FGI

FinTech Global Incorporated

The firm of innovative financing

ANNUAL REPORT 2006

For the year ended September 30, 2006

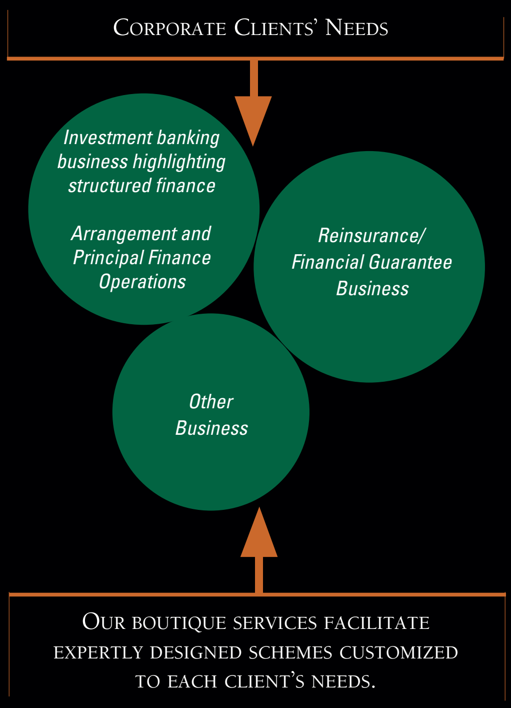
FGI

The Firm of Innovative Financing

Headquartered in Tokyo, Japan, FinTech Global Incorporated was established in 1994 as a boutique investment bank specializing in structured finance with services underpinned by the latest financial technologies.

"FinTech" is coined from "finance" and "technology" and, true to our name, we create financial solutions, including innovative schemes utilizing leading-edge techniques, that earn us the trust of our clients.

Business Lines



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Cautionary Statement with Regard to Forward-Looking Statements

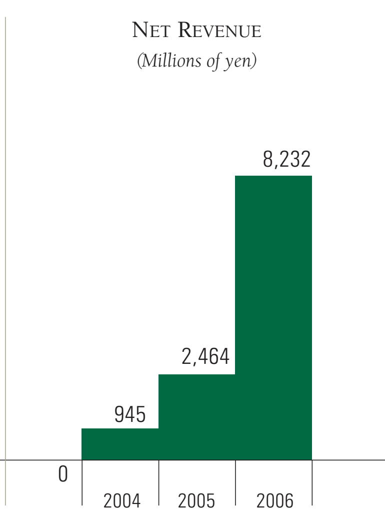
Certain statements made in this annual report are forward-looking statements, which involve certain risks and uncertainties that could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements, which are valid only as of the date thereof. FinTech Global undertakes no obligation to republish revised forward-looking statements to reflect events or circumstances after the date thereof or to reflect the occurrence of unanticipated events.

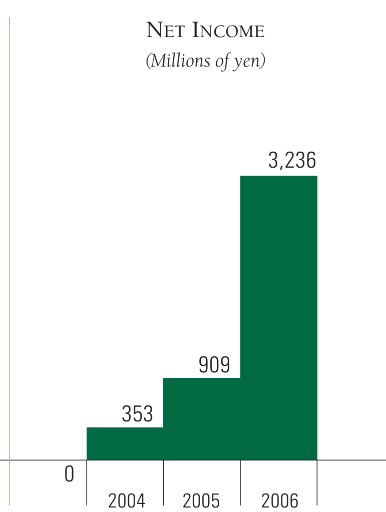
Consolidated Financial Highlights

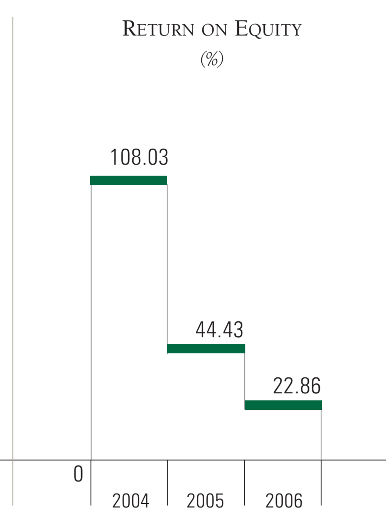
(Years ended September 30)

	Millions of yen			Thousands of U.S. dollars
	2006 (a)	2005 (b)	% change (a/b)	2006
For the fiscal year:				
Net revenue	¥ 8,232	¥ 2,464	+234.1%	$ 69,820
Operating income	5,922	1,617	+266.1	50,228
Net income	3,236	909	+256.1	27,445
Net cash used in operating activities	(24,266)	(1,038)	—	(205,820)
At year-end:				
Total assets	¥ 61,229	¥ 8,042	+661.4%	$ 519,331
Shareholders' equity	24,958	3,427	+628.3	211,687
Earnings per common share (yen and dollars):				
Net income:				
Basic	¥14,354.40	¥ 14,439.89	–0.6%	$ 121.75
Diluted	12,458.52	13,952.54	–10.7	105.67
Cash dividend applicable to the year	5,000.00	5,400.00	–7.4	42.41
Key ratios (percent):				
Return on equity	22.86%	44.43%	—	
Return on assets	16.5	33.01	—	
Shareholders' equity ratio	40.65	42.61	—	
Other year-end data:				
Number of shares outstanding	236,622	68,335	—	
Number of employees	55	30	—	

Notes: 1. The U.S. dollar amounts represent the arithmetical results of translating yen into U.S. dollars at the rate of ¥117.90 to US$1.
2. The Company executed a 3-for-1 stock split on December 20, 2005, and a 5-for-1 stock split on October 1, 2006. The above net income per share indicates amounts before the impact of this stock split.







To Our Shareholders

Fiscal 2006, ending September 30, 2006, was a year of tremendous success for the FinTech Global Group.

The Group is currently working through a medium-term management plan that began in October 2005 and runs for three years. This plan is already proving to be effective, guiding us toward solid growth and development.

The catchphrase for our first year was “Quantum Leap,” and to achieve the marked improvement we aimed for, we implemented several key strategies, hinging on enhanced principal financing operations and the establishment of group companies indispensable to a reinforced presence in our business domain. Our efforts were rewarded with dramatic gains in revenues and profits.

In fiscal 2007, we will build on these results by emphasizing measures on the theme of “Enhanced Capabilities.”

Then in fiscal 2008, which is the last year of our medium-term management plan, we will forge ahead again, under the theme “Second Leap Forward,” by setting the stage for stable, high-level growth for the Company and for the Group.

In April 2006, we established the Business Planning Department to strengthen strategic and organizational aspects of the Group. We took this opportunity to restructure our personnel system and strengthen the overall composition of the Group. We also identified steps to promote more sophisticated compliance activities, fine-tune risk management, and fortify internal controls, using as a yardstick for improvement J-SOX, Japan’s version of the Sarbanes-Oxley Act—a compliance-oriented corporate reform law dubbed the SOX Act in the United States, where it was created in the wake of corporate financial scandals.

We have outlined a plan regarding dividends and return to shareholders. Our intention is to introduce a policy for performance-linked dividends, with our goal set at 40% of nonconsolidated net income. As part of our efforts to enhance return to shareholders, we will introduce interim dividends, effective from fiscal 2007. We also seek a return to shareholders that exceeds market capitalization, in line with business expansion.

We have made equity finance a key financial strategy, and we will execute efficient fund procurement and pursue appropriate business investments to achieve a return on equity of 15%.

At FinTech Global, we believe that structured finance is indispensable to social progress. Based on this conviction, the FinTech Global Group will deliver services, underpinned by innovative financial technologies, that contribute to the success of client business partners in all industries.

On behalf of everyone at FinTech Global, I ask for your support as we work to achieve our goals.

December 2006

Nobumitsu Tamai
President and CEO

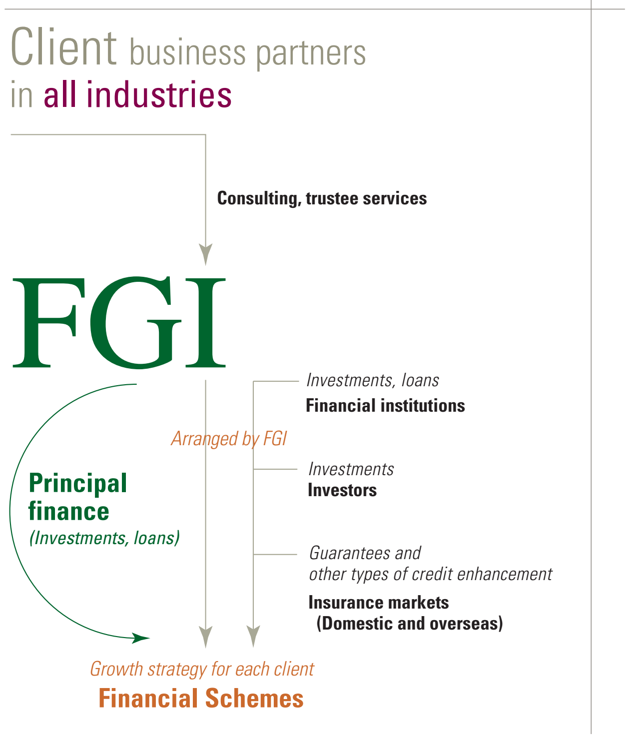
MEDIUM-TERM STRATEGIES

From a year marked by extremely rapid growth to a year of enhancing capabilities, we are laying the bricks of an even stronger business foundation that will be our springboard for a second leap forward.

Fiscal 2006 Results

In fiscal 2006, the FinTech Global Group executed key structural changes aimed at diversifying its profit sources.

Investment banking Business featuring structured finance solutions



Differences between Banks and FinTech Global

Banks offer commercial banking services, such as deposits, loans, foreign exchange and asset management, as well as investment banking services, such as equity finance, structured finance, and assistance in mergers and acquisitions (M&A), whereas FinTech Global focuses solely on structured finance services.

Medium-term Business Plan Kicks Off with Quantum Leap

One of our biggest achievements in fiscal 2006 was the full-scale start to our principal finance operations. Our June 2005 listing on Mothers expanded funding capabilities, giving the Group the resources needed to turn both wheels of the investment banking cart—arrangement operations and principal finance operations—thereby greatly increasing profit opportunities.

During fiscal 2006, we expanded the Group by establishing new companies that organically complement existing services. Two Group developments merit special note.

First, in November 2005, our subsidiary FinTech Global Securities, Inc., formerly FinTech Partners, Incorporated, officially entered the securities business.

Then, in March 2006, we established Stellar Capital AG, in Switzerland, with paid-in capital of ¥10 billion. Stellar Capital invigorates our arrangement services by enabling the creation of packages with credit enhancement, and through this company's subsidiary, Crane Reinsurance Limited, broadens the Group's scope of activities to include reinsurance underwriting services.

Year-on-Year Increases in Revenues and Profits Exceed 200%

Consolidated revenue and profits for fiscal 2006 soared over fiscal 2005 levels and far surpassed initial estimates. The aggregate value of arrangement contracts topped ¥260 billion. Net revenue soared 234.1%, to ¥8,232 million. Net income shot up 256.1%, to ¥3,236 million.

Two achievements warrant special attention. First, principal finance operations delivered excellent results, with revenue expanding almost 10 times over fiscal 2005, to ¥2,797 million. Second, thanks to the establishment of the Stellar Group, we posted ¥939 million in revenue from arrangement services with credit enhancement and also demonstrated a good start to reinsurance/financial guarantee business with revenue of ¥476 million in a mere six months.

Fiscal 2008

“Second Leap Forward”

Fiscal 2007

“Enhanced Capabilities”

Fiscal 2006

“Quantum Leap”

Net revenue up 234.1% **Net income up 256.1%**

- **Revenue from arrangement operations up 117.4%**

  Including ¥939 million of arrangement service with credit enhancement.
  (¥– million at fiscal 2005)

- **Revenue from principal finance operations up 987.7%**

- **Strengthen credit enhancement capabilities of FinTech Global**

- **Entry into reinsurance/ financial guarantee business**

- **Full-scale start to principal finance operations**

March 2006

- **Established Stellar Group (Stellar Capital AG, and Crane Reinsurance Limited)**

Entry into securities business

Enhanced funding capabilities

June 2005

- **Listed on Mothers**

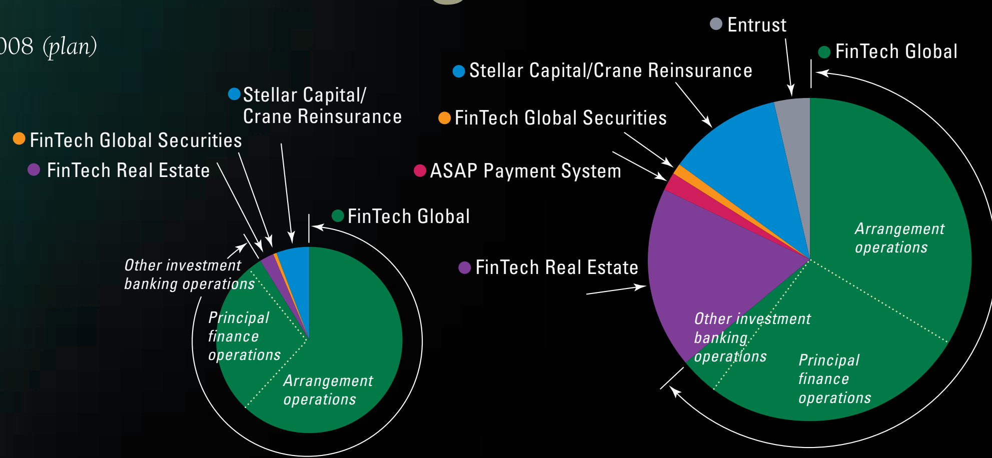
October 2005

FinTech Global Securities, Inc. acquired a securities license

Medium-term Management Plan

REVENUE COMPONENT RATIO 2006 AND 2008 *(plan)*

Years ended September 30
(Millions of yen)



		2006 (actual)	Percentage of net revenue	2007 (plan)	Percentage of net revenue	2008 (plan)	Percentage of net revenue
Consolidated	**Net revenue**	**8,232**	**100.0%**	**14,386**	**100.0%**	**21,910**	**100.0%**
	Operating income	**5,922**	**71.9%**	**9,363**	**65.1%**	**15,189**	**69.3%**
	Net income	**3,236**	**39.3%**	**5,000**	**34.8%**	**8,383**	**38.3%**

Nonconsolidated

		2006 (actual)		2007 (plan)		2008 (plan)	
FinTech Global	Net revenue	7,544	100.0%	10,800	100.0%	14,100	100.0%
	Arrangement operations	4,679	62.0	6,000	55.6	7,000	49.6
	Principal finance operations	2,638	35.0	4,700	43.5	7,000	49.6
	Other investment banking operations	227	3.0	100	0.9	100	0.7
	Operating income	5,815	77.1	8,074	74.8	9,916	70.3
	Net income	3,235	42.9	4,204	38.9	5,330	37.8
FinTech Real Estate	Net revenue	205	100.0	1,000	100.0	4,000	100.0
	Net income	97	48.8	533	53.4	2,195	54.9
ASAP Payment System	Net revenue	0	100.0	200	100.0	400	100.0
	Net income	(41)	—	0	0.0	110	27.5
FinTech Global Securities	Net revenue	49	100.0	124	100.0	237	100.0
	Net income	(101)	—	(102)	—	(23)	—
Stellar Capital/ Crane Reinsurance	Net revenue	476	100.0	2,132	100.0	2,509	100.0
	Net income	99	20.8	375	17.6	720	28.7
Entrust	Net revenue	0	100.0	151	100.0	794	100.0
	Net income	(45)	—	(48)	—	100	12.6

Group Strategies for Fiscal 2007

Stronger business foundations for FinTech Global and members of the Group will ensure long-term growth.

FinTech Global

As we seek to formulate new services and innovative financing schemes, we will emphasize research and development on structured finance geared to all industry sectors. At the same time, we will strive to standardize and formalize our current line of services, particularly securitization, to cultivate demand from existing clients, attract the interest of new clients, and thereby expand transaction volume. In the area of principal finance operations, we will continue to take a firm stand on adequate analysis of risk and return.

An active approach to securing talented staff and upgrading skills will underpin diversification of our investment banking business and ensure real growth.

We have already introduced changes in our marketing operations to reinforce expertise, especially at the manager level, where sophisticated financial knowledge and practical experience are essential. We expect a net increase of more than 50 people in fiscal 2007. This upward trend should continue in fiscal 2008 with the net addition of more than 30 people.

A larger workforce will inevitably push up personnel costs. Greater allocation of funds to our allowance for doubtful accounts, paralleling an increase in funds for loans and investments, as well as efforts to fortify our internal control structure in compliance with J-SOX will also inflate expenses. As a result, we are prepared for a profit ratio lower than originally targeted. Earnings, however, should still exceed the fiscal 2006 level.

FinTech Real Estate

FinTech Real Estate was established to capitalize on real estate–related profit opportunities, such as brokerage and investment, that derive from arrangements put together by FinTech Global. Of note, equity investment prospects drawn from property development and construction securitization transactions are gradually increasing, a trend that bodes well for appreciable profits once the arrangements are completed.

ASAP Payment System

ASAP Payment System entered the credit card debt factoring business in June 2006. The company is currently configuring the necessary systems and defining a recruiting structure for member merchants interested in factoring. ASAP expects to post profits in fiscal 2007 and has set its corporate sights on ¥40 billion in factoring transaction volume and ¥400 million in net revenues for fiscal 2008.

FinTech Global Securities

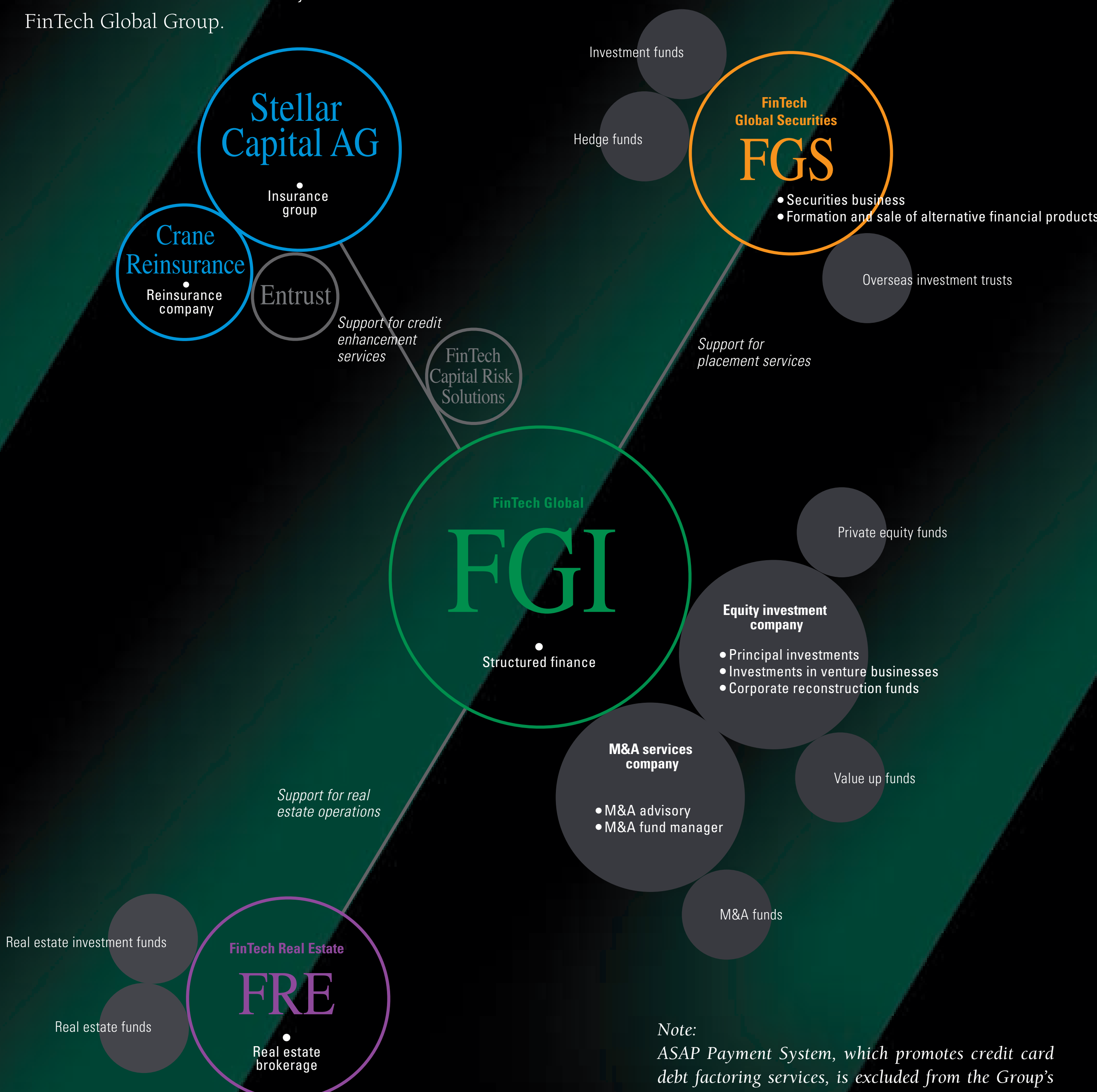
FinTech Global Securities is engaged in placing with investors bonds and other investment securities arising from the structured finance transactions put together by FinTech Global. The company also combines and sells alternative investment products, primarily overseas investment trusts and hedge funds.

The establishment of a structure enabling FinTech Global Securities to market financial products arranged by FinTech Global had been delayed, but efforts have resumed and the company should launch full-scale sales in fiscal 2007.

FinTech Global Securities is considering various strategies for generating higher profits, but the spotlight is on enhanced sales to institutional investors at home and abroad, with a focus on such products as overseas funds investing in the stock of blue-chip growth companies.

We seek to be a global investment bank with roots in Japan.

FinTech Global is developing original, high-level investment banking businesses that organically integrate the activities undertaken by all members of the FinTech Global Group.



Note:
ASAP Payment System, which promotes credit card debt factoring services, is excluded from the Group's organizational chart because credit card debt factoring is a business considered outside the realm of investment banking.

Stellar Capital AG/ Crane Reinsurance Limited

Stellar Capital and its subsidiary Crane Reinsurance entered the reinsurance/financial guarantee business in June 2006. Revenues are expected to grow, supported by three business pillars: FinTech Global's credit enhancement services; reinsurance underwriting on rent guarantee services by Entrust Inc., a Group company; and reinsurance underwriting of domestic group policies, which is on the rise following revision of the Insurance Business Law.

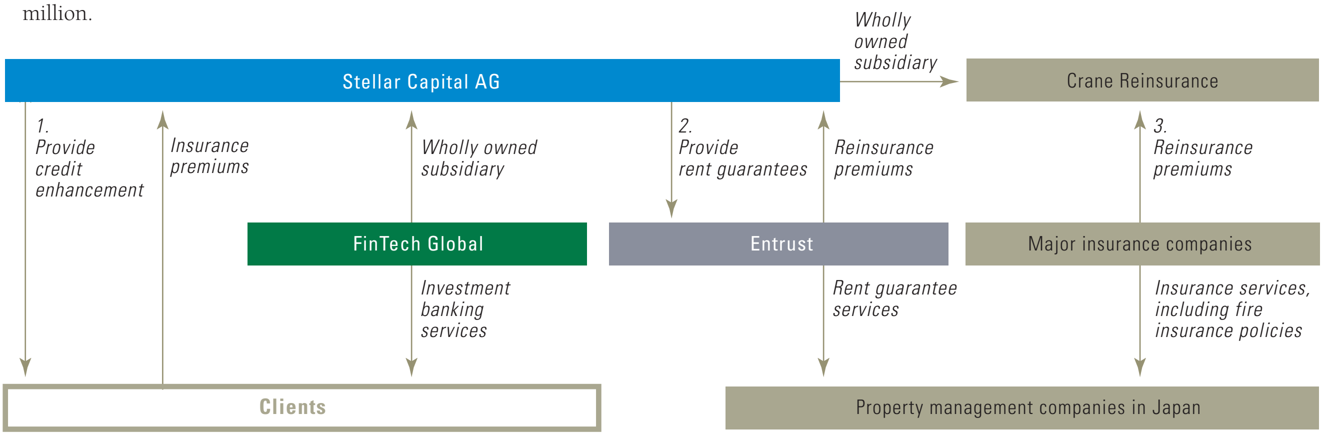
Entrust

Established in March 2006 to provide guarantee system for rent payments and commissioned business, Entrust began full-scale operations in October 2006. The company got off to a good start, with several major property management companies opting to utilize Entrust's guarantee system.

Reinsurance/Financial Guarantee Business

Profit Diagram

1. Credit enhancement arrangements on structured finance transactions packaged by FinTech Global routed ¥683 million to Stellar Capital from FinTech Global clients. Net revenue reached ¥328 million.
2. Property management companies presented Entrust with ¥0.2 million in revenue from rent and restitution guarantee services.
3. Crane Reinsurance collected ¥153 million in reinsurance revenue from property management companies. Net revenue amounted to ¥148 million.



Structured Finance

A structured finance transaction is a package of several financial components needed to ensure risk control and to address legal, accounting and tax issues on such schemes as aircraft finance, project finance and securitization (asset liquidation). In general, a single structured finance transaction can involve several participants, from just a few to more than 10. In the field of investment banking, arrangement services are thus particularly important, not only for facilitating the formulation of schemes and verification of legal, accounting and tax issues but also for coordinating risk and return among project participants from a neutral perspective.

Services Specific to Investment Banks

- Structured finance
- Equity finance, such as arrangements to support stock issues
- Investments and loans, as well as principal financing as a supplier of funds to facilitate completion of arrangement transactions
- Trading of marketable securities, bonds and other investment units
- Venture capital participation, and financial product development services
- Corporate finance, such as arrangements to raise funds for M&A transactions
- Advice on M&A transactions

Investment Banking Business

Revenues ¥7,746 *million, up* 214.4%

Arrangement Operations

Revenues ¥4,674 *million, up* 117.4%

Arrangement services

Revenues ¥3,735 *million, up* 73.7%

A structured finance transaction is a package of several components. We formulate a structure, adjust it to accommodate investors and other participants in the arrangement or to address their input, and then verify the content from legal, accounting and taxation perspectives.

In fiscal 2006 our aim was to increase the number of repeat transactions from existing clients and encourage them to entrust us with large-scale transactions. To achieve this goal, we decided to restrict our availability to new clients in the real estate sector.

While it was not necessarily our intention to attract new clients, efforts to diversify our lineup with additional products did have this effect.

In the end, revenues climbed 73.7% over fiscal 2005, to ¥3,735 million.

Arrangement services with credit enhancement

Revenues ¥939 *million*

The credit enhancement service provided by FinTech Global is a capital risk solution wherein the financial risks inherent in securitization or structured finance transactions are underwritten by insurance companies in such forms as guarantees to stabilize respective arrangements. This acquired stability has the potential to lower the total cost of arrangements and may also facilitate successful structured financing previously considered impractical for the process.

Through the establishment of the Stellar Group, which has the capacity to underwrite reinsurance policies, we have strengthened the link between the FinTech Global Group and the international insurance market. We can now vigorously promote arrangement services with credit enhancement.

Principal Finance Operations

Revenues ¥2,797 *million, up* 987.7%

FinTech Global itself acts as a provider of funds, in the capacity of an investor or a lender, in structured finance transactions, such as silent partnership (Tokumei-Kumiai) investments and mezzanine loans.

We fortified our principal finance capabilities through effective utilization of funds procured through the issue of unsecured convertible bond–type bonds with stock acquisition rights in December 2005 and again in April 2006. But it remains our intention to securitize principal loans and move them off the balance sheet through sale or arbitrage transactions once the balance hits ¥5 billion. This will allow us to streamline total assets, thereby preventing a drop in return on assets and restricting increases in liabilities, and at the same time allow us to derive profit from arbitrage opportunities.

At subsidiaries contributing to principal finance revenues, two developments merit special mention.

FinTech Real Estate seeks to capitalize on real estate–related profit opportunities. The company seized on such investment opportunities in the second half of fiscal 2006 by investing in silent partnerships (Tokumei-Kumiai) in transactions arranged by FinTech Global, and was rewarded with steady returns.

In June 2006, the ASAP Payment System was tapped to enter the credit card debt factoring business, with a full-scale start of services in fiscal 2007. These factoring services enhance working capital efficiency for merchants by providing quick settlement of purchase amounts just three days after the respective transactions, and also streamline credit card–related administrative tasks that merchants would otherwise have to address on their own. Prospects for this business are high.

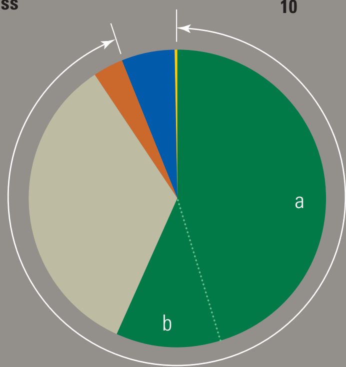
Note:
Principal finance revenues comprise interest income, including lending commissions on business loans, and income dividends from silent partnerships (Tokumei-Kumiai).

Net Revenue by Business Stream

Year ended September 30, 2006

(Millions of yen)

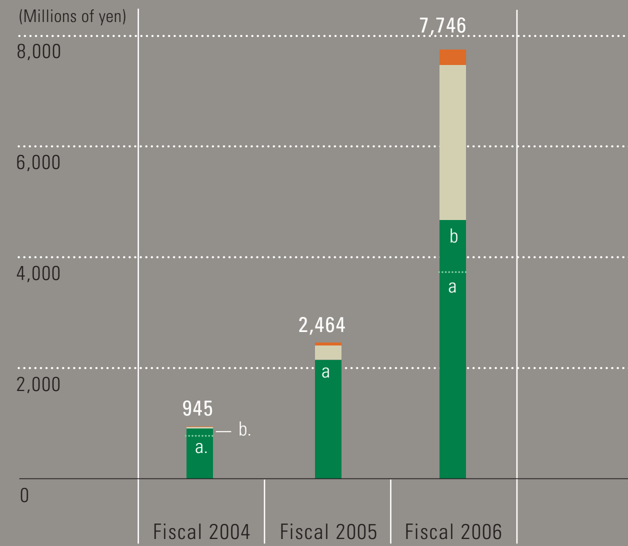
Reinsurance/Financial Guarantee Business	**476**
Other Business	**10**



Investment Banking Business	**7,746**
Arrangement operations	4,674
a Arrangement services	3,735
b Arrangement services with credit enhancement	939
Principal finance operations	2,797
Other investment banking operations	275

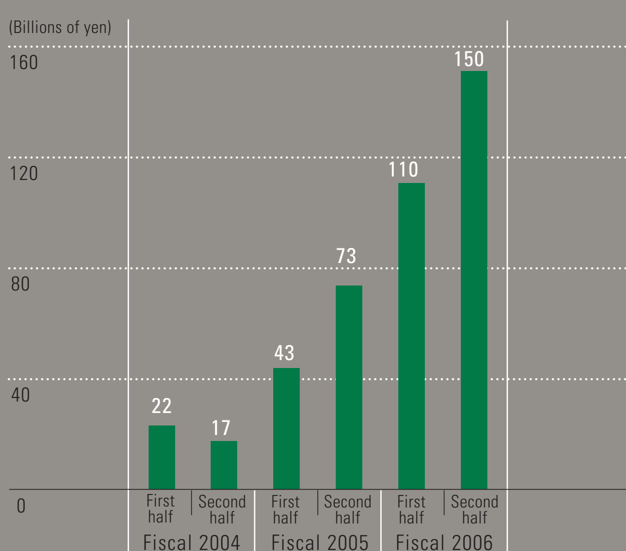
Note: 1. Principal finance includes the revenue of FRE and ASAP.
2. Other investment banking operations includes the revenue of FGS.
3. Reinsurance/financial guarantee business includes the revenue of Stellar Capital, Crane Reinsurance, and Entrust.

Revenue from Investment Banking Business



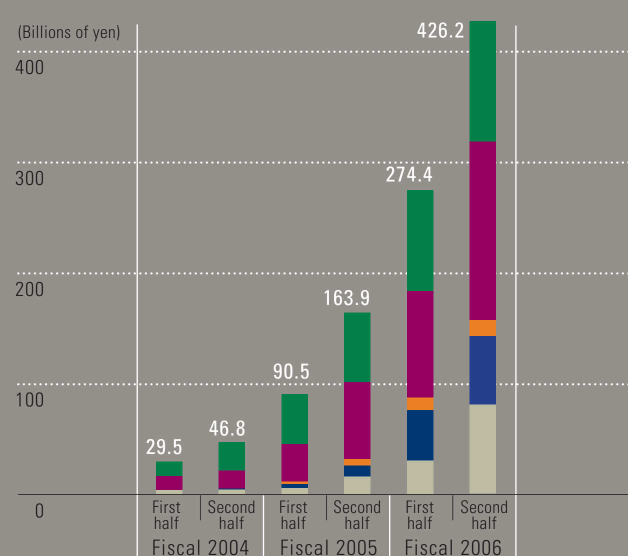
	Fiscal 2004	Fiscal 2005	Fiscal 2006
Arrangements	906	2,150	4,674
a. Arrangement services	777	2,150	3,735
b. Arrangement services with credit enhancement	128	—	939
Principal finance	30	257	2,797
Other investment banking operations	8	56	275

New Arrangements During the Term



The aggregate value of arrangement contracts represents total investments and loans, that is, overall fund procurement acquired from investors, financial institutions and other sources to fund the financial products arranged by FinTech Global.

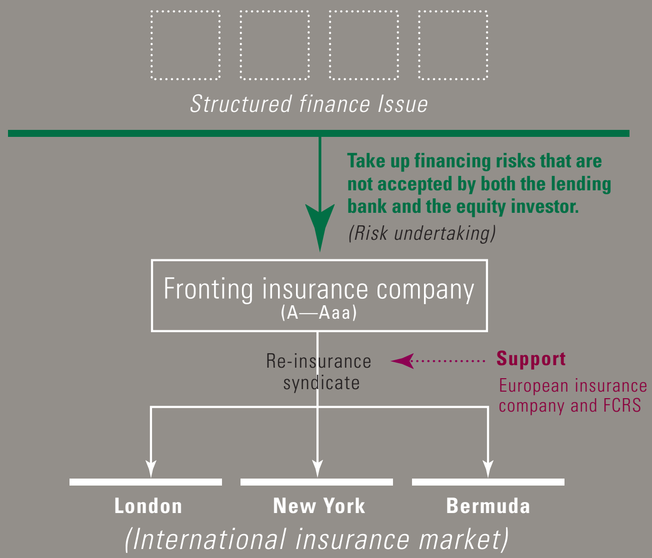
Arrangement Result: Total investment by financial institutions



	FY2004 First half	FY2004 Second half	FY2005 First half	FY2005 Second half	FY2006 First half	FY2006 Second half
Trust banks	13.0	25.3	45.1	62.9	91.2	108.7
City banks	12.9	16.6	34.1	69.5	96.3	161.1
Regional banks	0	0	2.1	5.8	11.0	14.5
FinTech Global	0.2	0.8	3.5	10.1	45.8	61.5
Other investors	3.2	3.9	5.4	15.5	29.9	80.2

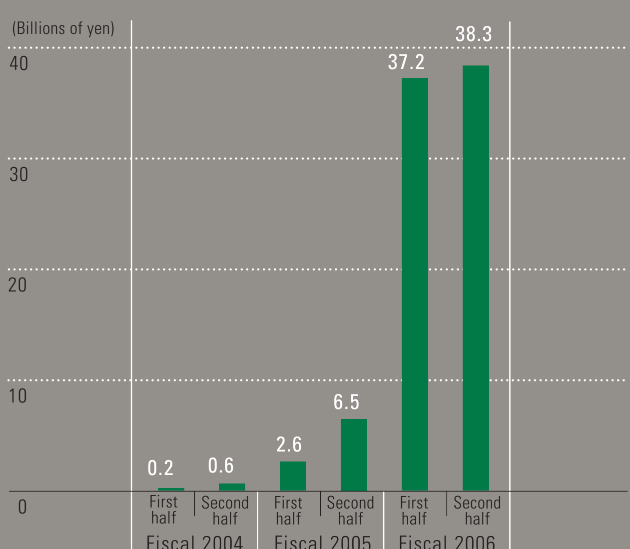
Arrangement Services with Credit Enhancement

Credit Enhancement Services Process



1. *Extract risk from structures.*
2. *Tap primary insurance company as the fronting insurer for the extracted risk.*
3. *Approach reinsurer who will underwrite final risk.*

Principal Finance Balance (new investment during the term)

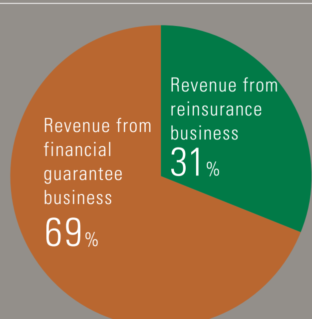


Revenue from Reinsurance/Financial Guarantee Business by Business Stream

Year ended September 30, 2006

(Millions of yen)

Revenue from reinsurance business	148
Reinsurance premium assumed	153
Reinsurance premium ceded	(5)
Revenue from financial guarantee business	328
Gross guarantee fee	(355)
Unearned guarantee fee	217
Guarantee arrangement fee	466
Revenue from reinsurance/ financial guarantee business	**476**



Other Investment Banking Operations

Revenues ¥275 million, up 388.2%

Other investment banking operations hinge on administrative services associated with business outsourcing operations undertaken by special purpose companies (SPCs) for which FinTech Global has arranged property development securitization and liquidation-for-profit transactions. Revenues also include profits generated by FinTech Global Securities.

FinTech Global Securities acts as an agency for products, such as loan credits and investment securities arranged by FinTech Global, and sells alternative funds overseas.

The establishment of a structure enabling FinTech Global Securities to market securitized credits was delayed, which greatly affected the company's progress in fiscal 2006. Efforts to get the system up and running have been accelerated, and we expect the company will soon be contributing significantly to the Group, not only by reinforcing the operating foundation but also by adding to its bottom line.

Notes:

1. *Cash management services: Services covering the preparation and revision of plans, such as annual budget drafts and business financing agendas of SPCs for which we have arranged property development securitization and liquidation-for-profit transactions; final decisions on payments and receivables; and cash-flow management.*
2. *Property development securitization: A financial structure that enables developers to raise funds at the development stage—before the property to be securitized can generate profit—by using anticipated profits from the later sale of the property and the future value of the real estate as collateral.*

Reinsurance/Financial Guarantee Business

Revenues ¥476 million

Revenues comprise the consolidated results of the Stellar Group and Entrust and cover three businesses: insurance underwriting, reinsurance underwriting and rent guarantee services.

Stellar Capital, the holding company of the Stellar Group, was established in Switzerland in March 2006 to engage in investments and credit enhancement services. This company provides guarantees on arrangement transactions packaged by FinTech Global with credit enhancement. Such guarantees reinforce the stability of structured finance transactions and often facilitate securitization of assets typically regarded as unsuitable for the process.

In March 2006, Stellar Capital established a subsidiary, Crane Reinsurance in Bermuda. The subsidiary acquired a local insurance license in May and operations got into full swing in July. The business spotlight is on underwriting reinsurance, chiefly policies held by major property management companies in Japan that cover the household effects of tenants.

FinTech Global also established a subsidiary named Entrust in March 2006. This company provides rent guarantee services to major property management companies in the event tenants are in arrears. The subsidiary also guarantees restitution costs should a tenant be evicted.

All guarantees are ultimately underwritten by Stellar Capital, making the FinTech Global Group a one-stop provider for insurance underwriting and guarantee services.

Other Business

Revenues ¥10 million

Some of the transactions arranged by FinTech Global are for consolidation accounting to warehouse the entire amount or a considerable portion of the arrangement through contributions, such as senior loans, on loans to SPCs. The Company reports rental income generated during the consolidation period. But once the financing process is completed, through the sale of loan credits, for example, the warehoused amount is excluded from consolidation.

Corporate Governance

Basic concept

At FinTech Global, we know the value of management transparency in good corporate governance, and we earnestly disclose information on the Company's status, on business developments and management's growth strategies, to shareholders and the market in general through timely investor relations (IR) activities.

We seek to establish a structure for corporate governance that emphasizes swift and appropriate decisions by management regarding the execution of operations while keeping constant watch on business activities from a compliance standpoint. This focus will ensure appropriate pursuit of profits and a satisfactory return to shareholders, two of the most important tasks of any publicly listed company.

Corporate Structure and Status of Internal Control System

Basic format

FinTech Global has embraced the auditor system.

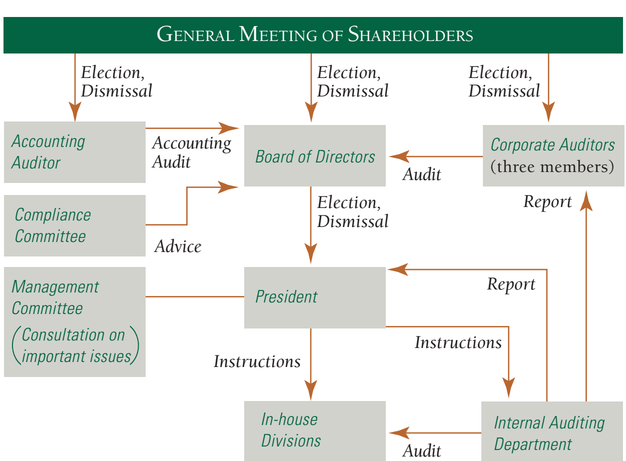
The Board of Directors comprises six directors.

The Board of Auditors comprises one full-time auditor and two part-time auditors. All three auditors are external auditors, a status that preserves fairness and transparency in the auditing function.

Corporate structure and status of internal control system

The corporate structure hinges on the Board of Directors, the Board of Auditors, the Management Committee and the Compliance Committee.

In principle, the Board of Directors meets once a month to discuss important issues facing the Company and to decide on appropriate courses of action. Auditors attend these meetings to ensure that directors exercise good judgment in the decision-making process.



The Board of Auditors also meets once a month. The actions of directors are constantly monitored by the auditors, who track progress in the execution of directors' duties and ensure the legality of these activities from an external perspective. To assist auditors, we have established a management supervision system to promote regular exchange of information from accounting auditors and the internal auditing department to the Board of Auditors.

The Management Committee is a key component of our corporate structure, and there were 22 meetings during fiscal 2006. It serves to ensure highly transparent management and underpins the implementation of flexible business strategies. Its meetings are attended by directors and department managers and facilitate discussion of pertinent business matters, allow directors to consult with managers responsible for certain operations to ascertain appropriate responses to concerns, and function as opportunities for updates on activities already in progress.

The Compliance Committee, which draws on the knowledge of outside experts, meets once a month and functions as an advisory board on aspects of compliance relevant to the Company.

Status of risk management system

FinTech Global utilizes external legal resources to reinforce its legal risk management structure. The Company retains a law firm to provide guidance, such as fact-based opinions and advice, as needed, on corporate management and day-to-day operations, and the Investment Banking Headquarters obtains legal assistance for each structured finance transaction at the time of the arrangement. The Credit Control Department independently engages a different law firm for consultation services to preserve internal impartiality and established a compliance office to further reinforce management of legal risk.

We also maintain a contract with PricewaterhouseCoopers Aarata for audits required under the Company Law and the Securities Exchange Law.

Internal audits and status of audits

An internal audit officer in the Office of the President, under the direct supervision of the president, is responsible for auditing the operations of all divisions, including those of the Company and at key members of the Group, once each year. These audits serve to pinpoint the status of business activities in each division and provide direction for addressing problem areas and building a better legal compliance structure. The results are forwarded to the president and the audited divisions, and progress on corrective action is monitored.

The Board of Corporate Auditors undertakes monthly audits. Issues of concern are raised with the Board of Directors when deemed necessary and the status of these issues is followed closely.

Private, capital and business relationships or other ties between the Company and external directors and external auditors

FinTech Global does not appoint external directors to the Board of Directors.

The Company does have external auditors, but it does not maintain private or business relationships or any other kind of ties with these appointees, their families or companies in which they or their family members serve as directors.

As for capital ties, all three external auditors hold common stock in FinTech Global. Holdings, as of December 21, 2006, were 600 shares by Takaoki Ishiguro, 450 shares by Toru Ohyama, and 375 shares by Yakichi Nagashima.

FinTech Global's external auditors have never been employed by the Company or by Group companies prior to their current positions as external auditors.

Status of measures to enhance corporate governance in fiscal 2006

The Board of Directors met at least once a month to determine basic management policy and deal with other issues pertaining to operations. Additional meetings were convened as necessary.

The Management Committee, comprising directors and, when required, sales staff and members of the Business Planning Department, held meetings when necessary to provide reports on business-related developments, discuss pertinent items and determine suitable responses.

To enhance management transparency, we uploaded IR information and news releases to our website. We will maintain this proactive, open stance on information disclosure through information meetings and other IR tools to provide investors with timely data on our business activities.

In August 2006, we separated compliance-related activities from the Credit Control Department and created the Legal Compliance Department—renamed, the Compliance Office—to focus on these activities. We also formed the Compliance Committee, with a direct line to the Board of Directors, to solidify a more effective compliance structure. This committee draws on the knowledge of outside experts.

In September 2006, we launched an in-house project to formulate and maintain an internal control system geared to J-SOX, the Japanese version of the SOX Act, in accordance with the Company Law and the Law on Sales of Financial Products, and designated a person to focus solely on this project. We also contracted a consulting firm with specialized know-how in this area and are working to incorporate suggestions into our enhanced internal control system.

The basic direction for an internal control system required under the Company Law and Rule for the Enactment of the Company Law was set by the Board of Directors at a meeting on May 12, 2006.

Certified public accountants for FinTech Global

ChuoAoyama Pricewaterhouse Coopers—renamed Misuzu Audit Corporation on September 1, 2006—had been retained by FinTech Global as the Company's certified public accounting firm until the Financial Services Agency ordered this accounting firm to cease operations for two months, from July 1, 2006, to August 31, 2006. ChuoAoyama Pricewaterhouse Coopers thus forfeited its eligibility as the Company's accounting firm and its services were terminated.

To prevent the Company from being in a position of having no certified public accountant, the Board of Auditors selected PricewaterhouseCoopers Aarata to fill in as its certified public accountant, effective July 3, 2006, and thereby ensure uninterrupted account auditing services.

The term for temporary services from PricewaterhouseCoopers Aarata will expire, but management will present for resolution at the General Meeting of Shareholders on December 20, 2006, a motion to retain PricewaterhouseCoopers Aarata as the Company's accounting firm.

The representative auditors involved in the auditing of the Company's books in fiscal 2006 are listed below. In the execution of their duties, the two representative auditors from PricewaterhouseCoopers Aarata were joined by five additional certified public accountants, three junior accountants and one assistant. Similarly, the representative auditors from ChuoAoyama Pricewaterhouse Coopers were joined by five additional certified public accountants, three junior accountants and one assistant. None of the auditors at either accounting firm has audited the Company's accounts for more than seven years, in accordance with regulations for auditing corporations in Japan which specify that an auditor may not audit the same company for more than seven consecutive years.

KOICHIRO KIMURA	*Representative Auditor, PricewaterhouseCoopers Aarata*
NAOAKI KOBAYASHI	*Representative Auditor, PricewaterhouseCoopers Aarata*
YOSHITOSHI YASU	*Representative Auditor, ChuoAoyama Pricewaterhouse Coopers*
KOICHIRO KIMURA	*Representative Auditor, ChuoAoyama Pricewaterhouse Coopers*

Bonuses for Directors and Corporate Auditors

Paid to directors	¥140,950 thousand
Paid to corporate auditors	¥ 12,200 thousand
Total	¥153,150 thousand

Payment to Accounting Auditors

Amount paid based on duties described in Article 2-1 of the Certified Public Accountants Law	¥35,800 thousand
Breakdown of aforementioned payment amount	
Pricewaterhouse Coopers Aarata	¥10,000 thousand
ChuoAoyama Pricewaterhouse Coopers	¥25,800 thousand

Note: No bonuses or payments other than those presented above were paid out.

Financial Section

Contents

Financial Review

Group Companies and Scope of Consolidation

In fiscal 2006, ended September 30, 2006, the FinTech Global Group comprised the parent company, 13 consolidated subsidiaries and nine unconsolidated subsidiaries.

During the term, the Group marked a net increase of 11 consolidated subsidiaries and two unconsolidated subsidiaries accounted for by the equity method. New companies under the Group umbrella include Stellar Capital AG, which guarantees credit enhancement transactions; Crane Reinsurance Limited, a subsidiary of Stellar Capital that underwrites reinsurance; Entrust Inc., which provides guarantee system for rent payments and commissioned business; and ASAP Payment System Inc., which offers credit debt claim factoring services.

Fiscal 2006 Results

Sales and Income

Securitization, a financial transaction that FinTech Global excels in, and other leading-edge financial technologies, present the business community with valuable tools to fund increasingly complex growth-oriented activities. Economic recovery has spurred demand for capital to fund expansion in industrial circles, which has in turn expanded our market still further.

FinTech Global is not alone in addressing the heightened demand for funds. Other investment banks, including megabanks, are also developing a full-scale response. But a shortage of professionals with experience in structured finance means that the market is not being adequately served.

The problem is particularly acute for young companies with innovative business approaches and outstanding growth potential. A one-size-fits-all financing mold is not appropriate for these up-and-coming businesses. They require customized financing to support respective areas of expertise.

If banks are financial department stores offering a range of products and services to choose from, then FinTech Global is a boutique customizing transactions to the needs of each client.

In fiscal 2006, we achieved the resources needed to turn both wheels of the investment banking cart—arrangement operations and principal finance operations—and with this enhanced ability, we were able to capitalize on profit opportunities. As a result, we posted higher revenues and higher income. Consolidated net revenue soared 234.1%, to ¥8,232 million. Ordinary profit surged 255.2%, to ¥5,581 million. Net income shot up by 256.1%, to ¥3,236 million.

Please turn to the Operational Review, on pages 10–13, for a description of activities by business division.

Financial Position

Balance Sheet Analysis

At September 30, 2006, total assets amounted to ¥61,229 million, up nearly eight times from a year earlier. Net assets reached ¥24,958 million, up more than seven times year-on-year, for a shareholders' equity ratio of 40.65%, down from 42.61%.

Cash Flow

Net cash used in operating activities in fiscal 2006 jumped to ¥24,266 million, compared with ¥1,038 million used in operating activities in fiscal 2005. The main components of this considerable change were an increase of ¥24,629 million, applied to principal financing, primarily loans (bank loans, trade) and investment in securities (investment in securities, trade) to complete arrangement transactions, as well as an increase of ¥6,256 million on trade assets, and ¥993 million for income taxes paid. These uses greatly overshadowed the ¥5,581 million provided by income before income taxes and minority interests and resulted in negative cash flow from operating activities.

Net cash used in investing activities in fiscal 2006 climbed to ¥2,917 million, compared with ¥376 million used in investing activities in fiscal 2005. This change stems largely from ¥2,145 million allocated to payments for purchase of investments in securities and ¥832 million put into money trusts.

Net cash provided by financing activities in fiscal 2006 skyrocketed to ¥44,247 million, compared with ¥2,353 million provided by financing activities in fiscal 2005. The primary components of this major change were ¥48,482 million in proceeds from the issuance of corporate bonds and a net increase of ¥3,927 million on short-term debt.

As a result, cash and cash equivalents as of September 30, 2006, stood at ¥18,719 million, an enormous improvement of ¥17,059 million from a year earlier.

Basic Policy on Profit Distribution

FinTech Global's core operations are in the field of investment banking, which is inherently a high-profit business. From this perspective, management feels it is only natural to return profits to shareholders by providing a high dividend when business results are favorable.

To maintain the momentum of rapid business expansion experienced at FinTech Global, management realized stronger fund procurement capabilities were absolutely imperative to enhance investment banking businesses. Before its listing on Mothers, the Company maintained a policy aimed at higher retained earnings and enhanced net worth to improve fund procurement options or, more specifically, to reinforce creditworthiness. No dividends were paid.

However, following the listing, management's perspective changed. Solid fiscal results in fiscal 2005 created sizable surplus fund procurement capacity for both direct and indirect financing and led to a policy shift in favor of dividends. The Company therefore instituted a year-end dividend, effective at fiscal 2005 year-end, and will introduce interim dividends in fiscal 2007.

In the global scheme of investment banking businesses, companies tend to pay dividends with extremely high payout ratios. Given our current scale of business and projections for further growth, we will work toward a payout ratio that is on a par with those paid by financial institutions in Europe and the United States. Our goal is for 40% of nonconsolidated net income.

Consolidated Balance Sheets

FinTech Global Incorporated
As of September 30, 2006 and 2005

	Thousands of yen		Thousands of U.S. dollars (Note 1)
Assets	2006	2005	2006
Current Assets:			
Cash and time deposits (Notes 3 and 9)	¥18,907,676	¥1,848,843	$160,370
Loans receivable, trade (Note 4)	29,406,589	5,364,000	249,420
Inventory (Note 9)	8,586,338	164	72,827
Investments in securities, trade (Note 8)	439,513	383,030	3,728
Deferred tax assets (Note 11)	255,642	58,223	2,168
Other current assets	980,541	46,479	8,317
Total current assets	58,576,299	7,700,739	496,830
Investments and Advances:			
Investments in unconsolidated subsidiaries and affiliates	5,000	18,816	42
Investments in securities (Note 8)	2,184,413	31,397	18,528
Other	87,579	81,500	743
	2,276,992	131,713	19,313
Property, Plant and Equipment:			
Building, furniture and equipment, at cost	99,695	82,545	846
Less: accumulated depreciation	(31,223)	(15,688)	(265)
	68,472	66,857	581
Deferred Charges and Other Assets:			
Deferred tax assets (Note 11)	—	2,570	—
Security deposits	201,362	133,211	1,708
Other	105,983	7,198	899
	307,345	142,979	2,607
Total assets	¥61,229,108	¥8,042,288	$519,331
Liabilities and Shareholders' Equity			
Current Liabilities:			
Short-term debt (Note 9)	¥ 6,503,556	¥ 498,640	$ 55,162
Bank loans, trade (Note 9)	3,094,325	3,067,200	26,245
Accounts payable, trade	51,120	37,199	434
Income taxes payable (Note 11)	2,304,895	650,514	19,550
Consumption tax payable	177,970	89,685	1,508
Other current liabilities	1,896,710	141,028	16,087
Total current liabilities	14,028,576	4,484,266	118,987
Convertible Bonds with Warrants (Notes 9 and 16)	20,000,000	—	169,635
Long-term Debt (Note 9)	2,216,492	53,408	18,800
Accrued Retirement Benefits (Note 10)	4,336	2,371	37
Deferred Tax Liabilities (Note 11)	7,525	—	64
Other Long-term Liabilities	14,250	25,650	121
Total liabilities	36,271,179	4,565,695	307,644
Minority Interests in Consolidated Subsidiaries	—	49,520	—
Shareholders' Equity			
Common stock			
Authorized: 616,800 shares at September 30, 2006			
205,600 shares at September 30, 2005			
Issued: 236,622 shares at September 30, 2006			
68,335 shares at September 30, 2005	10,624,770	1,303,735	90,117
Additional paid in capital	10,351,900	1,101,900	87,802
Retained earnings	3,882,975	1,021,438	32,934
Accumulated other comprehensive income	28,321	—	241
Minority interests in consolidated subsidiaries	69,963	—	593
Total shareholders' equity	24,957,929	3,427,073	211,687
	¥61,229,108	¥8,042,288	$519,331

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Income

FinTech Global Incorporated
For the Years ended September 30, 2006 and 2005

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2006	2005	2006
Net Revenue:			
Investment banking business (Note 7)	¥7,745,563		$65,696
Reinsurance/financial guarantee business (Note 7)	476,277		4,040
Other business	9,874		84
	8,231,714	¥2,463,576	69,820
Cost of Revenue	622,716	306,422	5,282
Gross profit	7,608,998	2,157,154	64,538
Selling, General and Administrative Expenses:			
Compensation paid to officers	194,645	94,467	1,651
Salaries	324,325	111,499	2,751
Provision for doubtful accounts	88,220	—	748
Provision for employee bonuses	137,652	13,782	1,168
Provision for retirement benefits (Note 10)	1,749	624	15
Depreciation expense	13,550	7,791	115
Rent	120,291	74,993	1,020
Commission paid	351,969	48,031	2,985
Other	454,713	188,549	3,857
	1,687,114	539,736	14,310
Operating income	5,921,884	1,617,418	50,228
Other Income (Expense):			
Interest income	53,454	44	453
Reversal of allowance for doubtful accounts	3,690	—	31
Interest expense	(89,917)	(2,726)	(763)
Stock issue costs	(112,675)	(15,492)	(956)
Bond issue costs	(18,093)	—	(153)
Redemption loss of convertible bonds with warrants	(50,000)	—	(424)
Fee paid for syndicated loan	(86,576)	—	(734)
Unrealized loss on derivative instruments (Note 15)	(1,341)	(5,837)	(11)
Expenses related to initial public offering	—	(24,074)	—
Head-office relocation expenses (Note 12)	—	(18,787)	—
Other—net	(39,335)	1,858	(334)
	(340,793)	(65,014)	(2,891)
Income before income taxes and minority interests	5,581,091	1,552,404	47,337
Income Taxes (Note 11):			
Current	2,581,259	698,900	21,894
Deferred	(196,715)	(43,765)	(1,669)
	2,384,544	655,135	20,225
Minority Interests	(39,208)	(11,390)	(333)
Net Income	¥3,235,755	¥ 908,659	$27,445

	Yen		U.S. dollars (Note 1)
Per Share			
Net income			
Basic	¥14,354.40	¥14,439.89	$121.75
Diluted	12,458.52	13,952.54	105.67
Cash dividends applicable to the year	5,000.00	5,400.00	42.41

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Shareholders' Equity

FinTech Global Incorporated
For the Years ended September 30, 2006 and 2005

	Number of Shares of Common Stock	Thousands of yen			
		Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock
Balance at September 30, 2004	12,190.00	¥ 550,385	¥ —	¥ 112,779	¥ —
Issuance of common stock	6,000.00	739,500	1,101,900	—	—
Exercise of warrants issued as stock options	1,385.00	13,850	—	—	—
Stock split	48,760.00	—	—	—	—
Net income	—	—	—	908,659	—
Balance at September 30, 2005	68,335.00	1,303,735	1,101,900	1,021,438	—
Dividends	—	—	—	(369,009)	—
Exercise of warrants issued as stock options	3,525.00	71,035	—	—	—
Exercise of warrants of convertible bonds	28,055.79	9,250,000	9,250,000	—	—
Stock split	136,710.00	—	—	—	—
Net income	—	—	—	3,235,755	—
Purchase of treasury stock	—	—	—	—	(3,379)
Extinguishments of treasury stock	(3.79)	—	—	(3,379)	3,379
Increase of consolidated subsidiaries	—	—	—	(1,830)	—
Balance at September 30, 2006	236,622.00	¥10,624,770	¥10,351,900	¥3,882,975	¥ —

	Thousands of U.S. dollars (Note 1)			
	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock
Balance at September 30, 2005	$11,058	$ 9,346	$ 8,664	$ —
Dividends	—	—	(3,130)	—
Exercise of warrants issued as stock options	603	—	—	—
Exercise of warrants of convertible bonds	78,456	78,456	—	—
Stock split	—	—	—	—
Net income	—	—	27,445	—
Purchase of treasury stock	—	—	—	(29)
Extinguishments of treasury stock	—	—	(29)	29
Increase of consolidated subsidiaries	—	—	(16)	—
Balance at September 30, 2006	$90,117	$87,802	$32,934	$ —

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Cash Flows

FinTech Global Incorporated
For the Years ended September 30, 2006 and 2005

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2006	2005	2006
Cash Flows from Operating Activities			
Income before income taxes and minority interests	¥ 5,581,091	¥ 1,552,404	$ 47,337
Adjustments for:			
Depreciation and amortization	15,172	9,043	129
Increase (decrease) in accrued retirement benefits	1,965	(629)	17
Interest income	(53,454)	(44)	(453)
Interest expenses	89,917	2,726	763
Stock issue costs	112,675	15,492	956
Bond issue costs	18,093	—	153
Redemption loss of convertible bonds with warrants	50,000	—	424
Loss on disposal of property, plant and equipment	—	10,865	—
Increase in bank loans, trade	27,125	2,497,200	230
Increase in loans receivable, trade	(24,572,589)	(4,769,000)	(208,419)
Increase (decrease) in inventory	(6,255,563)	979	(53,059)
Increase in investments in securities, trade	(56,482)	(336,857)	(479)
Increase in accounts payable, trade	13,921	5,259	118
Other	1,763,076	167,646	14,954
Subtotal	(23,265,053)	(844,916)	(197,329)
Interest income received	55,401	44	470
Interest expense paid	(63,230)	(3,140)	(536)
Income taxes paid	(993,306)	(190,345)	(8,425)
Net cash used in operating activities	(24,266,188)	(1,038,357)	(205,820)
Cash Flows from Investing Activities:			
Payments for purchase of property, plant and equipment	(28,536)	(25,733)	(242)
Increase in time deposits	—	(189,000)	—
Payments for purchase of investments in securities	(2,144,957)	(48,016)	(18,193)
Payment of security deposits	(67,551)	(134,007)	(573)
Refund of security deposits	4,474	45,156	38
Payments for loan receivable	(6,000,000)	—	(50,891)
Proceeds from collection of loans receivable	6,010,402	—	50,979
Cash paid for purchase of newly consolidated subsidiaries, net of cash acquired	(53,730)	—	(456)
Cash acquired, net of payment for purchase of newly consolidated subsidiaries (Note 3)	191,807	54,011	1,627
Other	(828,511)	(78,888)	(7,027)
Net cash used in investing activities	(2,916,602)	(376,477)	(24,738)
Cash Flows from Financing Activities:			
Increase in short-term debt (net)	3,926,500	460,000	33,304
Proceeds from long-term debt	2,400,000	100,000	20,356
Repayment of long-term debt	(102,500)	(33,528)	(870)
Proceeds from issuance of bonds	48,481,858	—	411,212
Redemption of bonds	(10,050,000)	—	(85,242)
Proceeds from issuance of common stock	42,675	1,839,758	362
Payment for conversion of bonds to common stock	(73,115)	—	(620)
Proceeds from issuance of common stock to minor shareholders	25,000	—	212
Dividends paid	(367,360)	—	(3,116)
Other	(35,835)	(13,383)	(304)
Net cash provided by financing activities	44,247,223	2,352,847	375,294
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(13,139)	(31)	(111)
Net Increase in Cash and Cash Equivalents	17,051,294	937,982	144,625
Cash and Cash Equivalents at Beginning of Year	1,659,843	721,861	14,078
Cash and Cash Equivalents of Newly Consolidated Subsidiaries	7,539	—	64
Cash and Cash Equivalents at End of Year (Note 3)	¥ 18,718,676	¥ 1,659,843	$ 158,767

The accompanying notes are an integral part of the consolidated financial statements.

Notes to Consolidated Financial Statements

1. Basis of Presenting Consolidated Financial Statements

(1) *Accounting Principles and Presentation*

The accompanying consolidated financial statements have been prepared from the accounts maintained by FinTech Global Incorporated (the "Company") and its consolidated subsidiaries (collectively, the "Companies") in accordance with the provisions set forth in the Company Law and the Securities and Exchange Law of Japan, and in conformity with accounting principles and practices generally accepted in Japan.

Certain items presented in the consolidated financial statements filed with the Director of Kanto Finance Bureau in Japan have been reclassified for the convenience of readers outside Japan.

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥117.90 = US$1, the approximate rate of exchange prevailing at September 29, 2006, has been used in translation. The inclusion of such amounts is not intended to imply that yen have been or could be readily converted, realized or settled in U.S. dollars at this or any other rate.

(2) *Scope of Consolidation*

The consolidated financial statements include the accounts of the Company and the following:

2006	2005
FinTech Capital Risk Solutions Incorporated	FinTech Capital Risk Solutions Incorporated
FinTech Global Securities, Inc.	FinTech Partners Incorporated
FinTech Real Estate, Inc.	—
Stellar Capital AG	—
Crane Reinsurance Limited	—
Entrust, Inc.	—
ASAP Payment System Incorporated	—
TSM Fifteen Incorporated	—
FGI Investment Two Incorporated	—
TSM Fourteen Incorporated	—
Blenheim Partners One Incorporated	—
Two Silent Partnerships *(Tokumei-Kumiai)*	—

Stellar Capital AG, Crane Reinsurance Limited and Entrust Inc. were consolidated upon incorporation. ASAP Payment System has become a consolidated subsidiary due to acquisition of the voting rights.

The accounts of TSM Fifteen Inc., FGI Investment Two Inc., TSM Fourteen Inc., Blenheim Partners One Inc. and two Silent Partnerships *(Tokumei-Kumiai)* have also been consolidated due to the fact that the Company substantially assumes most part of the rights and duties as well as the risk of profits and losses of them.

The assets and liabilities of the above companies and the Silent Partnerships *(Tokumei-Kumiai)* are as follows:

	Thousands of yen	Thousands of U.S. dollars
Inventories	¥8,584,620	$72,813
Short-term debt	1,944,000	16,489

FinTech Real Estate Inc. has been treated as a consolidated subsidiary from the year ended September 30, 2006 due to its growing significance.

FinTech Partners Incorporated changed its corporate name to FinTech Global Securities, Inc. in the year ended September 30, 2006.

The accounts of the subsidiaries other than the above have not been consolidated due to the fact that their total assets, net sales, net income and retained earnings are insignificant to the consolidated financial statements.

(3) *Consolidation and Elimination*

For the purpose of preparing the consolidated financial statements, all significant intercompany transactions, account balances and unrealized profits among the Companies have been eliminated, and the portion thereof attributable to minority interests is charged to minority interest accounts.

The cost of investments in the common stock of consolidated subsidiaries is eliminated with the underlying equity in the net assets of such subsidiaries. The material difference between the cost of an investment and the amount of underlying equity in the net assets of such subsidiaries is deferred and amortized over a reasonable period up to 5 years on a straight-line basis.

(4) *Investments in Unconsolidated Subsidiaries and Equity-Method Affiliates*

Investments in the following companies are accounted for by the equity method for the year ended September 30, 2006:

2006
RF Funding One
Silent Partnership *(Tokumei Kumiai)*

The investments in unconsolidated subsidiaries and affiliates other than the above were not accounted for by the equity method and were stated at cost because the effect on the accompanying consolidated financial statements is insignificant.

(5) *Fiscal Year of Consolidated Subsidiaries*

Fiscal years of FinTech Capital Risk Solutions Incorporated and TSM Fourteen Incorporated are from January 1 to December 31, and those of FinTech Global Securities, Inc. and TSM Fifteen Incorporated are from April 1 to March 31. Their financial statements based on the interim closing of account as of the consolidated year-end date are used for the consolidated financial statements.

Fiscal years of Blenheim Partners One Incorporated are from July 1 to June 30, and those of FGI Investment Two Incorporated and two Silent Partnerships *(Tokumei Kumiai)* are from August 1 to July 31. Their financial statements as of their fiscal year-end dates are used for the consolidated financial statements subject to the adjustments necessary for the consolidated financial statements regarding significant transactions until consolidated year-end date.

(6) *Remeasurement of Assets and Liabilities of Consolidated Subsidiaries*

The full portion of the assets and liabilities of subsidiaries is marked to fair value upon acquisition of control of those subsidiaries.

(7) *Change in Accounting Policy*

The "Practical Treatment of Application of Consolidation Policy for Investment Partnership" announced on September 8, 2006 has been newly applied from the fiscal year ended September 30, 2006. This change has no impact on the results of operations of the Company.

The "Accounting Standards for Net Assets of Balance Sheet" and the "Guideline for Application of Accounting Standards for Net Assets of Balance Sheet" announced on December 9, 2005 have been applied from the fiscal year ended September 30, 2006. Total amount of shareholders' equity as of September 30, 2006 would have been ¥24,887,966,000 if calculated in accordance with the accounting standards applied until the fiscal year ended September 30, 2005.

2. Summary of Significant Accounting Policies

(1) *Marketable and Investment Securities*

Available-for-sale securities with fair market value are stated at fair value. Unrealized holding gains and losses, net of the related tax effect, are recorded as an accumulated comprehensive income until realized. Available-for-sale securities with no fair market value are stated at cost. The cost is determined by the moving-average method.

(2) *Derivatives and Hedging Instruments*

All derivatives are stated at fair value with changes in fair value being charged to net income or loss for the period in which they arise except for derivatives that are designated and qualified as hedging instruments.

Gains or losses arising from changes in the fair value of derivatives designated and qualified as hedging instruments are deferred as an asset or liability and charged to net income or loss in the same period during which the gains and losses on the hedged items or transactions are recognized.

The derivatives designated as hedging instruments by the Companies are interest rate swaps and the related hedged items are bank loans. The Companies have a policy to utilize the above hedging instruments in order to reduce their exposure to the risk of interest rate fluctuation.

(3) *Inventories*

Inventories are stated at cost. Cost of work in process and real estate for sale are determined by valuing each item individually.

(4) *Property, Plant and Equipment*

Property, plant and equipment are stated at cost. Depreciation is computed using the declining- balance method.

(5) *Deferred Assets*

Stock issue costs and bond issue costs are recorded as expenses when paid.

(6) *Allowance for Doubtful Accounts*

The Companies provide allowances for doubtful accounts by a method that compares on the rates of its own historical actual bad debt loss against the balance of total receivables as well as the amount of uncollectible receivables estimated on an individual basis.

(7) *Accrued Retirement Benefits*

The Company has a defined benefit plan. Accrued retirement benefits are provided at the amount which would be required to be paid if all the eligible employees voluntarily terminated their employment at the balance sheet date.

(8) *Leases*

Finance leases, except for those leases under which the ownership of the leased assets is considered to be transferred to the lessee, are accounted for in the same manner as operating leases.

(9) *Cash and Cash Equivalents*

For the purpose of the consolidated statement of cash flows, the Company considers all highly liquid investments with an insignificant risk of changes in value and with maturities of three months or less at the time of acquisition to be cash equivalents.

(10) *Consumption Taxes*

Consumption taxes are excluded from the revenue and expense accounts which are subject to such taxes.

(11) *Investments in Securities, Trade [Investments in the Capital of Silent Partnership (Tokumei Kumiai)]*

Investments in securities, trade [(investments in the capital of Silent Partnership *(Tokumei-Kumiai)*] are stated at cost, adjusted for equity in earnings and losses of the partnership. The adjustments are recognized as "Net revenue".

(12) *Impairment Loss on Fixed Assets*

On August 9, 2002, the Business Accounting Council in Japan issued "Accounting Standard for Impairment of Fixed Assets" and on October 31, 2003, the Accounting Standards Board of Japan issued "Implementation Guidance for Accounting Standard for Impairment of Fixed Assets". These standards require that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss shall be recognized in the statement of income by reducing the carrying amount of impaired assets or a group of assets to the recoverable amount to be measured as the higher of net selling price or value in use.

The Company has applied this new standard for the year ended September 30, 2006. The application of the new standard had no impact on the result of business of the Company.

3. Cash and Cash Equivalents and Other Information Relating to the Statement of Cash Flows

(1) Cash and cash equivalents at September 30, 2006 and 2005 consisted of the following:

	Thousands of yen		Thousands of U.S. dollars
	2006	2005	2006
Cash and time deposits	**¥18,907,676**	¥1,848,843	**$160,370**
Less: time deposits which mature over three months after the date of acquisition	**(189,000)**	(189,000)	**(1,603)**
Cash and cash equivalents	**¥18,718,676**	¥1,659,843	**$158,767**

(2) Assets and liabilities of the newly consolidated subsidiaries consisted of the following:

	Thousands of yen	Thousands of U.S. dollars
FGI Investment Two Incorporated:		
Current assets	**¥1,891,106**	**$16,040**
Current liabilities	**1,408,106**	**11,943**

* *In addition to the above current liabilities, this company had liabilities of ¥480,000 thousand to the Company, and its net assets amounted to ¥3,000 thousand.*

Cash and cash equivalent in current assets	**¥ 87,759**	**$ 744**
Cash acquired, net of payment for purchase of a newly consolidated subsidiary	**87,759**	**744**
Blenheim Partners One Incorporated:		
Current assets	**¥ 649,789**	**$ 5,511**
Current liabilities	**596,789**	**5,062**

* *In addition to the above current liabilities, this company had liabilities of ¥50,000 thousand to the Company, and its net assets amounted to ¥3,000 thousand.*

Cash and cash equivalent in current assets	**¥ 104,048**	**$ 883**
Cash acquired, net of payment for purchase of a newly consolidated subsidiary	**104,048**	**883**

The assets and liabilities of FinTech Global Securities Incorporated, a newly consolidated subsidiary as a result of acquisition of additional shares, the related acquisition cost and net proceeds were as follows:

	Thousands of yen
	2005
Current assets	¥ 164,114
Current liabilities	(78)
Difference between investment costs and equity in net assets acquired	3,929
Minority interests	(55,965)
Payment during the previous year	(2,000)
Acquisition cost of shares	110,000
Cash and cash equivalents acquired	(164,011)
Cash acquired, net of payment for purchase of newly consolidated subsidiaries	¥ (54,011)

(3) Significant Non-cash Transaction

The significant non-cash transaction for the year ended September 30, 2006 was related to the exercise of the warrants attached to the unsecured convertible bonds with warrants, which is summarized as follows:

	Thousands of yen	Thousands of U.S. dollars
Common stock increase due to exercise of warrants	**¥ 9,250,000**	**$ 78,456**
Additional paid-in capital increase due to exercise of warrants	**9,250,000**	**78,456**
Decrease of bonds with warrants due to exercise of warrants	**¥18,500,000**	**$156,912**

4. Commitment-Line Contract

(1) *Loan Commitment Line Contract*

The Company is committed to provide a loan to a customer. The outstanding balance of this commitment as of September 30, 2006 was as follows:

	Thousands of yen	Thousands of U.S. dollars
	2006	2006
Total of credit	**¥2,000,000**	**$16,964**
Executed amount	**95,000**	**806**
Unused amount	**¥1,905,000**	**$16,158**

Under this contract, the loan is provided after examination of the purpose of use and credit standing of the debtor and therefore, the above commitment amount may not be executed in full.

(2) *Investment Commitment Line Contract*

The Company is committed to provide investments. The outstanding balance as of September 30, 2006 was as follows:

	Thousands of yen	Thousands of U.S. dollars
	2006	2006
Total of credit	**¥5,000,000**	**$42,409**
Executed amount	—	—
Unused amount	**¥5,000,000**	**$42,409**

Under this contract, investment is provided after examination of the purpose of use and credit standing of the receiver and therefore, all of the above commitment amount may not be executed in full.

5. Contingent Liabilities

The Company offered guaranty of liabilities to the following companies as of September 30, 2006:

	Thousands of yen	Thousands of U.S. dollars
Duplex Thirty-Sixth Ltd.	¥ 740,000	$ 6,277
Duplex Thirty-Third Ltd.	800,000	6,785
Duplex Thirty-Fourth Ltd.	600,000	5,089
Duplex Forty-First Ltd.	400,000	3,393
Duplex Forty-Fourth Ltd.	300,000	2,545
Duplex Forty-Seventh Ltd.	450,000	3,817
Yokohama Bayside Resort Ltd.	2,000,000	16,964

6. Credit-Line Contract

The Company has executed a commitment-line contract with its banks to make appropriation for a fund for investments and loan. The credit line under this contract and the amount of the outstanding are as follows as of September 30, 2006:

	Thousands of yen	Thousands of U.S. dollars
Credit line	¥4,000,000	$33,927
Loan payable	—	—
Outstanding	¥4,000,000	$33,927

7. Sales

The following is the breakdown of net revenues from investment banking business:

	Thousands of yen	Thousands of U.S. dollars
Arrangement operations	¥4,674,212	$39,645
(Arrangement services)	3,734,998	31,679
(Arrangement services with credit enhancement)	939,214	7,966
Principal finance operations	2,796,811	23,722
Other investment banking operations	274,540	2,329
	¥7,745,563	$65,696

The following is the breakdown of net revenues from the reinsurance/financial guarantee businesses:

(Reinsurance Business)

	Thousands of yen	Thousands of U.S. dollars
Reinsurance premium assumed	¥ 152,923	$ 1,297
Reinsurance premium ceded	(5,000)	(43)
	¥ 147,923	$ 1,254

(Financial Guarantee Business)

	Thousands of yen	Thousands of U.S. dollars
Gross guarantee fees	¥ 466,583	$ 3,958
Unearned guarantee fees	(354,916)	(3,010)
Guarantee arrangement fees	216,687	1,838
	¥ 328,354	$ 2,786

8. Investments in Securities

The amount of available-for-sale securities with market value at September 30, 2006 is summarized as follows:

	Thousands of yen		
	Acquisition cost	Fair value	Unrealized gain (loss)
Securities with fair value that exceeds acquisition cost:			
Equity securities	¥ 9,200	¥ 32,280	¥ 23,080
Bonds and debentures	—	—	—
Other	1,312,908	1,343,009	30,101
	1,322,108	1,375,289	53,181
Securities with fair value that does not exceed acquisition cost:			
Equity securities	—	—	—
Bonds and debentures	—	—	—
Other	730,216	719,889	(10,327)
	730,216	719,889	(10,327)
	¥2,052,324	¥2,095,178	¥ 42,854

	Thousands of U.S. dollars		
	Acquisition cost	Fair value	Unrealized gain (loss)
Securities with fair value that exceeds acquisition cost:			
Equity securities	$ 78	$ 274	$196
Bonds and debentures	—	—	—
Other	11,136	11,391	255
	11,214	11,665	451
Securities with fair value that does not exceed acquisition cost:			
Equity securities	—	—	—
Bonds and debentures	—	—	—
Other	6,193	6,106	(87)
	6,193	6,106	(87)
	$17,407	$17,771	$364

There were no available-for-sale securities with market value at September 30, 2005.

The carrying amounts of available-for-sale securities without fair market value as at September 30, 2006 and 2005 are summarized as follows:

	Thousands of yen		Thousands of U.S. dollars
	2006	2005	2006
Unlisted equity securities	¥ 67,500	¥ 9,200	$ 573
Silent partnership *(Tokumei Kumiai)*	439,512	383,030	3,728
Venture capital partnership	21,735	22,197	184
	¥528,747	¥414,427	$4,485

9. Short-term and Long-term Debt and Bank Loans, Trade

Short-term debt at September 30, 2006 and 2005 consisted of the following:

	Thousands of yen		Thousands of U.S. dollars
	2006	2005	2006
Short-term debt:			
Unsecured loans from banks	¥4,386,500	¥460,000	$37,205
Collateralized loans from banks	1,944,000	—	16,489
	6,330,500	460,000	53,694
Current portion of long-term debts	173,056	38,640	1,468
	¥6,503,556	¥498,640	$55,162

The interest rates at September 30, 2006 ranged from 0.425% to 1.925%.

Long-term debt at September 30, 2006 and 2005 consisted of the following:

	Thousands of yen		Thousands of U.S. dollars
	2006	2005	2006
Long-term debt:			
Unsecured loans from banks	¥2,389,548	¥ 92,048	$20,268
	2,389,548	92,048	20,268
Less: Current portion of long-term debts	(173,056)	(38,640)	(1,468)
	¥2,216,492	¥ 53,408	$18,800

The interest rates at September 30, 2006 ranged from 1.475% to 1.800%.

The aggregate annual maturities of long-term debts as of September 30, 2006 were as follows:

	Amount	
Years ending September 30	Thousands of yen	Thousands of U.S. dollars
2007	¥ 173,056	$ 1,468
2008	2,144,256	18,187
2009	70,036	594
2010	2,200	19
	¥2,389,548	$20,268

Bank loans, trade, outstanding at September 30, 2006 and 2005 were as follows:

	Thousands of yen		Thousands of U.S. dollars
	2006	2005	2006
Bank loans, trade:			
Unsecured	¥2,132,625	¥1,911,700	$18,088
Collateralized	961,700	1,155,500	8,157
	¥3,094,325	¥3,067,200	$26,245

The interest rates at September 30, 2006 ranged from 1.465% to 3.500%.

Assets pledged as collateral for bank loans (trade) as of September 30, 2006 and 2005 were as follows:

	Thousands of yen		Thousands of U.S. dollars
	2006	2005	2006
Time deposits	¥ 189,000	¥ 189,000	$ 1,603
Inventories	2,399,660	—	20,353
Loans receivable, trade	815,000	870,000	6,913
	¥3,403,660	¥1,059,000	$28,869

¥20,000,000 thousand ($169,635 thousand) of convertible bonds due 2008 were attached with the warrants for 22,222.22 shares of common stock as of September 30, 2006. These bonds were all redeemed on November 6, 2006 (see Note 19 Subsequent Events).

10. Accrued Retirement Benefit

Provision for accrued retirement benefits charged to income amounted to ¥1,964 thousand ($17 thousand) and ¥870 thousand for the years ended September 30, 2006 and 2005, respectively.

11. Deferred Income Taxes

Significant components of deferred tax assets as of September 30, 2006 and 2005 were as follows:

	Thousands of yen		Thousands of U.S. dollars
	2006	2005	2006
Deferred tax assets:			
(Current)			
Tax loss carryforwards	¥ 21,826	¥ —	$ 185
Accrued enterprise tax	185,081	49,418	1,570
Accrued bonus	32,552	6,330	276
Allowance for doubtful accounts	35,897	—	305
Other	9,585	2,475	81
	284,941	58,223	2,417
Less — valuation allowance	(29,299)	—	(249)
	¥255,642	¥58,223	$2,168
(Non-current)			
Tax loss carryforwards	¥ 75,599	¥ —	$ 641
Accrued retirement benefits	1,764	944	15
Allowance for doubtful accounts	—	1,501	—
Other	102	125	1
	77,465	2,570	657
Less—valuation allowance	(75,599)	—	(641)
	1,866	—	16
Net against deferred tax liabilities — non-current	(1,866)	—	(16)
	¥ —	¥ 2,570	$ —
Deferred tax liabilities:			
Investments in securities	¥ (9,391)	¥ —	$ (80)
	(9,391)	—	(80)
Net against deferred tax assets — non-current	1,866	—	16
	¥ (7,525)	¥ —	$ (64)
Net deferred tax assets (liabilities)	¥248,117	¥60,793	$2,104

The reconciliation of the statutory tax rate to the effective tax rate is shown below:

	2006
Statutory tax rate	**40.7%**
(Adjustments)	
Entertainment and other permanently non-deductible expenses	**0.2**
Increase/decrease of valuation allowance	**1.8**
Other	**0.0**
Effective tax rate	**42.7%**

Data for the year ended September 30, 2005 were omitted because the difference between the statutory tax rate and the effective tax rate was below the materiality threshold for disclosure under the Securities and Exchange Law in Japan.

12. Details of Head-Office Relocation Expenses

	Thousands of yen
	2005
Loss on disposition relating to building	¥10,203
Loss of disposition relating to furniture and equipment	662
Cost of restitution	7,922
	¥18,787

13. Stock options

The stock options of the Company outstanding as of September 30, 2006 are summarized below:

(1) Stock option plan approved by the shareholders on December 25, 2001.

Number of options outstanding	815 shares
Exercise price	¥3,334
Exercisable period	December 26, 2003 – December 25, 2011

(2) Stock option plan approved by the shareholders on June 16, 2004.

Number of options outstanding	12,465 shares
Exercise price	¥26,667
Exercisable period	July 1, 2006 – June 16, 2014

(3) Stock option plan approved by the shareholders on December 3, 2004.

Number of options outstanding	2,940 shares
Exercise price	¥73,334
Exercisable period	December 10, 2006 – November 30, 2014

(4) Stock option plan approved by the shareholders on December 20, 2005.

Number of options outstanding	650 shares
Exercise price	¥729,894
Exercisable period	January 1, 2008 – November 30, 2015

14. Leases

Finance leases, except for those leases under which the ownership of the leased assets is considered to be transferred to the lessee, were accounted for in the same manner as operating leases and were composed of the following as of September 30, 2006 and 2005:

	September 30, 2006		
	Thousands of yen		
	Assumed acquisition costs	Assumed accumulated depreciation	Assumed balance
Buildings	**¥ 1,938**	**¥ 678**	**¥ 1,260**
Furniture and equipment	**22,023**	**6,396**	**15,627**
Other	**557**	**130**	**427**
	¥24,518	**¥7,204**	**¥17,314**

	Thousands of U.S. dollars		
	Assumed acquisition costs	Assumed accumulated depreciation	Assumed balance
Buildings	**$ 16**	**$ 6**	**$ 10**
Furniture and equipment	**187**	**54**	**133**
Other	**5**	**1**	**4**
	$208	**$61**	**$147**

	2005		
	Thousands of yen		
	Assumed acquisition costs	Assumed accumulated depreciation	Assumed balance
Buildings	¥ 1,938	¥ 291	¥ 1,647
Furniture and equipment	22,623	2,000	20,622
Other	557	19	539
	¥25,118	¥2,310	¥22,808

The scheduled maturities of future lease payments of such lease contracts as of September 30, 2006 were as follows:

	2006	
	Thousands of yen	Thousands of U.S. dollars
Due within one year	**¥ 4,766**	**$ 40**
Due over one year	**13,156**	**112**
	¥17,922	**$152**

Lease expenses and implied depreciation and interest expense for the years ended September 30, 2006 and 2005 were as follows:

	Thousands of yen		Thousands of U.S. dollars
	2006	2005	2006
Lease expenses	**¥5,089**	¥2,614	**$43**
Implied depreciation	**4,498**	2,310	**38**
Implied interest expenses	**919**	545	**8**

Assumed depreciation was calculated using the straight-line method over the lease term with no residual value.

Differences between total lease expenses and assumed acquisition costs of the leased assets comprise assumed interest expenses. Assumed interest expenses are allocated to each period using the interest method over the lease term.

15. Derivative Transactions

The Companies utilize derivative financial instruments in order to offset the risk of interest rate fluctuation and apply hedge accounting to qualified transactions. The Companies do not utilize derivative instruments for speculative purposes.

Unrealized gains (losses) on derivatives which were not accounted for as hedges as of September 30, 2006 and 2005 were summarized as follows:

	2006			
	Thousands of yen			
	Contractual amounts		Fair values	Unrealized gains (losses)
	Total	Over 1 year		
Over the counter:				
Interest rate caps bought	**¥200,000**	**¥200,000**	**¥1,258**	**(¥1,341)**
	Thousands of U.S. dollars			
Over the counter:				
Interest rate caps bought	**$1,696**	**$1,696**	**$11**	**($11)**

	2005			
	Thousands of yen			
	Contractual amounts		Fair values	Unrealized gains (losses)
	Total	Over 1 year		
Over the counter:				
Interest rate caps bought	¥680,000	¥680,000	¥1,342	(¥5,837)

Note: Derivative transactions to which hedge accounting was applied were excluded.

16. Segment Information

Information regarding the Company's industry segments, operations by geographic areas and overseas sales were summarized as follows:

(1) *Industry segments*

Because each of the sales and the operating profit from the investment banking business corresponds to over 90% of the total amount of the sales and the operating profit of all the segments, the information of the industry segment information was omitted for the year ended September 30, 2006.

Because the Company had single industry segment, information regarding the industry segments was omitted for the year ended September 30, 2005.

(2) *Operations by Geographic Areas*

Because the sales of the Company within Japan correspond to over 90% of the total sales of all the segments, the information regarding operations by geographic areas was omitted for the year ended September 30, 2006.

Because the Company has neither consolidated subsidiaries nor branches located outside Japan, no geographic area information was needed for the year ended September 30, 2005.

(3) *Overseas Sales*

Because the sales overseas correspond to less than 10% of the consolidated sales, the information regarding the overseas sales was omitted for the year ended September 30, 2006.

Because the Company has no sales overseas, no information was needed to be described for the year ended September 30, 2005.

17. Transactions with Related Parties

The transactions with the officers and major individual shareholders for the years ended September 30, 2006 and 2005 were summarized as follows:

	2006	2005
Attributes	**Company of which an officer and his relatives held a majority of the voting rights**	Company of which an officer and his relatives held a majority of the voting rights
Corporate name	**I•N Co., Ltd. (see Note 3)**	I•N Co., Ltd. (see Note 3)
Address	**Chuo-ku, Osaka**	Chuo-ku, Osaka
Capital or investment		
(Thousands of yen)	**¥10,000**	¥10,000
(Thousands of U.S. dollars)	**$85**	
Business	**Insurance and real estate**	Insurance and real estate
Ratio of voting rights in possession (or being possessed)	**Directly possessed 1.3%**	Directly possessed 1.5%
Relationship		
Double role of directors	**None**	None
Business relationship	**None**	None
Description of transactions	**Receipt of lease deposit Receipt of rent**	Receipt of lease deposit Receipt of rent
Transaction amount		
(Thousands of yen)	**Lease deposit: ¥2,108 Rent: ¥2,890**	Lease deposit: ¥2,108 Rent: ¥ 130
(Thousands of U.S. dollars)	**Lease deposit: $18 Rent: $25**	

Notes: 1. The above transaction amount did not include consumption taxes.
2. The Company sub-leased a part of the leased building on the same conditions with the Company.
3. Haruyoshi Inoue, an officer of the Company, and his relatives held 60% of the voting rights.

18. Per Share Information

Net assets per share for the years ended September 30, 2006 and 2005 were summarized as follows:

	Yen		U.S. dollars
Item	2006	2005	2006
Net assets per share	**¥105,180.27**	¥50,151.07	**$892**

On October 3, 2005, the Board of Directors of the Company approved stock split at a ratio of 1 for 3 as of December 20, 2005.

Assuming that the stock split had been effected at the beginning of the year ended September 30, 2005, the per share information for the year ended September 30, 2005 would have been summarized as follows:

	Yen
Net assets per share	¥16,717.02
Net income per share	4,813.25
Net income per share after adjusting dilution effect	4,650.85

Underlying information for calculation of the net income per share and the net income per share after adjusting for dilution effects for the years ended September 30, 2006 and 2005 was as follows:

	2006	2005
Net income		
(Thousands of yen)	**¥3,235,755**	¥908,659
(Thousands of U.S. dollars)	**$27,445**	
Net income regarding common stock		
(Thousands yen)	**¥3,235,755**	¥908,659
(Thousands of U.S. dollars)	**$27,445**	
Average number of common stock	**225,419 shares**	62,927 shares
Details of the increased number of the common stock used for calculation of the net income per share after adjusting for dilution effect		
Subscription right	**1,417 shares**	632 shares
Warrants	**16,849 shares**	1,566 shares
Convertible bonds with warrants	**16,037 shares**	—
Increased number of common stock	**34,303 shares**	2,198 shares
Detail of potential common stock excluded for the calculation of the net income after adjusting for dilution effect because of no dilution effect	**Warrants: 650 shares**	—

19. Subsequent Events

(1) On September 8, 2006, the Board of Directors of the Company approved the stock split with no compensation, which became effective on October 1, 2006 so as to increase the liquidity of the Company's stock and to broaden the investors' base by reducing the equity price per share.

A. Number of shares to be increased

946,488 shares of common stock

B. Method of stock split

The number of shares held by shareholders in the list of shareholders' lists as of September 30, 2006 was split using a ratio of 1 for 5.

Assuming that the share split was effected at the beginning of the previous fiscal year, the per-share information can be summarized as follows:

As of and for the year ended September 30, 2005

	Yen
Net asset per share	¥3,343.41
Net income per share	962.65
Net income after adjusting for dilution effect	930.17

As of and for the year ended September 30, 2006

	Yen	U.S. dollar
Net asset per share	**¥21,036.05**	**$178.42**
Net income per share	**2,870.88**	**24.35**
Net income after adjusting for dilution effect	**2,491.70**	**21.13**

(2) On October 6, 2006, the Board of Directors of the Company approved the redemption before maturity of all the outstanding unsecured convertible bonds with warrants - 3rd at nominal value of ¥20 billion in aggregate in accordance with the redemption clause of the bonds and the subscription agreement.

A. Reason for redemption before due date

The convertible bonds with warrants have a clause of advanced redemption. After comprehensively considering the balance between the potential dilution of equity value and the enhancement of financial status, the Company decided to redeem all the outstanding of the convertible bonds with warrants.

B. Redeemed issue of bonds

The third issue of unsecured convertible bonds with warrants of FinTech Global Inc.

C. Date of notice

On October 6, 2006

Under the subscription agreement, the Company and Goldman Sachs International agreed that the Company would not accept the request for conversion at and after noon on October 10, 2006. The conversion price before that time was ¥180,000.

D. Date of redemption

November 6, 2006

E. Redeemed value

Total value of the outstanding convertible bonds with warrants as of November 6, 2006. The Company has not converted any of the convertible bonds with warrants issued into shares.

F. Redeemed price

Amount of ¥101 for ¥100 face value.

G. Underlying assets

Short-term debt will be appropriated for the underlying assets for advanced redemption.

H. Expected decrease in annual interest expense due to decrease in bonds

Not applicable.

(3) On October 6, 2006, the Board of Directors of the Company approved borrowing funds for appropriation of underlying assets for the advanced redemption of the convertible bonds with warrants issued on April 18, 2006, as follows:

Lender	Nikko City Group Securities
Amount of loan	¥20,000,000,000
Date of loan	November 2, 2006
Date of repayment	February 28, 2007
Interest rate	1.17438% (fixed)
Method	Loan agreement
Security	No security
Guarantee	No guarantee
Other covenant	Nothing

(4) The Board of Directors of the Company approved issuance of warrants in accordance with Articles 238 and 239 of the Company Law based on the resolution of the ordinary shareholders' meeting held on December 20, 2006.

A. Type and number of shares to be issued by the exercise of warrants

The shares to be issued by the exercise of warrants shall be up to 5,000 ordinary shares.

In case of stock split, the number of the target stock of unexercised warrants shall be calculated by the following formula. Fractions less than one share shall be rounded off.

Number of shares after adjustment = Number of shares before adjustment × Ratio of stock split (or split-down)

B. Total number of warrants

The number of the warrants to be issued shall be up to 5,000 (One share will be granted per warrant, subject to adjustment if necessary as prescribed in A. above).

C. Issue value of warrants

The warrants will be issued without compensation.

D. Paid-in value of exercise of warrants

The paid-in value of the exercise of a warrant ("Exercise Value") shall be calculated by the following method. The Exercise Value shall be the higher of the average of the closing prices of the Company's ordinary shares transacted in the regular way at the Tokyo Stock Exchanges of a month (excluding the days without transactions) before the month of the allotment day, or the closing price of the business day before the allotment day (if there is not such closing price, that of the nearest preceding day shall apply), multiplied by 1.05. Fractions less than 1 yen shall be rounded up.

If the Company issues new shares or disposes of treasury stock at a price below the market price (except in the case of issuance of new shares due to the exercise of the warrants), the Exercise value shall be adjusted by the following formula. Fractions less than 1 yen shall be rounded up.

$$\text{(Exercise value after adjustment)} = \text{(Exercise value before adjustment)} \times \frac{\text{(Number of shares outstanding)} + \dfrac{\text{(Number of new shares to be issued)} \times \text{(Paid-in value per share)}}{\text{(Stock price before issuance of new shares)}}}{\text{(Number of shares outstanding)} + \text{(Number of new shares to be issued)}}$$

E. Period for exercise of warrants

From January 1, 2009 to November 30, 2016

F. Conditions of exercise of warrants

(i) Those who are entitled to the warrants shall be any of the directors, corporate auditors or employees of the Company or its subsidiaries at the time of the exercise of the warrants unless there are any reasonable grounds such as resignation due to the expiry of the term of duty and mandatory retirement.

(ii) The contract for allotment of the warrants will not approve the exercise of the warrants by an heir, assignee, pledgor or anyone who succeeded to the warrants.

(iii) The contract for allotment of the warrants may fix the maximum number of exercisable warrants or the maximum amount of the total issue value of the new shares to be issued due to the exercise of the warrants each year (from January 1 to December 31) during the period for the exercise of the warrants.

G. Amounts of common stock and additional paid-in capital to be increased in case of issuance of new shares due to the exercise of warrants

(i) The common stock amount to be increased due to the exercise of the warrants shall be half of the limit of the capital amount increase calculated in accordance with Article 40.1 of the Company Account Rules. Fractions less than 1 yen shall be rounded up.

(ii) The amount of the additional paid-in capital to be increased in case of issuance of new shares due to the exercise of the warrants shall be the limit of the capital amount increase mentioned in (i) above minus the common stock amount increase calculated as mentioned in (i) above.

Sumitomo Fudosan Mita Twin Bldg.,
East Wing 13th Floor
4-2-8, Shibaura
Minato-ku, Tokyo 108-0023, Japan

Report of Independent Auditors

To the Board of Directors
FinTech Global Incorporated

We have audited the accompanying consolidated balance sheet of FinTech Global Incorporated ("the Company") and its subsidiaries as of September 30, 2006, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, all expressed in Japanese yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiaries as of September 30, 2006, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of readers, have been translated on the basis set forth in Note 1 to the accompanying consolidated financial statements.

PricewaterhouseCoopers Aarata

Tokyo, Japan
December 20, 2006

Principal Executive Team

(As of December 20, 2006)

FinTech Global Incorporated

NOBUMITSU TAMAI, *President and CEO*
Mr. Tamai was responsible for structuring and marketing of various structured financial products, including aircraft finance at ORIX Corporation. He was also involved in developing new businesses relating to insurance, risk finance and project finance involving insurance. Seeking to create a new style of investment banking business, he established FinTech Global in 1994.

YASUNOBU NOSE, *Managing Director, Investment Banking Division*
Mr. Nose has long been engaged in structured finance at financial institutions including Daiwa Securities Co., Ltd., Deutsche Bank AG and UBS AG. Most recently, he was the Head of Securitization in Japan at Lehman Brothers Japan, Inc., where he established securitization business for Japanese originators, and developed various other types of structured finance products. In January 2005, he was appointed Managing Director at the head of the Global Structured Finance Group in Japan. In October 2005, he joined the Company and was appointed head of the Investment Banking Division, and subsequently was appointed as Member of the Board at the General Meeting of Shareholders on December 20, 2005.

MITSURO OHASHI, *Managing Director, Credit Department*
Mr. Ohashi worked at the New York Branch and Overseas Credit Department of Mizuho Trust and Banking Co., Ltd. (formerly Yasuda Trust and Banking Co., Ltd.) before taking the position of president of the Australian subsidiary of the bank. He was transferred to the Credit Department of the bank in April 2000 as deputy manager responsible for credit risk control of structured finance. In October 2005, he joined FinTech Global Inc. to take charge of the Credit Control Department, and was subsequently appointed Member of the Board at the General Meeting of Shareholders on December 20, 2005.

ROBERT HIRST, *Managing Director*
Mr. Hirst's career includes positions at Bankers Trust Co., International Finance Corporation, Citibank NA and AIG Financial Products Corp whose Asian operations he established in 1987 and ran for many years. His professional expertise is in structured finance, financial derivatives and alternative assets. He is Chairman and CEO of FinTech Global Securities.

Stellar Capital AG, and Crane Reinsurance Limited

PATRICK VAN GEYZEL KELAART, *Chief Executive Officer*
With over 20 years' experience in the reinsurance business, Mr. Kelaart has held key positions at leading European reinsurance companies and insurance brokers, including Sedgwick, Benfield, Citicorp Insurance Brokers and Alexander Forbes. Since 1999 Mr. Kelaart has been running a reinsurance brokerage business, mainly in Europe and Bermuda, and has extensive experience in Japanese reinsurance underwriting.

Principal Consolidated Subsidiaries

(As of December 20, 2006)

FinTech Capital Risk Solutions Incorporated

Date of Establishment	July 2001
Paid-in Capital	¥50 million
Business Content	Credit enhancement

FinTech Global Securities, Inc.

Date of Establishment	June 2004 (licensed for securities business in October 2005)
Paid-in Capital	¥420 million
Business Content	Securities business

FinTech Real Estate, Inc.

Date of Establishment	November 2004
Paid-in Capital	¥10 million
Business Content	Real estate brokerage

Stellar Capital AG

Date of Establishment	March 2006
Paid-in Capital	¥10 billion
Business Content	Investments and credit enhancement

Crane Reinsurance Limited*

Date of Establishment	March 2006
Paid-in Capital	¥1.5 billion
Business Content	Credit enhancement provider

**A subsidiary of Stellar Capital AG*

Entrust, Inc.

Date of Establishment	March 2006
Paid-in Capital	¥2 billion
Business Content	Provision of guarantee system for rent payments and commissioned business

ASAP Payment System, Inc.

Date of Establishment	September 2005
Paid-in Capital	¥40 million
Business Content	Credit card debt factoring business

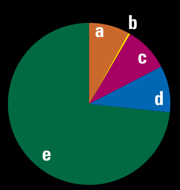
Investor Information

(As of September 30, 2006)

FinTech Global Incorporated

Head Office (As of January 5, 2007)	19th Floor, Toranomon Towers Office, 1-28, Toranomon 4-chome, Minato-ku, Tokyo 105-0001, Japan	
	Tel: 03-5733-2121 (general)	
	Fax: 03-5733-2124	
Osaka Office	11th Floor, Midosuji Honmachi Bldg., 5-7, Honmachi 3-chome, Chuo-ku, Osaka 541-0053, Japan	
	Tel: 06-6267-1160 (general)	
	Fax: 06-6267-1161	
Date of Establishment	December 7, 1994	
Paid-in Capital	¥10,624,769,825	
Number of Employees	48, including part-timers	
Members of the Board and Auditors (As of December 20, 2006)	*President and CEO*	Nobumitsu Tamai
	Members of the Board	Yasunobu Nose Mitsuro Ohashi Takeshi Sugimoto Haruyoshi Inoue Robert Hirst
	Auditors	Takaoki Ishiguro *(Full-time)*
		Toru Ohyama Yakichi Nagashima
Fiscal Year	September 30	
Shareholders' Meeting	December	
Date of Record	September 30	
Interim Dividend Date of Record	March 31	
Common Stock (Authorized)	616,800 shares	
Common Stock (Issued)	236,622 shares	
Number of Shareholders	12,646	
Listing	Mothers, Tokyo Stock Exchange	

Share Distribution



a Financial institutions	18,970 shares	(8.02%)
b Securities companies	961 shares	(0.41%)
c Other domestic corporations	21,181 shares	(8.95%)
d Foreign companies	22,023 shares	(9.31%)
e Individuals and others	173,487 shares	(73.31%)

Major Shareholders

Name	Shareholding (shares)	Voting Rights (%)
1. Nobumitsu Tamai	59,475	25.14
2. Ken Fujii	16,403	6.93
3. Masaaki Aoshima	11,550	4.88
4. Katsuhito Okedoi	9,150	3.87
5. Mizuho Capital Co., Ltd.	7,590	3.20
6. The Master Trust Bank of Japan (Trust account)	5,891	2.49
7. Japan Trustee Services Bank, Ltd. (Trust account)	4,830	2.04
8. Nippon Life Insurance Company	3,427	1.45
9. Haruyoshi Inoue	3,300	1.39
10. I•N Co., Ltd.	3,000	1.27

FinTech Global Incorporated
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