performance fees on asset management services as well. Continued to hold equity in large investment deals. Decline in revenue over the corresponding period a year ago, when revenues were buoyed by large investment returns, namely, proceeds of ¥320 million from a FINTECH GIMV FUND exit and ¥522 million recouped from real estate investment.



Investment Banking Business

Number of arrangements closed in second quarter was slightly higher than in first quarter and new arrangement activity was favorable. Urban development projects in regional cities that had entrusted assets in the previous term provided a stepping stone for building ties with regional financial institutions and project operators. Will utilize close relationship with local governments, cultivated through the public finance-related business, to extend presence to all areas of the country.



Group Realignment



Sold all shares in FinTech Global Securities, Inc. (FGS). Booked ¥24 million in gain on sales of subsidiaries and affiliates' stocks.



Sold 70% of equity held in FGI Capital Partners, Ltd. (FGICP), to Tenderness Asset Management Co., Ltd., effectively turning the company into an affiliate accounted for by the equity method. FGI will work with Tenderness Asset Management to build new investment management services at FGICP.

Business Summary by Segment

(Thousands of yen)		Fiscal 2012 First Two Quarters		Fiscal 2013 First Two Quarters		YOY Change		※Revenues include the amount of inter-segment transactions. Principal Consolidated Subsidiaries
		Revenues	Operating income (loss)	Revenues	Operating income (loss)	Revenues	Operating income (loss)	
1	Investment Banking Business	820,350	126,740	142,394	104,557	(677,955)	(22,182)	FinTech Global Incorporated (FGI)
2	Asset Management Business	124,766	(140,604)	140,850	29,607	16,083	170,211	FinTech Global Asset Management Inc. (FAM)
3	Portfolio Business	575,246	225,261	250,311	(75,346)	(324,935)	(300,608)	Better Life Support Co., Ltd. (BELS) Crane Reinsurance Limited
4	Public Finance-Related Business	118,722	(52,793)	78,650	(4,631)	(40,072)	48,162	Public Management Consulting Corporation (PMC)
	Total	1,669,085	158,603	612,206	54,186	(1,026,879)	(104,417)	
	Adjustment	(187,162)	(322,741)	(4,043)	(296,811)	183,119	25,929	
	Amount Booked on Quarterly Consolidated Statement of Income	1,451,922	(164,137)	608,162	(242,624)	(843,759)	(78,487)	

Following the sale of shares in FGS, the investment banking business that this subsidiary had been responsible for has been assumed by FGI. This business transition was used as an opportunity to review the classification method of reporting segments, with the investment banking business of FGS and the Company's own principal investment business combined from the second quarter of fiscal 2013 under the segment name "investment banking business." Fiscal 2012 second-quarter data has been restated under the new reporting segment classification.

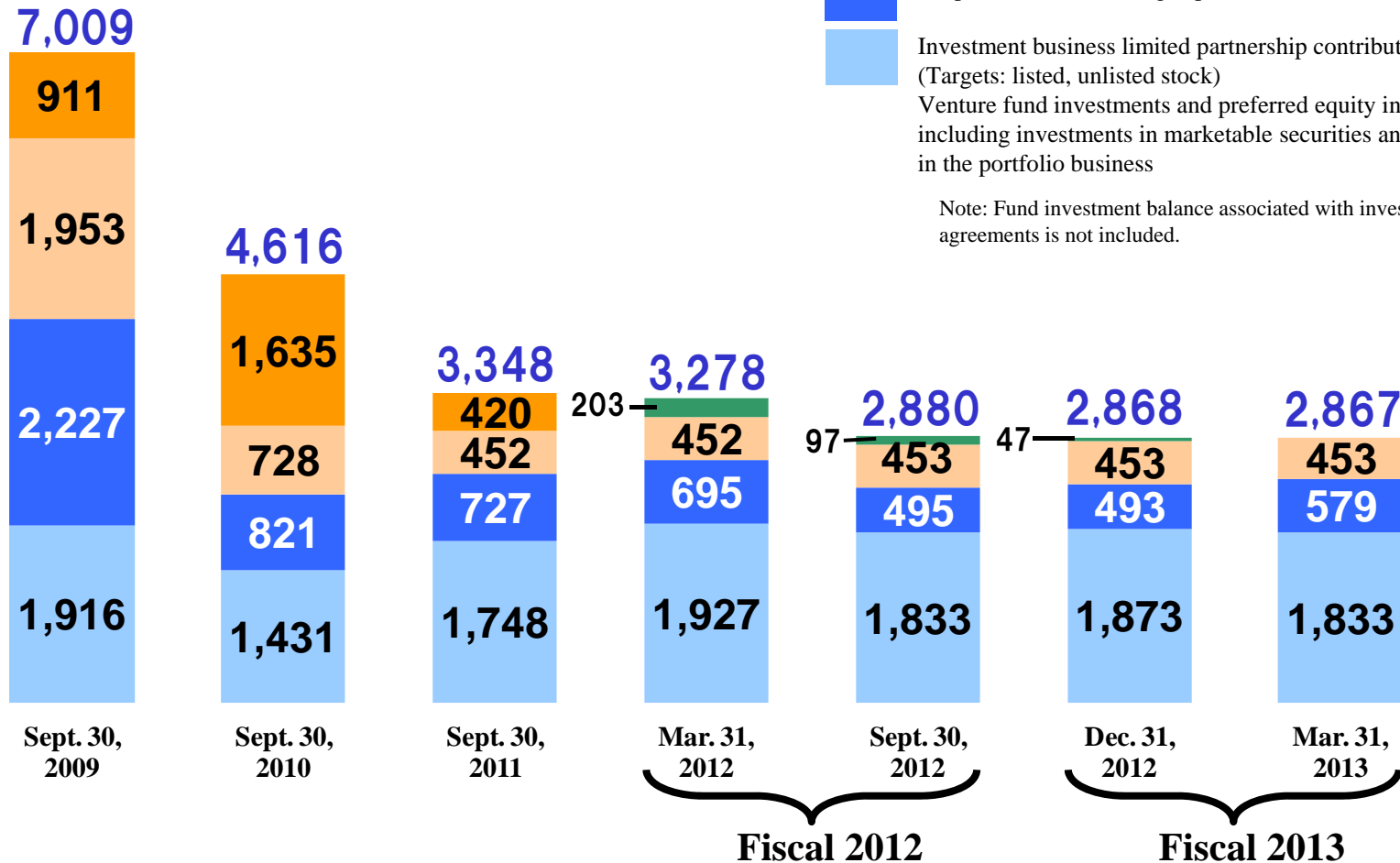
- 1 FGI placed new investments, in a fund—FGI Strategic Investment Fund—packaged by FAM and in corporate bonds issued by venture companies. Exited several small and medium-sized portfolio investments in the FGI Strategic Investment Fund, with returns posted as revenue on the books. Disposal of all equity in large investment deals was temporarily pushed back because business results by the portfolio companies were so favorable. Efforts will be made to boost value even higher.
Number of arrangements closed in the second quarter was slightly higher than in first quarter, but rate of new inquiries was brisk. Revved up approaches to local governments, regional financial institutions and business operators to encourage participation in arrangements. Presented financing techniques tailored to local needs from the perspective of regional financial institutions and financial advisory on redevelopment and community revitalization. Going forward, will expand presence to all areas of the country. Decline in revenue over the corresponding period for the previous year, reflecting absence of large investment returns similar to the ¥522 million recouped from real estate investment in the second quarter of fiscal 2012.
- 2 FAM obtained performance fees as fund manager, following investment exits on funds linked to corporate investment. Also, balance of assets under management grew, reflecting new real estate assets entrusted to the company. FGICP became an affiliate accounted for by the equity method, following the sale of 70% equity in the company to Tenderness. The decision to sell equity was prompted by the reluctance of pension funds—FGICP's main client base—to entrust assets for investment to smaller asset managers following the AIJ scandal, and growing doubt that the company would be able to rebuild its balance of assets under management within a reasonable timeframe. Management felt the sale was the best way to reinvigorate the business structure. Going forward, FGICP will strive to create new investment management services not restricted to pension funds.
- 3 At BELS, the homeowner services division continued to book favorable income from condominium and home construction services. The rental services division and corporate housing support services division were affected by a drop in the number of existing clients, but aggressive business development brought in requests for corporate housing management services from new clients.
Crane Re booked earned premiums, claims paid and costs for the first two quarters of fiscal 2013 based on bills issued up to the previous term. In January 2013, Crane Re received a notice of arbitration filed by Hardy Underwriting Limited and others seeking payment of ¥1,455 million, based on a previous reinsurance agreement. Crane Re asked for data and explanations to substantiate said claims for payment, and it is the company's intention to emphasize in the arbitration proceedings its determination of an amount that fairly reflects its payment obligation.
This segment shows reduced revenue because no contributions during the first two quarters were equivalent to the ¥320 million in proceeds from the sale of shares in the investment portfolio of FINTECH GIMV FUND (outside the scope of consolidation from the first quarter of fiscal 2013) in the corresponding period for the previous year .
- 4 On December 12, 2012, Public Management Consulting Corporation (PMC) transferred public accounting business activities related mainly to the development and sale of packaged public accounting software for municipal corporations to SystemD, Inc. The business shift caused a decline in revenue from system development and maintenance but, more importantly, significantly reduced expenses. With SystemD, PMC will continue to promote sales to local governments and, while emphasizing its core business of public accounting consultations, earn income from the sale of public accounting systems. These efforts should support PMC's return to profitability in fiscal 2013.

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)
 FINTECH GIMV FUND,L.P. (FGF) is excluded from the scope of consolidation, effective from the first quarter of fiscal 2013. For the sake of continuity in disclosure, amounts for prior periods have been restated to exclude the FGF portions.

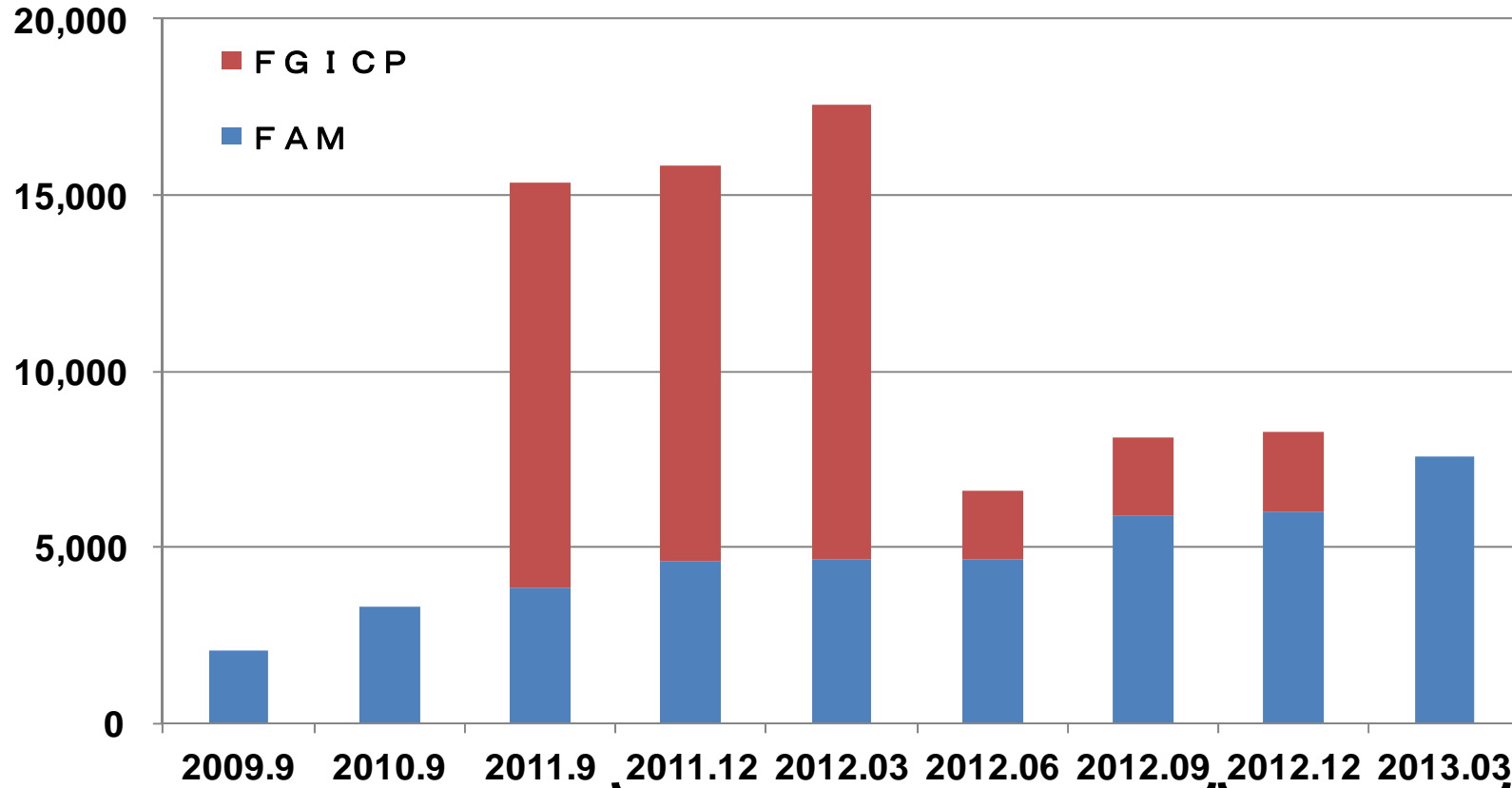
- Investments in FGI Group–managed alternative funds
- Real estate for sale (includes securitized products)
- Loans and equity stakes in real estate investment projects
- Corporate loans, working capital loans
- Investment business limited partnership contribution (Targets: listed, unlisted stock)
 Venture fund investments and preferred equity investments, including investments in marketable securities and subsidiary stock in the portfolio business

Note: Fund investment balance associated with investment advisory agreements is not included.



Changes in the FGI Group's Assets under Management Balance

(Millions of yen)



FAM becomes a subsidiary



FGICP becomes a subsidiary

Fiscal 2012

Fiscal 2013



exclusion of FGICP from consolidation

Amounts from the first quarter of fiscal 2013 and for prior periods have been restated to exclude the FGF portions. As of Dec. 31th 2012, FGF's net assets of \$25 million have been excluded.

Consolidated Balance Sheets

Assets	Fiscal 2012	Fiscal 2013 First Two Quarters	Change
Current Assets	5,722,554	4,287,199	(1,435,355)
Cash and deposits	2,522,754	1,621,557	(901,196) 1
Accounts receivable, trade	132,127	182,496	50,369
Investments in securities, trade	2,400,089	1,822,209	(577,879) 1
Deferred tax assets	7,089	6,689	(400)
Loans receivable, trade	2,480,482	2,462,838	(17,644)
Other current assets	205,914	123,117	(82,796)
Allowance for doubtful assets	(2,025,903)	(1,931,710)	94,193
Noncurrent assets	695,386	642,120	(53,265)
Property, plant and equipment	151,253	143,987	(7,265)
Intangible assets	280,177	225,404	(54,773)
Investments and other assets	263,955	272,728	8,773
Total assets	6,417,941	4,929,319	(1,488,621)

1

Decrease in accounts resulting mainly from exclusion of FGF from consolidation.

2

Decrease in accounts resulting from payment of insurance claim in reinsurance business.

3

Exclusion of FGF from consolidation allows recovery of negative amount in foreign currency translation adjustments resulting from.

4

Decrease in minority interests resulting from exclusion of FGF from consolidation.

Liabilities	Fiscal 2012	Fiscal 2013 First Two Quarters	Change
Current liabilities	807,893	813,484	5,591
Accounts payables, trade	24,151	43,845	19,693
Current portion of bonds	16,000	16,000	0
Short-term loans payables	40,000	—	(40,000)
Deposits received	474,164	471,627	(2,537)
Accounts payables, other	136,695	117,778	(18,916)
Other	116,881	164,232	47,351
Noncurrent liabilities	1,977,386	1,671,208	(306,177)
Bonds payables	56,000	48,000	(8,000)
Deferred tax liabilities	83,335	74,576	(8,758)
Provision for retirement benefits	99,310	106,448	7,138
Reserve for contract of insurance	1,648,449	1,424,239	(224,209) 2
Other	90,290	17,943	(72,347)
Total liabilities	2,785,279	2,484,692	(300,586)

Net Assets

Shareholders' equity	2,543,061	2,414,094	(128,966)
Common stock	2,312,517	2,312,517	0
Additional paid-in capital	5,183	5,183	0
Retained earnings	277,772	115,596	(162,176)
Treasury Stock	(52,412)	(19,203)	33,209
Other comprehensive income	(180,749)	(345)	180,403
Valuation difference on available-for-sale securities	(2,333)	(345)	1,987
Foreign currency translation adjustments	(178,416)	—	178,416 3
Stock acquisition rights	18,005	1,699	(16,306)
Minority interests	1,252,344	29,179	(1,223,164) 4
Total net assets	3,632,661	2,444,627	(1,188,034)
Total liabilities and net assets	6,417,941	4,929,319	(1,488,621)

Consolidated Statements of Income

(Thousands of yen)	Fiscal 2012 First Two Quarters	Fiscal 2013 First Two Quarters	Change
Revenues	1,451,922	608,162	(843,759)
Cost of revenues	641,890	72,411	(569,479)
Gross profit/(loss)	810,031	535,750	(274,280)
Selling, general and administrative	974,168	778,375	(195,793)
Operating income/(loss)	(164,137)	(242,624)	(78,487)
Other income	29,393	68,494 ¹	39,101
Other expenses	4,255	2,229	(2,026)
Ordinary profit/(loss)	(138,999)	(176,359)	(37,359)
Extraordinary profit	1,051	110,386 ²	109,335
Extraordinary loss	161,113	1,382	(159,731)
Income/(Loss) before income taxes	(299,061)	(67,355)	231,706
Income taxes	7,904	(2,377)	(10,282)
Income/(Loss) before minority interests	(306,965)	(64,977)	241,988
Minority Interests/(loss)	155,329 ³	(47)	(155,377)
Net income/(loss)	(462,295)	(64,929)	397,366

¹ Recognized a net foreign exchange gain of ¥28 million as a component of other income.

² Gain of ¥66 million on transfer of PMC(Public Management Consulting Inc.)'s business
Gain of ¥25 million on sales of FGS's stocks

³ Decrease in minority interests /(loss) resulting from exclusion of FGF from consolidation.

Reference Materials

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

Quarterly Non-Consolidated Balance Sheets

(Thousands of yen)

Assets	Fiscal 2012	Fiscal 2013 First Two Quarters	Change	Liabilities	Fiscal 2012	Fiscal 2013 First Two Quarters	Change
Current Assets	1,993,193	2,825,379	832,185	Current liabilities	1,731,948	708,930	(1,023,017)
Cash and deposits	557,319	398,305	(159,014)	Short-term debt	1,219,684	180,400	(1,039,284)
Accounts receivable, trade	6,090	5,481	(608)	Accrued expenses	28,636	33,453	4,816
Investments in securities, trade	846,977	1,789,224	942,246	Deposits received	454,880	455,672	791
Loans receivable, trade	2,496,441	2,478,797	(17,644)	Other	28,746	39,405	10,659
Short-term loans receivable	67,527	22,353	(45,174)	Noncurrent Liabilities	74,716	931,118	856,401
Other	46,964	62,681	15,717	Accrued retirement benefits	—	841,684	841,684
Allowance for doubtful accounts	(2,028,127)	(1,931,465)	96,662	Accrued retirement benefits	28,394	56,439	28,045
Noncurrent assets	2,487,118	1,140,164	(1,346,954)	Other	46,322	32,993	(13,328)
Property, plant and equipment	137,500	128,212	(9,287)	Total liabilities	1,806,665	1,640,048	(166,616)
Intangible assets	5,838	3,987	(1,851)				
Investments and other assets	2,343,780	1,007,964	(1,335,815)	Net Assets			
Total assets	4,480,312	3,965,544	(514,768)	Shareholders' equity	2,655,642	2,324,142	(331,499)
				Common stock	2,312,517	2,312,517	0
				Additional paid-in capital	14	14	0
				Retained earnings	343,109	11,609	(331,499)
				Valuation and translation adjustments	—	(345)	(345)
				Stock acquisition rights	18,005	1,699	(16,306)
				Total net assets	2,673,647	2,325,495	(348,152)
				Total liabilities and net assets	4,480,312	3,965,544	(514,768)

Non-Consolidated Statements of Income

(Thousands of yen)

	Fiscal 2012 First Two Quarters	Fiscal 2013 First Two Quarters	Change
Revenues	742,935	240,180	(502,755)
Cost of revenues	396,220	3,861	(392,359)
Gross profit/(loss)	346,715	236,318	(110,396)
Selling, general and administrative	348,259	366,655	18,396
Operating income/(loss)	(1,543)	(130,336)	(128,792)
Other income	9,765	6,588	(3,176)
Other expenses	1,161	1,813	651
Ordinary profit/(loss)	7,059	(125,561)	(132,621)
Extraordinary profit	866	25,754	24,888
Extraordinary loss	335,362	119,782	(215,579)
Income/(Loss) before income taxes	(327,435)	(219,589)	107,846
Income taxes	612	(9,013)	(9,625)
Net income/(loss)	(328,047)	(210,575)	117,472

Changes in Key Financial Data

Fiscal Year		Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013 First Two Quarters
Net Revenues	(millions of yen)	14,165	10,385	3,465	6,988	2,038	608
Gross profit	(millions of yen)	8,314	(7,326)	935	3,509	908	535
Ordinary income (loss)	(millions of yen)	(9,114)	(21,197)	(2,604)	1,220	(915)	(176)
Net income (loss)	(millions of yen)	(7,160)	(12,091)	(2,172)	1,404	(1,274)	(64)
Net assets	(millions of yen)	17,426	5,447	3,164	4,870	3,632	2,444
Total assets	(millions of yen)	79,021	15,766	7,352	7,682	6,417	4,929
Net assets per share	(yen)	13,911.77	3,851.31	2,024.72	3,152.33	1,981.69	2,006.61
Net income (loss) per share	(yen)	(5,937.48)	(10,008.43)	(1,798.88)	1,168.69	(1,069.83)	(54.42)
Diluted net income (loss) per share	(yen)	—	—	—	1,168.05	—	—
Equity to total asset ratio	(%)	21.3	29.5	33.3	48.9	36.8	49.0
Equity to net income ratio	(%)	(34.2)	(112.7)	(61.2)	45.3	(41.7)	—
Proce earning ratio (PER)	(times)	—	—	—	2.57	—	—
Cash flow from operating activities	(millions of yen)	13,155	8,333	626	1,953	959	—
Cash flow from investing activities	(millions of yen)	(12,099)	7,687	(2,281)	(631)	80	—
Cash flow from financing activities	(millions of yen)	(6,743)	(19,674)	(3,376)	(413)	(233)	—
Cash and cash equivalents at the end of the fiscal year	(millions of yen)	9,500	5,811	829	1,711	2,522	—
Number of employees(consolidated)(part-time employees)	(employees)	112 (7)	117 (16)	72 (13)	70 (17)	60(19)	54(15)
Number of employees(non-consolidated)(part-time employees)	(employees)	83 (5)	50 (5)	40 (2)	15 (2)	20(3)	29(4)

Summary of Subsidiary Results

(Millions of yen)

FinTech Global Securiteis (FGS)	Fiscal 2011			Fiscal 2012			Fiscal 2013
	1st half	2nd half	Full year	1st half	2nd half	Full year	1Q
Revenues	309	138	448	119	45	165	15
Gross profit (loss)	306	138	445	119	45	165	15
Ordinary profit (loss)	150	(56)	93	(42)	(66)	(109)	(17)

(Note) excluded in consolidated performance since Second Quarter of Fiscal 2013 resulting from sales of FGS's stocks, as of March 1, 2013

FinTech Asset Management (FAM)	Fiscal 2011			Fiscal 2012			Fiscal 2013
	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half
Revenues	178	166	344	54	82	136	118
Gross profit (loss)	178	119	297	54	81	135	117
Ordinary profit (loss)	19	(27)	(8)	(16)	(4)	(21)	36

FGI Capital Partners	Fiscal 2011 (2011.5~6) (*)	Fiscal 2012			Fiscal 2013
		1st half	2nd half	Full year	1st half
Revenues	110	70	19	90	22
Gross profit (loss)	110	70	19	90	22
Ordinary profit (loss)	(32)	(118)	(38)	(156)	(35)

(Note) included in consolidated performance from May 2011 until Second Quarter of Fiscal 2013

Public Management Consulting	Fiscal 2011			Fiscal 2012			Fiscal 2013
	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half
Revenues	122	85	208	118	89	208	78
Gross profit (loss)	57	21	79	27	24	51	33
Ordinary profit (loss)	1	(46)	(44)	(53)	(53)	(107)	(4)

Better Life Support	Fiscal 2011			Fiscal 2012			Fiscal 2013
	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half
Revenues	244	274	518	253	302	555	248
Gross profit (loss)	190	232	423	212	261	474	207
Ordinary profit (loss)	2	51	53	25	58	83	2

Crane Reinsurance	Fiscal 2011			Fiscal 2012			Fiscal 2013
	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half
Revenues	618	789	1,408	—	—	—	—
Gross profit (loss)	134	18	153	7	(396)	(388)	9
Ordinary profit (loss)	125	(15)	110	8	(428)	(420)	(19)

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.