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Summary of Financial Statements
For the First Two Quarters of Fiscal 2016
<under Japanese GAAP>

May 11, 2016

Company Name: FinTech Global Incorporated (Code Number: 8789 TSE Mothers)
(URL: http://www.fgi.co.jp/english) TEL: +81-3-5733-2121
Representative: President and Chief Executive Officer Name: Nobumitsu Tamai
Contact: Member of the Board, Senior Executive Officer Name: Seigo Washimoto

Scheduled date for filing of securities report: May 13, 2016
Scheduled date of commencement of dividend payment: －
Preparation of explanatory materials for quarterly financial results: Yes
Information meetings arranged related to quarterly financial results: None

(Rounded down to the nearest million)

1. Consolidated results for the first two quarters of fiscal 2016
(October 1, 2015 – March 31, 2016)

(1) Business results (Percentages indicate year-on-year changes.)

	Revenue		Operating income/(loss)		Ordinary profit/(loss)		Profit/(loss) attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First two quarters of fiscal 2016	3,362	40.0	(519)	–	(650)	–	(642)	–
First two quarters of fiscal 2015	2,400	143.8	(61)	–	60	(93.3)	71	(93.0)

(Note) Comprehensive income: (715) million yen (-)% for the first two quarters of fiscal 2016
65 million yen (93.7)% for the first two quarters of fiscal 2015

	Net income/(loss) per share	Net income/(loss) per share (diluted)
	Yen	Yen
First two quarters of fiscal 2016	(3.97)	—
First two quarters of fiscal 2015	0.49	0.49

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
First two quarters of fiscal 2016	10,806	7,069	65.0
Fiscal 2015	11,958	7,879	65.4

(Note) Shareholders' equity: 7,019 million yen for the first two quarters of fiscal 2016
7,822 million yen for fiscal 2015

2. Dividends

	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2015 (Actual)	—	0.00	—	0.60	0.60
Fiscal 2016 (Actual)	—	0.00			
Fiscal 2016 (Estimates)			—	0.60	0.60

(Note) Change from the latest dividend forecast: No

3. Consolidated performance forecasts for fiscal 2016 (October 1, 2015 – September 30, 2016)

(Percentages indicate amount of change from the same period in the previous fiscal year.)

	Revenues		Operating income		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal 2016	7,700	41.8	230	100.0	180	(24.1)	170	(24.3)	1.05

(Notes) Recent revisions to performance forecast for fiscal 2016: None

4. Notes

(1) Transfer of principal consolidated subsidiaries during the term
(Transfer of any specified subsidiary causing change in scope of consolidation.): None

(2) Adoption of simplified and special accounting policies for quarterly financial statements: None

(3) Changes in accounting policies
1. Changes due to changes in accounting standard: Yes
2. Other changes in accounting standard: None
3. Changes in accounting estimates: None
4. Restatement of corrections: None

(4) Number of shares issued (common stock)
1. Number of shares issued (including treasury stock): 161,915,800 shares in the first two quarter of fiscal 2016
161,912,600 shares in fiscal 2015
2. Number of treasury shares: — shares for the first two quarter of fiscal 2016
— shares for fiscal 2015
3. The average number of shares issued during the first two quarter:
161,912,722 shares for the first two quarters of fiscal 2016
147,199,713 shares for the first two quarters of fiscal 2015

*Implementation status of quarterly review processes
This summary of financial statements is not subject to quarterly review procedures based upon the Financial Instruments and Exchange Act. Thus, at the time of disclosure of the financial statements, quarterly financial statement review procedures based upon the Financial Instruments and Exchange Act have not been completed.

* Information concerning proper use of forward-looking statements and other special instructions
Forward-looking statements in this document are based on data available to management as of May 11, 2016, and certain reasonable assumptions. Actual results may differ from these estimates due to unforeseen factors.

1. Qualitative Information on Business Results and Financial Position

(1) Consolidated business results

The economic environment in Japan during the first two quarters—October 1, 2015 to March 31, 2016—of the fiscal 2016 consolidated accounting period for FinTech Global Incorporated (FGI) ending September 30, 2016, was characterized by sustained gradual recovery amid better corporate earnings and positive employment news. However, certain issues, such as slowdowns in emerging markets, still require close watch to see how they will impact domestic activities in the near future.

In this environment, FGI—as a boutique investment bank for all companies in all industries—focused on investment banking and corporate investment to expand Group business while supporting growth through various solutions matched to the needs of corporate clients and robustly pursuing opportunities to invigorate and underpin local industry. In the investment banking business, the need for investors to fund solar power generation projects, a primary target of the Group's arrangement transaction services, is trending at a high level, but a decrease in the number of excellent projects available and heightened competition to secure such projects created tight supply-and-demand and inevitably led to a drop in the number of deals entrusted to FGI for arrangement transaction services. Since the previous fiscal year, the Company and relevant Group companies have looked beyond arrangement transaction services, seeking to purchase projects with the intention of selling them with presents access to projects and the chance to provide arrangement transaction services. During the first two quarters of fiscal 2016, FGI emphasized this approach and began investing in projects at the development phase to raise the likelihood of securing demand for arrangement transaction services while also capturing profits. But it will take time before these investments are at a stage to turn a profit.

Consolidated revenues for the first two quarters of fiscal 2016 surged 40.0% year on year, to ¥3,362 million, reflecting successful efforts to introduce investors to excellent projects in the portfolio and sell them on an investment and also reflecting a positive performance by the real estate business. Cost of revenues zoomed 89.5%, to ¥2,604 million, paralleling efforts to promote the sale of investment assets in projects and higher sales of homes in the real estate business, and this caused gross profit to retreat 26.2%, to ¥757 million. Selling, general and administrative expenses grew 17.4%, to ¥1,276 million, due to higher personnel costs precipitated by efforts to boost staffing levels to handle expanding activities in the investment banking business and on the Metsä project, which will build facilities that enable visitors to experience the world of the Moomins in a Northern European atmosphere. Consequently, the operating loss deepened, to ¥519 million, compared with ¥61 million in the corresponding period a year ago. After booking ¥92 million in foreign exchange losses, FGI also recorded an ordinary loss of ¥650 million, up from ¥60 million for the first two quarters of fiscal 2015. This led to loss attributable to owners of the parent of ¥642 million, a turnaround from a net income position of ¥71 million a year ago.

A breakdown of performance by business segment is presented below. Note that FGI sold its entire holding of shares in Okayama Corporation in fiscal 2015. This left the Company with only the investment banking business and the real estate business as its consolidated reporting segments, effective from the first quarter of fiscal 2016. Also, revenues includes intersegment revenues and transfers.

a. Investment Banking Business

In the investment banking business, FGI took steps to sharpen its ability to access excellent solar power generation projects amid heightened competition and to respond flexibly to investor needs by securing suitable projects and then introducing and selling investors on these investment opportunities in tandem with efforts to promote arrangement transaction services. Underpinned by this marketing approach, the segment booked ¥980 million through the sale of investment assets in excellent projects, but a challenging environment for arrangement transaction services caused a drop in the number of arrangements put together, squeezing the scope of commission income from this highly profitable business.

In corporate investment activities, several investments were exited, but the booking of returns was limited. With regard to new investments and additional contributions into existing investments, the focus was on venture firms in the field of "fintech"—integrating finance and information technology—and through these activities, the balance of investments and loans (the total of investments, on a consolidated basis, in securities–trade, loans receivable–trade less claims that have been fully provided for in allowance for doubtful accounts , investments in securities, equity in affiliated companies, loans to affiliated companies, and loans) reached ¥2,210 million, down ¥129 million from the end of fiscal 2015.

In asset management services, FinTech Asset Management Incorporated attracted new demand for services related to Article 2, Paragraph 4-3 of the Act on Specified Joint Real Estate Ventures, which pushed the balance of assets under management, on a total assets basis, to ¥10,303 million, up ¥2,892 million over the level reported at the end of fiscal 2015.

In the Metsä business, FGI established the Metsä Planning Office—an in-house section dedicated to the Metsä project—which is formulating a business concept and basic plan for theme park operations and reviewing the content. The business concept and basic plan cover such aspects as the big picture for Metsä and the value provided, as well as the location of facilities in the Public Zone and the Moomin Zone, the fine points of each facility and revenue targets. The office is making steady progress on discussions and other tasks, particularly at the local government level, to sort out the rights to land for development, obtain various permits and prepare the area surrounding the site.

As described above, the investment banking segment generated revenue from the sale of investment assets to investors capitalizing on opportunities afforded by FGI's connection to excellent projects, but further growth was hindered by a drop in commission income on arrangement transaction services and a limited effect from investment exits and also by upfront investments on the Metsä project. As a result, revenues skyrocketed 91.0%, to ¥1,282 million, over the corresponding period a year ago, but operating income tumbled 41.4%, to ¥237 million.

b. Real Estate Business

The real estate business underwent a review of marketing structure and office network to create real estate operations more in tune with the industry shift toward e-commerce, which enables potential property buyers to find sites through a direct online search. Revenues from all operations in this segment increased, prompting a 61.6% surge year on year, to ¥2,071 million. However, the impact of some unprofitable projects in the detached home sales business as well as costs incurred in the consolidation and closure of offices and a downturn in referral revenue due to sluggish prices on newly built condominiums prevented the segment from climbing out of its operating loss position, although the level—at ¥17 million—was not as steep as the ¥54 million posted a year ago.

Note that real estate for sale and real estate for sale in progress totaled ¥2,733 million at the end of the second quarter of fiscal 2016, up 11.9% from the end of fiscal 2015, reflecting acquisitions by Better Life Support Co., Ltd. (BELS) and Better Life House Co., Ltd., which hold assets in detached homes and land for homes on subdivided lots.

c. Other

Moomin Monogatari, Ltd., working with FGI's Metsä Planning Office, made headway on drafting and fine-tuning the business plan for Metsä operations. Meanwhile, Adacotech Incorporated attracted considerable attention from companies involved in social infrastructure for its IoT-related data analysis business as well as an embedded detection system applicable to products of major IP (Internet protocol) camera makers.

All told, the other segment posted a 58.0% decline in revenue, to ¥13 million, and the operating loss deepened, to ¥54 million, from ¥26 million a year ago.

(2) Consolidated financial position

Assets

Total assets amounted to ¥10,806 million at March 31, 2016, down 9.6% from the end of fiscal 2015 on September 30, 2015. The main components of this change were decreases of ¥1,816 million in cash and time deposits, ¥170 million in accounts receivable–trade and ¥90 million in investment securities–trade, but these decreases were somewhat offset by increases of ¥1,163 million real estate available for sale and ¥277 million in real estate for sale in progress.

Liabilities

Total liabilities settled at ¥3,736 million as of March 31, 2016, down 8.4% from the end of fiscal 2015 on September 30, 2015. The main components of this change were decreases of ¥38 million in notes and accounts payable–trade, ¥75 million in short-term loans payable and ¥99 million in long-term terms payable, which overshadowed a ¥92 million increase in current portion of long-term loans payable.

Net assets

Net assets were ¥7,069 million at March 31, 2016, down 10.3% from the end of fiscal 2015 on September 30, 2015. The change is due to the booking of a quarterly loss attributable to owners of the parent and a decrease of ¥739 million in retained earnings, owing to the application of funds for distribution of dividends.

(3) Consolidated performance forecast

In the investment banking business, competition for excellent solar power generation projects—in FGI's arrangement transaction services spotlight—is likely to continue. In response, the Company launched measures in the second quarter to acquire projects at the development stage and thereby ensure access to projects in need of funds. Management also anticipates a quantitative and qualitative improvement in the formation of arrangements, spurred by efforts to gain access to large deals through development-stage capital support for EPC (engineering, procurement and construction) providers and by enhancing business efficiency through partial outsourcing of administrative operations, which will lead to an increase in the number of arrangements packaged. In other pursuits, efforts will be directed toward attracting new demand for arrangement services that contribute to the development and operation of assisted-living housing for seniors, the need for which is particularly high in local communities, and to deliver performance returns through exits on existing asset management contracts.

The total amount invested by the investment banking business in fiscal 2016—as of April 30, 2016, and excluding investments already exited— hovers around ¥1.2 billion, with an emphasis on solar power generation projects and corporate investment. Investments being considered at the present time amount to about ¥3.2 billion, excluding investments in the real estate business and those related to the Metsä project. In the second half of fiscal 2016, the goal will be to derive revenue by exiting these solar power generation projects, acquiring new assets under management for development and operation of assisted-living housing for seniors, and booking performance fees through exits on existing asset management contracts. Note that the above amount invested and investments being considered include targets, namely companies in the corporate investment portfolio and hydroelectric power generation projects, that may be exited in the next fiscal year or later, and therefore, not all investments will necessarily be contribute to revenues in fiscal 2016.

In the real estate business, a review of the marketing structure and the office network began at the start of fiscal 2016 and this process will continue in a bid to reinforce marketing capabilities, along with efforts to tighten selling, general and administrative expenses. The consolidation of a real estate rental company, from the third quarter, should also underpin stronger profitability within the segment.

The FGI Group, including subsidiaries and affiliates, will pursue further opportunities in the public finance business. An effort will be made to cultivate business with local governments through support for local government fiscal reforms, support for public accounting (including preparation of fixed asset ledgers), general management plans for public facilities, and widespread activities that promote partnerships between public and private entities. Another objective will be to get involved in projects intended to revitalize central urban districts through the development and operation of assisted-living housing for seniors and to invigorate local industries, especially through renewable energy projects. The Metsä project, too, will play a key role in deepening ties with local government, particularly with administrative offices in the area where the project will unfold.

Based on future expansion, as outlined above, the consolidated performance forecast for fiscal 2016 disclosed in the financial report for fiscal 2015 announced on November 13, 2015, requires no revision. Note that such performance forecasts are based on reasonable assumptions and information available to management of the Company as of the disclosure date, and various factors could cause actual results to differ from stated expectations.

2. Summary Information (Notes)

(1) Change in status of principal subsidiaries during the quarter

Not applicable.

(2) Application of accounting treatment specific to the preparation of quarterly consolidated financial statements

Not applicable.

(3) Changes in accounting policy, changes in accounting estimates and retrospective restatement

(Change in accounting policy)

The Company applies "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, issued September 13, 2013), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No.22, issued September 13, 2013), “Accounting Standard for Business Divestiture” (ASBJ Statement No. 7 of September 13, 2015) and related standards, effective from the first quarter of the current consolidated fiscal year. Consequently, accounting methods have changed. The Company now reports as additional paid-in capital any differences resulting from revised equity positions in subsidiaries and affiliates where it maintains controlling interest, and also expenses any acquisition-related costs in the consolidated fiscal year in which such acquisitions occurred. Furthermore, for any business combination that takes place after October 1, 2015, that is, the beginning of the first quarter of the current consolidated financial year, appraisal of purchase price allocation, pursuant to the final determination of provisional accounting treatment, is reflected in the quarterly consolidated financial statements for the period in which such business combinations occur. In addition, changes have been made in the presentation of consolidated financial statements concerning “net income,” and “minority interests” has been renamed “non-controlling interests.” To reflect these changes in presentation, reclassification adjustments were made to the consolidated financial statements for the first two quarter of the previous fiscal year and for the previous fiscal year as well.

The implementation of Accounting Standards for Business Combinations and related standards is subject to transitional treatment set forth in the provisions of Article 58-2 (4) of Accounting Standard for Business Combinations, Article 44-5 (4) of Accounting Standard for Consolidated Financial Statements, and Article 57-4 (4) of Accounting Standard for Business Divestiture, adopted from the first quarter of the current consolidated financial year onward.

The effect of this change on the quarterly consolidated financial statements of the current fiscal year is minor.

As of and for the Six months ended March 31, 2016

(1) Quarterly Consolidated Balance Sheets

(Unit: Thousands of yen)

	Fiscal 2015 (As of September 30, 2015)	**First Two Quarters of Fiscal 2016** (As of March 31, 2016)
(Assets)		
Current assets		
Cash and time deposits	4,617,855	2,801,807
Accounts receivable, trade	237,393	67,248
Investments in securities, trade	1,565,930	1,467,874
Loans receivable, trade	761,902	716,548
Real estate for sale	1,515,740	2,678,862
Real estate for sale in progress	1,135,958	1,363,760
Deferred tax assets	4,342	3,234
Other current assets	870,335	448,465
Allowance for doubtful accounts	(202,015)	(177,944)
Total current assets	10,507,445	9,369,858
Noncurrent assets		
Property, plant and equipment	841,025	845,771
Intangible assets		
Goodwill	97,468	75,770
Other intangible assets	32,235	32,949
Total intangible assets	129,704	108,719
Investments and other assets		
Investments in securities, trade	86,505	73,567
Others	420,855	435,260
Allowance for doubtful accounts	(27,430)	(26,555)
Total investments and other assets	479,929	482,272
Total noncurrent assets	1,450,659	1,436,763
Total assets	11,958,104	10,806,622

(Unit: Thousands of yen)

	Fiscal 2015 (As of September 30, 2015)	First Two Quarters of Fiscal 2016 (As of March 31, 2016)
(Liabilities)		
Current liabilities		
Notes and accounts payable, trade	41,639	2,752
Short-term loans payable	2,372,557	2,296,966
Current portion of bonds	46,000	46,000
Current portion of long-term loans payable	163,284	255,764
Income taxes payable	41,396	15,859
Deferred tax liabilities	265	—
Accrued employee bonuses	42,466	55,086
Other current liabilities	402,315	228,892
Total current liabilities	3,109,925	2,901,319
Long-term liabilities		
Bonds payable	98,000	75,000
Long-term loans payable	691,779	591,957
Net defined benefit liability	105,646	107,795
Deferred tax liabilities	37,606	29,639
Other long-term liabilities	35,261	31,060
Total long-term liabilities	968,294	835,453
Total liabilities	4,078,219	3,736,773
(Net assets)		
Shareholders' equity		
Common stock	4,548,138	4,548,242
Additional paid-in capital	2,125,950	2,121,840
Retained earnings	1,266,792	526,958
Total shareholders' equity	7,940,881	7,197,042
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(118,455)	(177,972)
Total accumulated other comprehensive income	(118,455)	(177,972)
Stock acquisition rights	16,729	24,402
Non-controlling interests	40,728	26,376
Total net assets	7,879,885	7,069,848
Total liabilities and net assets	11,958,104	10,806,622

(2) Quarterly Consolidated Statements of Income and Quarterly Statements of Comprehensive Income

Quarterly Consolidated Statements of Income

(Unit: Thousands of yen)

	First Two Quarters of Fiscal 2015 (From October 1, 2014 to March 31, 2015)	**First Two Quarters of Fiscal 2016** (From October 1, 2015 to March 31, 2016)
Revenues	2,400,850	3,362,009
Cost of revenues	1,374,820	2,604,919
Gross profit/(loss)	1,026,029	757,089
Selling, general and administrative expenses	1,087,395	1,276,453
Operating income/(loss)	(61,365)	(519,363)
Other income		
Interest income	4,869	1,640
Equity in earnings of affiliates	2,877	682
Foreign exchange gains	133,144	—
Real estate acquisition tax refund	—	12,091
Other	3,249	3,374
Total other income	144,141	17,789
Other expenses		
Interest expense	12,592	33,472
Foreign exchange losses	—	92,695
Provision of allowance for doubtful accounts	3,388	8,507
Other	6,009	14,384
Total other expenses	21,990	149,061
Ordinary profit/(loss)	60,785	(650,635)
Extraordinary profit		
Gain on sales of noncurrent assets	13,206	—
Gain on reversal of subscription right to shares	203	472
Gain on liquidation of subsidiaries and affiliates	—	634
Total extraordinary profit	13,410	1,107
Extraordinary loss		
Loss on valuation of stocks of subsidiaries and affiliates	—	3,619
Loss on retirement of noncurrent assets	542	216
Loss on valuation of investment securities	1,000	—
Loss on sales of stocks of subsidiaries and affiliates	737	—
Total extraordinary loss	2,280	3,835
Income/(loss) before income taxes	71,915	(653,364)
Income taxes	25,044	9,307
Income taxes adjustment	(18,201)	(6,873)
Total income taxes	6,843	2,434
Profit/(loss)	65,072	(655,799)
Profit/(loss) attributable to non-controlling interests	(6,891)	(13,113)
Profit/(loss) attributable to owners of parent	71,964	(642,686)

Quarterly Statements of Comprehensive Income

(Unit: Thousands of yen)

	First Two Quarters of Fiscal 2015 (From October 1, 2014, to March 31, 2015)	**First Two Quarters of Fiscal 2016** (From October 1, 2015, to March 31, 2016)
Profit/(Loss)	65,072	(655,799)
Other comprehensive income		
Valuation difference on available-for-sale securities	–	(59,517)
Total other comprehensive income	–	(59,517)
Comprehensive income	65,072	(715,316)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	71,964	(702,203)
Comprehensive income attributable to non-controlling interests	(6,891)	(13,113)

(3) Notes to Quarterly Consolidated Financial Statements Assumption

(Assumption of Going Concern, for the Six Months ended March 31, 2016)

Not applicable.

(Material Change in Shareholders' Equity)

Not applicable.

(Segment Information)

I. Six months ended March 31, 2015 (October 1, 2014, to March 31, 2015)

Revenues and profit/loss for each reporting segment

(Thousands of yen)

	Reporting Segments				Other (Note 1)	Total	Adjusted (Note 2)	Amount in the quarterly consolidated statement of income
	Investment Banking Business	Real Estate Business	Construction Business	Total				
Revenues								
Revenues from external customers	664,463	1,281,662	423,366	2,369,492	31,357	2,400,850	—	2,400,850
Intersegment revenues and transfers	7,250	(22)	—	7,227	1,800	9,027	(9,027)	—
Total	671,713	1,281,639	423,366	2,376,720	33,157	2,409,878	(9,027)	2,400,850
Segment income (loss)	405,974	(54,898)	(530)	350,545	(26,738)	323,806	(385,172)	(61,365)

Notes:

1. Other is a segment for businesses that do not fall under reporting segments. This includes the public accounting consulting business and other businesses.
2. Adjustment of segment income (loss), at ¥(385,172) thousand, includes elimination of transactions among segments of ¥36,814 thousand and corporate expenses of ¥(421,986) thousand which are not allocatable to reporting segments. Corporate expenses are mainly general and administrative expenses which do not belong to any reporting segments.

II. Six months ended March 31, 2016 (October 1, 2015, to March 31, 2016)

1. Revenues and profit/loss for each reporting segment

(Thousands of yen)

	Reporting Segments			Other (Note 1)	Total	Adjusted (Note 2)	Amount in the quarterly consolidated statement of income
	Investment Banking Business	Real Estate Business	Total				
Revenues							
Revenues from external customers	1,278,516	2,071,597	3,350,113	11,895	3,362,009	—	3,362,009
Intersegment revenues and transfers	4,168	—	4,168	2,028	6,197	(6,197)	—
Total	1,282,685	2,071,597	3,354,282	13,924	3,368,206	(6,197)	3,362,009
Segment income (loss)	237,820	(17,050)	220,770	(54,027)	166,742	(686,106)	(519,363)

Notes:

1. Other is a segment for businesses that do not fall under reporting segments. This includes the software development and sales business and other businesses.
2. Adjustment of segment income (loss), at ¥(686,106) thousand, includes elimination of transactions among segments of ¥13,510 thousand and corporate expenses of ¥(699,616) thousand which are not allocatable to reporting segments. Corporate expenses are mainly general and administrative expenses which do not belong to any reporting segments.

2. Changes in reporting segments

In fiscal 2015, FGI sold its entire holding in Okayama Construction, on which the Group's construction business hinged. Consequently, the Company reports consolidated business performance in only two segments—the investment banking business and the real estate business—effective from the first quarter of fiscal 2016.