

# **Results for First Quarter of Fiscal 2015, ending September 30, 2015**

**February 2015**

**FinTech Global Incorporated**

**Mothers Stock Code: 8789**

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

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## Fiscal 2015 First Quarter Consolidated Performance

(Millions of yen)	Fiscal 2014 First Quarter (A)	Fiscal 2015 First Quarter (B)	YOY Change (B)-(A)	Fiscal 2014 Full Year	Fiscal 2015 Forecast
Revenues	282	961	679	3,911	7,900
Gross profit	213	419	205	2,398	—
Operating income(loss)	(195)	(109)	86	555	1,250
Ordinary profit(loss)	(76)	63	140	684	1,200
Net income(loss)	(82)	73	155	923	1,100

### First Quarter Business Overview

#### Point 1 ⇒ Arrangement services for renewable energy projects still favorable.

Arrangement services for renewable energy projects have remained favorable since the second half of the previous fiscal year, thanks to joint efforts with EPC (engineering, procurement and construction) providers.

Almost no deals affected by problem of power companies suspending their response to applications from renewable energy producers for grid connection.

#### Point 2 ⇒ Moving forward with investment exits from venture capital fund (FGF). Losses expected to be worked into later accounting of fund performance.

Through progress on R&D at portfolio companies in 2014 as well as share transfers and initial public offering activities, the value of the FGF fund is likely to improve, but we expect to post gains or losses associated with our investment portion when the books close on the fund in December. Except for gain on foreign exchange, no gains or losses will be booked for the first quarter of fiscal 2015.

### Business Outlook, Issues of Interest

- ☑ Supporting efforts to select candidate site for Moomin Theme Park project (Moomin Monogari Ltd.)
- ☑ Will implement additional arrangement services for renewable energy projects.
- ☑ Will promote exits from investment in venture capital fund (FGF)
- ☑ Will work steadily to implement plans for housing construction and sales in the real estate segment. Expect to book revenue in the third quarter.

# Business Summary by Segment

	(Millions of yen)	Fiscal 2014 First Quarter	Fiscal 2015 First Quarter	YOY Change	Principal Consolidated Subsidiaries	
1	Investment	Revenue	158	215	56	FinTech Global Incorporated(FGI)
	Banking Business	Operating income	96	164	68	FinTech Global Asset Management Inc.(FAM)
2	Real Estate	Revenue	103	643	539	Better Life Support Co., Ltd. (BELS)
	Business	Operating income (loss)	(10)	(26)	(15)	Unihouse Co.,Ltd, Better Life House Co.,Ltd.
3	Construction	Revenue	-	85	85	Okayama Corporation
	Business	Operating income (loss)	-	(9)	(9)	
4	Others	Revenue	20	19	(1)	Public Management Consulting Corporation(PMC)
		Operating income (loss)	(86)	(8)	77	(Note)
	Adjustment	Revenue	0	(2)	(1)	
		Operating income (loss)	(195)	(230)	(35)	
	Amount Booked on	Revenue	282	961	679	
	Consolidated	Operating income (loss)	(195)	(109)	86	

Note: PMC has been excluding from the scope of consolidation, effective from the end of the first quarter, due to the transfer of shares on November 28, 2014.

- 1
- Arrangement transaction services for renewable energy projects was favorable, prompting a huge increase in revenue and operating income. We gained access to excellent projects, through joint efforts with prominent EPC providers and through loans to finance development of power production facilities, and were able to offer investment opportunities to power producers.
  - Supported progress in Moomin Monogatari's theme park project. Helped with selection of candidate site.
  - Received dividends from venture capital fund FGF through sale of shares in portfolio companies. Gains and losses associated with investment in this fund will be booked after the fund issues its next fiscal report. More portfolio companies are likely to be ready for exit. FGI made additional contributions into FGF during the first quarter.
- 2
- At BELS, homeowner support services, under corporate employee welfare services, marked favorable expansion but real estate services made sluggish progress. Going forward, the plan is to continue to secure new clients for corporate housing services and homeowner support services and to put real estate services on a growth track by extending the scope of employee welfare services.
  - Real estate brokerage services at Unihouse strengthened its corporate client website for building introductions. The number of clients under corporate alliance agreements increased, and the number of website views grew significantly.
  - At Better Life House, real estate sales services benefited from a bigger inventory of land for building homes. Some land for purchase was sold, with revenue booked. Plans are being drafted for home construction.
- 3
- The construction business marked the completion of a large-scale project applicable under the percentage of completion method in the first quarter. Generally, projects that fall under this category are small-scale. Order activity was steady. Costs on uncompleted construction contracts based on the completed contract method were up ¥99 million from September 30, 2014, to ¥101 million.
- 4
- In the public accounting consultation business, the Ministry of Internal Affairs and Communications revealed the standard for local government public accounting, leading local governments, including those that had taken a wait-and-see approach pending final details from the ministry, to place requests even before the fiscal year ends. Stable revenue was achieved because research services for consulting business partners were added to consulting business activities.

## Changes in Investment in Securities, Trade, Real Estate for Sale and Others

- **Investment in securities, trade**

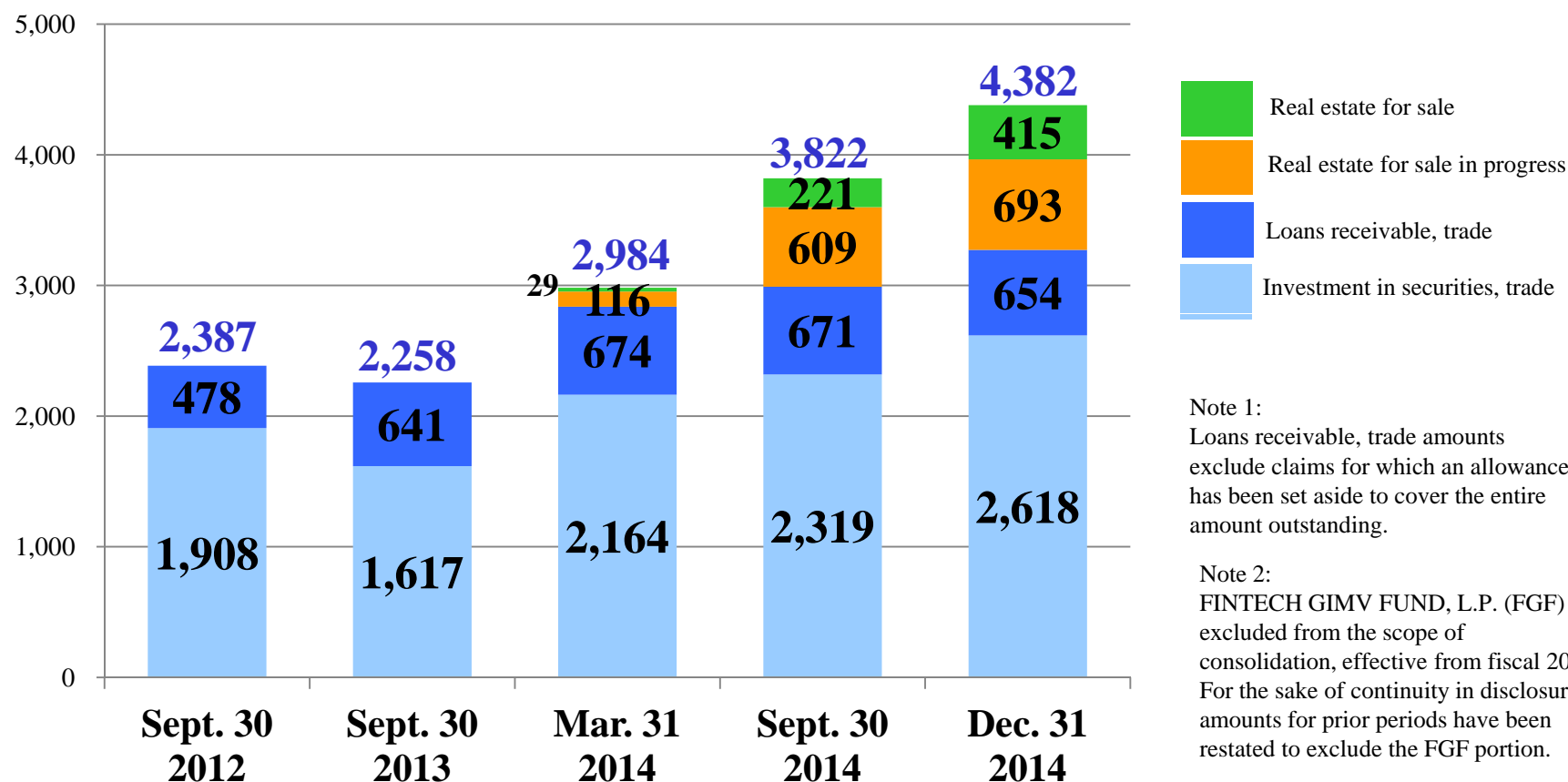
Balance at December 31, 2014, was up ¥299 million from September 31, 2014.

Investment in FGF, a dollar-denominated fund emphasizing IT and life-science companies, increased due to new investment and foreign exchange gain caused by the low yen.

- **Acquisition of land for building homes**

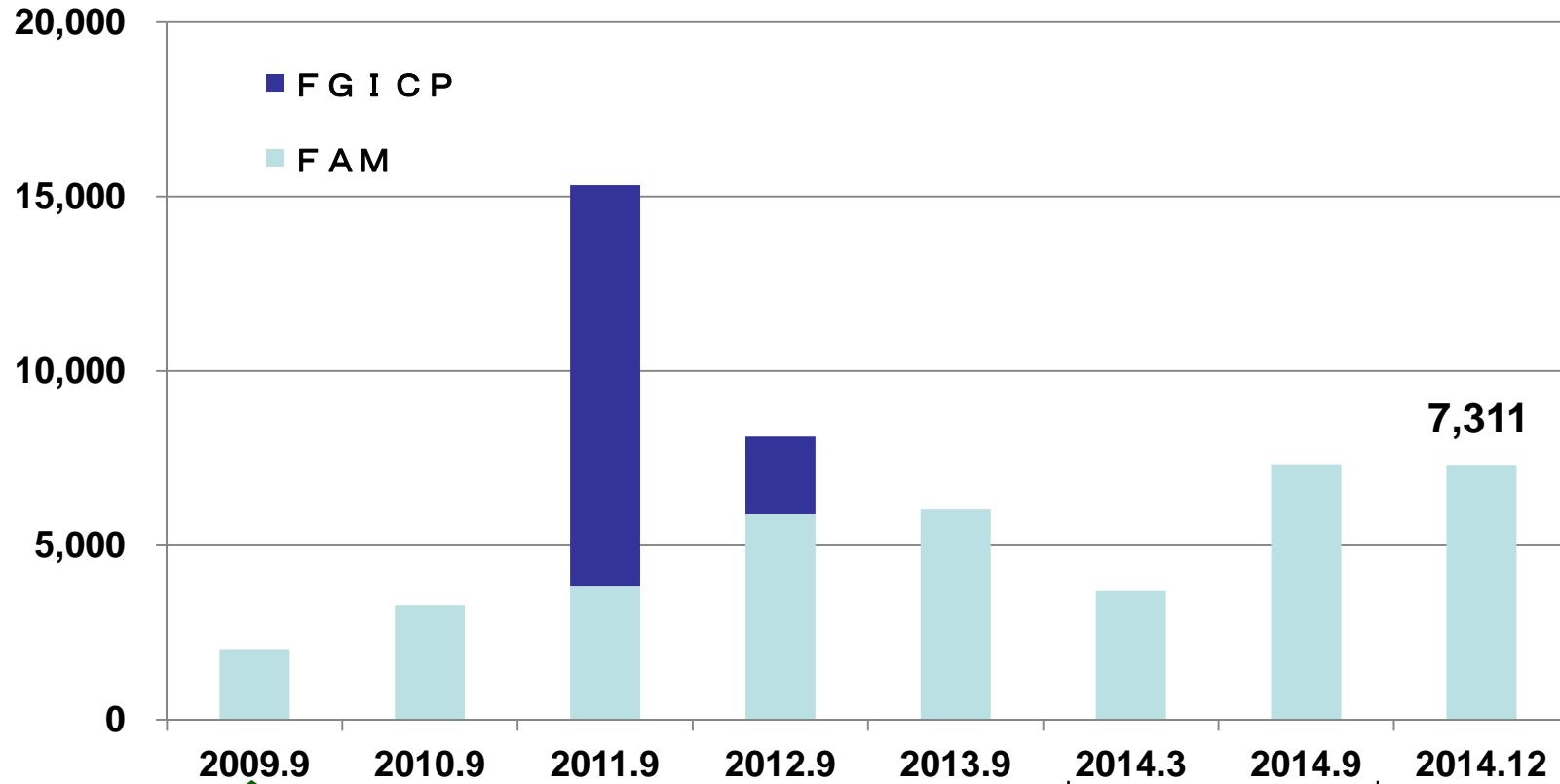
Real estate for sale and real estate for sale in progress increased ¥278 million from September 30, 2014. Acquisition of land for building homes will continue.

(Millions of yen)



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

(Millions of yen)



FAM becomes a subsidiary

FGICP becomes a subsidiary

Fiscal 2014

Fiscal 2015  
First Quarter

Assets in FinTech GIMV Fund contributed by FGI (\$26 million as of September 30, 2014) are excluded.

# Consolidated Balance Sheets

(Thousands of yen)

Assets	Fiscal 2014	Fiscal 2015 First Quarter	Change
<b>Current assets</b>	<b>6,591,999</b>	<b>7,082,007</b>	<b>490,008</b>
Cash and time deposits	2,034,917	1,727,820	(307,097)
Notes and accounts receivable, trade	255,142	389,972	134,829
Completed construction contracts, accounts receivable	247,275	63,577	(183,697)
<b>1</b> Investments in securities, trade	<b>2,319,357</b>	<b>2,618,372</b>	<b>299,014</b>
Loans receivable, trade	857,021	839,882	(17,139)
<b>2</b> Real estate for sale	<b>221,332</b>	<b>415,397</b>	<b>194,065</b>
Real estate for sale in progress	609,460	693,625	84,164
<b>3</b> Short-term loans receivable	<b>153,412</b>	<b>335,897</b>	<b>182,485</b>
Other current assets	178,107	276,974	98,866
Allowance for doubtful assets	(284,028)	(279,512)	4,515
<b>Noncurrent assets</b>	<b>860,247</b>	<b>873,307</b>	<b>13,060</b>
Property, plant and equipment	121,373	119,700	(1,672)
Intangible fixed assets	164,331	182,909	18,577
Investments and other assets	574,541	570,697	(3,844)
<b>Total assets</b>	<b>7,452,246</b>	<b>7,955,315</b>	<b>503,068</b>

- 1** Investment in venture fund (FGF)  
Increase caused by fluctuating exchange rates (on dollar-denominated investments)
- 2** Mainly, increase due to acquisition of land by the real estate business for building homes
- 3** Increase in loans to the unconsolidated subsidiary involved in solar power projects
- 4** Mainly, receipt of dividends (¥248 million, including principal) from venture fund (FGF)
- 5** Increase due to loans in the real estate business and bond issuance

Liabilities	Fiscal 2014	Fiscal 2015 First Quarter	Change
<b>Current liabilities</b>	<b>1,459,524</b>	<b>1,819,527</b>	<b>360,002</b>
Notes and accounts payable, trade	254,826	155,733	(99,093)
Accounts payable for construction contracts	65,396	73,770	8,374
<b>5</b> Short-term loans payable	<b>628,100</b>	<b>717,083</b>	<b>88,983</b>
Advances received on uncompleted construction	55,867	264,590	208,722
<b>4</b> Deposits received	<b>187,038</b>	<b>343,852</b>	<b>156,813</b>
Other current liabilities	268,296	264,498	(3,798)
<b>Noncurrent liabilities</b>	<b>457,877</b>	<b>593,158</b>	<b>135,280</b>
<b>5</b> Bonds payable	<b>24,000</b>	<b>144,000</b>	<b>120,000</b>
Long-term loans payable	226,591	246,037	19,446
Net defined benefit liability	148,926	148,012	(914)
Deferred tax liability	45,797	41,767	(4,029)
Other noncurrent liabilities	12,562	13,341	778
<b>Total liabilities</b>	<b>1,917,402</b>	<b>2,412,685</b>	<b>495,283</b>

## Net Assets

<b>Shareholders' equity</b>	<b>5,507,738</b>	<b>5,516,403</b>	<b>8,664</b>
Common stock	3,351,561	3,351,561	0
Additional paid-in capital	929,373	929,373	0
Retained earnings	1,226,803	1,235,467	8,664
Accumulated other comprehensive income	(573)	(573)	0
Subscription rights to shares	4,168	4,677	508
Minority interests	23,510	22,123	(1,387)
<b>Total net assets</b>	<b>5,534,844</b>	<b>5,542,629</b>	<b>7,785</b>
<b>Total liabilities and net assets</b>	<b>7,452,246</b>	<b>7,955,315</b>	<b>503,068</b>

# Consolidated Statements of Income

	Fiscal 2014 First Quarter	Fiscal 2015 First Quarter	(Thousands of yen) Change
Revenue	282,421	961,693	679,272
Cost of revenue	69,219	542,593	473,374
Gross profit	213,201	419,100	205,898
Selling, general and administrative	408,851	528,612	119,761
Operating income/(loss)	(195,649)	(109,512)	86,137
Other income	120,107	182,077	61,969
Other expenses	676	8,654	7,978
Ordinary profit/(loss)	(76,218)	63,909	140,128
Extraordinary profit	17	101	83
Extraordinary loss	4,033	1,280	(2,753)
Income before income taxes	(80,234)	62,731	142,965
Income taxes	(4,813)	(9,428)	(4,615)
Income before minority interests	(75,420)	72,160	147,580
Minority interests/(loss)	6,767	(1,295)	(8,062)
Net income/(loss)	(82,188)	73,455	155,643

1

Revenue up, thanks to favorable investment banking operations (arrangement transaction services)  
Higher revenue and cost of revenue, stemming from real estate and construction businesses (number of subsidiaries increased, from one to six, since the third quarter of 2014).

2

No arbitration costs were booked in the first quarter of 2015, whereas such costs existed in the first quarter of fiscal 2014. Nevertheless, efforts to strengthen personnel in the investment banking business as well as an increase in subsidiaries under consolidation led to higher personnel costs and rent. In addition, advertising and promotions in the real estate business were up.

3

Booked ¥179 million in gain on foreign exchange. Mainly from investment in dollar-denominated FGI venture capital fund.

## 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)

Assets	Fiscal 2014	Fiscal 2015 First Quarter	Change
<b>Current Assets</b>	<b>4,837,705</b>	<b>5,103,645</b>	<b>265,940</b>
Cash and time deposits	1,172,656	658,781	(513,875)
Accounts receivable, trade	205,826	350,584	144,757
Investment securities, trade	2,313,509	2,561,865	248,355
Loans receivable, trade	877,981	860,842	(17,139)
Short-term loans, receivable	443,504	826,169	382,665
Other current assets	104,211	119,467	15,255
Allowance for doubtful assets	(279,984)	(274,063)	5,920
<b>Noncurrent assets</b>	<b>905,930</b>	<b>855,151</b>	<b>(50,779)</b>
Property, plant and equipment	107,451	106,266	(1,185)
Intangible assets	1,961	10,976	9,014
Investments and other assets	796,517	737,909	(58,608)
<b>Total assets</b>	<b>5,743,636</b>	<b>5,958,797</b>	<b>215,161</b>

Liabilities	Fiscal 2014	Fiscal 2015 First Quarter	Change
<b>Current liabilities</b>	<b>548,909</b>	<b>729,086</b>	<b>180,176</b>
Accounts payable-trade	46,938	72,937	25,998
Short-term loans payable	265,100	245,100	(20,000)
Current portion of long-term debt	25,525	63,743	38,218
Deposits received	163,728	311,006	147,278
Others	47,617	36,298	(11,318)
<b>Long-term liabilities</b>	<b>100,095</b>	<b>101,015</b>	<b>920</b>
Long-term loans payable	1,254	1,033	(221)
Provision for retirement benefits	69,925	71,067	1,141
Others	28,914	28,914	0
<b>Total liabilities</b>	<b>649,004</b>	<b>830,101</b>	<b>181,096</b>

## Net Assets

<b>Shareholders' equity</b>	<b>5,091,706</b>	<b>5,125,262</b>	<b>33,556</b>
Capital stock	3,351,561	3,351,561	0
Additional paid-in capital	916,784	916,784	0
Retained earnings	823,361	856,917	33,556
Valuation difference on available-for-sale securities	(1,243)	(1,243)	0
Subscription rights to shares	4,168	4,677	508
<b>Total net assets</b>	<b>5,094,631</b>	<b>5,128,696</b>	<b>34,064</b>
<b>Total liabilities and net assets</b>	<b>5,743,636</b>	<b>5,958,797</b>	<b>215,161</b>

# Non-Consolidated Statements of Income

(Thousands of yen)

	Fiscal 2014 First Quarter	Fiscal 2015 First Quarter	Change
Revenue	142,121	215,851	73,730
Cost of revenue	51,344	33,307	(18,036)
Gross profit	90,777	182,543	91,766
Selling, general and administrative expenses	219,021	250,723	31,701
Operating income/(loss)	(128,244)	(68,179)	60,065
Other income	96,498	186,541	90,043
Other expenses	1,176	517	(659)
Ordinary income/(loss)	(32,923)	117,844	150,767
Extraordinary profit	17	101	83
Extraordinary loss	—	10,930	10,930
Income before income taxes	(32,905)	107,015	139,920
Income taxes	(4,265)	(139)	4,126
Net income/(loss)	(28,639)	107,154	135,794

## Changes in Key Financial Data

Fiscal Year		Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	First quarter Fiscal 2015
Net Revenue	(millions of yen)	3,465	6,988	2,038	1,603	3,911	961
Gross profit	(millions of yen)	935	3,509	908	1,468	2,398	419
Ordinary income (loss)	(millions of yen)	(2,604)	1,220	(915)	88	684	63
Net income (loss)	(millions of yen)	(2,172)	1,404	(1,274)	182	923	73
Net assets	(millions of yen)	3,164	4,870	3,632	2,716	5,534	5,542
Total assets	(millions of yen)	7,352	7,682	6,417	4,770	7,452	7,955
Net assets per share	(yen)	20.25	31.52	19.82	22.23	37.41	37.47
Net income (loss) per share	(yen)	(17.99)	11.69	(10.70)	1.52	6.92	0.50
Diluted net income (loss) per share	(yen)	—	11.68	—	1.52	6.89	0.50
Equity to total asset ratio	(%)	33.3	48.9	36.8	56.4	73.9	69.3
Equity to net income ratio	(%)	(61.2)	45.3	(41.7)	7.2	22.5	—
Price earning ratio (PER)	(times)	—	2.6	—	21.9	9.2	—
Cash flow from operating activities	(millions of yen)	626	1,953	959	(464)	(2,208)	—
Cash flow from investing activities	(millions of yen)	(2,281)	(631)	80	85	509	—
Cash flow from financing activities	(millions of yen)	(3,376)	(413)	(233)	(128)	2,065	—
Cash and cash equivalents at the end of the fiscal year	(millions of yen)	829	1,711	2,522	1,644	2,024	—
Number of employees(consolidated)(part-time employee)	(employees)	72 (13)	70 (17)	60(19)	51(13)	109(7)	110(8)
Number of employees(non-consolidated)(part-time employee)	(employees)	40 (2)	15 (2)	20(3)	26(3)	24(3)	27(2)

FGI executed a stock split on April 1, 2014, that split each share into 100 shares. Consequently, net assets per share, net income (loss) per share and net income per share after adjustment for diluted shares have been calculated as if the aforementioned stock split had occurred at the beginning of fiscal 2010.

# Summary of Subsidiary Results

## Segment : Investbanking Business

FinTech Asset Management (FAM)	Fiscal 2013			Fiscal 2014			Fiscal 2015
	1st half	2nd half	Full year	1st half	2nd half	Full year	1Q
Revenue	118	73	191	179	86	265	16
Gross profit	117	73	191	179	80	260	16
Ordinary income (loss)	36	(7)	29	105	21	126	3

## Segment : Construction Business

Okayama Corporation (Note) 1	Fiscal 2014	Fiscal 2015
	3Q,4Q (Mar 2014 ~ Jun 2014)	1Q
Revenue	979	85
Gross profit	83	16
Ordinary income (loss)	26	(9)

(Millions of yen)

## Segment : Real Estate Business

Better Life Support	Fiscal 2013			Fiscal 2014			Fiscal 2015
	1st half	2nd half	Full year	1st half	2nd half	Full year	1Q
Revenue	248	256	505	209	233	442	110
Gross profit	207	216	424	169	192	362	62
Ordinary income (loss)	2	3	5	(9)	13	3	(32)

## Segment : Real Estate Business

Unihouse (Note)2 (Note)3	Fiscal 2014	Fiscal 2015	Jonan Development (Note)2	Fiscal 2014	Fiscal 2015
	3Q,4Q (Apr 2014 ~ Jun 2014)	1Q		3Q,4Q (Apr 2014 ~ Jun 2014)	1Q
Revenue	39	117	Revenue	152	7
Gross profit	39	117	Gross profit	152	7
Ordinary income (loss)	(63)	(2)	Ordinary income (loss)	23	(1)

## Segment : Real Estate Business

Better Life House (Note)2	Fiscal 2014	Fiscal 2015	Three Ork (Note)2	Fiscal 2014	Fiscal 2015
	3Q,4Q (Apr 2014 ~ Jun 2014)	1Q		3Q,4Q (Apr 2014 ~ Jun 2014)	1Q
Revenue	20	354	Revenue	321	101
Gross profit	17	30	Gross profit	30	2
Ordinary income (loss)	(11)	(2)	Ordinary income	8	1

(Note) 1 The performance of this company is included in consolidated results from March 2014.

(Note) 2 The performances of these companies are included in consolidated results from April 2014.

(Note) 3 On June 30, 2014, operations, including trade name, of Jonan Development (formerly, Unihouse) were transferred to Unihouse Holdings, and the trade name was changed to Unihouse.

(Note) 4 Unihouse changed its name to Jonan Development on June 30, 2014.

# 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.