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Summary of Financial Statements
For the First Three Quarters of Fiscal 2018
<under Japanese GAAP>

August 9 2018

Company Name: FinTech Global Incorporated (Code Number: 8789 TSE Mothers)

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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: August 13, 2018

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 three quarters of fiscal 2018
(October 1, 2017 – June 30, 2018)

(1) Business results (The percentages in the table 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 three quarters of fiscal 2018	2,286	(60.8)	(1,095)	–	(1,197)	–	(874)	–
First three quarters of fiscal 2017	5,838	17.9	(547)	–	(534)	–	(551)	–

(Note) Comprehensive income: (934) million yen (—)% for the first three quarters of fiscal 2018
(529) million yen (—)% for the first three quarters of fiscal 2017

	Net income/(loss) per share	Net income/(loss) per share (diluted)
	Yen	Yen
First three quarters of fiscal 2018	(5.23)	—
First three quarters of fiscal 2017	(3.40)	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
First three quarters of fiscal 2018	13,393	7,433	45.8
Fiscal 2017	12,932	5,326	37.1

(Reference) Shareholders' equity: 6,130million yen for the first three quarters of fiscal 2018
4,800 million yen for fiscal 2017

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 2017 (Actual)	－	0.00	－	0.00	0.00
Fiscal 2018 (Actual)	－	0.00	－		
Fiscal 2018 (Estimates)				0.00	0.00

(Note) Change from the latest dividend forecast: None

3. Fiscal 2018 consolidated performance forecast (full-year) (October 1, 2017 – September 30, 2018)

（The percentages in the table indicate year-on-year changes.）

	Revenue		Operating income/(loss)		Ordinary profit/(loss)		Profit/(loss) attributable to owners of parent		Net income/(loss) per share
	Millions of yen	%	Millions of yen	%	Yen	%	Millions of yen	%	Yen
Fiscal 2018	4,160	(42.1)	(950)	–	(1,160)	–	(730)	–	(4.28)

(Note) Change from the latest dividend forecast: None
Gross profit forecast is 2,600 millions of yen.

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: 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): 179,244,400 shares in the first three quarters of fiscal 2018
161,935,300 shares in fiscal 2017
2. Number of treasury shares: － shares for the first three quarters of fiscal 2018
－ shares for fiscal 2017
3. The average number of shares issued during the first three quarters:
167,054,114 shares for the first three quarters of fiscal 2018
161,932,084 shares for the first three quarters of fiscal 2017

* 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 August 9, 2018, and certain reasonable assumptions. Actual results may differ from these estimates due to unforeseen factors.

1. Qualitative Information on Quarterly Consolidated Performance

(1) Consolidated business results

The first three quarters—October 1, 2017 to June 30, 2018—of the fiscal 2018 consolidated accounting period for FinTech Global Incorporated (FGI) ending September 30, 2018, saw efforts to strengthen the investment banking business through the sale of shares in real estate subsidiaries and the securitization of real estate adjacent to the Metsä site. The capital resources thus generated were redirected, along with human resources, into the high-profit core investment banking business to capitalize on new opportunities. As a result, the investment banking business posted an increase of ¥491 million in gross profit. This reflects progress in investment and loan activity—exemplified by new corporate investment and asset investment activity (limited to investments and loans booked under current assets), which stalled at ¥800 million in fiscal 2017 but reached ¥3.6 billion in the first three quarters of fiscal 2018—as well as the addition of aircraft asset management company SGI-Aviation Services B.V. and other companies to the scope of consolidation through M&A activity.

On a consolidated basis, revenues for the first three quarters of fiscal 2018 tumbled 60.8% year on year, to ¥2,286 million, primarily because all subsidiaries in the real estate business were removed from the scope of consolidation when the subsidiaries were sold, and in the corresponding period a year ago, these real estate business subsidiaries, which were part of FGI's investment portfolio, contributed significantly—¥3,603 million—to consolidated revenues. But gross profit only dropped 12.4% year on year, to ¥1,319 million, and the operating loss was hardly impacted, because the real estate business is characterized by a high cost ratio and a high selling, general and administrative expenses ratio. For reference, segment income for the real estate business was ¥107 million in the corresponding period a year ago. Although selling, general and administrative expenses did not include any costs from the real estate business, the three-quarter amount rose 17.7% year on year, to ¥2,415 million, because of ¥600 million in Metsä-related costs and ¥880 million in corporate expenses. The aircraft asset management company that contributed to higher gross profit in the investment banking business has a high selling, general and administrative ratio, but the impact was limited to operating loss, which settled at ¥1,095 million, a deeper shade of red from ¥547 million in the corresponding period a year ago. The ordinary loss widened to ¥1,197 million, compared with ¥534 million a year ago, due to the booking of ¥50 million in interest expense and ¥41 million in foreign exchange losses. Loss attributable to owners of parent deepened, to ¥874 million from ¥551 million a year earlier, but the amount would have been lower due to the proceeds of ¥267 million from the sale of shares in subsidiaries and associates, booked under extraordinary profit.

(Unit: Millions of yen)

	First Three Quarters of Fiscal 2017 (From October 1, 2016 to June 30, 2017)	First Three Quarters of Fiscal 2018 (From October 1, 2017 to June 30, 2018)	YOY Change
Revenues	5,838	2,286	(3,552)
Investment banking business	1,891	1,921	29
Public management consulting business	230	294	64
Entertainment service business	115	103	(12)
Other	6	13	7
Real estate business	3,603	—	(3,603)
Elimination	(7)	(46)	(38)
Gross profit	1,505	1,319	(186)
Investment banking business	694	1,186	491
Public management consulting business	89	128	39

Entertainment service business	35	36	0
Other	5	13	7
Real estate business	685	—	(685)
Elimination	(5)	(45)	(39)
Operating income/ (loss) [Segment income/ (loss)]	(547)	(1,095)	(548)
Investment banking business	348	401	52
Public management consulting business	(0)	(59)	(59)
Entertainment service business	(215)	(639)	(424)
Other	(14)	(14)	0
Real estate business	107	—	(107)
Elimination or corporate expenses	(772)	(783)	(10)
Ordinary income/ (loss)	(534)	(1,197)	(663)
Income (Loss) before income taxes	(525)	(907)	(382)
Income/ (Loss) attributable to owners of parent	(551)	(874)	(323)

A breakdown of performance by business segment is presented below. Revenues include intersegment revenues and transfers. Note that reporting segments changed in the second quarter of fiscal 2017 and again in the fourth quarter of fiscal 2017. To facilitate year-on-year comparisons below, fiscal 2017 amounts for each segment have been restated under the new reporting method. Also note that the Company now has three reporting segments — investment banking, public management consulting and entertainment services — effective from the first quarter of fiscal 2018, owing to the removal of Better Life Support Holdings and its subsidiaries, which had comprised the real estate business, from the scope of consolidation.

a. Investment Banking Business

FGI Capital Partners, Inc., an investment management company previously accounted for under the equity method, was turned into a consolidated subsidiary in the first quarter of fiscal 2018.

Asset investment activities generated revenue of ¥256 million and operating income of ¥195 million through securitization of real estate adjacent to Metsä as well as revenue of ¥432 million from the sale of investment real estate. But efforts were also directed toward new investments.

In corporate investment activities, FGI made new investments into a U.S. venture fund and domestic companies, but revenue from investment exits were limited. Note that FGI sold shares in investment portfolio real estate companies in the first quarter, leading to extraordinary profit of ¥267 million in gain on sales of subsidiaries and associates.

Through SGI Investment LLC, FinTech Global Trading Incorporated—an FGI subsidiary—acquired shares (voting interest 51% and economic interest 49%) in SGI-Group B.V., the holding company for SGI-Aviation Services B.V., which is involved in the aircraft asset management business. As a result, SGI-Group B.V. and its four subsidiaries became subsidiaries of FGI, and statements of income fall under consolidated accounting as of the second quarter of fiscal 2018.

Also, seeking to help mitigate the pressing social issue of business succession in Japan, FGI established FinTech M&A Solution, Inc., in March 2018 to engage in M&A agency services and brought the company under the scope of consolidation in the third quarter.

In the investment banking business, revenue inched up 1.6% year on year, to ¥1,921 million, while segment income climbed 15.2%, to ¥401 million.

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 and is also involved in discussions on possible introduction of public-private partnership/public financial initiative techniques—demand for which is expect to grow—as well as application of public enterprise accounting and efforts to formulate management strategies for existing clients in local government.

In addition, FGI subscribed to a third-party allocation of shares in Namtech Inc., an unconsolidated subsidiary and an agency for General Electric Company (GE), and through this company acquired shares in Geoplan Namtech Inc., which was established to run Smallworld, a business that focuses on network asset management solutions for such customers as local governments and public service providers and delivers consultations, customization and maintenance and operation support related to the implementation of Smallworld™, a network asset management software solution for GE’s electric, gas, water distribution and telecommunications operators. The acquisition dates for both Namtech and Geoplan Namtech were deemed to be the end of the second quarter, and the two companies were included in the scope of consolidation as of the end of the second quarter. On May 15, 2018, the two companies merged, with Namtech the surviving company and Geoplan Namtech being dissolved. The merged company was renamed Geoplan Namtech Inc.

The public management consulting business generated revenue of ¥294 million and a segment loss of ¥59 million. Note that with the shift to consolidation subsidiary status for Public Management Consulting Corporation and others, this segment became a reporting segment from the second quarter of the previous fiscal year. Therefore, since the first three quarters of fiscal 2018 include these subsidiaries within the scope of consolidation and the corresponding period of fiscal 2017 did not, no year-on-year comparisons are presented for segment performance.

c. Entertainment Service Business

In the entertainment services business, efforts were directed toward signing up tenants, including Northern European companies, for Metsä Village, which is set to open on November 19, 2018. For Moominvalley Park, preparations moved steadily toward the grand opening, scheduled for March 16, 2019, with an emphasis on content design. In construction work, rooftops on all but one part complete, and interior and exterior finishing work is progressing. Parallel activities included landscaping preparations around the buildings, discussions on running the site and recruiting staff for operations once the site opens to the public.

On March 16, 2018, Moomin Monogatari, Ltd., joined Tuttle-Mori Agency, Inc., and Moomin Characters Oy Ltd. in establishing Rights and Brands Japan Co., Ltd., which will manage all Moomin copyrights in Japan. Through this approach, the three companies seek to draw on a strategy that integrates the licensing business and the theme park business and, by actively developing business domains from a medium- to long-term perspective, boost the brand value of the Moomins even higher and capture new fans to create an even larger market.

Moomin Monogatari also executed third-party allocation of shares, targeting several major corporations and individuals with sizable assets to invest, to reinforce its financial position and procured ¥1,573 million during the first three quarters of fiscal 2018. After the books for the third quarter closed, third-party allocation of shares continued, with a focus on companies outside the FGI Group, and generated an additional ¥95 million, as of the August 10, 2018 payment date.

Segment revenue dropped 10.8% year on year, to ¥103 million, and the segment loss widened, to ¥639 million from ¥215 million a year ago, reflecting prior investment in Metsä.

d. Other

Adacotech Incorporated was involved in numerous projects, primarily for large corporations, with a focus on applying and building analytical systems to and into operations. After the third quarter ended, the company confirmed practical use of automated inspection results through the integration of proprietary machine learning technology into inspection services provided by Mitsui E&S Machinery to identify anomalies in the concrete used to line the tunnel. This existence of anomalies is determined from 3D radar imagery captured at the tunnel inspection stage using an electromagnetic radar technique. The company expects to bring several more projects to market in 2018.

The segment achieved revenue of ¥13 million, a huge increase—128.8%—year on year, but saw no change in the loss position, which stayed at ¥14 million.

(2) Consolidated Financial Position

Assets

Total assets stood at ¥13,393 million on June 30, 2018, up 3.6% from the end of fiscal 2017 on September 30, 2017. The change mainly reflects increases—¥228 million in cash and time deposits; ¥284 million in notes and accounts receivable, trade, paralleling addition of newly consolidated companies, including SGI-Aviation Services B.V.; ¥746 million in investments in securities, trade due to new investment and fund investment capture; ¥2,225 million on construction in progress due to Moominvalley Park construction work; and ¥280 million in goodwill on purchase of shares in SGI-Group B.V. and other companies—which offset decreases of ¥1,984 million in real estate for sale and ¥1,032 million in land as subsidiaries in the real estate business were excluded from the scope of consolidation, land adjacent to the Metsä site was sold and investment real estate was sold.

Note that real estate for sale in progress was down because subsidiaries in the real estate business were excluded from the scope of consolidation. But the drop was held to ¥22 million, owing to investment in real estate development projects and payment for construction work at Metsä Village, and was ¥1,411 million higher than at the end of the first quarter of fiscal 2018 and ¥44 million higher than at the end of the second quarter of fiscal 2018.

Liabilities

Liabilities stood at ¥5,959 million on June 30, 2018, down 21.6% from the end of fiscal 2017 on September 30, 2017. The change was mainly due to removal of subsidiaries in the real estate business from the scope of consolidation and decreases of ¥2,726 million in short-term loans payable and ¥2,698 million in long-term loans payable, following the transfer (note) of ¥2,000 million in long-term loans held by a subsidiary special purpose company to current portion of long-term loans payable. An increase of ¥3,025 million in current portion of long-term loans payable prevented liabilities from falling further.

Note: At the time these loans were repaid, agreements were made with financial institutions and other lenders for loans to be extended to the special purpose company.

Net assets

Net assets amounted to ¥7,433 million on June 30, 2018, up 39.6% from the end of fiscal 2017 on September 30, 2017. This change is reflects increases of ¥756 million in common stock as well as additional paid-in capital through the exercise of new stock acquisition rights from the 18th series, and ¥683 million in retained earnings and ¥767 million in non-controlling interests, which offset a decrease of ¥873 million in retaining earnings caused by the booking of net loss attributable to owners of parent.

(3) Consolidated performance forecast

(Unit: Millions of yen)

	Revenue	Gross profit	Operating income (loss)	Ordinary income (loss)	Profit/(loss) attributable to owners of the parent
Fiscal 2018 Full Year (Forecast)	4,160	2,600	(950)	(1,160)	(730)
Fiscal 2017 Full Year (Actual)	7,182	1,626	(1,319)	(1,341)	(1,358)
YOY Change Ratio	(42.1)%	59.9%	—	—	—
YOY Change Amount	(3,022)	973	369	181	628

The consolidated forecast is as presented above. There are no changes to the performance expectations announced back on May 28, 2018.

In the fourth quarter, FinTech GIMV Fund, L.P., a venture capital fund into which FGI has contributed capital, will exit one life science project in its investment portfolio. On July 26, 2018, the fund received US$6,652 thousand—real distribution amount attributable to FGI of US$5,322 thousand, or ¥580 million—and the amount will be booked as revenue upon receipt of the fund statement that reflects this exit. In addition, revenue may also be booked through exits on corporate investments and asset investments, including possible exits on some of the new investments made in the previous fiscal year and during the first three quarters of fiscal 2018.

As described above, FGI is considering exits on corporate investments and asset investments that should contribute significantly to operating income. Segment income for the investment banking business is expected to increase ¥1,017 million, to ¥1,098 million—up from ¥80 million in fiscal 2017—but this will not be enough offset Metsä-related expenses or overall corporate expenses. As a result, the operating loss is likely to settle around ¥950 million.

Proceeds from the sale or recovery of FGI Group assets fluctuate considerably, depending on whether or not a building or structure is involved and the value of such. Therefore, revenues that include the sale or recovery of such assets may not indicate growth or deterioration in the Group’s real management performance. Consequently, to make revenue status easier to understand, FGI uses gross profit as a more suitable indicator. Gross profit was not disclosed in the performance forecast announced on May 28, 2018, but it has been added to the information above at this time.

FinTech Global Incorporated and Consolidated Subsidiaries
As of and for the nine months ended June 30, 2018

(1) Quarterly Consolidated Balance Sheets

(Unit: Thousands of yen)

	Fiscal 2017 (As of September 30, 2017)	**First Three Quarters of Fiscal 2018** (As of June 30, 2018)
(Assets)		
Current assets		
Cash and time deposits	3,219,805	3,448,148
Notes and accounts receivable, trade	196,840	481,324
Investments in securities, trade	1,069,032	1,815,346
Loans receivable, trade	609,147	590,924
Merchandise	10,084	18,382
Real estate for sale	2,287,519	302,981
Real estate for sale in progress	2,556,159	2,533,685
Deferred tax assets	17,853	532
Other current assets	239,382	448,544
Allowance for doubtful accounts	(83,739)	(116,768)
Total current assets	10,122,083	9,523,102
Noncurrent assets		
Property, plant and equipment		
Land	1,539,871	506,943
Construction in progress	95,848	2,321,615
Other property, plant and equipment	602,514	363,904
Total property, plant and equipment	2,238,234	3,192,463
Intangible assets		
Goodwill	8,750	289,273
Other intangible assets	29,858	51,166
Total intangible assets	38,609	340,439
Investments and other assets		
Investments in securities, trade	100,543	111,560
Others	433,052	225,900
Total investments and other assets	533,596	337,460
Total noncurrent assets	2,810,440	3,870,363
Total assets	12,932,524	13,393,465

(Unit: Thousands of yen)

	Fiscal 2017 (As of September 30, 2018)	**First Two Quarters of Fiscal 2018** (As of June 30, 2018)
(Liabilities)		
Current liabilities		
Notes and accounts payable, trade	152,025	1,372,880
Short-term loans payable	2,751,380	49,996
Current portion of bonds	30,000	—
Current portion of long-term loans payable	293,847	2,429,908
Income taxes payable	42,335	44,913
Accrued employee bonuses	72,795	104,752
Deferred tax liabilities	7,967	—
Other current liabilities	435,078	769,772
Total current liabilities	3,785,430	4,772,222
Long-term liabilities		
Bonds payable	30,000	—
Long-term loans payable	3,513,399	750,040
Deferred tax liabilities	113,485	—
Net defined benefit liability	119,661	78,521
Other long-term liabilities	44,085	36,178
Total long-term liabilities	3,820,631	864,740
Total liabilities	7,606,062	7,606,062
(Net assets)		
Shareholders' equity		
Common stock	4,549,016	4,835,542
Additional paid-in capital	1,812,727	2,218,432
Retained earnings	(1,560,954)	(1,973,818)
Total shareholders' equity	4,800,789	5,080,156
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(530)	435
Foreign currency translation adjustment	—	6,192
Accumulated other comprehensive income	(530)	6,627
Stock acquisition rights	50,142	50,142
Non-controlling interests	476,060	476,060
Total net assets	5,326,461	5,326,461
Total liabilities and net assets	12,932,524	11,318,339

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

Quarterly Consolidated Statements of Income

(Unit: Thousands of yen)

	First three quarters of fiscal 2017 (From October 1, 2017 to June 30, 2018	First three quarters of fiscal 2018 (From October 1, 2017 to June 30, 2018)
Revenues	5,838,996	2,286,483
Cost of revenues	4,333,425	967,095
Gross profit	1,505,571	1,319,387
Selling, general and administrative expenses	2,052,768	2,415,156
Operating income/(loss)	(547,196)	(1,095,768)
Other income		
Interest income	484	6,623
Foreign exchange gains	60,371	—
Share of profit of entities accounted for using equity method	11,623	—
Gain on outlawed debt	5,336	4,916
Other	9,187	623
Total other income	87,004	12,163
Other expenses		
Interest expense	57,034	50,935
Foreign exchange losses	—	41,485
Commission paid	16,659	20,633
Other	283	1,119
Total other expenses	73,978	114,174
Ordinary profit/(loss)	(534,169)	(1,197,780)
Extraordinary profit		
Gain on sales of non-current assets	804	—
Gain on sales of subsidiaries and associates	—	267,387
Gain on reversal of subscription rights to shares	9,178	12,606
Other	—	11,069
Total extraordinary profit	9,983	291,063
Extraordinary loss		
Loss on retirement of non-current assets	5	670
Loss on sales of noncurrent assets	1,075	—
Total extraordinary loss	1,081	670
Income/(Loss) before income taxes	(525,267)	(907,387)
Income taxes	31,491	30,106
Income taxes adjustment	(4,637)	794
Total income taxes	26,853	30,900
Profit/(loss)	(552,121)	(938,288)
Profit attributable to non-controlling interests/(loss)	(993)	(63,779)
Profit/(loss) attributable to owners of parent	(551,128)	(874,509)

Quarterly Statements of Comprehensive Income

(Unit: Thousands of yen)

	First three quarters of fiscal 2017 (From October 1, 2016 to June 30, 2017)	**First three quarters of fiscal 2018** (From October 1, 2017 to June 30, 2018)
Profit/(loss)	(552,121)	(938,288)
Other comprehensive income		
Valuation difference on available-for-sale securities	23,016	13,376
Foreign currency translation adjustment	—	(9,096
Total other comprehensive income	23,016	4,279
Comprehensive income	(529,105)	(934,008)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(528,111)	(867,423)
Comprehensive income attributable to non-controlling interests	(993)	(66,585)

(3) Notes to Quarterly Consolidated Financial Statements Assumption

(Assumption of Going Concern, for the Nine Months ended June 30, 2018)

Not applicable.

(Material Change in Shareholders' Equity)

First three-quarters of previous fiscal year (October 1, 2016 – June 30, 2017)

1. Dividends paid

Not applicable

2. Substantial changes to shareholders' equity

Not applicable

First three quarters of current fiscal year (October 1, 2017 – June 30, 2018)

1. Dividends paid

Not applicable

2. Substantial changes to shareholders' equity

During the first three quarters of fiscal 2018, the exercise of stock acquisition rights pushed common stock as well as additional paid-in capital up ¥756,178 thousand. This also reflects multiple third-party allocation of shares by Moomin Monogatari, a consolidated subsidiary of FGI, to companies and individuals outside the FGI Group, which pushed its own additional paid-in capital up ¥566,138 thousand. Due to these and other changes, common stock reached ¥5,305,195 thousand and additional paid-in capital reached ¥3,252,490 thousand, as of June 30, 2018.

(Segment Information)

Ⅰ. Nine months ended June 30, 2017 (October 1, 2016 to June 30, 2017)

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	Real Estate Business	Public Management Consulting Business	Entertainment Service Business	Total				
Revenues									
Revenues to third party	1,888,770	3,603,058	228,607	112,536	5,832,972	6,024	5,838,996	–	5,838,996
Inter-segment revenues and transfers	3,023	–	1,799	3,002	7,826	–	7,826	(7,826)	–
Total	1,891,794	3,603,058	230,407	115,539	5,840,799	6,024	5,846,823	(7,826)	5,838,996
Segment income (loss)	348,137	107,433	(34)	(215,070)	240,465	(14,745)	225,719	(772,916)	(547,196)

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 ¥(772,916) thousand, includes elimination of transactions among segments of ¥39,960 thousand and corporate expenses of ¥(812,876) 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.

Ⅱ. Nine months ended June 30, 2017 (October 1, 2016 to June 30, 2017)

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	1,881,329	289,844	101,527	2,272,701	13,782	2,286,483	–	2,286,483
Inter-segment revenues and transfers	40,102	5,000	1,537	46,639	–	46,639	(46,639)	–
Total	1,921,432	294,844	103,064	2,319,341	13,782	2,333,123	(46,639)	2,286,483
Segment income (loss)	401,005	(59,415)	(639,737)	(298,147)	(14,092)	(312,240)	(783,528)	(1,095,768)

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 ¥(783,528) thousand, includes elimination of transactions among segments of ¥97,040 thousand and corporate expenses of ¥(880,569) 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. Issues related to changes in reporting segments

With the start of theme park construction in fiscal 2017, FGI recognized the entertainment service business as a business segment. Previously, activities were included under the “other” segment. Management also acknowledged that the financial significance of activities in this segment had increased. Consequently, the segment was designated a reporting segment

Note that segment information for the first three quarters of fiscal 2017, presented for comparison with the first three quarters of fiscal 2018, has been prepared according to the new reporting segment allocation. Inconsistencies do arise between first three quarters reporting segment data disclosed for fiscal 2017.

Also, FGI sold all shares held in Better Life Support Holdings Co., Ltd., in the first quarter of fiscal 2018. The real estate business had hinged on this company.

Consequently, FGI has three reporting segments as of the first quarter of fiscal 2018: the investment banking business, the public management consulting business and the entertainment service business.

4. 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 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 ¥195,020 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 ¥87,046 thousand in goodwill in the public management consulting business.

Significant gain on negative goodwill

Content has been omitted because significance is negligible.