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FASF MEMBERSHIP

Summary of Financial Statements
For the First Two Quarters of Fiscal 2019
< under Japanese GAAP >

May 10, 2019

Company Name: FinTech Global Incorporated (Code Number: 8789 TSE Mothers)
(URL: http://www.fgi.co.jp/english/) TEL: +81-3-6456-4600
Representative: President and Chief Executive Officer Name: Nobumitsu Tamai
Contact: Member of the Board, Senior Executive Officer Name: Takashi Senda
Scheduled date for filing of securities report: May 14, 2019
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 2019
(October 1, 2018 – March 31, 2019)

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

	Revenues		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 2019	3,277	91.3	(1,467)	–	(1,567)	–	(1,244)	–
First two quarters of fiscal 2018	1,713	(57.8)	(610)	–	(706)	–	(414)	–

(Note) Comprehensive income: (1,601) million yen (―)% for the first two quarters of fiscal 2019
(436) million yen (―)% for the first two quarters of fiscal 2018

	Net income/(loss) per share	Net income per share (diluted)
	Yen	Yen
First two quarters of fiscal 2019	(6.50)	–
First two quarters of fiscal 2018	(2.53)	–

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
First quarters of fiscal 2019	20,875	9,050	37.1
Fiscal 2018	14,016	8,551	52.2

(Reference) Shareholders' equity: 7,750million yen for the first two quarters of fiscal 2019
7,311 million yen for fiscal 2018

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 2018 (Actual)	—	0.00	—	0.00	0.00
Fiscal 2019 (Actual)	—	0.00			
Fiscal 2019 (Estimates)			—	—	—

(Note) Change from the latest dividend forecast: None
The dividend forecast for fiscal year ending September 30, 2019, is yet to be determined.

3. Consolidated performance forecast for fiscal 2019 (October 1, 2018– September 30, 2019)
(The percentages in the table indicate year-on-year changes.)

	Revenues		Operating income		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2019	11,040	199.3	510	–	310	–

(Note) 1. Change from the latest dividend forecast: None
2. Gross profit forecast is 6,880 million yen.
3. Management does not disclose a forecast for profit/(loss) attributable to owners of parent.

4. Notes
(1) Transfer of principal consolidated subsidiaries during the term
(Transfer of any specified subsidiary causing change in scope of consolidation.): Yes
New: 1 (Company name: Metsa 2go Investment Limited Partnership <Before the changes: FGT Venture Fund A Investment Limited Partnership.>)

(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: None
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): 201,109,600 shares as of March 31, 2019
185,986,400 shares as of September 30, 2018
2. Number of treasury shares: — shares as of March 31, 2019
— shares as of September 30, 2018
3. Average number of shares issued during the first two quarters:
191,572,055 shares for the first two quarters of fiscal 2019
163,550,537 shares for the first two quarters of fiscal 2018

* This summary of financial statements is not subject to quarterly review procedures by certified public accountants or an auditing firm.

* 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 10, 2019, 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) Business Results

During the first two quarters—October 1, 2018 to March 31, 2019—of the fiscal 2019 consolidated accounting period for FinTech global Incorporated (FGI) ending September 30, 2019, the Company welcomed the opening of Moomin Village on November 9, 2018, and Moominvalley Park on March 16, 2019, and began booking revenue from admission fees, pay-per-use facilities, merchandise sales, restaurants, tenant income and parking fees. The guest count has been moving in a favorable direction, with Moominvalley Park drawing 74,000 visitors over the 16 days between opening and March 31, 2019. Overall, the Metsä site marked a milestone on March 26, 2019, when the aggregate visitor count hit 500,000. The core investment banking business made progress toward building a structure with an improved capacity to secure stable income, particularly real estate and aircraft asset management income, arrangement fees and Metsä rental income. Unfortunately, investment and loan activity saw impairment of ¥360 million on investment into a fund targeting life science and IT companies. Asset investment activity included capital contributions into a special purpose company with real estate holdings, but the investment was not exited in the first half—planning for exit in the second half—and this caused the investment banking business to show a revenue decrease.

On a consolidated basis, revenues for the first two quarters of fiscal 2019 leaped 91.3% year on year, to ¥3,277 million, buoyed by the opening of Metsä and an increase in the number of subsidiaries that came under consolidation from the second quarter of fiscal 2018. However, cost of revenues skyrocketed 213.3%, to ¥2,327 million, reflecting the purchase of Metsä products and supplies and Metsä-related miscellaneous expenses and labor costs as well as the increase in subsidiaries under consolidation and impairment loss on corporate investment. Gross profit slipped 2.0%, to ¥950 million. Selling, general and administrative expenses rose 53.0%, to ¥2,418 million, owing to higher Metsä-related personnel costs, advertising costs and other miscellaneous expenses and the impact of more subsidiaries under the FGI Group umbrella. Consequently, the operating loss deepened, to ¥1,467 million, from ¥610 million a year ago, and the ordinary loss was also a darker shade of red, at ¥1,567 million, compared with ¥706 million in the second quarter of fiscal 2018. FGI recorded a loss attributable to owners of parent, at ¥1,244 million, up from ¥414 million a year ago, due to a ¥339 million loss attributable to non-controlling interests.

(Unit: Millions of yen)

	First Two Quarters of Fiscal 2018	First Two Quarters of Fiscal 2019	YOY Change
Revenues	1,713	3,277	1,564
Investment banking business	1,459	1,381	(78)
Public management consulting business	181	445	264
Entertainment service business	77	1,563	1,486
Other	13	21	7
Elimination	(17)	(133)	(115)
Gross profit	970	950	(19)
Investment banking business	869	379	(489)
Public management consulting business	79	237	158
Entertainment service business	24	359	335
Other	13	21	7
Elimination	(16)	(47)	(31)
Operating income/ (loss) 〔Segment income/ (loss)〕	(610)	(1,467)	(857)
Investment banking business	397	(404)	(802)
Public management consulting business	(20)	76	97
Entertainment service business	(386)	(691)	(305)
Other	(6)	(3)	2
Elimination or corporate expenses	(595)	(443)	151

Ordinary income/ (loss)	(706)	(1,567)	(861)
Income /(Loss) before income taxes	(416)	(1,536)	(1,120)
Income/ (Loss) attributable to owners of parent	(414)	(1,244)	(830)

On December 4, 2018, FGI issued Series 19 stock acquisition rights (third-party allocation) to raise funds to purchase real estate, including trust beneficiary rights, for building subdivided real estate investment products and for capitalizing on M&A opportunities. As of March 18, 2019, all rights were exercised, generating net proceeds of ¥1,808 million from the issue of Series 19 stock acquisition rights and subsequent exercise of such rights.

A breakdown of performance by business segment is presented below. Revenues include intersegment revenues and transfers.

a. Investment Banking Business

In the investment banking business, the number of closed deals charted upward, reflecting contribution from M&A-related services, which were launched in fiscal 2018 to provide client companies with solutions to business succession issues. Real estate asset management delivered performance fees, booked through the partial sale of assets under management. Unfortunately, asset investment—FGI's own investment into real estate—showed a year-on-year decrease in revenues despite exits on these kind of real estate investments, and in corporate investment, the Company posted impairment of ¥360 million on investment securities–trade due to impairment on investments in a venture capital fund. In new investments and loans, efforts were directed into the purchase of real estate through investment vehicles for building subdivided real estate investment products.

The aircraft asset management business, undertaken by SGI-Group B.V. and its four subsidiaries, is doing well, but these companies' statements of income do not fall under consolidated accounting until the second quarter of fiscal 2018.

A master lease agreement between FGI and Moomin Monogatari Ltd., a consolidated subsidiary, for Metsä Village went into effect, leading to rental income from this agreement for FGI.

Given the above developments, the investment banking business posted revenue of ¥1,381 million, down 5.4% year on year, and a segment loss of ¥404 million, a turnaround from segment income of ¥397 million, a year ago.

b. Public Management Consulting Business

The public management consulting business offers consulting services on the preparation of financial documents under a unified standard in fiscal accounting for local governments as well as consulting services on such topics as possible introduction of public-private partnership/public financial initiative techniques—demand for which is expected to grow. For clients already being served, the segment complements consultations for creating financial documents with services for the preparation of financial analysis reports and formation of management strategies for public enterprises.

In the urban infrastructure management system business, undertaken by Geoplan Namtech, existing maintenance projects are moving along well. Note that the statement of income for Geoplan Namtech falls under consolidated accounting from the third quarter of fiscal 2018. Business is steadily expanding through the capture of new projects. On April 11, 2019, the Board of Directors at FGI approved a plan that would see the Company execute a partial transfer of shares held in this company and then purchase some shares. This transfer and purchase is scheduled to take place in May 2019 and will see Geoplan Namtech treated as an affiliate accounted for under the equity method because FGI's stake will fall to 34%.

The public management consulting business generated revenues of ¥445 million in the first two quarters of fiscal 2019, soaring 146.0% over the corresponding period a year ago. In addition, the segment posted income of ¥76 million, rebounding from a ¥20 million loss a year ago.

c. Entertainment Service Business

The entertainment service business marked the opening of Metsä Village, operated by Moomin Monogatari Ltd., in November 2018, and actively unrolled strategies to attract guests to the site, including an interactive light display called "teamLab: Digitized Lakeside and Forest," which ran from December 2018 through March 2019. At Moominvalley

Park, revenues for 19 days of operations—16 days from the official opening on March 16, 2019, and three pre-opening, invitation-only days—reached ¥499 million. These revenues came from admission tickets, pay-per-use facilities, merchandise sales and restaurant operations and the total exceeded initial expectations.

Rights and Brands Japan Co., Ltd., in which Moomin Monogatari has a 44.5% stake, fell under the scope of consolidation, effective from the first quarter of fiscal 2019 due to increased materiality. Rights and Brands Japan is involved in the sublicensing business and grants exclusive access to Moomin characters in Japan. The company also holds broadcasting rights for Moomin animation—anime—and began marketing broadcasting rights in the second quarter of fiscal 2019. A program began airing on NHK—Japan's national broadcast network—in April 2019. FGI expects that the sale of broadcasting rights will raise the Moomin profile and boost brand value. Going forward, Rights and Brands Japan plans to promote secondary use of rights that enable third parties to offer a work that has already been distributed by the initial user.

The entertainment service business achieved an enormously huge increase in revenue — up 1,929.0% year on year — to ¥1,563 million, reflecting the opening of Metsä Village and Moominvalley Park and the consolidation of Rights and Brands Japan. But operating expenses and costs incurred in preparations for the opening of Metsä Village and Moominvalley Park caused the segment loss to deepen, settling at ¥691 million, compared with ¥386 million a year ago.

d. Other

Adacotech Incorporated welcomed numerous inquiries for applying and building analytical systems into operations and pushed ahead on several application projects.

The segment posted a large increase in revenue—59.8%—over the first two quarters of fiscal 2018, to ¥21 million, and while still showing a loss, at ¥3 million, this was an improvement over the ¥6 million loss a year ago.

(2) Consolidated Financial Position

Assets

Total assets stood at ¥20,875 million, up 48.9%, as of March 31, 2019, from the end of fiscal 2018 on September 30, 2018. The primary components of increase are consolidation of Rights and Brands Japan, an increase in accounts receivable mainly on public management consulting services for local governments, ¥486 million in notes and accounts receivable, trade from guests' credit card purchases at Metsä, ¥4,219 million in real estate for sale due to transfer from real estate for sale in progress, ¥5,016 million in buildings and structures (net) due to completion of Moominvalley Park, and ¥43 million in goodwill due to the consolidation of Rights and Brands Japan. In total, these increases more than offset decreases of ¥1,108 million in cash and deposits, ¥2,781 million in real estate for sale in progress due to completion of Metsä Village and other real estate development projects, and ¥2,431 million in the construction account due to the completion of Moominvalley Park.

Liabilities

Total liabilities reached ¥11,824 million as of March 31, 2019, up 116.4% from the end of fiscal 2018 on September 30, 2018. This is largely due to procurement of ¥5,600 million in long-term loans by a subsidiary that is a special purpose company from four financial institutions at the same time that the company repaid ¥3,260 million in loans. This caused the current portion of long-term loans payable to decrease by ¥3,071 million while long-term loans payable rose by ¥5,977 million.

Net assets

Net assets amounted to ¥8,050 million as of March 31, 2019, up 5.8% from the end of fiscal 2018 on September 30, 2018. The change comes about mainly because of increases of ¥50 million in non-controlling interests, ¥910 million in common stock and ¥813 million in additional paid-in capital, which totally offset a decrease of ¥1,268 million in retained earnings due to the booking of a loss attributable to owners of parent for the first two quarters of fiscal 2019.

Note that FGI applies "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan Statement No. 28, issued February 16, 2018) from the beginning of the first quarter of fiscal 2019. To facilitate an understanding of changes in the Company's financial status, management retroactively applied the amended standard to year-end figures for fiscal 2018 to compare with fiscal 2019 first two quarter figures.

(3) Information on Forward-Looking Statements, including Consolidated Performance Forecasts

(Unit: Millions of yen)

	Revenue	Gross profit	Operating income (loss)	Ordinary income (loss)
Fiscal 2019 Full Year (Forecast)	11,040	6,880	510	310
Fiscal 2018 Full Year (Actual)	3,689	2,261	(1,072)	(1,227)
YOY Change Ratio	199.3%	204.3%	—	—
YOY Change Amount	7,350	4,618	1,582	1,537

As indicated in the table above, there are no changes to the consolidated performance forecast that was disclosed in the financial report for fiscal 2018, which was released on November 8, 2018.

Before Moominvalley Park opened, first-year annual attendance for the whole Metsä site was projected at 1.37 million people, of which, Moominvalley Park visitors would account for 880,000. But attendance is likely to exceeded 1.70 million, of which Moominvalley Park visitors will probably account for 1.10 million. Moomin Monogatari has thus raised its target to two million guests in the first year, of which visitors to Moominvalley Park should account for 1.28 million, and is working on improvements to the service and operating structure to meet the needs of a higher guest count. More visitors should boost Metsä results, which will then contribute much more to consolidated performance in the second half.

Although the impairment loss on corporate investment in the investment banking business in the first half had a major impact on performance, demand for services, particularly real estate asset management services and M&A-related services, is moving in a favorable direction. A plan has also be set to exit certain corporate investments and asset investments in the second half.

Taking these factors into consideration, management feels the year-end performance forecast requires no changes.

Please note that an increase in non-controlling interest paralleling third-party allocation of shares by Moomin Monogatari has the potential to impact profit attributable to owners of parent. The results may also influence investor trends, which makes it difficult to reasonably predict profit attributable to owners of parent at the present time. Management has therefore decided not to provide a forecast for profit attributable to owners of parent.

FinTech Global Incorporated and Consolidated Subsidiaries

As of and for the Six Months ended March 31, 2019

(1) Quarterly Consolidated Balance Sheets

(Unit: Thousands of yen)

	Fiscal 2018 (As of September 30, 2018)	**First Two Quarters of Fiscal 2019** (As of March 31, 2019)
(Assets)		
Current assets		
Cash and time deposits	4,267,738	3,159,420
Notes and accounts receivable, trade	644,824	1,131,663
Investments in securities, trade	1,017,184	1,237,908
Loans receivable, trade	576,924	596,601
Real estate for sale	304,516	4,523,669
Real estate for sale in progress	2,781,914	700
Merchandise	15,298	144,669
Raw materials and supplies	1,634	25,001
Other current assets	386,376	1,253,505
Allowance for doubtful accounts	(117,232)	(110,673)
Total current assets	9,879,178	11,962,466
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	236,436	5,275,444
Accumulated depreciation	(19,782)	(42,430)
Buildings and structures, net	216,653	5,233,014
Construction in progress	2,455,866	24,000
Other property, plant and equipment	645,193	2,349,760
Total property, plant and equipment	3,317,713	7,606,774
Intangible assets		
Goodwill	268,344	312,272
Other intangible assets	74,843	564,096
Total intangible assets	343,188	876,369
Investments and other assets		
Investments in securities, trade	85,248	69,982
Other	391,206	359,528
Allowance for doubtful accounts	(264)	—
Total investments and other assets	476,191	429,510
Total noncurrent assets	4,137,093	8,912,654
Total assets	14,016,272	20,875,120

(Unit: Thousands of yen)

	Fiscal 2018 (As of September 30, 2018)	First Two Quarters of Fiscal 2019 (As of March 31, 2019)
(Liabilities)		
Current liabilities		
Notes and accounts payable, trade	293,215	560,506
Short-term loans payable	—	532,000
Current portion of long-term loans payable	3,586,081	514,091
Income taxes payable	73,216	120,050
Accrued employee bonuses	114,928	122,100
Other current liabilities	734,587	2,448,925
Total current liabilities	4,802,029	4,297,674
Long-term liabilities		
Long-term loans payable	532,787	6,510,703
Net defined benefit liability	91,640	91,414
Other long-term liabilities	38,664	924,472
Total long-term liabilities	663,091	7,526,590
Total liabilities	5,465,120	11,824,264
(Net assets)		
Shareholders' equity		
Common stock	5,551,419	6,461,911
Additional paid-in capital	4,149,561	4,963,469
Retained earnings	(2,387,101)	(3,655,615)
Total shareholders' equity	7,313,879	7,769,765
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,166	(2,910)
Foreign currency translation adjustment	(13,754)	(15,960)
Total accumulated other comprehensive income	(2,588)	(18,871)
Stock acquisition rights	54,605	64,406
Non-controlling interests	1,185,254	1,235,556
Total net assets	8,551,151	9,050,856
Total liabilities and net assets	14,016,272	20,875,120

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

Quarterly Consolidated Statements of Income

(Unit: Thousands of yen)

	First Two Quarters of Fiscal 2018 (From October 1, 2017 to March 31, 2018)	**First Two Quarters of Fiscal 2019** (From October 1, 2018 to March 31, 2019)
Revenues	1,713,533	3,277,955
Cost of revenues	742,695	2,327,007
Gross profit	970,837	950,948
Selling, general and administrative expenses	1,581,260	2,418,784
Operating income/(loss)	(610,423)	(1,467,835)
Other income		
Interest income	2,620	2,653
Gain on outlawed debt	2,979	5
Settlement received	—	5,821
Other	4	391
Total other income	5,603	8,871
Other expenses		
Interest expense	28,401	63,514
Foreign exchange losses	59,087	14,223
Commission paid	13,576	30,833
Other	304	23
Total other expenses	101,370	108,594
Ordinary profit/(loss)	(706,189)	(1,567,558)
Extraordinary profit		
Gain on sales of subsidiaries and associates	267,387	58,845
Gain on reversal of subscription rights to shares	11,990	1,448
Other	11,069	—
Total extraordinary profit	290,447	60,294
Extraordinary loss		
Loss on sales of non-current assets	—	891
Loss on retirement of non-current assets	670	28,587
Other	—	178
Total extraordinary loss	670	29,657
Income/(Loss) before income taxes	(416,413)	(1,536,922)
Income taxes	30,976	56,917
Income taxes adjustment	(810)	(9,821)
Total income taxes	30,166	47,096
Profit/(Loss)	(446,579)	(1,584,018)
Profit/(Loss) attributable to non-controlling interests	(32,287)	(339,502)
Profit /(Loss) attributable to owners of parent	(414,291)	(1,244,515)

Quarterly Consolidated Statements of Comprehensive Income

(Unit: Thousands of yen)

	First Two Quarters of Fiscal 2018 (From October 1, 2017 to March 31, 2018)	**First Two Quarters of Fiscal 2019** (From October 1, 2018 to March 31, 2019)
Profit/(loss)	(446,579)	(1,584,018)
Other comprehensive income		
Valuation difference on available-for-sale securities	965	(14,077)
Foreign currency translation adjustment	9,039	(3,103)
Total other comprehensive income	10,005	(17,180)
Comprehensive income	(436,574)	(1,601,198)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(407,134)	(1,260,798)
Comprehensive income attributable to non-controlling interests	(29,440)	(340,400)

(3) Notes to Quarterly Consolidated Financial Statements Assumption

(Assumption of Going Concern, for the Six Months ended March 31, 2019)

Not applicable.

(Additional information)

(Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting" and relevant guidance)

The Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28, February 16, 2018) and relevant guidance, effective from the beginning of the first quarter of the fiscal year ending September 30, 2019. Accordingly, deferred tax assets are presented under "Investment and other assets", and deferred tax liabilities are presented under "Long-term liabilities".

(Material Change in Shareholders' Equity)

During the first two quarters of fiscal 2019, the exercise of stock acquisition rights pushed common stock as well as additional paid-in capital up ¥910,492 thousand. Due to this and other changes, common stock reached ¥6,461,911 thousand and additional paid-in capital reached ¥4,963,469 thousand, as of March 31, 2019.

(Segment Information)

I. Six months ended March 31, 2018 (October 1, 2017, to March 31, 2018)

1. Revenues and profit/loss for each reporting segment

(Unit: Thousands of yen)

	Reporting Segments				Other (Note 1)	Total	Adjustment (Note 2)	Amount in the quarterly consolidated statement of income (Note 3)
	Investment Banking Business	Public Management Consulting Business	Entertainment Service Business	Total				
Revenues								
Revenues to third party	1,445,330	179,191	75,642	1,700,164	13,369	1,713,533	—	1,713,533
Inter-segment revenues and transfers	14,068	2,000	1,393	17,461	—	17,461	(17,461)	—
Total	1,459,398	181,191	77,035	1,717,625	13,369	1,730,994	(17,461)	1,713,533
Segment income (loss)	397,734	(20,958)	(386,022)	(9,247)	(6,106)	(15,353)	(595,069)	(610,423)

Notes:

1. Other is a segment for businesses that do not fall under reporting segments. This includes software research, development, manufacturing and sales.
2. Adjustment of segment income (loss), at ¥(595,069) thousand, includes elimination of transactions among segments of ¥54,549 thousand and corporate expenses of ¥(649,619) thousand which are not allocatable to reporting segments. Corporate expenses are mainly general and administrative expenses which do not belong to any reporting segments.
3. Segment income (loss) is reconciled with operating loss in the quarterly consolidated statements of income.

2. Information on assets by reporting segment

In the first quarter of fiscal 2018, all shares held by FGI in Better Life Holdings Co., Ltd., were sold, and the company was removed from the scope of consolidation. Consequently, segment assets in the real estate business dropped ¥5,740,285 thousand, compared with the end of fiscal 2017 on September 30, 2017.

3. Information related to goodwill and impairment loss on fixed assets by reporting segment

<u>Significant impairment loss on fixed assets</u>

Not applicable.

<u>Significant change in amount of goodwill</u>

In the investment banking business, SGI Investment LLC, established by FGI consolidated subsidiary FinTech Global Trading Incorporated., newly acquired shares in SGI-Group B.V. in the first quarter of fiscal 2018. This led to ¥207,048 thousand in goodwill in the investment banking business.

Also, in the public management consulting business, Namtech Incorporated, consolidated subsidiary of FGI acquired shares in Geoplan Namtech Inc. in the first two quarters of fiscal 2018. This led to ¥93,263 thousand in goodwill in the public management consulting business.

<u>Significant gain on negative goodwill</u>

Content has been omitted because significance is negligible.

Ⅱ. Six months ended March 31, 2019 (October 1, 2018, to March 31, 2019)

1. Revenues and profit/loss for each reporting segment

(Unit: Thousands of yen)

	Reporting Segments				Other (Note 1)	Total	Adjustment (Note 2)	Amount in the quarterly consolidated statement of income (Note 3)
	Investment Banking Business	Public Management Consulting Business	Entertainment Service Business	Total				
Revenues								
Revenues to third party	1,257,912	439,787	1,558,897	3,256,598	21,357	3,277,955	−	3,277,955
Inter-segment revenues and transfers	123,307	6,000	4,150	133,457	−	133,457	(133,457)	−
Total	1,381,220	445,787	1,563,048	3,390,055	21,357	3,411,413	(133,457)	3,277,955
Segment income (loss)	(404,967)	76,059	(691,918)	(1,020,826)	(3,646)	(1,024,472)	(443,362)	(1,467,835)

Notes:

1. Other is a segment for businesses that do not fall under reporting segments. This includes software research, development, manufacturing and sales.
2. Adjustment of segment income (loss), at ¥(443,362) thousand, includes elimination of transactions among segments of ¥121,808 thousand and corporate expenses of ¥(565,171) thousand which are not allocatable to reporting segments. Corporate expenses are mainly general and administrative expenses which do not belong to any reporting segments.
3. Segment income (loss) is reconciled with operating loss in the quarterly consolidated statements of income.
4. Intersegment revenues and transfers in the investment banking business include Metsä Village rental income of ¥108,688 thousand that FGI, under the investment banking business, receives from Moomin Monogatari, a consolidated subsidiary under the entertainment service business.

2. Information on assets by reporting segment

Not applicable.

3. Information related to goodwill and impairment loss on fixed assets by reporting segment

Significant impairment loss on fixed assets

Not applicable.

Significant change in amount of goodwill

In the entertainment service business, bringing Rights and Brands Japan Co., Ltd., under consolidation generated goodwill of ¥64,681 thousand.

Significant gain on negative goodwill

Content has been omitted because significance is negligible.