

# **Results for First Three Quarters of Fiscal 2013, ending September 30, 2013**

**August 2013**

**FinTech Global Incorporated**

**Mothers Stock Code: 8789**

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

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## Fiscal 2013 First Three Quarters (Consolidated)

(Millions of yen)	Fiscal 2012 First Three Quarters	Fiscal 2013			Fiscal 2013 First Three Quarters	YOY Change	Fiscal 2012 Full Year
		Fiscal 2013 First Quarter	Fiscal 2013 Second Quarter	Fiscal 2013 Third Quarter			
Revenues	1,734	243	364	377	985	(749)	2,038
Gross profit	1,050	208	327	343	879	(171)	908
Operating loss	(380)	(249)	7	(64)	(306)	73	(974)
Ordinary loss	(314)	(217)	41	(37)	(213)	101	(915)
Net loss	(685)	(148)	83	(22)	(87)	598	(1,274)



### Overall Business Status and Performance Summary for the Third Quarter of Fiscal 2013 (April to June 2013)

#### ✓ Corporate Investment, Investment Banking Business

- Investment exits contributed revenue. Continued to told equity in large investment deals.
- Placed investment in Toranomom Ham K.K., which acquired exclusive license to sell well-established U.S. brand of ham in Japan. Also, placed investment in technology and IT companies in Japan and overseas.
- Placed additional investment into FINTECH GIMV FUND. Investment targets in life science sector showed solid growth, mainly through progress in R&D activities and mergers with listed companies. Cultivating environment conducive to exits in fiscal 2014 and later.
- Began promoting solutions in earnest to medical institutions and providers of nursing care, based on know-how acquired through asset management for developing assisted-living housing for seniors. Efforts aimed at expanding business in this sector.



#### ✓ Selling, General and Administrative Expenses, Non-Operating Income (Expenses)

- Selling, general and administrative expenses for the first three quarters of fiscal 2013 dropped 17.1% year-on-year, primarily owing to reduced expenses associated with fewer subsidiaries under consolidation and a lighter burden of goodwill to carry.
- Non-operating income was buoyed by ¥93 million in gain on foreign exchange booked for the first three quarters of fiscal 2013.



#### Full-Year Performance Forecast

- Progress may be impeded by a delay on exits for large investment deals, but we are looking at getting back into the black, supported by investments planned for exit as well as various arrangements under management and successful efforts to realign unprofitable segments through Group restructuring in the first half of the fiscal year. Management has not determined a performance forecast at the current time but is carefully tracking trends on deals in progress and will make an announcement about expected performance as soon as details are firmed up.

**Business Summary by Segment**

(Thousands of yen)		Fiscal 2012 First Three Quarters		Fiscal 2013 First Three Quarters		YOY Change		Principal Consolidated Subsidiaries
		Revenues	Operating income (loss)	Revenues	Operating income (loss)	Revenues	Operating income (loss)	
1	Investment Banking Business	859,341	91,708	328,178	287,539	(531,163)	195,831	※Revenues include inter-segment transactions. FinTech Global Incorporated (FGI)
2	Asset Management Business	172,401	(146,691)	171,567	31,716	(833)	178,407	FinTech Global Asset Management Inc. (FAM)
3	Portfolio Business	738,454	215,401	388,773	(114,320)	(349,681)	(329,722)	Better Life Support Co., Ltd. (BELS) Crane Reinsurance Limited
4	Public Finance-Related Business	168,015	(76,665)	102,147	(6,320)	(65,867)	70,345	Public Management Consulting Corporation (PMC)
	<b>Total</b>	<b>1,938,212</b>	<b>83,754</b>	<b>990,666</b>	<b>198,615</b>	<b>(947,546)</b>	<b>114,861</b>	
	<b>Adjustment</b>	<b>(203,378)</b>	<b>(464,050)</b>	<b>(4,943)</b>	<b>(505,518)</b>	<b>198,434</b>	<b>(41,467)</b>	
	<b>Amount Booked on Quarterly Consolidated Statement of Income</b>	<b>1,734,834</b>	<b>(380,296)</b>	<b>985,722</b>	<b>(306,903)</b>	<b>(749,111)</b>	<b>73,393</b>	

Following the sale of shares in FGS, the investment banking business for which this subsidiary had been responsible was 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 three-quarter data has been restated under the new reporting segment classification.

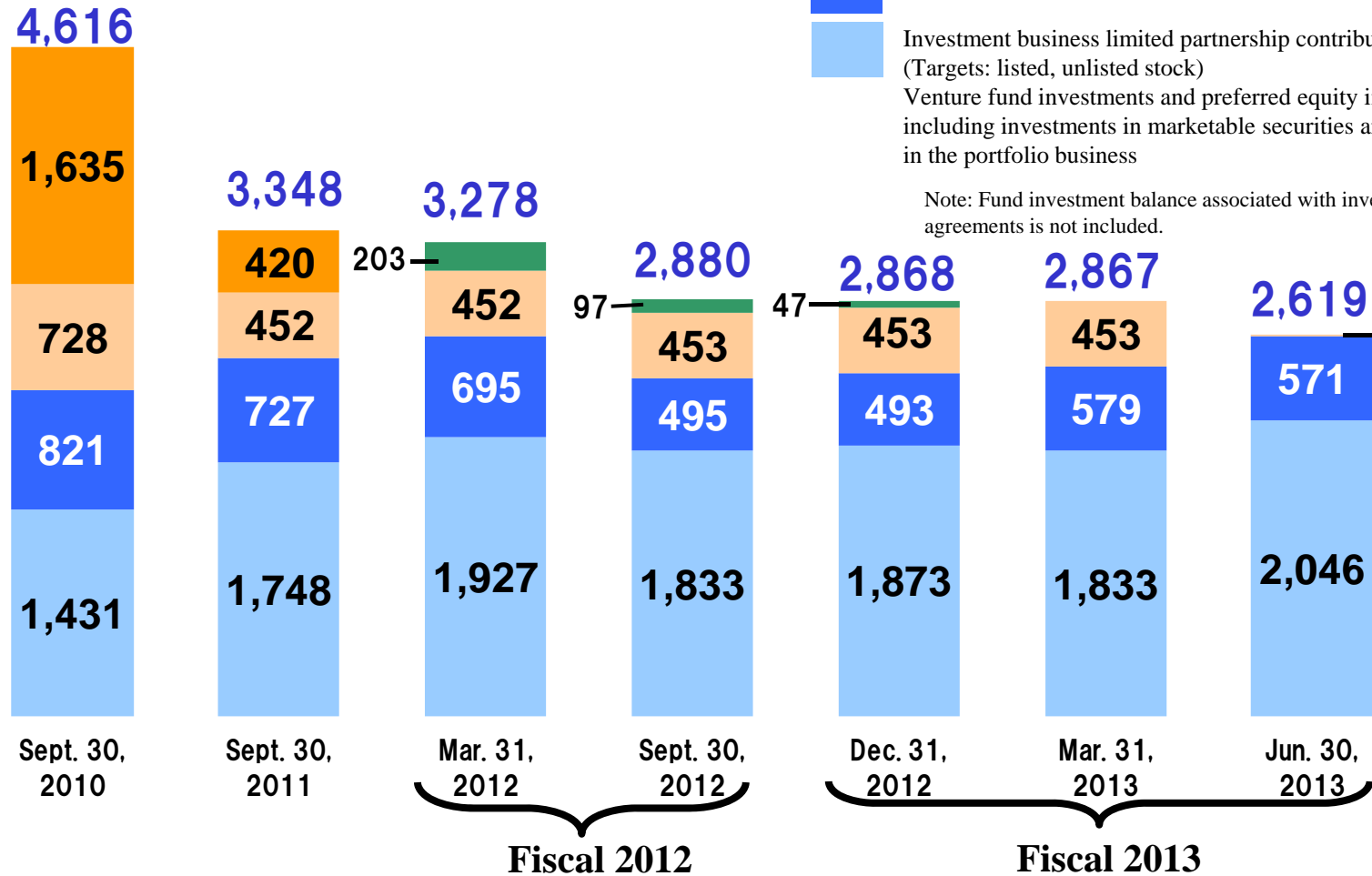
- 1 During the third quarter (April - June), FGI directed additional investment into a FAM-packaged fund—the FGI Strategic Investment Fund—and into FINTECH GIMV FUND. Investment exits contributed to revenues. Disposal of all equity in large investment deals was temporarily pushed back because favorable business results by portfolio companies indicated potential for further improvement in corporate value and thus a higher return if/when eventually sold. Although we did not see a great increase in the number of arrangements, we began promoting solutions to medical institutions and providers of nursing care in earnest regarding assisted-living housing for seniors, based on know-how acquired through asset management for such operations. This segment showed a huge decrease in revenue, due to the absence of large investment returns of the scale produced in the previous term when a large real estate exit brought in ¥525 million.
- 2 In the third quarter, FAM did not post performance fees on exits from fund investments. However, the company accumulated new orders for management services for funds associated with corporate investment. (FGI Capital Partners, Ltd., became an affiliate accounted for by the equity method in the second quarter.
- 3 BELS recorded aggregate revenues of ¥386 million, down 6.6% from the corresponding period a year ago, primarily due to a reduction on fees charged for corporate housing services for corporate clients and a decrease in placement fees paralleling fewer corporate transfers. Crane Re booked earned premiums, claims paid and costs for the first three quarters of fiscal 2013 based on bills issued up to the previous term. Arbitration proceedings with Hardy Underwriting Limited and others continued, and expenses were dramatically higher year-on-year because of this action. In fiscal 2012, this segment benefited from the sale of a portfolio company in the FINTECH GIMV FUND (excluded from consolidation from fiscal 2013), which brought in ¥322 million. Without a similar exit this year, segment revenues fell.
- 4 On December 12, 2012, PMC transferred some 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

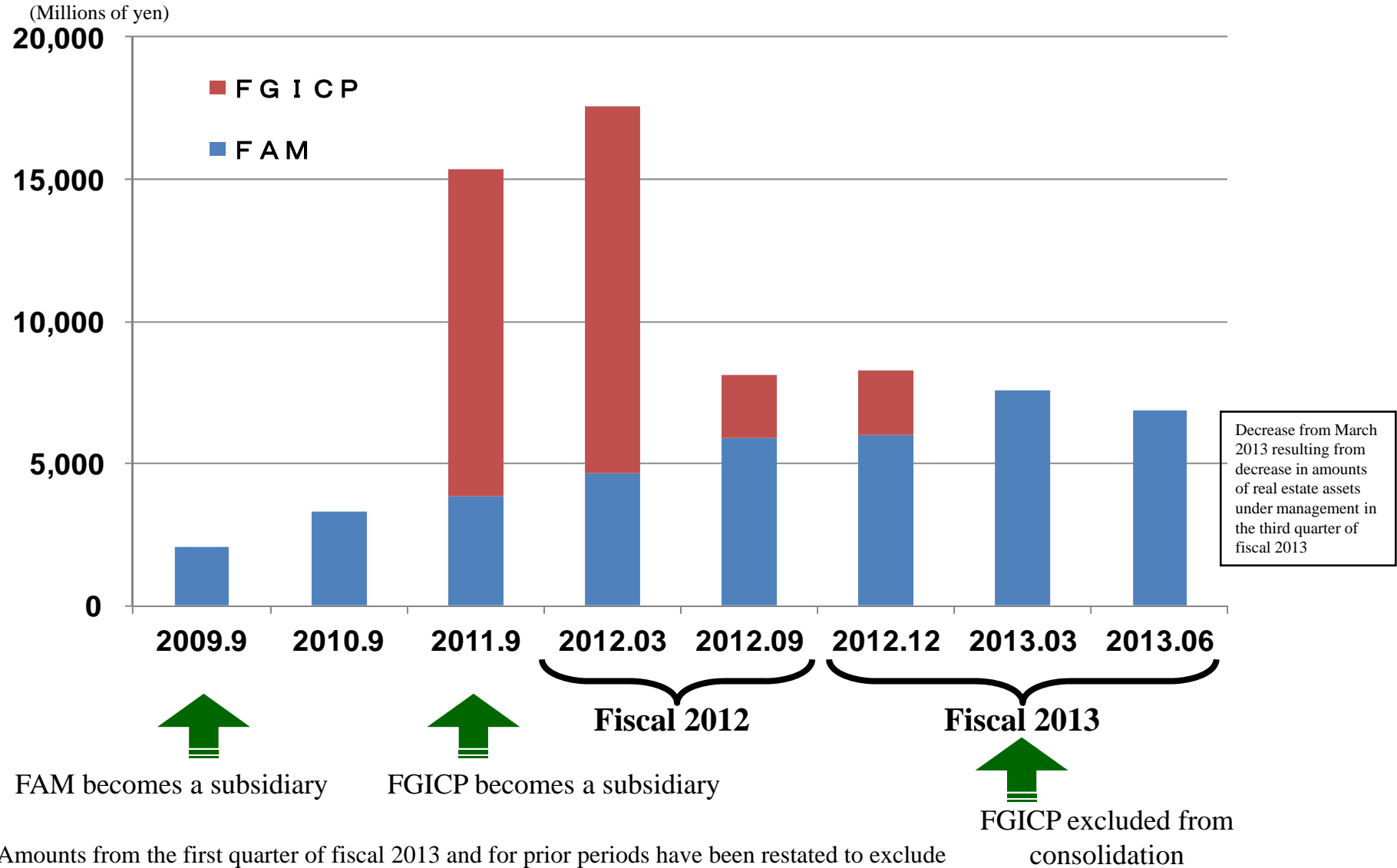
Note: Fund investment balance associated with investment advisory agreements is not included.



2  
 equity stakes in real estate investment projects

Significant decrease in "Loans and equity stakes in real estate investment projects" resulting from closing of real estate investment projects in the third quarter of fiscal 2013

**Changes in the FGI Group's Assets under Management Balance**



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

## Consolidated Balance Sheets

Assets	Fiscal 2012	Fiscal 2013 First Three Quarters	Change
<b>Current Assets</b>	<b>5,722,554</b>	<b>3,889,300</b>	<b>(1,833,253)</b>
Cash and deposits	2,522,754	1,575,238	(947,515) 1
Accounts receivable, trade	132,127	84,299	(47,828)
Investments in securities, trade	2,400,089	1,566,330	(833,758) 1
Deferred tax assets	7,089	8,782	1,693
Loans receivable, trade	2,480,482	2,441,939	(38,543)
Other current assets	205,914	144,767	(61,146)
Allowance for doubtful assets	(2,025,903)	(1,932,057)	93,845
<b>Noncurrent assets</b>	<b>695,386</b>	<b>640,988</b>	<b>(54,398)</b>
Property, plant and equipment	151,253	138,719	(12,533)
Intangible assets	280,177	213,769	(66,408)
Investments and other assets	263,955	288,499	24,544
<b>Total assets</b>	<b>6,417,941</b>	<b>4,530,289</b>	<b>(1,887,651)</b>

1 Decrease in accounts resulting mainly from exclusion of FGF from consolidation and closing of real estate investment projects

2 Decrease in deposits received resulting from closing of real estate investment projects.

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

4 Exclusion of FGF from consolidation allowed recovery of negative amount in foreign currency translation adjustments.

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

Liabilities	Fiscal 2012	Fiscal 2013 First Three Quarters	(Thousands of yen) Change
<b>Current liabilities</b>	<b>807,893</b>	<b>398,481</b>	<b>(409,411)</b>
Accounts payables, trade	24,151	10,918	(13,232)
Current portion of bonds	16,000	16,000	0
Short-term loans payable	40,000	5,000	(35,000)
Deposits received	474,164	56,401	(417,762) 2
Accounts payable, other	136,695	112,355	(24,339)
Other	116,881	197,805	80,924
<b>Noncurrent liabilities</b>	<b>1,977,386</b>	<b>1,664,961</b>	<b>(312,425)</b>
Bonds payable	56,000	48,000	(8,000)
Deferred tax liabilities	83,335	69,681	(13,654)
Provision for retirement benefits	99,310	105,725	6,414
Reserve for contract of insurance	1,648,449	1,424,239	(224,209) 3
Other	90,290	17,315	(72,975)
<b>Total liabilities</b>	<b>2,785,279</b>	<b>2,063,442</b>	<b>(721,836)</b>

## Net Assets

<b>Shareholders' equity</b>	<b>2,543,061</b>	<b>2,412,526</b>	<b>(130,535)</b>
Common stock	2,312,517	2,312,517	0
Additional paid-in capital	5,183	12,450	7,267
Retained earnings	277,772	93,339	(184,433)
Treasury Stock	(52,412)	(5,781)	46,631
<b>Other comprehensive income</b>	<b>(180,749)</b>	<b>—</b>	<b>180,749</b>
Valuation difference on available-for-sales securities	(2,333)	—	2,333
Foreign currency translation adjustments	(178,416)	—	178,416) 4
Stock acquisition rights	18,005	1,824	(16,181)
Minority interests	1,252,344	52,496	(1,199,848) 5
<b>Total net assets</b>	<b>3,632,661</b>	<b>2,466,846</b>	<b>(1,165,815)</b>
<b>Total liabilities and net assets</b>	<b>6,417,941</b>	<b>4,530,289</b>	<b>(1,887,651)</b>

## Consolidated Statements of Income

(Thousands of yen)	Fiscal 2012 First Three Quarters	Fiscal 2013 First Three Quarters	Change
Revenues	1,734,834	985,722	(749,111)
Cost of revenues	683,850	106,670	(577,179)
Gross profit/(loss)	1,050,983	879,052	(171,931)
Selling, general and administrative	1 1,431,280	1,185,955	(245,325)
Operating income/(loss)	(380,296)	(306,903)	73,393
Other income	72,761	2 102,156	29,394
Other expenses	7,194	8,766	1,571
Ordinary profit/(loss)	(314,729)	(213,513)	101,216
Extraordinary profit	1,055	3 114,762	113,707
Extraordinary loss	209,344	1,690	(207,653)
Income/(Loss) before income taxes	(523,019)	(100,441)	422,577
Income taxes	23,479	(498)	(23,977)
Income/(Loss) before minority interests	(546,498)	(99,943)	446,555
Minority Interests/(loss)	4 138,946	(12,756)	(151,702)
Net income/(loss)	(685,444)	(87,186)	598,258

1 Decrease of ¥99 million, mainly personnel expenses and commissions paid, resulting from exclusion of some subsidiaries from consolidation  
Decrease of ¥75 million in amortization of goodwill

2 Recognized a net foreign exchange gain of ¥93 million as a component of other income.

3 Gain of ¥65 million on partial transfer of business of PMC(Public Management Consulting Inc.)  
Gain of ¥25 million on sale of FGS stock

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

# Reference Materials

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- **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)

<b>Assets</b>	Fiscal 2012	Fiscal 2013 First Three Quarters	Change	<b>Liabilities</b>	Fiscal 2012	Fiscal 2013 First Three Quarters	Change
<b>Current Assets</b>	<b>1,993,193</b>	<b>2,441,720</b>	<b>448,527</b>	<b>Current liabilities</b>	<b>1,731,948</b>	<b>344,265</b>	<b>(1,387,682)</b>
Cash and deposits	557,319	266,733	(290,586)	Short-term debt	1,219,684	244,100	(975,584)
Accounts receivable, trade	6,090	6,076	(13)	Accrued expenses	28,636	36,273	7,637
Investments in securities, trade	846,977	1,563,207	716,229	Deposits received	454,880	35,907	(418,973)
Loans receivable, trade	2,496,441	2,457,898	(38,543)	Other	28,746	27,984	(761)
Short-term loans receivable	67,527	20,265	(47,262)	<b>Noncurrent Liabilities</b>	<b>74,716</b>	<b>931,113</b>	<b>856,397</b>
Other	46,964	59,162	12,198	Long-term loans payable	—	841,684	841,684
Allowance for doubtful accounts	(2,028,127)	(1,931,623)	96,504	Accrued retirement benefits	28,394	54,038	25,644
<b>Noncurrent assets</b>	<b>2,487,118</b>	<b>1,149,463</b>	<b>(1,337,655)</b>	Other	46,322	35,390	(10,932)
Property, plant and equipment	137,500	123,571	(13,928)	<b>Total liabilities</b>	<b>1,806,665</b>	<b>1,275,379</b>	<b>(531,285)</b>
Intangible assets	5,838	3,455	(2,383)				
Investments and other assets	2,343,780	1,022,436	(1,321,343)	<b>Net Assets</b>			
<b>Total assets</b>	<b>4,480,312</b>	<b>3,591,184</b>	<b>(889,128)</b>	<b>Shareholders' equity</b>	<b>2,655,642</b>	<b>2,313,980</b>	<b>(341,661)</b>
				Common stock	2,312,517	2,312,517	0
				Additional paid-in capital	14	14	0
				Retained earnings	343,109	1,447	(341,661)
				<b>Stock acquisition rights</b>	<b>18,005</b>	<b>1,824</b>	<b>(16,181)</b>
				<b>Total net assets</b>	<b>2,673,647</b>	<b>2,315,804</b>	<b>(357,842)</b>
				<b>Total liabilities and net assets</b>	<b>4,480,312</b>	<b>3,591,184</b>	<b>(889,128)</b>

## Non-Consolidated Statements of Income

(Thousands of yen)

	Fiscal 2012 First Three Quarters	Fiscal 2013 First Three Quarters	Change
Revenues	843,093	468,189	(374,903)
Cost of revenues	404,696	6,207	(398,488)
Gross profit/(loss)	438,396	461,981	23,585
Selling, general and administrative	564,198	605,390	41,191
Operating income/(loss)	(125,802)	(143,409)	(17,606)
Other income	63,451	8,640	(54,810)
Other expenses	1,570	2,610	1,040
Ordinary profit/(loss)	(63,922)	(137,379)	(73,457)
Extraordinary profit	866	30,773	29,906
Extraordinary loss	450,448	119,782	(330,665)
Income/(Loss) before income taxes	(513,504)	(226,388)	287,115
Income taxes	1,448	(5,651)	(7,099)
Net income/(loss)	(514,952)	(220,737)	294,214

## Changes in Key Financial Data

Fiscal Year		Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013 First Three Quarters
Net revenues	(millions of yen)	14,165	10,385	3,465	6,988	2,038	985
Gross profit	(millions of yen)	8,314	(7,326)	935	3,509	908	879
Ordinary income (loss)	(millions of yen)	(9,114)	(21,197)	(2,604)	1,220	(915)	(213)
Net income (loss)	(millions of yen)	(7,160)	(12,091)	(2,172)	1,404	(1,274)	(87)
Net assets	(millions of yen)	17,426	5,447	3,164	4,870	3,632	2,466
Total assets	(millions of yen)	79,021	15,766	7,352	7,682	6,417	4,530
Net assets per share	(yen)	13,911.77	3,851.31	2,024.72	3,152.33	1,981.69	1,998.55
Net income (loss) per share	(yen)	(5,937.48)	(10,008.43)	(1,798.88)	1,168.69	(1,069.83)	(72.82)
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	53.3
Equity to net income ratio	(%)	(34.2)	(112.7)	(61.2)	45.3	(41.7)	—
Price 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)	52(15)
Number of employees(non-consolidated)(part-time employees)	(employees)	83 (5)	50 (5)	40 (2)	15 (2)	20(3)	27(3)

# Summary of Subsidiary Results

(Millions of yen)

FinTech Global Securities (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 from consolidated performance from the second quarter of fiscal 2013 due to sale of FGS stock, effective March 1, 2013

FGI Capital Partners	Fiscal 2011 (2011.5~6) (*)	Fiscal 2012			Fiscal 2013
		1st half	2nd half	Full year	2Q
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 the second quarter of fiscal 2013 regarded as a equity method affiliate from the third quarter of fiscal 2013

Better Life Support	Fiscal 2011			Fiscal 2012			Fiscal 2013
	1st half	2nd half	Full year	1st half	2nd half	Full year	3Q
Revenues	244	274	518	253	302	555	386
Gross profit (loss)	190	232	423	212	261	474	325
Ordinary profit (loss)	2	51	53	25	58	83	6

FinTech Asset Management (FAM)	Fiscal 2011			Fiscal 2012			Fiscal 2013
	1st half	2nd half	Full year	1st half	2nd half	Full year	3Q
Revenues	178	166	344	54	82	136	148
Gross profit (loss)	178	119	297	54	81	135	148
Ordinary profit (loss)	19	(27)	(8)	(16)	(4)	(21)	24

Public Management Consulting	Fiscal 2011			Fiscal 2012			Fiscal 2013
	1st half	2nd half	Full year	1st half	2nd half	Full year	3Q
Revenues	122	85	208	118	89	208	102
Gross profit (loss)	57	21	79	27	24	51	41
Ordinary profit (loss)	1	(46)	(44)	(53)	(53)	(107)	(6)

Crane Reinsurance	Fiscal 2011			Fiscal 2012			Fiscal 2013
	1st half	2nd half	Full year	1st half	2nd half	Full year	3Q
Revenues	618	789	1,408	—	—	—	—
Gross profit (loss)	134	18	153	7	(396)	(388)	9
Ordinary profit (loss)	125	(15)	110	8	(428)	(420)	(37)

# Disclaimer

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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.