

# **Results for First Quarter of Fiscal 2016, ending September 30, 2016**

**February 2016**

**FinTech Global Incorporated**

**Mothers Stock Code: 8789**

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

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## Fiscal 2016 First Quarter Consolidated Performance

(Millions of yen)	Fiscal 2015 First Quarter (A)	Fiscal 2016 First Quarter (B)	YOY Change (B)-(A)	Fiscal 2015 Full Year	Fiscal 2016 Forecast
Revenues	961	2,355	1,393	5,429	7,700
Gross profit	419	400	(18)	2,495	—
Operating income(loss)	(109)	(278)	(168)	115	230
Ordinary profit(loss)	63	(295)	(359)	237	180
Profit(loss) attributable to owners of parent	73	(289)	(363)	224	170

### First Quarter Business Overview

**Point ①**⇒Commission income on arrangement services down, but sale of investment assets in excellent projects up.

- Sold assets in excellent projects to investors. Booked revenue of ¥980 million.
- Investors still keen to invest in power generation businesses. Will continue to present arrangement services to project operators and also secure and sell assets in such projects to interested investors.

**Point ②**⇒Reviewed marketing structure and office network in real estate business in response to shift toward e-commerce.

**Point ③**⇒Gross profit sluggish, and higher selling, general and administrative expenses led to operating loss

- Sluggish gross profit due to drop in number of arrangements put together and a lack of investment exits.
- Higher selling, general and administrative expenses mainly due to increase in personnel costs, paralleling reinforce staffing levels in investment banking business, including Metsä-related operations.

### Business Outlook, Issues of Interest

- ☑ Working on a business plan to guide the opening of Metsä facilities that will enable visitors to experience the world of the Moomins in a Northern European atmosphere.
- ☑ Cultivating client base for arrangement services. Developing investor base and deepening business support for operating projects.

# Business Summary by Segment

	(Millions of yen)		Fiscal 2015 First Quarter	Fiscal 2016 First Quarter	YOY Change	Principal Consolidated Subsidiaries
1	Investment Banking Business	Revenue	215	1,038	822	FGI, FinTech Global Trading(FGT)(Note) FinTech Asset Management Inc.(FAM)
		Operating	164	112	(52)	
2	Real Estate Business	Revenue	643	1,310	666	Better Life Support Holdings Better Life Support Co., Ltd. (BELS) Unihouse Co.,Ltd, Better Life House Co.,Ltd.
		Operating	(26)	13	39	
3	Others	Revenue	19	10	(8)	Moomin Monogatari Ltd., Adacotech Incorporated(Note)
		Operating	(8)	(22)	(14)	
	(Construction Business)	Revenue	85	-	(85)	Okayama Corporation(Note)
		Operating	(9)	-	9	
	Adjustment	Revenue	(2)	(4)	(1)	
		Operating	(230)	(381)	(150)	
	Amount Booked on Consolidated	Revenue	961	2,355	1,393	
		Operating	(109)	(278)	(168)	

Note: FinTech Global Trading, Moomin Monogatari and Adacotech fall under the scope of consolidation from the second quarter of fiscal 2015, while Okayama Corporation is excluded from the third quarter.

- 1
- Took steps to sharpen ability to access excellent projects amid heightened competition and to respond flexibly to investor needs by securing excellent projects and then introducing and selling investors on these investment opportunities while promoting arrangement transaction services to the project operators.
  - Established Metsä Planning Office, an in-house section dedicated to the Metsä project.  
Drafted business concept and basic plan, based on various marketing approaches, and reviewed content.  
Moved forward on various licensing and reports, mainly at the local government level, to expedite development and improvement of the site and its constituent facilities, and pursued discussions on measures to improve the area surrounding the site.

- 2
- A review of marketing structure and office network was undertaken to create real estate operations in tune with industry shift toward e-commerce, enabling potential property buyers to find sites through a direct online search.
  - Worked to keep selling, general and administrative expenses low amid favorable shift in revenue.
  - Moved forward on land purchases, with real estate for sale and real estate for sale in progress totaling ¥2,712 million at Better Life House and BELS, up 11.0% from the end of September 2015.

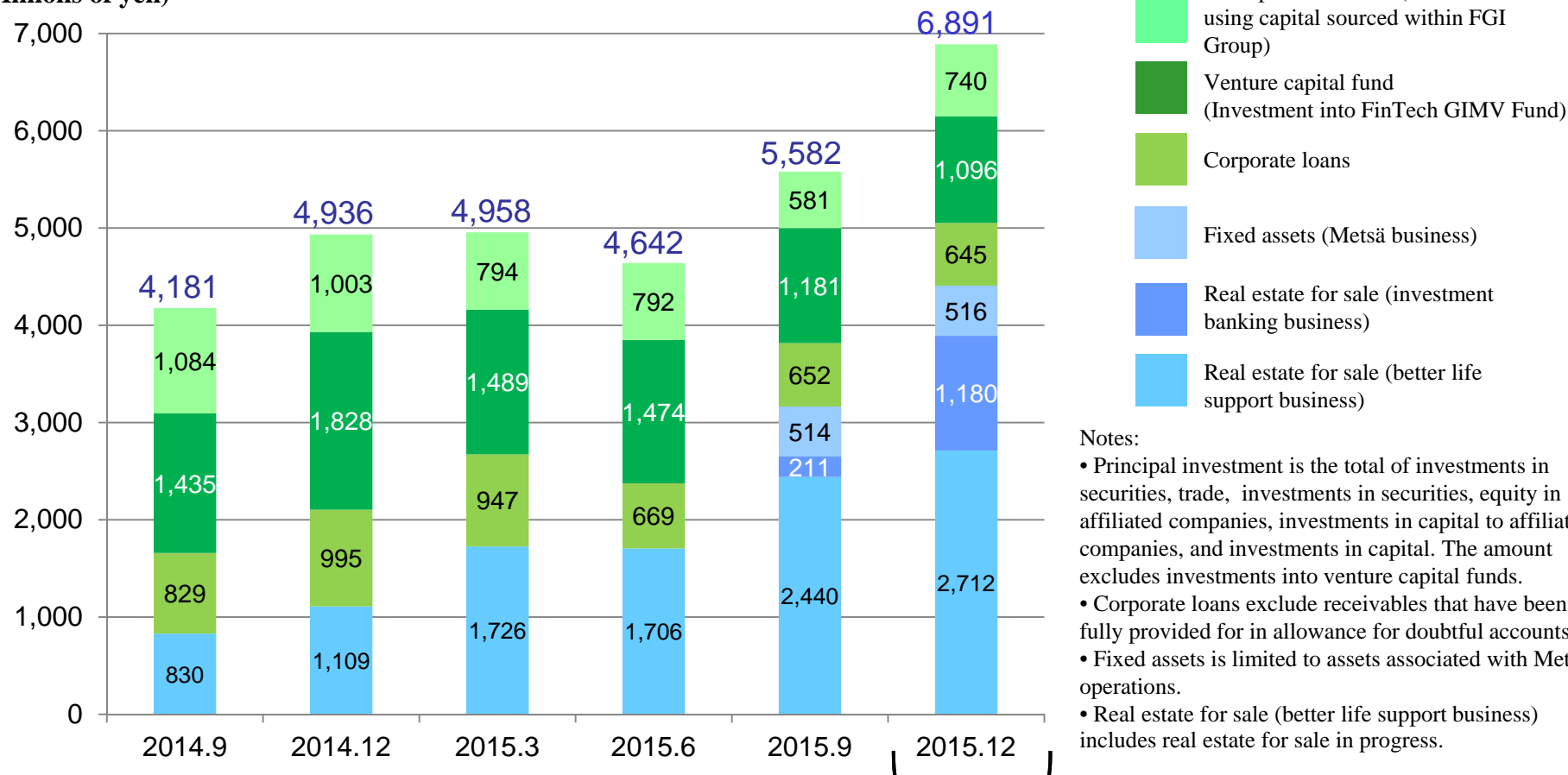
- 3
- Moomin Monogatari reinforced staffing levels to support future business development and directed efforts into drafting and reviewing the content of a business plan for Metsä operations.
  - Adacotech attracted greater interest from major corporations, particularly in regard to verification tests on a system that will ensure the safety of trains and their passengers.

# Changes in Investments and Loans (Consolidated)

## Key Components of Change in First Quarter of Fiscal

- **Principal investment** New investments, mainly into “fintech”-related companies in fields of combined finance and IT
- **Real estate for sale (investment banking business)** Increased due to purchases of solar power generation facilities and self-storage space
- **Real estate for sale (better life support business)** Increased mainly due to purchase of land on which to build homes

(Millions of yen)



Notes:

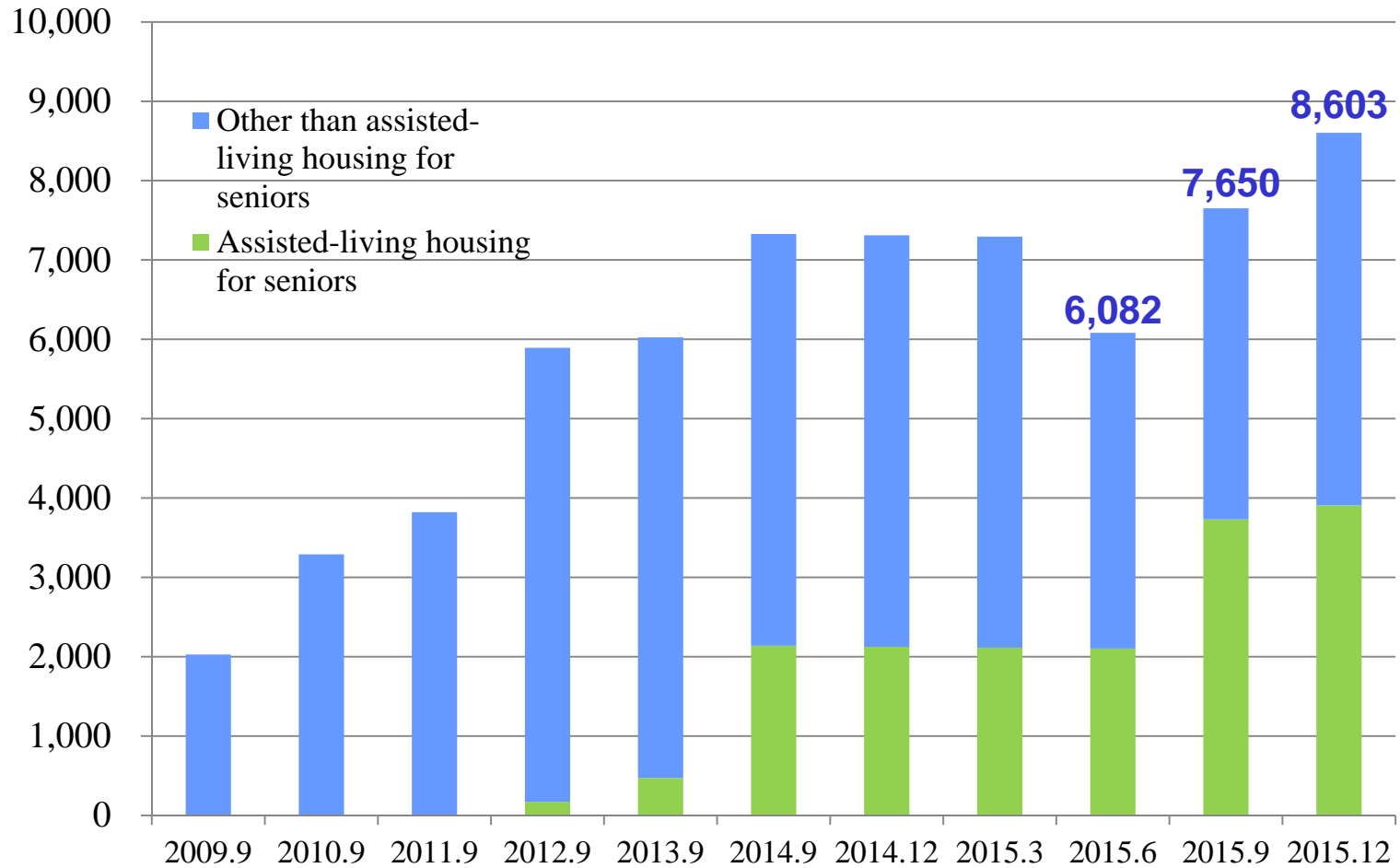
- Principal investment is the total of investments in securities, trade, investments in securities, equity in affiliated companies, investments in capital to affiliated companies, and investments in capital. The amount excludes investments into venture capital funds.
- Corporate loans exclude receivables that have been fully provided for in allowance for doubtful accounts.
- Fixed assets is limited to assets associated with Metsä operations.
- Real estate for sale (better life support business) includes real estate for sale in progress.

Fiscal 2016 First Quarter

# Changes in Assets under Management at FinTech Asset Management

Attracted new requests for asset management of building complexes in rural cities during first quarter of fiscal 2016.  
Assets under management higher than at the end of September 2015.

(Millions of yen)



**Fiscal 2016  
First Quarter**

# Consolidated Balance Sheets

(Thousands of yen)

Assets	Fiscal 2015	Fiscal 2016 First Quarter	Change
<b>Current assets</b>	<b>10,507,445</b>	<b>9,473,295</b>	<b>(1,034,149)</b>
Cash and time deposits	4,617,855	3,162,250	(1,455,605)
Notes and accounts receivable,	237,393	33,582	(203,811)
<b>1</b> Investments in securities, trade	<b>1,565,930</b>	<b>1,538,456</b>	<b>(27,473)</b>
Loans receivable, trade	761,902	717,893	(44,009)
<b>2</b> Real estate for sale	<b>1,515,740</b>	<b>2,792,305</b>	<b>1,276,564</b>
Real estate for sale in progress	1,135,958	1,100,260	(35,697)
Deferred tax assets	4,342	6,756	2,413
Other current assets	870,335	292,035	(578,300)
Allowance for doubtful assets	(202,015)	(170,244)	31,770
<b>Noncurrent assets</b>	<b>1,450,659</b>	<b>1,538,479</b>	<b>87,819</b>
Property, plant and equipment	841,025	846,196	5,170
Intangible fixed assets	129,704	117,075	(12,628)
<b>1</b> Investments and other assets	<b>479,929</b>	<b>575,207</b>	<b>95,277</b>
<b>Total assets</b>	<b>11,958,104</b>	<b>11,011,774</b>	<b>(946,329)</b>

**1** New investments, mainly into companies in “fintech”-related fields, that is, finance and information technology. (Due to reclassification of ownership, a portion of investments in securities, trade is recorded under investments and other assets.)

**2** Increase primarily due to purchase of solar power generation facilities and other project assets, self-storage space, and land on which homes will be built by designated operations in the Group’s real estate business.

Liabilities	Fiscal 2015	Fiscal 2016 First Quarter	Change
<b>Current liabilities</b>	<b>3,109,925</b>	<b>2,832,371</b>	<b>(277,553)</b>
Notes and accounts payable, trade	41,639	47,688	6,048
Short-term loans payable	2,372,557	2,217,399	(155,158)
Current portion of bonds	46,000	46,000	0
Current portion of long-term loans payable	163,284	163,884	600
Income taxes payable	41,396	11,942	(29,453)
Accrued employee bonuses	42,466	27,389	(15,077)
Other current liabilities	402,581	318,068	(84,512)
<b>Noncurrent liabilities</b>	<b>968,294</b>	<b>751,044</b>	<b>(217,250)</b>
Bonds payable	98,000	90,000	(8,000)
Long-term loans payable	691,779	485,565	(206,214)
Net defined benefit liability	105,646	110,446	4,799
Deferred tax liability	37,606	33,824	(3,782)
Other noncurrent liabilities	35,261	31,208	(4,053)
<b>Total liabilities</b>	<b>4,078,219</b>	<b>3,583,416</b>	<b>(494,803)</b>

## Net assets

<b>Shareholders' equity</b>	<b>7,940,881</b>	<b>7,549,921</b>	<b>(390,960)</b>
Common stock	4,548,138	4,548,138	0
Additional paid-in capital	2,125,950	2,121,736	(4,213)
Retained earnings	1,266,792	880,045	(386,746)
Accumulated other comprehensive income	(118,455)	(175,130)	(56,675)
Subscription rights to shares	16,729	20,645	3,916
Non-controlling interests	40,728	32,921	(7,806)
<b>Total net assets</b>	<b>7,879,885</b>	<b>7,428,358</b>	<b>(451,526)</b>
<b>Total liabilities and net assets</b>	<b>11,958,104</b>	<b>11,011,774</b>	<b>(946,329)</b>

# Consolidated Statements of Income

(Thousands of yen)

	Fiscal 2015 First Quarter	Fiscal 2016 First Quarter	Change
Revenue	961,693	2,355,096	1,393,402
Cost of revenue	542,593	1,954,471	1,411,878
Gross profit	419,100	400,624	(18,475)
Selling, general and administrative expenses	528,612	678,717	150,105
Operating income/(loss)	(109,512)	(278,093)	(168,581)
Other income	182,077	5,991	(176,085)
Other expenses	8,654	23,890	15,236
Ordinary profit/(loss)	63,909	(295,992)	(359,902)
Extraordinary profit	101	—	(101)
Extraordinary loss	1,280	89	(1,190)
Income before income taxes	62,731	(296,082)	(358,813)
Income taxes	(9,428)	197	9,626
Profit /(loss)	72,160	(296,280)	(368,440)
Profit /(loss) attributable to non-controlling interests	(1,295)	(6,681)	(5,385)
Profit /(loss) attributable to owners of parent	73,455	(289,599)	(363,054)

1

Revenue and cost of revenue were both considerably higher year-on-year, owing to the purchase and sale of assets, with an emphasis on solar power generation facilities.

2

Personnel costs were up, owing to efforts to reinforce staffing levels in the investment banking business, including Metsä-related operations. Commissions paid also increased because of Metsä operations.

## Reference Materials

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



# Quarterly Non-Consolidated Balance Sheets

(Thousands of yen)

Assets	Fiscal 2015	Fiscal 2016 First Quarter	Change
<b>Current Assets</b>	<b>8,092,919</b>	<b>6,755,282</b>	<b>(1,337,636)</b>
Cash and time deposits	4,178,000	2,728,105	(1,449,894)
Accounts receivable, trade	160,300	11,438	(148,862)
Investment securities, trade	1,505,339	1,317,819	(187,520)
Loans receivable, trade	782,862	770,553	(12,309)
Short-term loans, receivable	924,050	1,038,672	114,622
Other current assets	789,108	1,138,072	348,964
Allowance for doubtful assets	(246,741)	(249,379)	(2,637)
<b>Noncurrent assets</b>	<b>1,579,563</b>	<b>1,874,830</b>	<b>295,267</b>
Property, plant and equipment	613,387	612,594	(792)
Intangible assets	9,034	8,399	(635)
Investments and other assets	957,141	1,253,837	296,696
<b>Total assets</b>	<b>9,672,483</b>	<b>8,630,113</b>	<b>(1,042,369)</b>

Liabilities	Fiscal 2015	Fiscal 2016 First Quarter	Change
<b>Current liabilities</b>	<b>1,559,865</b>	<b>992,031</b>	<b>(567,834)</b>
Accounts payable-trade	35,451	69,762	34,311
Short-term loans payable	1,220,500	673,734	(546,766)
Current portion of long-term debt	17,268	17,868	600
Accounts payable-others	138,547	110,975	(27,572)
Deposits received	31,463	53,011	21,548
Accrued employee bonuses	30,703	22,866	(7,836)
Others	85,932	43,812	(42,119)
<b>Long-term liabilities</b>	<b>266,403</b>	<b>248,537</b>	<b>(17,866)</b>
Long-term loans payable	138,929	135,551	(3,378)
Lease obligations	369	147	(221)
Provision for retirement benefits	73,329	77,220	3,891
Others	53,776	35,618	(18,158)
<b>Total liabilities</b>	<b>1,826,269</b>	<b>1,240,568</b>	<b>(585,701)</b>

## Net Assets

<b>Shareholders' equity</b>	<b>7,948,398</b>	<b>7,544,279</b>	<b>(404,119)</b>
Capital stock	4,548,138	4,548,138	0
Additional paid-in capital	2,113,361	2,113,361	0
Retained earnings	1,286,898	882,779	(404,119)
Valuation difference on available-for-sale securities	(118,914)	(175,379)	(56,464)
Subscription rights to shares	16,729	20,645	3,916
<b>Total net assets</b>	<b>7,846,213</b>	<b>7,389,545</b>	<b>(456,667)</b>
<b>Total liabilities and net assets</b>	<b>9,672,483</b>	<b>8,630,113</b>	<b>(1,042,369)</b>

## Non-Consolidated Statements of Income

(Thousands of yen)

	Fiscal 2015 First Quarter	Fiscal 2016 First Quarter	Change
Revenue	215,851	1,017,332	801,480
Cost of revenue	33,307	932,146	898,838
Gross profit	182,543	85,185	(97,358)
Selling, general and administrative expenses	250,723	397,679	146,955
Operating income/(loss)	(68,179)	(312,493)	(244,314)
Other income	186,541	13,214	(173,326)
Other expenses	517	20,624	20,107
Ordinary income/(loss)	117,844	(319,903)	(437,748)
Extraordinary profit	101	—	(101)
Extraordinary loss	10,930	89	(10,840)
Income before income taxes	107,015	(319,993)	(427,009)
Income taxes	(139)	(13,022)	(12,883)
Net income/(loss)	107,154	(306,971)	(414,126)

## Changes in Financial Indicators (Consolidated)

		Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	First quarter Fiscal 2016
Net Revenue	(millions of yen)	6,988	2,038	1,603	3,911	5,429	2,355
Gross profit	(millions of yen)	3,509	908	1,468	2,398	2,495	400
Ordinary income (loss)	(millions of yen)	1,220	(915)	88	684	237	(295)
Profit /(loss) attributable to owners of parent	(millions of yen)	1,404	(1,274)	182	923	224	(289)
Net assets	(millions of yen)	4,870	3,632	2,716	5,534	7,879	7,428
Total assets	(millions of yen)	7,682	6,417	4,770	7,452	11,958	11,011
Net assets per share	(yen)	31.52	19.82	22.23	37.41	48.31	45.55
Net income (loss) per share	(yen)	11.69	(10.70)	1.52	6.92	1.48	(1.79)
Diluted net income (loss) per share	(yen)	11.68	—	1.52	6.89	1.47	—
Equity to total asset ratio	(%)	48.9	36.8	56.4	73.9	65.4	
Equity to net income ratio	(%)	45.3	(41.7)	7.2	22.5	3.4	—
Price earning ratio (PER)	(times)	2.6	—	21.9	9.2	84.7	—
Cash flow from operating activities	(millions of yen)	1,953	959	(464)	(2,208)	(1,791)	—
Cash flow from investing activities	(millions of yen)	(631)	80	85	509	(644)	—
Cash flow from financing activities	(millions of yen)	(413)	(233)	(128)	2,065	4,761	—
Cash and cash equivalents at the end	(millions of yen)	1,711	2,522	1,644	2,024	4,612	—
Number of employees(consolidated) (part-time employees)	(employees)	70(17)	60(19)	51(13)	109(7)	117(8)	119(6)
Number of employees(non- consolidated)(part-time employees)	(employees)	15(2)	20(3)	26(3)	24(3)	38(3)	43(3)

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 2011.

# Summary of Group Company Results (Non-Consolidated Basis)

(Millions of yen)

## Segment: Investment Banking Business

FinTech Global	Fiscal 2014			Fiscal 2015			Fiscal 2016
	1st half	2nd half	Full year	1st half	2nd half	Full year	1Q
Revenue	1,310	313	1,623	531	932	1,464	1,017
Gross profit	1,178	188	1,367	376	895	1,271	85
Ordinary income (loss)	790	(219)	571	28	274	303	△ 319

## Segment: Investment Banking Business

FinTech Asset Management (FAM)	Fiscal 2014			Fiscal 2015			Fiscal 2016
	1st half	2nd half	Full year	1st half	2nd half	Full year	1Q
Revenue	179	86	265	30	55	85	17
Gross profit	179	80	260	30	55	85	17
Ordinary income (loss)	105	21	126	(1)	26	25	(0)

## Segment: Investment Banking Business

FinTech Global Trading	Fiscal 2015	Fiscal 2016
	Full year (From Jan. to Sept. 2015)	1Q
Revenue	171	66
Gross profit	160	61
Ordinary income	95	45

Under consolidation from January 2015.

## Segment: Other

Moomin Monogatari	Fiscal 2015	Fiscal 2016
	Full year (From Jan. to Sept. 2015)	1Q
Revenue	0	0
Gross profit	0	0
Ordinary income (loss)	(95)	(24)

Under consolidation from January 2015.

## Segment: Other

Adacotech	Fiscal 2015	Fiscal 2016
	Full year (From Jan. to Sept. 2015)	1Q
Revenue	19	9
Gross profit	19	9
Ordinary income (loss)	(2)	1

## Segment: Real Estate Business

Better Life Support (BELS)	Fiscal 2014			Fiscal 2015			Fiscal 2016
	1st half	2nd half	Full year	1st half	2nd half	Full year	1Q
Revenue	209	233	442	204	359	564	85
Gross profit	169	192	362	136	294	431	65
Ordinary income (loss)	(9)	13	3	(44)	35	(9)	(20)

Fiscal 2015, ended September 30, 2015, was 15 months long (second half lasting nine months), due to a change in fiscal year-end.

## Segment: Real Estate Business

## Segment: I Segment: Real Estate Business

Unihouse	Fiscal 2014	Fiscal 2015			Fiscal 2016	Jonan Development	Fiscal 2014	Fiscal 2015			Fiscal 2016
	2nd half (From Apr. to Sept. 2014)	1st half	2nd half	Full year	1Q		2nd half (From Apr. to Sept. 2014)	1st half	2nd half	Full year	1Q
Revenue	39	221	205	426	104	Revenue	152	12	1	14	-
Gross profit	39	221	205	426	104	Gross profit	152	12	1	14	-
Ordinary income (loss)	(63)	(22)	(50)	(72)	6	Ordinary income (loss)	23	(3)	(10)	(14)	0

Under consolidation from April 2014.

In June 2014, Unihouse Holdings undertook a business transfer, including transfer of corporate name, from Jonan Kaihatsu (old Unihouse) and subsequently changed its name to Unihouse

Under consolidation from April 2014. Dissolved in September 2015.

On June 30, 2014, changed corporate name from Unihouse to Jonan Kaihatsu.

## Segment: Real Estate Business

## Segment: Real Estate Business

Better Life House	Fiscal 2014	Fiscal 2015			Fiscal 2016	Three Oak	Fiscal 2014	Fiscal 2015			Fiscal 2016
	2nd half (From Apr. to Sept. 2014)	1st half	2nd half	Full year	1Q		2nd half (From Apr. to Sept. 2014)	1st half	2nd half	Full year	1Q
Revenue	20	670	1,400	2,071	1,147	Revenue	321	239	173	412	-
Gross profit	17	56	89	146	79	Gross profit	30	8	8	16	-
Ordinary income (loss)	(11)	(12)	(27)	(40)	5	Ordinary income	8	6	2	9	0

Under consolidation from April 2014.

Under consolidation from April 2014.

Dissolved in September 2015.

# 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.