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Summary of Consolidated Financial Statements For Fiscal 2007

November 14, 2007

Company Name: FinTech Global Incorporated (Code Number: 8789 TSE Mothers)
(URL: http://www.fgi.co.jp/) TEL: (03) 5733-2121
Responsible for Inquiries: President and Chief Executive Officer Name: Nobumitsu Tamai
Director, Head of Treasury & Administration Division Name: Takeshi Sugimoto

Scheduled date of General Shareholders' Meeting: December 20, 2007

Scheduled starting date of dividend payment: December 21, 2007

Scheduled reporting date for Fiscal 2007 Financial Results: December 21, 2007

1. Overview of the financial conditions and business results for fiscal 2007.
(October 1, 2006 – September 30, 2007)

(1) Business results (The percentage in the table indicates YOY changes.)

	Net revenue		Operating income		Ordinary profit		Net income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Fiscal 2007	16,914	105.5	6,286	6.2	5,951	6.6	1,767	□45.4
Fiscal 2006	8,231	234.1	5,921	266.1	5,581	255.2	3,235	256.1

	Net income per share	Net income per share (diluted)	Return on Equity (ROE)	Return on Assets (ROA)	Return on Sales (ROS)
	Yen	Yen	%	%	%
Fiscal 2007	1,484.29	1,395.39	7.1	7.8	37.2
Fiscal 2006	14,354.40	12,458.52	22.9	16.1	71.9

(Reference) Equity in earnings of affiliated companies: ―

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million Yen	Million Yen	%	Yen
Fiscal 2007	90,740	27,191	27.6	20,797.85
Fiscal 2006	61,229	24,957	40.6	105,180.27

(Reference) Shareholders' equity: 25,010 million yen for FY2007, 24,887 million yen for FY2006

(3) Consolidated cash flows (Unit: Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal 2007	□10,000	□7,150	15,018	15,163
Fiscal 2006	□24,266	□2,916	44,247	18,718

2. Dividends

	Dividends per share			Total dividends (Annual)	Payout ratio (Consolidated)	Dividends on equity (DOE) (Consolidated)
Record date	The end of interim period	The end of fiscal 2007	Total			
	Yen	Yen	Yen	Million Yen	%	%
Fiscal 2006	—	5,000.00	5,000.00	1,183	34.8	6.4
Fiscal 2007	550.00	750.00	1,300.00	1,557	87.6	2.1
Fiscal 2008 (Estimates)	165.00	165.00	330.00		20.4	

Henceforward dividends will include both a fixed and variable element, with total payment set at 40% subject to achievement of performance objectives.

3. Performance forecasts for the full-fiscal 2008 (October 1, 2007 – September 30, 2008)

(The percentage in the table indicates YOY changes.)

	Net revenue		Operating income		Ordinary profit		Net income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Interim period of Fiscal 2008	9,040	47.0	3,035	16.1	2,854	17.3	733	□40.0
Full-fiscal 2008	17,607	4.1	7,139	13.6	6,853	15.2	1,991	12.7

	Net income per share
	Yen
Interim period of Fiscal 2008	602.36
Full-fiscal 2008	1,614.45

4. Others

(1) Transfer of the principal consolidated subsidiary during the term
(Transfer of specified subsidiary with change of scope of consolidation.): N/A

(2) Changes in accounting policies
1. Changes due to changes in accounting standard: Applicable
2. Other changes: Applicable

(3) Number of shares outstanding (common stock)
1. Number of shares issued at the end of period (including treasury stocks): FY2007 1,202,560 shares
FY2006 236,622 shares

2. Number of treasury stocks at the end of period: FY2007 nil
FY2006 nil

(Note) Please see the "Per Share Information" page 50 for the number of shares which is a basis of calculation of Net income per share.

(Reference) Summary of non-consolidated financial conditions and business results

1. Non-consolidated financial conditions and business results for Fiscal 2007
(October 1, 2006 – September 30, 2007)

(1) Non-consolidated business results

(The percentage in the table indicated YOY changes.)

	Net revenue		Operating income		Ordinary profit		Net income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Fiscal 2007	7,287	□3.4	4,230	□27.3	3,731	□31.9	1,806	□44.1
Fiscal 2006	7,544	206.2	5,815	252.5	5,480	241.7	3,234	247.6

	Net income per share	Net income per share (diluted)
	Yen	Yen
Fiscal 2007	1,516.90	1,426.04
Fiscal 2006	14,349.40	12,454.18

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million Yen	Million Yen	%	Yen
Fiscal 2007	78,362	24,950	31.8	20,743.47
Fiscal2006	58,595	24,896	42.5	105,215.93

(Reference) Shareholders' equity: 24,945 million yen for FY2007, 24,896 million yen for FY2006.

2. Non-consolidated performance estimates for Fiscal 2008
(October 1. 2007– September 30, 2008)

(The percentage in the table indicates YOY changes.)

	Net revenue		Operating income		Ordinary profit		Net income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Interim period of Fiscal 2008	4,081	□12.6	1,988	□38.6	1,758	□38.4	833	□41.8
Full-fiscal 2008	8,350	14.6	4,241	0.3	3,793	1.7	1,972	9.2

	Net income per share
	Yen
Interim period of Fiscal 2008	684.21
Full-fiscal 2008	1,599.30

* Information concerning proper use of forward-looking statements and other special instructions

Forward-looking statements in this material are based on data available to management as of November 14, 2007 and certain assumptions which are believed to be rational. Actual results may differ from these estimates due to unforeseen factors.

(Reference) Per-share information in case retroactive adjustment is made

The Company conducted a 5-for-1 stock split on October 1, 2006. Assuming that the share split was effected at the beginning of the previous year, the per-share information can be summarized as follows:

(1) Consolidated

	Net assets per share	Net income per share	Net income per share (diluted)
	Yen	Yen	Yen
Fiscal 2007	20,797.85	1,484.29	1,395.39
Fiscal 2006 (adjusted)	21,036.05	2,870.88	2,491.70

(2) Non-consolidated

	Net assets per share	Net income per share	Net income per share (diluted)
	Yen	Yen	Yen
Fiscal 2007	20,743.47	1,516.90	1,426.04
Fiscal 2006 (adjusted)	21,043.19	2,869.88	2,490.84

I. Business Results and Forecasts

(1) Performance Analysis

During fiscal 2007, the consolidated period ended September 30, 2007, the Japanese economy continued to expand, supported by higher corporate earnings and steady consumer spending. On the international front, however, the subprime mortgage crisis that originated in the United States became critical in June 2007, prompting a credit crunch in the U.S. financial market and volatile swings in exchange rates. The impact of the crisis spread worldwide, eroding global economic stability.

In the domestic finance sector, where the FinTech Global (FGI) Group is active, demand for funds remained steady, as did interest in structured finance -- the Group's forte field -- as a means to support corporate growth. Unfortunately, the upheaval caused by the subprime mortgage crisis in the U.S. financial market, while temporary, forced financial institutions in Japan to take a tougher stance on lending operations, especially loans related to real estate -- which happen to form a key element of the Group's property development securitization arrangements -- and to be more selective in their investments, in an effort to ensure profitability and borrower quality.

Given the operating environment and with property development securitization arrangements a key source of profit, the Group sought to maximize the potential for multiple profit opportunities from each financial arrangement by providing bridging loans, which essentially make up for the cash shortfall that typically handicaps property developers at the phase before a building permit is granted. The connection thus formed is a gateway to arrangements for construction finance once the required building permits are in hand.

Also in Group news, FGI brought FXOnline Japan Co., Ltd. (FXO), under the scope of consolidation by acquiring a total equity stake of 44.99% between January and March 2007. Through this acquisition, FGI added FX (Foreign Exchange) business to its business résumé.

Despite solid demand for structured finance and a wider sphere of activity, FGI saw non-consolidated operating income, ordinary profit and net income fall far below stated targets. This situation reflects two key developments: first, fiscal management, namely the application of funds toward the equity stake in FXO in the first half of fiscal 2007, which required FGI to restrict investment and lending activities in its principal finance operations; and second, repercussions from the aforementioned upheaval in world financial markets, which prevented the Company from completing by September 2007 several large-scale project finance transactions, including two arrangements that assumed access to funds from U.S.-based financial institutions in Japan.

On a consolidated basis, net revenue soared 105.5% year on year, to ¥16,914 million, while ordinary profit inched up 6.6%, to ¥5,951 million. Exemplifying the challenges of the operating environment, net income tumbled 45.4%, to ¥1,767 million.

1. Investment Banking Business

1) Arrangement Operations

In its arrangement services, FGI packages several financial transactions, such as asset securitization, into a structure, adjusts this structure to accommodate investors and other participants in the arrangement, and then verifies the content from legal, accounting and taxation perspectives.

i) Arrangement Services

Income from arrangement contracts comes from transactions with no credit enhancement facility. For details on arrangements with credit enhancement, please see ii) below.

FGI maintains an edge over major banks in the speed at which the Company assembles structured finance arrangements and in the tailored approach the Company takes to formulating transactions to the specific requirements of each client.

In fiscal 2006, FGI acquired the financial resources to turn both wheels of the investment banking cart -- arrangement operations and principal finance operations -- and in fiscal 2007, the Company successfully demonstrated the reciprocal effects derived from the mutually complementary business pursuits.

To maximize its position, FGI established FinTech Principal Investment Incorporated, a joint venture with Merrill Lynch Japan Securities Co., Ltd., that falls under the Company's scope of consolidation. The new subsidiary, which opened for business in August 2007, was to underpin FGI's efforts to secure arrangement income by extending funds for transactions that have traditionally been difficult to arrange. Unfortunately, financial market upheaval in the second half of fiscal 2007 prevented completion of certain large-scale project finance arrangements that hinged on access to funds from U.S.-based financial institutions. As a result, second-half results from arrangement services fell below expectations.

Consequently, consolidated net revenue from arrangement services slipped 12.4% from a year earlier, to ¥3,271 million. Gross profit dropped 10.6%, to ¥3,082 million.

ii) Arrangement Services with Credit Enhancement

Credit enhancement is a capital risk solution through which financial risks inherent in securitization or structured finance transactions are underwritten by securities companies or insurers, such as Switzerland-based Group member Stellar Capital AG, in the form of guarantees. This facility enables FGI to create arrangements that are more inviting to the lending divisions of financial institutions.

In fiscal 2007, FGI packaged four structured finance transactions with credit enhancement underwritten by Stellar Capital. The Company also set up arrangements for which it provided the guarantees itself.

Net revenue from arrangement services with credit enhancement amounted to ¥607 million, down 35.4% year on year. Gross profit on revenue declined 34.5% to ¥593 million.

On a consolidated basis, net revenue from arrangement operations in fiscal 2007 amounted to ¥3,878 million, down 17.0% over fiscal 2006. Gross profit came to ¥3,676 million, down 15.6%.

For reference, arrangement fees as a percentage of the aggregate value of arrangements packaged by FGI in fiscal 2007 was 1.63%, based on a total contract value of ¥237.5 billion and arrangement income of ¥3,878 million.

2) Principle Finance Operations

FGI itself acts as a provider of funds, in the capacity of investor or lender, in structured finance transactions when, for instance, the Company views a particular arrangement with acceptable risk-return but the transaction cannot be closed on schedule because external participants require additional time for assessment. In such cases, FGI will extend funds to facilitate completion of the transaction and will be reimbursed when the expected external funding comes through.

FGI's ability to offer funds hinges on high-level assessment skills and solid funding capabilities accumulated as an arranger in the field of structured finance. Because the Company utilizes this function to become a partner in the arrangement, assuming risks associated with the position of originator as well as provider of funds, the transactions acquire a higher level of credibility.

In fiscal 2007, FGI was more reserved in its principal finance investment and lending activities. In the first half, this self-imposed limitation had its roots in a change in fiscal perspective, namely the application of funds toward equity in FXO, and in internal transaction processing, which cancelled out income from special purpose companies (SPCs) included under the scope of consolidation and into which the Company had invested funds. In the second half, FGI was unable to close certain large-scale project finance arrangements as planned because of lingering problems associated with the subprime mortgage crisis in addition to tougher criteria in the domestic building standards law in the wake of scandals arising from the falsification of structural calculations and longer wait times for building permits. As a result, the Company did not reach its goal for loan fees and did not meet its target for revenues from principal finance operations.

From fiscal 2007, FGI has increased the level of corporate loans extended to clients to facilitate structured finance arrangements.

Consolidated subsidiary FinTech Real Estate, Inc. (FRE), invested in *tokumei kumiai* (silent partnerships) for which FGI had created structured finance arrangements.

In September 2007, FGI transferred to a third party all shares and all claims held in ASAP Payment System, Inc., a consolidated subsidiary involved in the credit card debt factoring business.

Despite the challenges, net revenue from principal finance operations, on a consolidated basis rose 4.7% year on year, to ¥2,929 million. Gross profit, however, reached ¥2,295 million, down 13.3%.

3) Other Investment Banking Operations

FGI places profits from administrative and cash management services and profits generated by FinTech Global Securities, Inc. (FGS), under other investment banking operations.

Administrative services are business procedures -- that is, cash management services -- executed on behalf of SPCs for which FGI has completed property development securitization, liquidation-for-profit transactions and other financial arrangements. Cash management services encompass 1) the preparation and revision of plans, such as the annual budget drafts and business financing agendas of SPCs for which FGI has arranged property development securitization and liquidation-for-profit arrangements; 2) final decisions on payments and receivables; and 3) cash-flow management.

FGS acts as an agent for products, such as loan credits and investment securities, arranged by FGI and sells alternative funds in overseas markets.

Until fiscal 2007, interest income from corporate loans was recorded under other investment banking operations, but the growing importance of this revenue source prompted FGI to book it under principal finance operations instead, as of fiscal 2007 year-end.

Consequently, net revenue from other investment banking operations dropped 35.5%, on a consolidated basis, to ¥177 million, in fiscal 2007, compared with the amount recorded in fiscal 2006, and gross profit declined 35.9%, to ¥175 million.

Based on the aforementioned performances, investment banking business generated a total of ¥6,985 million in fiscal 2007, a 9.8% decrease over fiscal 2006. Gross profit slipped 15.5%, to ¥6,147 million.

2. Reinsurance/Financial Guarantee Business

The reinsurance/financial guarantee business hinges on Stellar Capital, which provides guarantees on arrangements with credit enhancement packaged by FGI, and Crane Reinsurance Limited, which was established by Stellar Capital in Bermuda to underwrite reinsurance, primarily policies held by major property management companies in Japan to cover the household affects of tenants.

In fiscal 2007, Stellar Capital underwrote the credit enhancement portion of four arrangements packaged by FGI with this facility.

Temporary fallout from the U.S. subprime mortgage crisis -- namely, financial market upheaval and exchange rate fluctuations -- did impact Stellar Capital's surplus fund investments, but the company was able to achieve favorable investment returns over the full year.

In conjunction with revision of the Insurance Business Law in 2006, reinsurance underwriting schemes that had been used up to fiscal 2006 came under review. Some schemes were found to be in need of restructuring, and the scheme geared to the transition of existing specialized underwriters into small-claim, short-term insurance business, by April 2008, is currently being refined. But Crane Reinsurance remains committed to underwriting reinsurance for such policies as household effects.

Entrust, Inc., presents business models that generate profits for major national and regional rental housing management companies in Japan utilizing original rent guarantee services. Diligent efforts to realize alliances with major rental housing management companies did not lead to any agreements in fiscal 2007 but will -- and actually already are -- paying off in fiscal 2008.

Overall, results from the reinsurance/financial guarantee business were excellent, with net revenue soaring 261.2%, to ¥1,720 million. Gross profit jumped 22.5%, to ¥392 million.

3. FX (Foreign Exchange) Business

FGI's participation in the FX (Foreign Exchange) business is through FXO, which undertakes online forex margin trading. The business results achieved by FXO between April 1, 2007 and September 30, 2007, are included in FGI's consolidated performance for fiscal 2007.

During its special six-month fiscal term, FXO attracted more clients by reinforcing its marketing efforts and by implementing a tighter rate spread on trades, effective from June. Heightened volatility in forex markets in July and August also benefited the company, leading to higher trading volume from clients.

The FX (Foreign Exchange) business generated net revenue of ¥3,139 million and gross profit of ¥3,139 million. Year-on-year comparisons are not provided since FXO was not brought under consolidation until fiscal 2007.

4. Real Estate Related Business

Net revenue from real estate related business comprises brokerage commissions on real estate transactions executed by FRE as well as rental income and proceeds from the sale of property held by SPCs under the scope of consolidation.

In fiscal 2007, an SPC under the FGI consolidated umbrella sold marketable real estate holdings. This sale accounted for ¥3,658 million of net revenue and ¥2,569 million of cost of revenue. However, the sale had no impact on net income because the consolidated equity ratio in this SPC is zero.

In the end, real estate related business generated net revenue of ¥5,069 million. Gross profit came to ¥1,752 million.

For reference, in previous fiscal years, real estate related results were recorded under Other Business.

(2) Fiscal 2008 Forecasts

Fiscal 2007 marked the second year of a three-year medium-term management plan that began October 1, 2005. It was to be a cornerstone period of content building in which the Group actively increased staffing levels, reinforced business capabilities and enhanced training, fiscal status and internal controls. Successfully prepared for the third and final year of the plan, the Group would be primed for growth in fiscal 2008.

Unfortunately, the Group fell short of its fiscal 2007 objectives, primarily for two reasons. First, it appears more time is needed to forge an internal control structure that properly addresses full-scale enforcement of the Financial Instruments and Exchange Law, and second, more training is required to hone the skills of an expanded workforce.

In response, the Group will continue to reinforce business content and complete these activities with a broader search for fund suppliers, a structural shift toward non-real estate related operations, and a companywide perspective to risk management. The underlying challenge is to pursue innovative business activities that typify the unique qualities of FGI.

In fiscal 2007, FGI worked to strengthen Group management and reviewed the business plans of subsidiaries. In fiscal 2008, the Company will prioritize the selection and concentration of management resources, based on the results achieved in fiscal 2007.

Twice in fiscal 2007, FGI had to revise its performance forecasts downward. Revisions are undeniably disconcerting to shareholders, so to avoid a repetition of this situation in fiscal 2008 and given increasing uncertainty in the real estate market and unsettled financial conditions, the Company will consider the four points listed below in determining forecasts.

(1) The liquidity shortfall -- the credit crunch -- that the U.S. subprime mortgage crisis triggered in financial markets is not necessarily over and lingering issues could lead to a scarcity of fluid funds in financial markets. Generally speaking, it will become more difficult to arrange structured finance transactions. Although proven results will foster more inquiries for the Company's arrangement services and underpin growth of its high-profit fee business, the number of processable arrangements may fall, primarily because more time is needed to create arrangements.

(2) It is unclear how conditions in the real estate market will evolve, so higher risk on investments and loans for real estate development is a possibility. FGI will take a more conservative approach in its screening standards for investments and loans and carefully select arrangements for execution. For these reasons, principal finance balance of the Company may be strictly controlled. Profitability may rise, as a lack of fund suppliers causes interest rates to go up.

(3) To avert a downturn in performance, FGI will exclude from performance forecasts such components as difficult-to-package large-scale transactions with massive fund procurement -- including those transactions that remained unclosed at the end of September 2007 -- and returns on equity investment in real estate for which earnings are difficult to predict.

(4) FGI will prioritize the allocation of management resources to new fields other than real estate, which have not been actively incorporated into performance forecasts to date, even if they may present lower profitability than real estate projects, and to credit enhancement services, a forte segment which integrates financing and insurance. This focus will help to diversify and stabilize the Company's profit structure.

Based on this operating environment, FGI estimates net revenue at ¥17,607 million, ordinary profit at ¥6,853 million and net income at ¥1,991 million, on a consolidated basis.

Expectations by business segment are presented below.

1. Investment Banking Business

Looking at past arrangement results, FGI recorded ¥262.2 billion in fiscal 2006 and ¥237.5 billion in fiscal 2007, and if large-scale transactions planned for completion in fiscal 2007 had actually been closed on time, the total would have been around ¥380 billion.

In fiscal 2008, revenue from arrangement operations may settle around ¥300 billion -- an amount that reflects the Company's decision to exclude large-scale transactions from estimates as well as the possibility of a lower number of processable components within overall arrangements paralleling a need for more time to complete the transactions.

Arrangement fees, including fees on arrangements with credit enhancement, as a percentage of aggregate arrangement value were 1.79% in fiscal 2006 and 1.63% in fiscal 2007. The percentage is likely to hold at 1.63% in fiscal 2008, as the increasing difficulty involved in creating arrangements drives fees upward. This would mean arrangement fees settle around ¥4,976 million in fiscal 2008.

A breakdown of investments and loans as at September 30, 2007, showed loans receivable, trade at ¥42.6 billion and investments in securities, trade at ¥3.9 billion, for an investment and loan balance of ¥46.5 billion. For details, please refer to the summary of non-consolidated financial statements announced on the same date as these materials were released.

Anticipating aftereffects from the subprime mortgage crisis to linger in fiscal 2007, FGI expects seed money to reach about ¥41.0 billion, based on fiscal 2007 investment and loan results. The average balance of investments and loans should rest at ¥35.0 billion, while principal finance operations generate returns in the vicinity of ¥3.2 billion.

The consolidated forecast for revenue from investment banking business in fiscal 2008 is ¥8,555 million and for ordinary profit, ¥3,793 million.

2. Reinsurance/Financial Guarantee Business

Profits from the reinsurance/financial guarantee business include income generated by Stellar Capital from underwriting guarantees in arrangements packaged by FGI with credit enhancement as well as income earned by Entrust on services to guarantee rent in the event tenants are in arrears and to guarantee restitution costs in the event tenants are evicted.

Factoring in financial conditions and the state of the real estate market and seeking to be more selective in its choice of credit enhancement transactions, Stellar Capital will strive to meet again in fiscal 2008 the performance levels achieved in fiscal 2007.

At Crane Re, the business spotlight is on underwriting reinsurance with healthy risk, such as coverage taken out by major domestic rental housing management companies to insure the household effects of tenants.

The revised Insurance Business Law prompted a shift among existing specialized underwriters into small-claim, short-term insurance businesses, which in turn brought about a review of reinsurance underwriting schemes that had been used up to fiscal 2006. Some schemes were found to be in need of restructuring. To deal with this situation, Crane Re will be forced to temporarily halt the preparation of new policies for existing clients in the specified insurance sector.

At this point in time, the company cannot confirm the date to begin underwriting activities under the new schemes in April 2008, although this is the goal. Therefore, the company is taking a conservative view to the prevailing situation and has set its revenue target at zero. Nevertheless, insurance premiums are apportioned according to policy duration and recorded as monthly income, and a fixed amount of income will be secured from existing policies again in fiscal 2008.

Entrust is looking forward to turning a profit in fiscal 2008, buoyed by the October 2007 signing of a business outsourcing contract for rent guarantee services with a major rental housing management company.

Fixed costs are likely to rise, paralleling the launch of a pilot program for the financial guarantee business.

Based on these factors, management anticipates revenues of ¥516 million but an ordinary loss of ¥20 million, on a consolidated basis.

3. FX (Foreign Exchange) Business

Demand for forex margin trading should remain strong in fiscal 2008, but the business environment will become increasingly competitive, as new participants enter the field and existing participants strive to raise respective profiles with broader service content.

Although the high-profit aspect of this business will not change, expenses are likely to climb, particularly operating costs associated with effects to distinguish FXO from its rivals as well as miscellaneous expenses aimed at strengthening the internal structure.

Consequently, the forex business will probably generate net revenue of ¥6,471 million and ordinary profit of ¥2,707 million.

4. Real Estate Related Business

Earnings from real estate related business will comprise brokerage commissions on real estate transactions executed by FRE as well as rental income and proceeds from the sale of property held by SPCs under the scope of consolidation. But it is difficult to pinpoint profitability because actual results depend greatly on the unknown factors -- the existence of projects, fluctuations in the real estate market, and the spin-off benefits gained through arrangement services for property development securitization in investment banking business.

Revenue could be way up or way down, since accounting standards differ, depending on whether ownership of a structure is through silent partnership investment or property in kind.

Based on loadable projects at the current time and excluding projects that are unlikely to come to fruition, FGI expects real estate related business to contribute ¥2,064 million in net revenue and ¥363 million in ordinary profit in fiscal 2008, in a consolidated basis.

Cautionary Statement regarding Consolidated Forecasts

Forward-looking statements, including performance forecasts presented in these materials, are based on information available to management as of this disclosure data and certain reasonable assumptions. A number of factors could cause actual results to differ greatly from expectations.

(2) Financial Review

Balance Sheet Analysis
At September 30, 2007, current assets stood at ¥82,248 million, an increase of ¥23,672 million, from a year earlier. The major components of this change were ¥4,132 million in investments in securities, trade, and ¥11,048 million in loans receivable, trade, from principal finance investment and loan activities, as well as ¥10,214 million in deposits associated with the FX (Foreign Exchange) business.

Fixed assets reached ¥8,491 million, up ¥5,838 million year on year, reflecting goodwill of ¥6,515 million, primarily from the acquisition of equity in FXO.

Current liabilities settled at ¥35,350 million, or ¥21,322 million more than at the end of September 2006. The key components of this change were ¥9,992 million in deposits from FXO's clients, ¥8,021 million in short-term debt and ¥7,099 million in long-term debt due within one year.

Fixed liabilities were ¥28,198 million, as of September 30, 2007, up ¥5,956 million from a year earlier. This change stems largely from the November 2006 early redemption of all bonds in the Company's third unsecured convertible bond-type bonds with stock acquisition rights and a reduction of ¥20,000 million in liabilities -- wherein ¥20,000 million in short-term debt was applied to bond redemption -- and to ¥22,170 million from the issue of ¥20,000,000,000 Zero Coupon Convertible Bonds due 2012. Long-term debt for the acquisition of equity in FXO accounted for ¥2,315 million of the increase in fixed liabilities.

Net assets amounted to ¥27,191 million, up ¥2,233 million year on year, primarily owing to a ¥2,105 million boost in minority interests, including FGI's share in FXO.

Consequently, at the end of September 2007, total assets stood at ¥90,740 million, liabilities, at ¥63,549 million and net assets, at ¥27,191 million, for an equity ratio of 27.6%.

Cash Flow
Cash and cash equivalents (hereafter, "cash") at September 30, 2007, was ¥15,163 million, down ¥3,554 million from a year earlier.

An analysis of cash flows during fiscal 2007 is presented below.

Net cash used in operating activities came to ¥10,000 million (¥24,266 million in FY2006). This sizable decrease reflects the use of ¥6,000 million to shore up the consolidated principal finance balance, including investments in securities, trade, and loans receivable, trade, and the use of ¥6,071 million to buoy inventory.

Net cash used in investing activities was ¥7,150 million (¥2,916 million in FY2006). The change is almost exclusively accounted for by ¥7,452 million used in the acquisition of a newly consolidated subsidiary.

Net cash provided by financing activities settled at ¥15,018 million (¥44,247 million in FY2006). The considerable decrease stems primarily from the application of proceeds totaling ¥22,059 million from the issue of the ¥20,000,000,000 Zero Coupon Convertible Bonds due 2012 toward early redemption of all bonds in the Company's third unsecured convertible bond-type bonds with stock acquisition rights. -- amounting to ¥20,200 million -- and the procurement of ¥22,059 million through long-term and short-term debt, of which ¥7,577 million was used to repay long-term debt.

Reference: Indicators of Cash Flow Status
(Fiscal years ended September 30)

	FY2004	FY2005	FY2006	FY2007
Shareholders' equity ratio (%)	44.85	42.6	40.6	27.6
Shareholders' equity ratio on a market value base (%)	—	968.6	195.1	46.8
Cash flow to liabilities with interest ratio (%)	128.3	—	—	—
Interest coverage ratio (times)	173.93	—	—	—

Notes:
1. The indicators in the table above were calculated according to the following formulas using data from the consolidated financial statements.
   Shareholders' equity ratio: Shareholders' equity / Total assets
   Shareholders' equity ratio on a market value basis: Total market value of stocks / Total assets
   Cash flow to liabilities with interest ratio: Liabilities with interest / Operating cash flow
   Interest coverage ratio: Operating cash flow / Interest payments
   - All ratios have been calculated from consolidated fiscal amounts.
   - • Operating cash flow refers to Cash Flows from Operating Activities, as listed in the Consolidated Statements of Cash Flows.
   - Liabilities with interest refer to all liabilities recorded on the consolidated balance sheets and for which interest is paid. Interest payments represent the amount of interest paid and appear on the Consolidated Statements of Cash Flows, under Cash Flows from Operating Activities as "Interest expenses".
2. Shareholders' equity ratio on a market value base is not provided for fiscal 2004 because the Company was not listed as of September 30, 2004.
3. Years of debt redemption and interest coverage ratios are not entered for the fiscal years ended September 30, 2005, 2006 and 2007 because the Company posted negative cash flows from operating activities.
4. Liabilities with interest for the cash flow to liabilities with interest ratio in fiscal 2007, ended September 30, 2007, does not include the ¥22,170 million generated through the issue of the ¥20,000,000,000 Zero Coupon Convertible Bonds due 2012 in February 2007 because these are zero-coupon bonds.

(3) Dividends and Basic Policy on Profit Distribution
With regard to the distribution of profits, management prioritizes the return of profits to shareholders. But this objective is tempered by a commitment to maintain internal reserves at a level sufficient to quickly and properly reinforce the business base and to fund expanding operations. Therefore, full weight is given to such factors as fiscal performance and future business development in the calculation of dividends. The payout ratio target has been around 40% of non-consolidated net income.

Notwithstanding this objective, the Company's success, or failure, in executing large-scale project finance in fiscal 2007 was not verified as of September 21, 2007, the final trading date for stock with year-end dividend rights, and therefore the Company was unable to notify shareholders of any revision to year-end dividends before this date.

In view of this special circumstance, management decided to maintain year-end dividends as originally presented in previous disclosure materials, at ¥750 per share. Combined with the interim dividend of ¥550 per share, the annual dividend amounts to ¥1,300 per share.

From fiscal 2008, management will apply a new formula for determining dividends that ensures a payout ratio of 40%. Dividends will comprise a stable component equivalent to 20% of anticipated net income and a performance-based component that weighs fiscal results against the stable component when non-consolidated net income reaches a certain benchmark.

In the event the stable dividend component exceeds 40% of non-consolidated net income in total, only the stable dividend component will be distributed to shareholders of record.

Under basic policy, a stable dividend component will be paid out twice a year, for interim and year-end settlements. The interim dividend will comprise only a stable dividend portion, and the year-end dividend will include a performance-based component tacked on to the stable dividend component.

Notwithstanding this objective, the benchmark value for the performance-based component is fiscal 2008 non-consolidated net income forecast, so if certain unanticipated factors cause actual non-consolidated net income to differ from the estimate, the performance-based component may be revised, in consideration of such variables as fiscal results and operating environment.

Retained earnings will be allocated to principal finance-related investments and loans.

(4) Business Risks

Major risk factors with the potential to impact the business activities of the Group are described below. Risk factors that are not necessarily applicable to the Group's activities but may be important to investors in their decision-making plans have been included to enhance investor-oriented disclosure practices. Forward-looking statements are based on assumptions formed by executives of the Group from information current as of November 14, 2007.

a) Risks inherent in Expanding Operations

As of September 30, 2007, the Group employed 129 regular staff members as well as 11 casual and temporary staff members. More staff will be hired as operations expand, and internal structures will be reinforced accordingly.

Any delay, however, in the establishment of a human resource structure appropriate to the scale operations caused by the inability to recruit additional staff as planned could hamper the execution of business activities under the Group umbrella and stall further expansion of current and future activities.

Furthermore, the business content of the Group is specialized and requires sophisticated know-how. A management priority is thus to attract and keep employees at a level that supports the Group's rate of growth.

The Group intends to actively recruit people with excellent skills and provide appropriate in-house training, paralleling business development. If, however, existing personnel were to leave all at once, staffing needed by the Group was not adequately maintained, programs to train new employees were not properly implemented, or management controls failed to keep up with sudden organizational expansion, then the progress of corporate growth might slow or stop and business opportunities might be lost.

b) Risk associated with Legal Restrictions

Depending on the structuring involved in asset securitization undertaken by the investment banking division, the Group is, or may be, subjected to certain legalities. The Financial Instruments and Exchange Law, in particular, may require certain official procedures, such as the registration of scheme participants as traders of financial instruments, on structuring that falls under the scope of this law, which might then precipitate circumstances that impede the formation of structuring transactions or necessitate greater cost or more time than is usually expended in the execution of such transactions.

The amendment or abrogation of laws and regulations in the future by legislative bodies and political administrations and possible reinterpretation of laws and regulations by the respective authorities are developments that could possibly narrow the scope of activities that the Group is allowed to conduct, elevate the costs that must be borne to execute such activities, and prompt the appearance of new business risks. Such changes could impact Group performance and the viability of business pursuits now and yet to come.

Amended laws and ordinances, or reinterpretation of such legislation, as well as changes in structuring could, when the Company or members of the Group seek to acquire or renew licenses and other legally required approvals, necessitate the hiring of additional personnel and obligate the Company to reinforce overall compliance, including the establishment of a firewall, which would contribute to higher compliance-related expenses.

It is possible that material facts disclosed by the Company or advice extended by the Company, in accordance with such laws and the general principles stated in the Civil Code, may be perceived, respectively, as serious falsification or misrepresentation of data, or simply inaccurate. Even if the Company is not actually at fault, calls for compensation by alleged victim raises the risk of incurring substantial litigation costs and/or a tarnished reputation.

Violation of stated legislation could cause a delay in the execution of business activities, as the authorities investigate the alleged contravention, and the Group could also be subject to punishment, including fines, suspension of business and termination of licenses and approvals.

The Company, which was registered with the authorities as a beneficial rights trader in accordance with Article 86, Item 1 of the old Trust Business Law, is now recognized as a Type 2 financial instruments business -- Kanto Local Finance Bureau License (registration) No. 1469 (Financial Instruments Trader (*kinsho*)) -- in accordance with Article 29 of the Financial Instruments and Exchange Law, pursuant to Supplementary Article 200, Item 1 of the Law for Partial Amendment of the Securities and Exchange Law, and trades certain financial instruments as part of asset securitization undertaken by the investment banking division.

The validity of a financial instruments business license is open-ended and therefore renewal is unnecessary. However, Article 29, Item 4 of the Financial Instruments and Exchange Law stipulates reasons for denying a license and Article 52 of the same law describes situations that warrant the cancellation of a license or the issuance of a business suspension order. As of this date, management knows of no reasons or situations that would warrant the refusal or cancellation of the Company's license, but if the Company were to lose its license or be ordered to suspend operations, such developments would impede the execution of business activities and could adversely impact fiscal performance.

The Company is registered as a moneylender -- Tokyo Government (2) License (registration) No. 28474 -- in accordance with Article 3, Item 1 of the Money-Lending Business Control and Regulation Law, which comprises regulations for loan business in Japan, and undertakes lending operations as part of asset securitization undertaken by the investment banking division. The Company's current moneylender's license is valid from April 28, 2007, to April 28, 2010.

Article 6 of the Money-Lending Business Control and Regulation Law stipulates reasons for denying a license and Article 37 and Article 38 of the same law describe situations that warrant license cancellation. As of this date, management knows of no reasons or situations that would prevent license renewal or cause cancellation of an existing license, but if the Company were unable to renew its license or loses an existing license for any reason whatsoever in the future, such status could impede the execution of business activities and could adversely impact fiscal performance.

Two consolidated subsidiaries are also registered as moneylenders: FinTech Principal Investment Inc., holding Tokyo Government (1) License (registration) No. 29731, the validity of which is from November 30, 2005, to November 30, 2008; and FGI Principal Co., Ltd., holding Tokyo Government (1) License (registration) No. 29399, the validity of which is from June 30, 2005, to June 30, 2008.

The Company is registered as real estate agent -- Tokyo Government (1) License (registration) No. 88189 -- in accordance with Article 3, Item 1 of the Real Estate Transaction Business Law and undertakes real estate transaction business as part of asset securitization undertaken by the investment banking division. The Company's current license as a real estate agent is valid from September 15, 2007, to September 14, 2012.

Article 5 of the Real Estate Transaction Business Law stipulates reasons for denying a license and Article 66 and Article 67 of the same law describe situations that warrant license cancellation. As of this date, management knows of no reasons or situations that would prevent license approval or cause cancellation of an existing license, but if the Company were unable to renew its license or loses an existing license for any reason whatsoever in the future, such status could impede the execution of business activities and could adversely impact fiscal performance.

Consolidated subsidiary FinTech Real Estate, Inc., is also registered as a real estate agent -- Tokyo Government (1) License (registration) No. 84063 -- and its license is valid from January 22, 2005, to January 21, 2010.

c) Risk of Dilution of Stock Price due to Exercise of Warrants

The Company grants subscription rights as stipulated in Article 280-19 of the old Commercial Code, to members of the Company's Board of Directors, staff and qualified supporters, based on a special resolution passed at the ordinary shareholders' meeting held December 25, 2001, and stock acquisition rights to directors and staff of the Company and directors at subsidiaries and affiliates, as stipulated in Article 280-20 and Article 280-21 of the 2001 revision of the old Commercial Code, based on special resolutions passed at the extraordinary shareholders' meeting held June 16, 2004, and at ordinary shareholders' meetings held December 3, 2004, and December 20, 2005, and resolutions passed at special Board of Directors' meetings held December 1, 2004, December 14, 2004, December 2, 2005, and April 27, 2006. Subscription rights are further granted to employees of the Company as stipulated in Article 236, Article 238 and Article 239 of the Company Law, based on a special resolution passed at the regular shareholders' meeting held December 20, 2006, and a resolution passed at a special Board of Directors' meeting held June 1, 2007.

Management intends to maintain this structure. If currently surviving subscription rights and stock acquisition rights are exercised, the action could dilute the per-share value of the Company's stock.

Compared with 1,202,560 shares outstanding, as of October 31, 2007, the number of new shares to be issued, based on the exercise of stock options, reached 61,190. The Company has set out conditions, such as the period during which rights may be exercised and the number of shares that may be acquired through exercise of rights, in its “Agreement for Granting New Share Subscription Rights,” which is a contract between the Company and right holders.

In February 2007, the Company issued the ¥20,000,000,000 Zero Coupon Convertible Bonds due 2012 (“ Euroyen convertible bonds), with par value of ¥22,170 million. The Company opted for a conversion price higher than market value to minimize dilution of earnings per share and tacked on a 120% conversion reserve clause to restrict the exercise of warrants. However, it is possible that the per-share value of the Company’s stock will be diluted when the warrants attached to this Euroyen convertible bonds are exercised.

Compared with 1,202,560 shares outstanding, as of October 31, 2007, the number of new shares to be issued, based on the exercise of warrants attached to this Euroyen convertible bond, stood at 139,785.

Consolidated subsidiaries have also issued stock acquisition rights.

d) Risks Affecting Fiscal Performance and Financial Position

Five-Year Summary of Key Fiscal Results

Years ended September 30

(Thousands of yen)

Fiscal year / Item	FY2003	FY2004	FY2005	FY2006	FY2007
Consolidated					
Net revenue	195,255	945,051	2,463,575	8,231,713	16,914,147
Ordinary profit (loss)	(20,168)	462,594	1,571,190	5,581,091	5,951,671
Net income (loss)	(72,486)	352,937	908,659	3,235,755	1,767,784
Net assets	(9,773)	663,164	3,427,073	24,957,929	27,191,098
Total assets	135,931	1,478,601	8,042,288	61,229,108	90,740,474
Number of employees (Average number of temporary employees) (persons)	8 (1)	11 (2)	30 (4)	55 (6)	129 (11)
Non-consolidated					
Net revenue	195,255	945,051	2,463,575	7,544,427	7,287,612
Ordinary profit (loss)	(21,609)	463,834	1,603,975	5,480,380	3,731,105
Net income (loss)	(73,223)	354,215	930,533	3,234,627	1,806,623
Common stock	230,385	550,385	1,303,735	10,624,769	10,736,448
Net assets	(10,558)	663,657	3,449,440	24,896,403	24,950,236
Total assets	137,501	1,480,205	8,015,569	58,595,137	78,362,938
Number of employees (Average number of temporary employees) (persons)	8 (1)	11 (2)	23 (4)	42 (6)	78 (8)

Notes:

1. Net revenue does not include consumption tax.
2. The average number of temporary employees is the annual average for casual staff and temporary staff.

Seeking to list its stock, the Company embarked on a business expansion plan in fiscal 2002, the fiscal year ended September 30, 2002. Until that point, the Company was essentially run by two people -- Nobumitsu Tamai, current president and CEO, and Ken Fujii, then-chairman -- and one or two large-scale structured finance transactions were sufficient to support operations.

Despite an increase in personnel and successful marketing in fiscal 2002, the Company posted a sizable loss that year, because many securitization transactions initiated that year required between six months and a year to complete and because some transactions were eliminated.
To clear prevailing challenges during this re-establishment phase and stabilize the revenue structure, the Company assumed concurrent execution of several transactions and worked to create a structure that would underpin greater efficiency in arrangement operations.

The Company has seen considerable growth in earnings since fiscal 2004, thanks to favorable demand for repeat transactions from existing clients and comparatively steady interest from new clients. Profitability has also improved, owing to the application of a more efficient process for undertaking requests.

In fiscal 2006, the Company entered the reinsurance/financial guarantee business and marked outstanding progress in its principal finance operations through a dramatic increase in fund-procurement capacity.

In fiscal 2007, the Company posted a mixed performance. The acquisition of 44.99% equity in FXO added the FX (foreign exchange) business to the Company’s corporate résumé and supported higher consolidated revenue. But profits fell. The Company was unable to close certain property development securitization transactions for large-scale project finance arrangements as planned, leading to lower non-consolidated revenue and profit.

Fiscal 2007 results were also impacted by PITF (Practical Issues Task Force) No. 20, “Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations,” issued by the Accounting Standards Board of Japan on September 8, 2006, which prompted the Company to include in the scope of consolidation special purpose companies (SPCs) set up with transactions arranged by the Company. Previously, such SPCs were excluded from consolidation.

Businesses need the finance industry, of which the Company is a part, to devise innovative financial instruments and financing schemes, and demand for related services is integral to further development of the Group. Therefore, past results alone may not provide all the data necessary for estimating future results. The business model applied by the Company is relatively new to Japan and its merits have not yet been fully demonstrated, so management cannot guarantee revenue growth or sustained profitability. In addition, fiscal results can fluctuate widely, depending on the number of property development securitization transactions undertaken and closed.

e) Market Environment Risk
Generally speaking, real estate is the most common asset used for securitization, and at FGI, real estate-related products, such as property development securitization, are the key components of the Company's current arrangement operations. Consequently, the Group's performance could be negatively influenced by certain trends in the real estate market and changes in legal and tax accounting regulations as applied to real estate securitization.

In a broader sense, the Company's business is affected by changing economic conditions and financial market status. But downturns can be triggered by more than just economic factors; events such as war, terrorism and natural disasters may also cause markets to turn sluggish.

In regard to property development securitization specifically, the discovery of artifacts or environmentally harmful or toxic substances during the construction of a building or a multibuilding project for which the Company has arranged structured finance could delay completion of these buildings.

Any of these situations could have an impact on Group performance.

f) Client Risk
The Company's arrangement services generate income from SPCs, which are established to facilitate the securitization of a specific asset. Since each securitized transaction has its own SPC and thus the revenue provided through securitized transactions is limited to the respective SPC, it is essential that the Company work continuously to form new transactions for new clients. The success or failure of marketing activities could cause Group performance to vary.

g) Principal Finance Risk
In the Group's principal finance operations, certain members of the Group act as suppliers of funds, investing in projects and extending loans to expedite structured finance transactions.

If issues beyond the Group's control, such as deteriorating credit risk in investment or lending targets, changes in the real estate market, or earthquakes, which could damage or destroy investment or lending targets, were to arise, the Group might not secure the anticipated level of return on the funds invested or loaned or the amount may be eroded. Even when industry trends are generally favorable, a trading position may incur losses.

The principal finance balance -- that is, investments and loans -- for the past three years is presented below.

Principal Finance Balance
Years ended September 30

(Millions of yen)

	FY2005		FY2006		FY2007	
	First Half	Second Half	First Half	Second Half	First Half	Second Half
New transactions	2,693	6,526	37,340	31,720	26,438	45,182
Selling/refinance/arbitrage	39	4,074	5,344	39,617	24,558	31,882
Loans receivable, trade	3,295	5,747	37,743	29,846	31,726	45,026

Note: Loans receivable, trade and investments in securities, trade are recorded separately on the Consolidated Balance Sheets.

Liquidity and swift fund procurement capabilities are indispensable to the Group's principal finance operations. The inability to maintain sufficient liquidity could prevent clients and partners from pursuing transactions with the Group. The Company, itself, has a short corporate history so access to bank loans, which typically require a well-established credit history, is limited. At the Group level, overall liquidity could be damaged by the tendency among financial institutions to refrain from making large real estate-oriented investments and loans when faced with such factors as market upheaval and heightened regulatory supervision. Management issues that impact clients or third parties could also narrow Group liquidity.

h) Competition Risk
Generally speaking, people with experience in structured finance -- the Group's forte field -- are few and far between in the finance industry as a whole. In-house analysis indicates that services are not keeping pace with rapidly expanding demand for structured finance transactions, such as securitization.

The Company boasts an efficient service structure that hinges on a small team of people rather than an excessively large non-marketing division to promote resourceful business development. This structure makes it possible to respond cost-effectively to the need for small-scale, low-profit transactions and ensures the Company's ability to offer services to midsized business groups as well as major corporations.

However, competition over transactions would intensify if a mega financial group, based either in Japan or abroad, were to expand into the specialized realm that the Group currently profiles, if a boutique-style investment bank providing services similar to those offered by the Group were established with access to expert knowledge, such as that amassed by former employees of the Company, or other companies enter this business and successfully overcome entry barriers, namely the need for service efficiency, a skilled workforce and standardized financial technologies. Heightened competition could hurt the Group's performance.

i) Outdated Financial Technology Risk
The Company continually strives to keep its financial technologies innovative and cutting-edge. But financial technologies touch on law, accounting, taxation, statistics and mathematics, and daily changes to any aspect will cause the overall technologies to evolve, so failure to consistently upgrade or replace existing financial technologies and apply improvements to marketable financial products could lead to outdated and less competitive financial technologies in use. If this happened, the Company's performance could be severely reduced.

The inability to secure high-level technologies would present more of a problem to the Company than to its rivals in the finance industry because the Company has made a name for itself as a producer of financial products, and financial products hinge on financial technologies.

j) Risks pursuant to Reinsurance/Financial Guarantee Business
In the reinsurance/financial guarantee business, certain members of the Group underwrite guarantees on risk inherent in arrangements packaged by the Group -- credit enhancement -- as well as rent guarantees, restitution costs and coverage for household effects. The risks involved in underwriting credit enhancement and insurance are far greater than the risks incurred in arrangement operations. If actual losses were to exceed profits in the reinsurance/financial guarantee business or conditions in international insurance markets were adversely affected by terrorist acts or other events with major consequences, the fiscal performance of the Group and its financial position could be seriously impacted.

k) Risks associated with Strategic Investments, Mergers, Joint Ventures and Entry into New Businesses as well as Aspects of Uncertainty
The Group seeks to reinforce its core business through internal expansion and development as well as through strategic investments, mergers and joint ventures. Various risks and uncertainties emerge in the execution of strategic investments, mergers and joint ventures, including issues associated with management controls, the consolidation and integration of relevant services and systems, the standardization of accounting and data-processing systems, and relationship adjustments with clients and business partners. It may be difficult to achieve desired levels of synergy, project efficiency and cost reduction.

A great deal of weight is placed on systems, administration and personnel in determining the success of a joint venture, but such aspects of a business are not under the Company's complete control. In addition, conflicts and differences of opinion between joint venture partners and participating Group members could hurt the Group's overall business prospects. Another concern is the possible dilution of existing shares caused by the issue of new shares upon the realization of a merger or the establishment of a joint venture.

Vast resources are expended to reinforce current operations, enter new businesses and create new products, and these efforts may incur considerable but unexpected losses, costs and monetary obligations. Business expansion and the pursuit of mergers and joint ventures obviously require management's attention, but the concentration of management expertise in these areas leaves a gap in other areas. Lopsided allocation of resources -- both monetary and executive -- could weaken the Company's capital and equity positions and oversight capabilities, which could in turn seriously effect Group management.

The Group intends to extend structured finance operations to business in markets other than the real estate market. The successful establishment of a presence in other markets hinges on the ability to accurately identify demand for structured finance in each market. If efforts fail, the Group's performance and its financial position could suffer.

l) Business and Financial Risks Caused by the Acquisition of Equity in FXOnline Japan

In January 2007 and again in March of the same year, the Company purchased stock in FXOnline Japan Co., Ltd. (FXO), a young, unlisted company, and made it a consolidated subsidiary. FXO provides online forex margin trading services to individuals, a business focus that holds tremendous growth potential.

However, the Group's investment in FXO is considerable, given the scale of the Group's operations, and the business activities of FXO could exert a major negative impact on the Group's business as a whole for the following reasons.

1) While FXO falls under FGI's consolidated umbrella, FGI does not have management authority over the business because the number of shares purchased by the Company does not represent the majority of total outstanding shares with voting rights, and under the terms set forth in the stock purchase agreement between FGI and FXO, management authority remains with the shareholder and founding member of FXO who sold shares to FGI. In addition, regardless of the vast investment by FGI in FXO, the business undertaken by FXO may not go in the direction that FGI envisions and the returns expected by FGI on its investment may not be achieved.
2) Along with the purchase of stock in FXO, the FGI Group assumed about ¥7.0 billion in goodwill. This amount was derived by deducting FXO's net assets from the amount paid for FXO stock and will be amortized over five years. Management expects FXO to generate profits in these five years that exceeds the amortization amount, but this performance is not guaranteed. If FXO's business activities do not proceed as planned, the Group might have to record as a loss all or part of the unamortized amount that still remains at that time, which could have a significantly detrimental impact on the performance of the Group.
3) FXO has achieved rapid growth using a revolutionary business model that debuted upon the company's establishment in 2002. But the company's corporate governance structure, including internal control systems, is still under development since rapid business expansion is not over yet. That is, a final governance structure is difficult to implement as long as business is growing at the current rate.

   Consequently, efforts to enhance corporate governance and recruit the necessary personnel could cause expenses to bloom. Moreover, failure to implement a suitable corporate governance structure could prompt regulatory action by the relevant authorities.

   In its provision of online services to individuals, FXO handles a diverse range of confidential information, including personal data, protected under Japan's constitution. If the company were to violate such laws and regulations, including errors in the handling of personal data, the company would be subject to regulatory action, which could severely tarnish the company's reputation.

   In addition, the company relies heavily on service providers for both hardware and software. If these service providers, which have no capital alliances with the company, fail to provide accurate, uninterrupted services, FXO might sustain serious damage to the continuity of its own services.

   FXO has enjoyed a steady increase in client numbers but violent fluctuations in exchange rates could lead to major losses for clients, which might cause the company's client base to crumble.

m) Risks related to Restrictive Financial Covenants

Some of the loans the Company has taken from financial institutions carry restrictive financial covenants based on the value of Net Assets recorded on the consolidated and non-consolidated balance sheets at the interim and year-end settlements each business year and on ordinary profit recorded on the consolidated and non-consolidated statements of income at the year-end settlement each business year. If these amounts run counter to stated covenants, the Company will forfeit profits up to the limit claimed by the lending bank, or banks. Should this occur, other lending banks might also claim a certain amount of profits and demand immediate repayment of the full amount of respective loans. This could have a seriously disadvantageous outcome on the performance and financial position of the Group.

If certain events of default were to appear in regard to the February 2007 issue of Euroyen convertible bonds -- total par value of ¥22,170 million -- with stock acquisition rights due in 2012, the trustee may, at its discretion, call for the immediate redemption of said bonds and will notify the Company of this decision, and if bondholders having more than one-quarter of the surviving face value of the bonds when events of default appear request notification of a decision to seek the forfeiture of profits within the limits of said bonds or an extraordinary resolution by bondholders indicates that such a request will occur, the trustee will notify the Company of forfeiture of profits within the limits of said bonds.

Should such a scenario come to pass, the Company might be forced to redeem the entire amount early, which could seriously erode the Group's performance and financial position.

n) Risk of Reliance on Liabilities with interest

The Group acquires some of the funds used in principal finance operations through loans from financial institutions. The ratio of liabilities with interest to total assets stood at 52.0%, at September 30, 2006, and 53.3%, at September 30, 2007, indicating an upward trend. Principal finance operations are one wheel of the investment banking cart -- the other being arrangement services, which the Company has undertaken since before its stock listing -- and have become a key source of profit.

Accordingly, if current interest levels change, the Group's performance and financial position could be affected. But interest rates on the funds extended through principal finance operations would also rise, so the impact of higher interest rates is not necessarily all bad.

However, the inability to acquire loans from banks, as planned, could impact the execution of business activities, so the Group will actively seek to diversify its fund-procurement methods.

II. Group Status

The Group comprises FinTech Global Incorporated (FGI), 23 consolidated subsidiaries and four unconsolidated subsidiaries and operates as a boutique investment bank.

FGI is at the core of the Group. Unlike megabanks, which offer various services over a diverse financial spectrum, the Company focuses solely on structured finance and pursues high-level, specialized investment banking services.

Major subsidiaries are described below.

FinTech Global Securities, Inc. (FGS), acts as an agent for products, such as loan credits and investment securities, arranged by FGI and sells overseas alternative funds.

FinTech Real Estate, Inc. (FRE), seeks to capitalize on real estate-related profit opportunities, such as brokerage and silent partnership investments, that derive from arrangements put together by FGI.

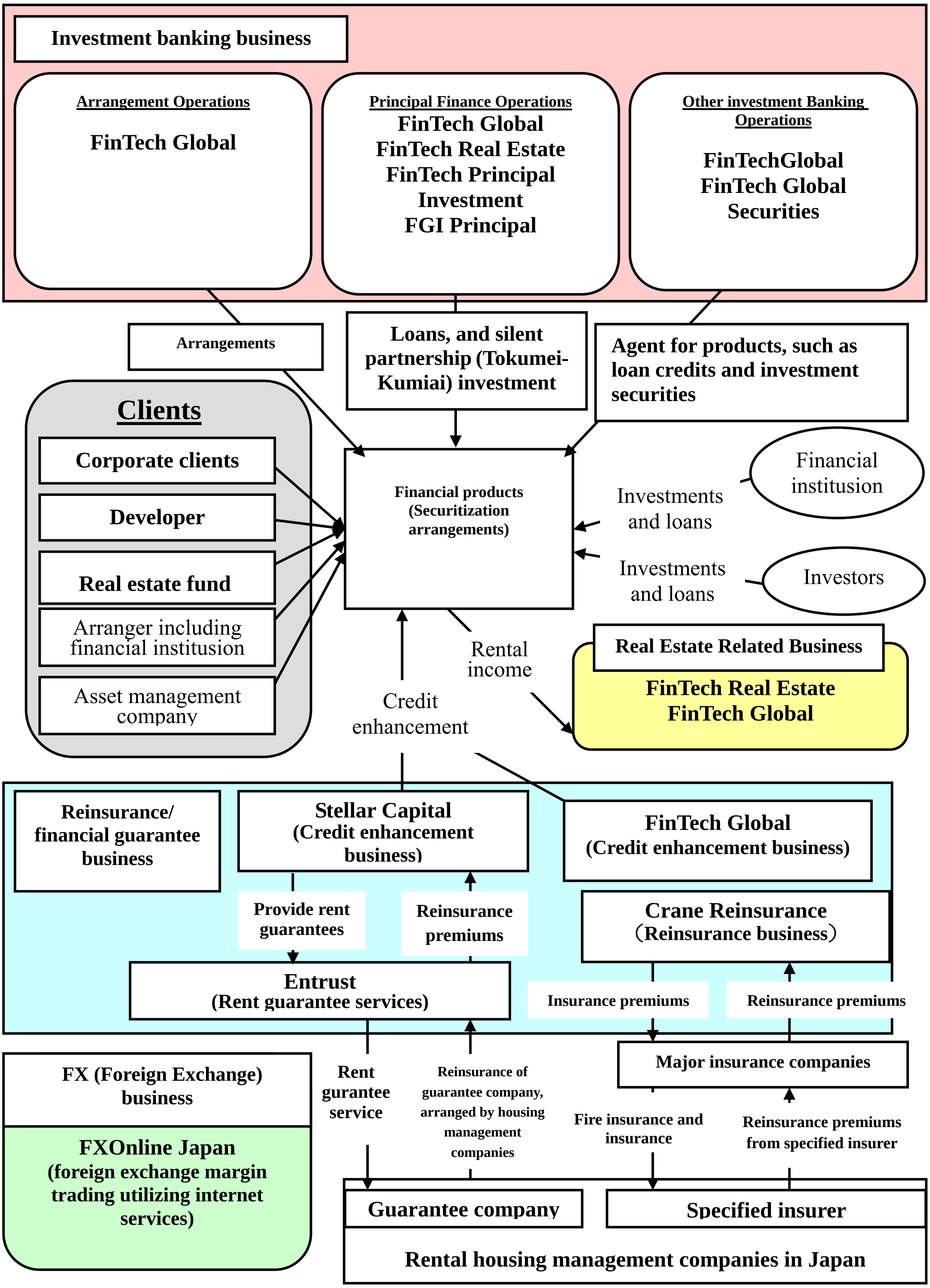
Entrust, Inc., offers major national and regional rental housing management companies in Japan guarantee services to guarantee rent in the event tenants are in arrears and to guarantee restitution costs in the event tenants are evicted

Switzerland-based Group member Stellar Capital AG provides final underwriting on Entrust's guarantees to facilitate one-stop services for property management companies who are clients of the FGI Group. Stellar Capital itself underwrites credit enhancement facilities incorporated into certain arrangements packaged by FGI.

Crane Reinsurance Limited, operating in Bermuda, underwrites reinsurance, primarily policies held by major property management companies in Japan to cover the household affects of tenants.

FXOnline Japan Co., Ltd. (FXO), was brought into the Group as a consolidated subsidiary through the purchase of stock in January 2007 and March 2007 for an aggregate equity holding of 44.99%. The company is engaged in online forex margin trading.

A composition chart showing the activities undertaken by the Group is presented on the next page.


Investment banking business
Arrangement Operations
FinTech Global
Principal Finance Operations
FinTech Global
FinTech Real Estate
FinTech Principal Investment
FGI Principal
Other investment Banking Operations
FinTechGlobal
FinTech Global Securities
Arrangements
Loans, and silent partnership (Tokumei-Kumiai) investment
Agent for products, such as loan credits and investment securities
Clients
Corporate clients
Developer
Real estate fund
Arranger including financial institution
Asset management company
Financial products (Securitization arrangements)
Investments and loans
Financial institution
Investments and loans
Investors
Rental income
Credit enhancement
Real Estate Related Business
FinTech Real Estate
FinTech Global
Reinsurance/ financial guarantee business
Stellar Capital (Credit enhancement business)
FinTech Global (Credit enhancement business)
Provide rent guarantees
Reinsurance premiums
Crane Reinsurance (Reinsurance business)
Entrust (Rent guarantee services)
Insurance premiums
Reinsurance premiums
FX (Foreign Exchange) business
FXOnline Japan (foreign exchange margin trading utilizing internet services)
Rent gurantee service
Reinsurance of guarantee company, arranged by housing management companies
Major insurance companies
Fire insurance and insurance
Reinsurance premiums from specified insurer
Guarantee company
Specified insurer
Rental housing management companies in Japan

III. Management Policy

1. Basic Direction

Group operations comprise four segments: investment banking business, reinsurance/financial guarantee business, FX (Foreign Exchange) business and real estate related business.

Investment banking business consist of three activities: 1) arrangement operations, through which FGI packages structured finance transactions into specialized arrangements; 2) principal finance operations, which generate lender-based profits, from loans extended by the Company to facilitate transactions arranged by the Company, and investor-based profits, from participation in certain transactions; and 3) other investment banking operations, such as administrative services linked to transactions arranged by the Company, and services provided by subsidiary FGS.

FGI’s key strength lies in its ability to combine the benefits of these three investment banking activities into a comprehensive tool that maximizes financing possibilities for clients. Demand for structured finance is growing in all industries and from companies big and small, spurred by the introduction of asset-impairment accounting and wider interest in off–balance-sheet allocation of corporate assets, as well as a sustained welcome for real estate-securitized products and diversifying requests for securitized money claims. The business environment for FGI is ideal.

The reinsurance/financial guarantee business hinges on Stellar Capital and Crane Reinsurance. The addition of credit enhancement to an arrangement packaged by FGI raises the stability of the transaction, and final underwriting of guarantees extended by Entrust for late rent and restitution costs rounds out the Group’s reinsurance/financial guarantee capabilities.

The FX (Foreign Exchange) business is essentially the online forex margin trading business undertaken by FXO. In the future, FGI plans to sell financial products created by the Group to individual investors through its securities subsidiary and other Group members. FXO has the technical expertise and management know-how needed for information technology-facilitated personal online trading, and the company’s inclusion under the FGI Group umbrella bodes well for the establishment of the necessary business base.

Real estate related business is primarily built around FRE, which undertakes brokerage, purchase, sale and rental of properties. The goal is to capitalize on real estate-connected profit opportunities generated through property development securitization arrangements packaged by FGI.

The most effective keys to continued growth of the Group are the acquisition of new financial technologies and the creation of innovative financial products. To access these keys, FGI must continually watch for improvements in financial technologies with particular relevance to law, accounting, taxation, statistics and mathematics, and successfully obtain and apply these technologies. The Company must always strive to maintain financial technologies that are innovative and cutting edge to underpin the development of marketable financial products.

2. Indicators of Business Performance

Primarily because of the changing business content of Group activities and new accounting treatment standards, management has decided to make return on equity (ROE) and the debt-to-equity ratio key indicators of business performance for the Group, effective from fiscal 2008.

The medium- to long-term target for ROE is 15%, which will be achieved by a continued emphasis on arrangement fees -- a source of high profits that reflects the high-value-added financial technologies and financial know-how inherent in arrangement services -- to buoy profitability, and by raising investment and loan turnover through diversification of fund procurement and liquidation of claims on loan receivables, trade to strengthen principal finance operations.

As an indicator of stability, the debt-to-equity ratio will replace the equity ratio used previously. The goal will be to maintain a level appropriately matched to changes in the scope of business and evolving risk amounts.

3. Medium- to Long-term Management Strategies

a) Main Products

The Company's main product is real estate securitization, particularly property development securitization.

Instead of typical fund-based securitization, which is simply a pre-harvest instrument, FGI arranges complete project finance securitization with no exits (buyers after construction completed). This format is more in line with developers' needs and has drawn their interest.

In-house research indicates that property development securitization is less susceptible to changes in the economic environment than other types of real estate-related financial products. Demand for development capital exists even in a depressed real estate market, and FGI's ability to offer property development securitization is particularly appealing now, when financial institutions are cutting back on lending activities.

FGI aims to improve its arrangement processing capacity by hiring more employees and upgrading their skills through education and training programs. Efforts will also be directed toward aggressively cultivating business opportunities that lead to real estate-related arrangements, a process that will further reinforce core operations. Careful selection of transactions for development projects will ensure suitable risk-return.

The Company will shift its business focus from large-scale project finance to more reliable small and medium-sized transactions and strive to broaden its client base.

b) Derivative Products

FGI anticipates the completion of a number of projects, including block investment condominiums, for which the Company arranges property development securitization transactions. Many business opportunities will derive from these transactions, such as liquidation of real estate for profit and structuring for privately placed investment funds, and thereby sustain real estate-related products as a key category of the Company's product lineup.

c) Product Development

The popularity of FGI's main products has paved a solid business foundation for the Company. To build on this and ensure management and fiscal performance stability, FGI will aggressively apply management resources, mainly personnel assets and financial capacity, to the development of new products and, more specifically, products that hit a chord with the market.

In this effort, the Company will prioritize the forte field of credit enhancement services, which integrate aspects of financing and insurance.

d) Principal Finance

FGI itself acts as a provider of funds, in the capacity of an investor or a lender, for use in structured finance arrangements packaged by the Company. The financial vehicles include *tokumei kumiai* (silent partnerships), mezzanine loans and others.

With improved financial capabilities, the Company has capitalized on opportunities to execute principal finance, thereby boosting its investment and loan balance. Given the inability to close some large-scale project finance transactions in fiscal 2007 because of the credit crunch triggered by the subprime mortgage crisis, the Company will emphasize efforts to complement funds from existing lenders with direct contributions, from investors at home and abroad, and shift principal loan securitization off the balance sheet through sales and arbitrage, thereby squeezing total assets -- that is, preventing a decline in return on assets and stemming a rise in liabilities -- while securing profits through arbitrage transactions.

e) Reinsurance/Financial Guarantee Business

FGI established Stellar Capital in Switzerland in March 2006 to provide credit enhancement services, which enhance the stability of transactions arranged by the Company and facilitate successful arrangements with assets previously considered impractical for securitization.

Stellar Capital also provides final underwriting on Entrust's guarantees, which underpins a one-stop structure to meet clients' guarantee needs from within the Group.

Crane Reinsurance was also established in March 2006 in Bermuda as 100% owned subsidiary of Stellar Capital, to underwrite reinsurance on healthy risks, primarily policies held by major property management companies in Japan to cover the household affects of tenants. Revisions to the Insurance Business Law prompted the creation of new reinsurance underwriting schemes, which should be in place by April 1, 2008. Crane Reinsurance will strive to maintain existing clients by quickly building a new scheme geared to the transition of specialized underwriters into small-claim, short-term insurance businesses.

4. Issues Requiring Attention

a) Diversification of Fund Contributions and Securitization of Principal Finance Credits

Securing stable lenders is imperative to arrangement operations, and in light of the fact that the credit crunch triggered by the subprime mortgage crisis hampered FGI's ability to close certain large-scale project finance transactions planned for fiscal 2007, the Company will seek to create a system that facilitates fund procurement directly from mezzanine- and equity-oriented investors at home and abroad to complement funds from existing lenders, namely financial institutions.

The securitization of principal finance credits was postponed, primarily by a delay in establishing a structure that would allow FGS to market such securitized credits. Marketing efforts finally got underway the second half of fiscal 2007.

The next task will be to reinforce the structure and aggressively promote securitized principal finance credits. This will make investment and loan activities within the Group more efficient and lead to an improved ROE.

b) Product Development

Property development securitization will remain a major product for the Group, but the Company will apply management resources, namely personnel assets and financial capacity, to actively pursue research and development and accelerate the introduction of new products. The spotlight will be on credit enhancement services, a highly promising field integrating aspects of finance and insurance.

c) Maintaining Skilled Personnel

Demand for structured finance currently outpaces the availability of staff skilled in the techniques required. In response, the Company will strive to enhance talents through on-the-job training and cultivate the capabilities of mid-level employees who form the backbone of operations.

Hiring plans for fiscal 2008 call for the recruitment of about 16 carefully selected employees, including recent graduates, with an innovative spirit and an appetite for challenges.

d) Group Companies

FGI will maintain the direction set in the second half of fiscal 2007, continuing to enhance Group management, reassessing business plans and striving to effectively utilize groupwide management resources. Where necessary, a scrap-and-build perspective will prevail.

e) Risk Management

From fiscal 2008, FGI will implement risk management based on a quantification of risk and return and enhance its ability to respond to changes in financial and real estate markets. Risks controlled independently by each operating division will be managed comprehensively to achieve management stability and an even fiscal performance.

Consolidated Financial Statements
FinTech Global Incorporated and Consolidated Subsidiaries
As of and for the year ended September 30, 2007

I Consolidated Balance Sheets

(Unit: Thousands of yen, %)

	Notes No.	Fiscal Year 2006 (As of September 30, 2006) Amount		Percentage (%)	Fiscal Year 2007 (As of September 30, 2007) Amount		Percentage (%)	Change Amount
(Assets)								
I Current assets								
1 Cash and time deposits	*2		18,907,675			15,263,735		(3,643,940)
2 Deposits	*8		-			10,214,673		10,214,673
3 Accounts receivable, trade			13,525			5,962		(7,562)
4 Investments in securities, trade			439,512			4,571,706		4,132,193
5 Inventory	*2,6		8,586,337			5,864,266		(2,722,071)
6 Loans receivable, trade	*2		29,406,589			40,454,941		11,048,352
7 Deffered tax assets			255,642			361,119		105,476
8 Others			1,055,236			5,663,891		4,608,654
Allowance for doubtful accounts			(88,219)			(151,409)		(63,189)
Total current assets			58,576,299	95.7		82,248,886	90.6	23,672,587
II Fixed assets								
1 Property, plant and equipment								
(1) Buildings		65,822			131,872			
Accumulated depreciation		(17,236)	48,585		(16,810)	115,061		66,475
(2) Furniture and equipment		33,872			196,917			
Accumulated depreciation		(13,986)	19,885		(44,154)	152,763		132,877
Total property, plant and equipment			68,471	0.1		267,825	0.3	199,353
2 Intangible fixed assets								
(1) Goodwill			-			6,607,272		6,607,272
(2) Others			103,735			59,454		(44,280)
Total intangible fixed assets			103,735	0.2		6,666,727	7.4	6,562,992
3 Investments and other assets								
(1) Invenstments in securities	*1		2,189,412			1,135,810		(1,053,602)
(2) Security deposits			201,362			296,702		95,339
(3) Deffered tax assets			-			22,508		22,508
(4) Others			89,827			102,014		12,186
Total invenstments and other assets			2,480,602	4.0		1,557,035	1.7	(923,567)
Total fixed assets			2,652,808	4.3		8,491,587	9.4	5,838,778
Total assets			61,229,108	100.0		90,740,474	100.0	29,511,366

	Notes No.	Fiscal Year 2006 (As of September 30, 2006)		Fiscal Year 2007 (As of September 30, 2007)		Change
		Amount	Percentage (%)	Amount	Percentage (%)	Amount
(Liabilities)						
I Current liabilities						
1 Accounts payable, trade		51,119		68,804		17,684
2 Short-term debt	*2,6	6,330,500		14,351,700		8,021,200
3 Bank loans, trade	*2	3,094,325		-		(3,094,325)
4 Long-term debt due within one year		173,056		7,272,056		7,099,000
5 Accrued liabilities		74,156		302,620		228,463
6 Accurued expenses		144,153		188,121		43,968
7 Income taxes payable		2,304,894		1,237,985		(1,066,909)
8 Consumption taxes payable		177,970		23,156		(154,813)
9 Provision for employee bonuses		80,000		266,295		186,295
10 Deposits from customers	*9	-		9,992,733		9,992,733
11 Others		1,598,400		1,647,280		48,880
Total current liabilities		14,028,576	22.9	35,350,755	38.9	21,322,178
II Long-term liabilities						
1 Bonds with stock acquisition rights		20,000,000		22,170,000		2,170,000
2 Long-term debt	*2,6	2,216,492		4,532,140		2,315,648
3 Deffered tax liabilities		7,525		216,128		208,603
4 Accrued retirement benefits		4,335		20,331		15,996
5 Others		14,250		1,260,020		1,245,770
Total long-term liabilities		22,242,602	36.3	28,198,620	31.1	5,956,018
Total liabilities		36,271,178	59.2	63,549,376	70.0	27,278,197
(Net assets)						
I Shareholders' equity						
1 Common stock		10,624,769	17.4	10,736,448	11.8	111,678
2 Additional paid-in capital		10,351,900	16.9	10,351,900	11.4	-
3 Retained earnings		3,882,974	6.3	3,939,480	4.4	56,505
Total shareholders' equity		24,859,644	40.6	25,027,828	27.6	168,183
II Valuation and translation adjustments						
Net unrealized gain/(loss) on other securities		28,321	0.1	(17,163)	(0.0)	(45,485)
Total valuation and translation adjustments		28,321	0.1	(17,163)	(0.0)	(45,485)
III Stock acquisition rights		-	-	4,974	0.0	4,974
Ⅳ Minority interests		69,963	0.1	2,175,458	2.4	2,105,494
Total net assets		24,957,929	40.8	27,191,098	30.0	2,233,168
Total liabilities and net assets		61,229,108	100.0	90,740,474	100.0	29,511,366

II Consolidated Statements of Income

(Unit: Thousands of yen, %)

	Notes No.	Fiscal Year 2006 (From October 1, 2005 to September 30, 2006) Amount		Percentage (%)	Fiscal Year 2007 (From October 1, 2006 to September 30, 2007) Amount		Percentage (%)	Change Amount
I Net revenue								
1 Investment banking business	*1	7,745,562			6,985,131			
2 Reinsurance/financial guarantee business	*2	476,277			1,720,098			
3 FX (Foreign Exchange) business		-			3,139,104			
4 Real estate related business	*4	-			5,069,812			
5 Others		9,873	8,231,713	100.0	-	16,914,147	100.0	8,682,433
II Cost of revenue	*4		622,716	7.6		5,481,682	32.4	4,858,966
Gross profit	*4		7,608,997	92.4		11,432,464	67.6	3,823,467
III Selling, general and administrative expenses								
1 Compensation paid to officers		194,644			377,800			
2 Salaries		324,325			635,611			
3 Allowance for doubtful accounts		88,219			63,189			
4 Provision for employee bonuses		137,651			360,193			
5 Retirement benefit expenses		1,749			28,733			
6 Depreciation		13,550			52,669			
7 Rent		120,290			264,208			
8 Commision paid		351,968			1,400,768			
9 Amortization of goodwill		-			746,160			
10 Others		454,713	1,687,114	20.5	1,216,152	5,145,487	30.4	3,458,373
Operating income	*4		5,921,883	71.9		6,286,977	37.2	365,094
IV Other income								
1 Interest income		53,454			104,731			
2 Reversal of allowance for doubtful accounts		3,690			-			
3 Gain on sale of investment securities		-			159,331			
4 Others		1,946	59,091	0.7	44,453	308,516	1.8	249,425
V Other expenses								
1 Interest paid		89,916			257,185			
2 Stock distribution costs		112,675			3,708			
3 Bond issue costs		18,092			52,449			
4 Unrealized loss on derivative instruments		1,341			-			
5 Loss on redemption of bonds with stock acquisition rights		50,000			200,000			
6 Fee paid for syndicated loan		86,575			-			
7 Commission paid		-			95,220			
8 Others		41,281	399,883	4.9	35,259	643,822	3.8	243,939
Ordinary profit	*4		5,581,091	67.8		5,951,671	35.2	370,580

	Notes No.	Fiscal Year 2006 (From October 1, 2005 to September 30, 2006)			Fiscal Year 2007 (From October 1, 2006 to September 30, 2007)			Change
		Amount		Percentage (%)	Amount		Percentage (%)	Amount
VI Extraordinary porfit								
1 Equity fluctuation income		-	-	-	11,720	11,720	0.1	11,720
VII Extraordinary loss								
1 Loss on disposition of fixed assets		-			57,664			
2 Loss due to impairment	*3	-			66,817			
3 Losses on business withdrawal		-	-	-	21,701	146,183	0.9	146,183
Income before income taxes	*4		5,581,091	67.8		5,817,208	34.4	236,117
Income taxes		2,581,258			2,379,024			
Income tax adjustment		(196,714)	2,384,543	29.0	158,086	2,537,111	15.0	152,567
Minority interests(loss)			(39,208)	(0.5)		1,512,311	8.9	1,551,520
Net income	*4		3,235,755	39.3		1,767,784	10.5	(1,467,970)

III Consolidated Statements of Net Assets

Fiscal Year 2006 (From October 1, 2005 to September 30, 2006)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stocks	Total shareholders` equity
Balance as of September 30, 2005	1,303,735	1,101,900	1,021,438	-	3,427,073
Changes during the year					
Stock issuance	9,321,034	9,250,000	-	-	18,571,034
Dividends	-	-	(369,009)	-	(369,009)
Net income	-	-	3,235,755	-	3,235,755
Acquisition of treasury stocks	-	-	-	(3,379)	(3,379)
Disposition of treasury stocks	-	-	(3,379)	3,379	-
Decrease due to increase in number of consolidated subsidiaries	-	-	(1,831)	-	(1,831)
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes during the year	9,321,034	9,250,000	2,861,536	-	21,432,570
Balance as of September 30, 2006	10,624,769	10,351,900	3,882,974	-	24,859,644

	Valuation and translation adjustments		Minority interests	Total net assets
	Net unrealized gain/(loss) on other securities	Total valuation and translation adjustments		
Balance as of September 30, 2005	-	-	49,520	3,476,593
Changes during the year				
Stock issuance	-	-	-	18,571,034
Dividends	-	-	-	(369,009)
Net income	-	-	-	3,235,755
Acquisition of treasury stocks	-	-	-	(3,379)
Decrease due to increase in number of consolidated subsidiaries	-	-	-	(1,831)
Net changes of items other than shareholders' equity	28,321	28,321	20,443	48,764
Total changes during the year	28,321	28,321	20,443	21,481,335
Balance as of September 30, 2006	28,321	28,321	69,963	24,957,929

Fiscal Year 2007 (From October 1, 2006 to September 30, 2007)

(Thousands of yen)

	Shareholders' equity			
	Common Stock	Additional paid-in capital	Retained earnings	Total shareholders' equity
Balance as of September 30, 2006	10,624,769	10,351,900	3,882,974	24,859,644
Changes during the year				
Stock issuance	111,678	-	-	111,678
Dividends	-	-	(1,838,591)	(1,838,591)
Net income	-	-	1,767,784	1,767,784
Decrease due to increase in number of consolidated subsidiaries	-	-	127,312	127,312
Net changes of items other than shareholders' equity	-	-	-	-
Total changes during the year	111,678	-	56,505	168,183
Balance as of September 30, 2007	10,736,448	10,351,900	3,939,480	25,027,828

	Valuation and translation adjustments		Stock acquisition rights	Minority interests	Total net assets
	Net unrealized gain/(loss) on other securities	Total valuation and translation adjustments			
Balance as of September 30, 2006	28,321	28,321	-	69,963	24,957,929
Changes during the year					
Stock issuance	-	-	-	-	111,678
Dividends	-	-	-	-	(1,838,591)
Net income	-	-	-	-	1,767,784
Decrease due to increase in number of consolidated subsidiaries	-	-	-	-	127,312
Net changes of items other than shareholders'equity	(45,485)	(45,485)	4,974	2,105,494	2,064,984
Total changes during the year	(45,485)	(45,485)	4,974	2,105,494	2,233,168
Balance as of September 30, 2007	(17,163)	(17,163)	4,974	2,175,458	27,191,098

IV Consolidated Statements of Cash Flows

(Unit: Thousands of yen)

	Notes No.	**Fiscal Year 2006** (From October 1, 2005 to September 30, 2006)	**Fiscal Year 2007** (From October 1, 2006 to Septemer 30, 2007)	Change
		Amount	Amount	Amount
I Cash flows from operating activities				
Income before income taxes	*4	5,581,091	5,817,208	236,117
Depreciation		15,172	54,764	39,592
Increase in allowance for doubtful accounts (decrease)		84,529	63,189	(21,340)
Increase in provision for employee bonus (decrease)		64,442	173,196	108,754
Increase in accrued retirement benefits (decrease)		1,964	15,996	14,031
Amortization of guarantee charges		149	66	(83)
Interest income		(53,454)	(104,731)	(51,276)
Interest paid		89,916	-	(89,916)
Stock distribution costs		112,675	3,708	(108,967)
Cost of funds and interest expenses		-	611,536	611,536
Bonds issue costs		18,092	111,819	93,726
Loss on redemption of bonds with stock acquisition rights		50,000	200,000	150,000
Increse in deposits (increase)		-	(710,569)	(710,569)
Increase in trade receivable (increase)		(13,511)	7,562	21,073
Increase in investments in securities, trade (increase)		(56,482)	(4,132,193)	(4,075,711)
Increase in inventory (increase)		(6,255,562)	(6,071,695)	183,867
Increase in loans receivable, trade (increase)		(24,572,589)	(1,868,352)	22,704,236
Increase in accounts payable, trade (decrease)		13,921	17,684	3,763
Increase in bank loans, trade (decrease)		27,125	-	(27,125)
Increase in accrued liabilities (decrease)		24,385	218,517	194,131
Increase in accrued expenses (decrease)		87,720	32,351	(55,369)
Increase in deposits from customers (decrease)		-	662,080	662,080
Others		1,515,359	(396,446)	(1,911,805)
Sub-total		(23,265,052)	(5,294,306)	17,970,746
Interest income received		55,400	115,147	59,746
Interest expense paid		(63,229)	(637,706)	(574,476)
Income taxes paid		(993,306)	(4,184,092)	(3,190,786)
Net cash used in operating activities		(24,266,188)	(10,000,957)	14,265,230

	Notes No.	**Fiscal Year 2006** (From October 1, 2005 to September 30, 2006)	**Fiscal Year 2007** (From October 1, 2006 to Septemer 30, 2007)	Change
		Amount	Amount	Amount
II Cash flows from investing activities				
Payment for increase in time deposits		-	(100,000)	(100,000)
Payment for purchase of property, plant and equipment		(28,535)	(293,346)	(264,811)
Payment for purchase of investments in securities		(2,144,956)	(1,734,957)	409,999
Proceeds from sale of investments in securities		-	2,901,162	2,901,162
Payment for acquiring investment in capital		(48,049)	(5,000)	43,049
Proceeds from sale of investment in capital		42,000	-	(42,000)
Payments due to increase of money trust		(831,973)	(590,890)	241,083
Payment for loan receivable		(6,000,000)	-	6,000,000
Proceeds from collection of loan receivable		6,010,402	-	(6,010,402)
Payments of security deposits		(67,550)	(182,485)	(114,934)
Refund of security deposits		4,474	102,283	97,809
Cash paid for purchase of newly consolidated subsidiaries	*2	(53,730)	(7,452,020)	(7,398,289)
Proceeds from purchase of newly consolidated subsidiaries	*2	191,807	-	(191,807)
Others		9,510	204,660	195,149
Net cash used in investing activities		(2,916,601)	(7,150,593)	(4,233,991)
III Cash flows from financing activities				
Increase in short-term debt (net)		3,926,500	8,121,200	4,194,700
Proceeds from long-term debt		2,400,000	13,938,000	11,538,000
Repayment of long-term debt		(102,500)	(7,577,581)	(7,475,081)
Proceeds from issuance of bonds		48,481,857	22,058,180	(26,423,677)
Proceeds from issuance of common stock		42,674	107,970	65,295
Payments for issuance of common stock		(73,115)	-	73,115
Proceeds from issuance of common stock to minority shareholders		25,000	424,115	399,115
Dividends paid		(367,360)	(1,829,183)	(1,461,823)
Redemption of bonds		(10,050,000)	(20,200,000)	(10,150,000)
Others		(35,834)	(24,158)	11,675
Net cash provided by financing activities		44,247,222	15,018,543	(29,228,679)
IV Effect of exchange rate changes on cash and cash equivalents		(13,139)	(44,189)	(31,050)
V Net increase in cash and cash Equivalents (decrease)		17,051,293	(2,177,196)	(19,228,490)
VI Cash and cash equivalents at the beginning of year		1,659,843	18,718,675	17,058,832
VI Cash and cash equivalents of newly consolidated subsidiaries		7,539	3,000	(4,539)
VI Decrease in cash and cash equivalents due to deconsolidation of subsidiaries	*4	-	(1,380,743)	(1,380,743)
IX Cash and cash equivalents at the end of year	*1	18,718,675	15,163,735	(3,554,940)

Significant Policies in Preparation of Consolidated Financial Statements

Item	**Fiscal Year 2006** (From October 1, 2005 to September 30, 2006)	**Fiscal Year 2007** (From October 1, 2006 to September 30, 2007)
1. Scope of Consolidation	(1) Number of consolidated subsidiaries: 13 Names of consolidated subsidiaries: • FinTech Capital Risk Solutions Incorporated • FinTech Global Securities, Inc. • FinTech Real Estate, Inc. • Stellar Capital AG • Crane Reinsurance Limited • Entrust, Inc. • ASAP Payment System Inc. • TSM Fifteen Incorporated • FGI Investment Two Incorporated • TSM Fourteen Incorporated • Blenheim Partners One Incorporated • two Silent Partnership (Tokumei Kumiai) Stellar Capital AG, Crane Reinsurance Limited and Entrust, Inc. were newly established and included in consolidation. ASAP Payment System Inc. has become a consolidated subsidiary due to acquisition of voting rights. TSM Fifteen Incorporated, FGI Investment Two Incorporated, TSM Fourteen Incorporated, Blenheim Partners One Incorporated and two Silent Partnership (Tokumei Kumiai) have also been consolidated due to the fact that FinTech Global Incorporated (hereinafter referred to as "the Company") substantially assumes the majority of rights and duties as well as the risks associated with profits and losses of those companies. FinTech Real Estate, Inc. has been consolidated because of the increased importance on the consolidation.	(1) Number of consolidated subsidiaries: 23 Names of major consolidated subsidiaries: • FinTech Global Securities, Inc. • FinTech Real Estate, Inc. • Stellar Capital AG • Crane Reinsurance Limited • Entrust, Inc. • FX Online Japan Co., Ltd. FinTech Global Asset Management, Inc. and Reliable Factors Co., Ltd were newly established and included in consolidation. FGI Medical Finance Co., Ltd. and FX Online Japan Co., Ltd. have become consolidated subsidiaries due to acquisition of voting rights. FGI Investment Three Incorporated, Yugen Kaisya Hibiki, Godo Kaisha Toranomon 1-chome Kaihatsu and three Silent Partnership (Tokumei Kumiai) have also been consolidated due to the fact that FinTech Global Incorporated (hereinafter referred to as "the Company") substantially assumes the majority of rights and duties as well as the risks associated with profits and losses of those companies. Furthermore, FGI Principal Co., Ltd. and FinTech Principal Investment Incorporated (changed its Japanese company format and name from FGI Principal Two Incorporated to Kabushi Kaisha on June 27, 2007) has been consolidated because it was material to medium- and long-term business strategies. TSM Fifteen Incorporated has been excluded from consolidation due to the fact that the Company does not assume the majority of rights and duties nor the risks associated with profits and losses of the company. In addition, ASAP Payment System Inc. has been excluded from the scope of consolidation due to the sales of all of the shares. TSM Thirty Incorporated, Godo Kaisha Temp Moderate Udagawa-cho Kaihatsu and one Silent Partnership (Tokumei Kumiai) had become consolidated subsidiaries and later excluded from consolidation during the fiscal year 2007 depending upon whether the Company substantially assumes the majority of rights and duties as well as the risks associated with profits and losses of the company. Profits and losses during this consolidated period are included in the consolidated financial statements.
	(2) Names of major unconsolidated subsidiaries: • RF Funding One • one Silent Partnership (Tokumei Kumiai) • FGI Principal Co., Ltd. FGI Principal Co., Ltd. changed its Japanese company format from Yugen Kaisya to Kabushiki Kaisya in November 2006. (Reasons for excluding from the scope of consolidation) The unconsolidated subsidiaries are small, and their total assets, net revenue, net income and losses (amount proportionate to equity share), and retained earnings (amount proportionate to equity share) have no material impact on the consolidated financial statements.	(2) Names of major unconsolidated subsidiaries: • RF Funding One • one Silent Partnership (Tokumei Kumiai) • FinTech Global Capital, LLC (Reasons for excluding from the scope of consolidation) Same as at left
2. Application of the Equity method	(1) Number of unconsolidated subsidiaries and affiliates accounted for by the equity method: 2 Names of those companies: • RF Funding One • one Silent Partnership (Tokumei Kumiai) RF Funding One and one Silent Partnership (Tokumei Kumiai) have been accounted for by the equity method due to the fact that the Company retains operating executive rights over those companies.	(1) Number of unconsolidated subsidiaries and affiliates accounted for by the equity method: 6 Names of those companies: • RF Funding One • TSM Fifteen Incorporated • TSM Seventeen Incorporated • three Silent Partnership (Tokumei Kumiai) TSM Fifteen Incorporated, TSM Seventeen Incorporated, and two Silent Partnership (Tokumei Kumiai) have been accounted for by the equity method due to the fact that the Company substantially assumes the certain part of rights and duties as well as the risks associated with the profits and losses of those companies.
2. Application of the Equity	(Change in accounting policy) "Practical Solution on Application of Control Criteria and	

Item	Fiscal Year 2006 (From October 1, 2005 to September 30, 2006)	Fiscal Year 2007 (From October 1, 2006 to September 30, 2007)
method	Influence Criteria to Investment Association" (issued on September 8, 2006 by the Accounting Standard Board of Japan) is adopted effective as of the fiscal year 2006. Upon the adoption of Practical Issue Task Force No. 20, RF Funding One and one Silent Partnership (Tokumei Kumiai) are newly accounted for using the equity method from the fiscal year 2006. As a result of this change, there is no impact on income and losses in this consolidated financial statements compared to what would have been reported under the previous accounting standard. (2) Names of major unconsolidated subsidiaries and affiliates which are not accounted for by the equity method: • JBFinTech Capital, Inc. • FinTech Global Capital, LLC • FGI Principal Co., Ltd. (Reasons for not applying the equity method) Those companies are not applied equity method accounting because they have a minimal impact on net income (amount proportionate to equity share) and retained earnings (amount proportionate to equity share), and also little in significance as a whole.	(2) Names of major unconsolidated subsidiaries and affiliates which are not accounted for by the equity method: • FinTech Global Capital, LLC (Reasons for not applying the equity method) Same as at left
3. Fiscal Year Ends of Consolidated Subsidiaries	Subsidiaries; Fin Tech Capital Risk Solutions Incorporated and TSM Fourteen Incorporated with fiscal year ends December 31 are consolidated based on their preliminary financial statements as of September 30. Subsidiaries; Fin Tech Global Securities, Inc. and TSM Fifteen Incorporated with fiscal year ends March 31 are consolidated based on their preliminary financial statements as of Setptember 30. Subsidiary; Blenheim Partners One Incorporated with fiscal year ends June 30 is consolidated based on the financial statements for the fiscal year ends. Subsidiaries; FGI Investment Two Incorporated and two Silent Partnership (Tokumei Kumiai) with fiscal year ends at July 31 are consolidated based on the financial statements for their fiscal year ends. Signigicant transactions occurring during the intervening periods are reflected in the consolidated financial statements.	Fiscal year ends of consolidated subsidiaries: End of January: 2 End of March: 4 End of May: 1 End of June: 4 End of July: 1 End of September: 10 End of December: 1 Subsidiaries with the fiscal year ends at January 31, March 31, May 31, and December 31 are consolidated based on their preliminary financial statements as of September 30. Subsidiaries with the fiscal year ends at June 30 and July 31 are consolidated based on the financial statements for their fiscal year ends. Significant transactions occurring during the intervening periods are reflected in the consolidated financial statements.
4. Summary of Significant Accounting Policies (1) Bases and valuation methods of important assets	(i) Securities Other securities with fair market value: Stated at fair market value as of the balance sheet dates. Unrealized holding gains and losses, net of the related tax effect, are recorded as an accumulated comprehensive income until realized. Costs are determined by the moving-average method. Other securities with no fair market value: Stated at cost determined by the moving-average method. However, investments in Silent Partnership (Tokumei Kumiai) are determined by the specific-identification method. Details are shown in "(7) Other significant policies to prepare consolidated financial statements (ii) Investments in securities, trade [Investments in Silent Partnership (Tokumei Kumiai)]". (ii) Derivatives All derivatives are stated at fair value with changes in fair value being charged to income or loss for the period in which they arise except for derivatives that are designated and qualified as hedging instruments. (iii) Inventory Work in process: Stated at cost determined by the specific-identification method. Real estate for sale: Stated at cost determined by the specific identification method.	(i) Securities Other securities with fair market value: Same as at left Other securities with no fair market value: Same as at left However, investments in Silent Partnership (Tokumei Kumiai) are determined by the specific-identification method. Details are shown in "(7) Other significant policies to prepare consolidated financial statements (ii) Investments in Silent Partnership (Tokumei Kumiai) included in investments in securities, trade. (ii) Derivatives Same as st left (iii) Inventory Work in process: ―――― Real estate for sale: Same as st left
(2) Depreciation of important assets	(i) Property, plant and equipment Depreciation is computed using the declining balance method.	(i) Property, plant and equipment Same as at left Useful lives for major assets are as follows:

Item	Fiscal Year 2006 (From October 1, 2005 to September 30, 2006)	Fiscal Year 2007 (From October 1, 2006 to September 30, 2007)
	Useful lives for major assets are as follows: • Buildings: 8-15 years • Furniture and equipment: 3-20 years	• Buildings: 6-18 years • Furniture and equipment: 3-20 years (Change in accounting policy) In accordance with the amendment of the Corporation Tax Law, depreciation method used for the tangible assets acquired on or after April 1, 2007 has been changed. As a result of the change, there is no material impact on income and losses on the consolidated financial statements compared to what would have been reported under the previous accounting standard.
(3) Important Deferred Assets	(i) Stock distribution costs Charged to income as incurred (ii) Bond issue costs Charged to income as incurred	(i) Stock distribution costs Same as at left (ii) Bond issue costs Same as at left
(4) Important allowances	(i) Allowance for doubtful accounts To provide for future losses on doubtful accounts, the Company determines allowance for doubtful accounts based on historical experience, plus additional estimated amounts to cover specifically uncollectible receivables. (ii) Provision for employee bonuses Provision for employee bonuses is provided for in the amount that is expected to be paid for employee bonuses. (iii) Accrued retirement benefits To provide for future payment of retirement benefits to employees, the Company determines the amount necessary to be provided for the accrued retirement benefits at the end of fiscal year as the projected benefits obligation. The simplified method is adopted since the number of employees covered by the retirement benefits plan is less than 300.	(i) Allowance for doubtful accounts Same as at left (ii) Provision for employee bonuses Same as at left (iii) Accrued retirement benefits Same as at left
(5) Important 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.	Same as at left
(6) Important hedge accounting	(i) Methods of hedge accounting For interest rate swaps that meet the requirements for special treatment, special accounting treatment is adopted. (ii) Hedging vehicles and hedged items Hedging vehicles: Interest rate swaps Hedged items: Borrowings (iii) Hedging policy Interest rate swaps are used to avoid fluctuations of market interest rates. (iv) Methods of hedge efficiency assessment Efficiency assessment for interest rate swaps is omitted, as they meet the requirements for special treatment.	(i) Methods of hedge accounting Same as at left (ii) Hedging vehicles and hedged items Same as at left (iii) Hedging policy Same as at left (iv) Methods of hedge efficiency assessment Same as at left
(7) Other significant policies to prepare consolidated financial statements	(i) Accounting for consumption tax and local consumption tax Consumption tax and local consumption tax are accounted for using the tax exclusion method. (ii) Investments in securities, trade [Investments in Silent Partnership (Tokumei Kumiai)] Investments in securities, trade [investments in 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".	(i) Accounting for consumption tax and local consumption tax Same as at left (ii) Investments in Silent Partnership (Tokumei Kumiai) included in investments in securities, trade Investments in Silent Partnership (Tokumei Kumiai) included in investments in securities, trade are stated at cost, adjusted for equity in earnings and losses of the partnership. The adjustments are recognized as "Net revenue".
(7) Other significant policies to prepare	(iii) Methods for allocating financing expenses ————	(iii) Methods for allocating financing expenses Financing expenses of the companies providing with the lending services are classified into financing expenses associated with operating revenues and other financing

Item	**Fiscal Year 2006** (From October 1, 2005 to September 30, 2006)	**Fiscal Year 2007** (From October 1, 2006 to September 30, 2007)
consolidated financial statements		expenses. In allocating those expenses, the total assets are allocated between the assets for business transactions and other assets, and based on the balance of the allocated assets, the financing expenses for the operating assets are classified as the cost of revenue, and the financing expenses for other assets are classified as other expense on the consolidated statements of income. (Change in accounting policy) Financing expenses on the loans associated with individual investments or financings had been classified as cost of revenue and financing expenses on the loans which could not be traced to individual fund requirement had been classified as other expense. However, due to the increasing the ratio of the financing expenses which could not be traced to individual fund requirement, the Company has decided to allocate financing expenses to properly present cost of revenue and other expenses, since the fiscal year 2007. As for the allocation method, the total assets are allocated between the assets for business transactions and other assets, and based on the balance of the aloocated assets, the financing expenses for the operating assets are classified as the cost of revenue, and the financing expenses for other assets are classified as other expense on the consolidated statements of income. Along with the change, “bank loans, trade” is reclassified to “short-term debt” or “long-term debt” based on the term of payment. As a result of the change, the operating income have decreased by ¥174,567 thousands compared to what would have been reported under the previous presentation, but there is no impact on the ordinary profit in the consolidated statements of income. Current liabilities have decreased by ¥565,000 thousands, and long-term liabilities have increased by the same amount. In the consolidated statement of cash flows, cash flows on operating activities have increased by ¥2,699,325 thousands and cash flows on financing activities have decreased by the same amount. Additionally, as for the breakdown of cash flows on operating activities, interest expenses included in the cost of revenues and in other expenses are combined and classified as to “cost of funds and interest expenses”.
5. Valuation of assets and liabilities of consolidated subsidiaries	Assets and liabilities of the consolidated subsidiaries are initially recorded at fair value.	Same as at leftt.
6. Amortization of Goodwill	Goodwill is amortized by the straight-line method over five years.	Same as at leftt.
7. Cash and Cash Equivalents	In preparing the consolidated statement of cash flows, the Company considers all highly liquid investments with an insignificant risk of changes in value and with original maturities of three months or less to be cash equivalents.	Same as at left

Changes in Accounting Principles

Fiscal Year 2006 (From October 1, 2005 to September 30, 2006)	**Fiscal Year 2007** (From October 1, 2006 to September 30, 2007)
(Impairment Loss on Fixed Assets) In fiscal 2006, the Company adopted the new accounting standard “Accounting for Impairment of Fixed Assets (Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets)” issued by the Business Accounting Deliberation Council on August 9, 2002 and “Implement Guidance for the Accounting Standard for Impairment of Fixed Assets” (Financial Accounting Standard Implementation Guidance No.6 issued on October 31, 2003). The application of the new standards had no impact on the Company’s results of operation.	————
(Presentation of Net Assets on the Balance Sheet) In fiscal 2006, the Company adopted the new accounting standard “Accounting Standard for Presentation of Net Assets on the Balance Sheet” (Accounting Standard Board Statement No.5 issued on December 9, 2005) and “Financial Accounting Implementation Guidance on Presentation of Net Assets on the Balance Sheet” (Financial Accounting Implementation Guidance No.8 issued on December 9, 2005). Total shareholders’ equity would have been ¥24,887,966 thoudand under the previous accounting standard.	————
————	(Stock options) On December 27, 2005, Accounting Standard Boards of Japan issued “Accounting Standard for Stock Options” and related guidance. The new standard and guidance are applicable to stock options newly granted on and after May 1, 2006. As a result of this change, there is a minimal impact on income and losses in the consolidated financial statements compared to what would have been reported under the previous accounting standard.

Changes in Presentation

Fiscal Year 2006 (From October 1, 2005 to September 30, 2006)	**Fiscal Year 2007** (From October 1, 2006 to September 30, 2007)
	(Note to consolidated balance sheets) Goodwill, amounting to ¥92,029 thousand, was included in "Other" under intangible assets on the consolidated balance sheet of the fiscal year 2006. However, goodwill was separately disclosed in the fiscal year 2007 since the amount exceeded 1% of total assets.
(Note to consolidated statements of income) From the fiscal year 2006, the Company discloses “Stock disposition costs,” which was presented as “Stock issue costs” in the fiscal year 2005.	(Note to consolidated statements of income) Sales on Real estate related business, amounting to ¥9,873 thousand, was disclosed as "Other business” under net revenue of the consolidated statements of income of the fiscal 2006. However, realestate related business was separately disclosed on the statements of income of the fiscal year 2007 since the significance of the amount has increased. Amortization of goodwill, amounting to ¥6,581 thousand, was included in "Others" under selling, general and administrative expenses for the fiscal year 2006. However, amortization of goodwill was separately disclosed on the statement of income for the fiscal year 2007 since the amount exceeded 10% of total selling, general and administrative expenses.

Notes to Consolidated Balance Sheets

<table>
<tr><th>Fiscal Year 2006
(As of September 30, 2006)</th><th>Fiscal Year 2007
(As of September 30, 2007)</th></tr>
<tr><td>*1. Investment in securities of non-consolidated subsidiaries and affiliates are as follows:

(Thousands of yen)
Investment in securities (equity securities) ¥5,000
Investment in securities (other securities) ¥49</td><td>*1. Investment in securities of non-consolidated subsidiaries and affiliates are as follows:

(Thousands of yen)
Investment in securities (other securities) ¥49</td></tr>
<tr><td>*2. Pledged assets and secured debts
Assets for pledges were as follows:
(Thousands of yen)
Cash and time deposits ¥189,000
Inventory ¥2,399,660
Loans receivable, trade ¥815,000
Total ¥3,403,660

Corresponding secured debts were as follows:
(Thousands of yen)
Bank loans, trade ¥961,700
Short-term debt ¥1,944,000
Total ¥2,905,700</td><td>*2. Pledged assets and secured debts
Assets for pledges were as follows:
(Thousands of yen)
Inventory ¥1,012,669
Loans receivable, trade ¥1,400,000
Total ¥2,412,669

Corresponding secured debts were as follows:
(Thousands of yen)
Long-term debt ¥604,909
Total ¥604,909</td></tr>
<tr><td>*3. Loan Commitment Line Agreement
In the principal finance operations, the Company is committed to provide loans to a customer. The outstanding commitment balance as of September 30, 2006 was as follows:
(Thousands of yen)
Total commitment ¥2,000,000
Executed loans 95,000
Unused balance ¥1,905,000

In the above committed loan agreements, full amounts are not necessarily loaned because the Company lends out funds subject to the purpose for use of funds as well as the credit of the borrowers.</td><td>*3. Loan Commitment Line Agreement
In the principal finance operations, the Company is committed to provide loans to a customer. The outstanding commitment balance as of September 30, 2007 was as follows:
(Thousands of yen)
Total commitment ¥920,000
Executed loans -
Unused balance ¥920,000

In the above committed loan agreements, full amounts are not necessarily loaned because the Company lends out funds subject to the purpose for use of funds as well as the credit of the borrowers.</td></tr>
<tr><td>*4. Investment Commitment Line Agreement
In the principal finance operations, the Company is committed to provide investments. The outstanding commitment balance as of September 30, 2006 was as follows:
(Thousands of yen)
Total commitment ¥5,000,000
Executed investments -
Unused balance ¥5,000,000

In the above committed investment agreements, full amounts are not necessarily invested because the Company invests out funds subject to the purpose for use of funds as well as the credit of the investees.</td><td>*4. ――――</td></tr>
<tr><td>*5. Contingent Liabilities
Guarantee liabilities
(Thousands of yen)
Duplex Thirty-Sixth Ltd. ¥740,000
Duplex Thirty-Third Ltd. 800,000
Duplex Thirty-Fourth Ltd. 600,000
Duplex Forty-First Ltd. 400,000
Duplex Forty-Fourth Ltd. 300,000
Duplex Forty-Seventh Ltd. 450,000
Yokohama Bayside Resort Ltd. 2,000,000
Total ¥5,290,000</td><td>*5. Contingent Liabilities
Guarantee liabilities
(Thousands of yen)
Duplex Forty-Fifth Ltd. ¥500,000
Duplex Forty-Ninth Ltd. 300,000
Duplex Fifty-Forth Ltd. 1,000,000
Duplex Twenty-Seventh Ltd. 1,450,000
Duplex Thirty-Sixth Ltd. 740,000
Duplex Thirty-Third Ltd. 800,000
Duplex Thirty-Fourth Ltd. 600,000
Duplex Forty-First Ltd. 400,000
Duplex Forty-Fourth Ltd. 300,000
Duplex Forty-Seventh Ltd. 450,000
Yokohama Bayside Resort Ltd. 2,000,000
Total ¥8,540,000</td></tr>
</table>

<table>
<tr><th>Fiscal Year 2006
(As of September 30, 2006)</th><th>Fiscal Year 2007
(As of September 30, 2007)</th></tr>
<tr><td>*6. The following special purpose companies and the Silent Partnership (Tokumei Kumiai) have been consolidated due to the fact that the Company substantially assumes the majority of rights and duties as well as the risks associated with the profits and losses of those companies.
• TSM Fifteen Incorporated
• FGI Investment Two Incorporated
• TSM Fourteen Incorporated
• Blenheim Partners One Incorporated

Major assets and liabilities of the above special purpose companies and the Silent Partnership (Tokumei Kumiai) are as follows:

(Thousands of yen)
Inventory ¥ 8,584,620
Short-term debt 1,944,000</td><td>*6. The following special purpose companies and the Silent Partnership (Tokumei Kumiai) have been consolidated due to the fact that the Company substantially assumes the majority of rights and duties as well as the risks associated with the profits and losses of those companies.
• FGI Investment Two Incorporated
• FGI Investment Three Incorporated
• Blenheim Partners One Incorporated
• TSM Fourteen Incorporated
• Yugen Kaisya Hibiki
• Godo Kaisha Toranomon 1-chome Kaihatsu
Major assets and liabilities of the above special purpose companies and the Silent Partnership (Tokumei Kumiai) are as follows:
(Thousands of yen)
Inventory ¥ 4,467,342
Long-term debt 604,904</td></tr>
<tr><td>*7. Credit Line Agreement
The Company has credit line agreements with banks to make an appropriation for funds for investments and loans in the principal finance operations. The credit line under the agreements and the outstanding balance as of September 30, 2006 were as follows:

(Thousands of yen)
Total commitment ¥4,000,000
Executed loans -
Unused balance ¥4,000,000</td><td>*7. Credit Line Agreement
The Company has credit line agreements with banks to make an appropriation for funds for investments and loans in the principal finance operations. The credit line under the agreements and the outstanding balance as of September 30, 2007 were as follows:

(Thousands of yen)
Total commitment ¥8,000,000
Executed loans 6,133,000
Unused balance ¥1,867,000</td></tr>
<tr><td>*8. ————</td><td>*8. Deposits
Deposits are cash held in trust under an investor protection fund for FX (Foreign Exchange) business by FX Online Japan Co., Ltd.</td></tr>
<tr><td>*9. ————</td><td>*9. Deposits from customers
Deposits from customers are for FX (Foreign Exchange) business by FX Online Japan Co., Ltd.

The breakdown of deposits from customers is as follows:
(Thousands of yen)
Received deposits ¥12,265,197
Unrealized gain/(loss) on unsettled balance (2,272,463)
Deposits from customers ¥9,992,733</td></tr>
</table>

Notes to Consolidated Statements of Income

Fiscal Year 2006 (From October 1, 2005 to September 30, 2006)	**Fiscal Year 2007** (From October 1, 2006 to September 30, 2007)
*1. The following is the breakdown of net revenue from investment banking business: (Thousands of yen) Arrangement operations: ¥4,674,212 (Arrangement services: 3,734,998) (Arrangement services with credit enhancement: 939,214) Principal finance operations: 2,796,810 Other investment banking operations: 274,540 Total ¥7,745,562	*1. The following is the breakdown of net revenue from investment banking business: (Thousands of yen) Arrangement operations: ¥3,878,772 (Arrangement services: 3,271,754) (Arrangement services with credit enhancement: 607,017) Principal finance operations: 2,929,176 Other investment banking operations: 177,182 Total ¥6,985,131
*2. The following is the breakdown of net revenue from the reinsurance/financial guarantee businesses: (Financial Guarantee Business) (Thousands of yen) Gross guarantee fees ¥466,583 Unearned guarantee fees (354,916) Guarantee arrangement fees 216,687 Total ¥328,354 (Reinsurance Business) (Thousands of yen) Reinsurance premiums assumed ¥152,923 Reinsurance premiums ceded (5,000) Total ¥147,923	*2. The following is the breakdown of net revenue from the reinsurance/financial guarantee businesses: (Financial Guarantee Busine (Thousands of yen) Gross guarantee fees ¥188,367 Unearned guarantee fees 57,714 Guarantee arrangement fees 93,500 Total ¥339,582 (Reinsurance Business) (Thousands of yen) Reinsurance premiums assumed ¥1,501,016 Reinsurance premiums ceded (120,500) Total ¥1,380,516
	*3. Loss due to impairment The loss due to impairment on the following asset group was recognized in the fiscal year 2007. Name of company: ASAP Payment System Inc. — Type of asset: Goodwill For the purpose of identifying fixed assets that are impaired, the Company grouped its fixed assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets or group of assets. The Company recognized ¥66,817 thousand of impairment loss on the Goodwill related to the investments in ASAP Payment System Inc. because expected future cash flows from the asset are not considered as collectible.
	*4 Godo Kaisha Tempu Moderate Udagawa-cho Kaihatsu, which has been consolidated in accordance with “Practical Solution on Application of Control Criteria and Influence Criteria to Investment Association” (Practical Issue Task Force No. 20 issued by the Accounting Standard Board of Japan on September 8, 2006), sold the real estate held for re-sell in the fiscal year 2007. As a result, ¥3,658,511 thousand of net revenue, including the sales of the real estate, and ¥2,569,504 thousand of cost of goods sold are recognized in the Real estate related business segment, resulted ¥1,089,007 thousand of gross profit, ¥979,908 thousand of operating income, and ¥898,286 thousand of ordinary profit and income before income taxes. The Company, however, recognized the same amount of minority interests since the Company’s ownership interest in Godo Kaisha Tempu Moderate Udagawa-cho Kaihatsu was 0%. Therefore there is no impact on net income in the consolidated financial statements.

Notes to Consolidated Statements of Net Assets

Fiscal Year 2006 (From October 1, 2005 to September 30, 2006)

1. Issued stock

Type of stock	Number of shares as of September 30, 2005	Increases	Decreases	Number of shares as of September 30, 2006
Issued stock Common stock	68,335.00	168,290.79	3.79	236,622.00

(Reasons for changes)
The increases in number of shares were resulted from the following:
A three-for-one stock split on December 20, 2005 136,710 shares
Exercise of stock acquisition rights (stock options) 3,525 shares
Exercise of stock acquisition rights on the first unsecured convertible bond-type bonds 28,055.79 shares
The decreases in number of shares were resulted from the following:
Decrease through disposition of treasury stock 3.79 shares

2. Treasury stocks

Type of stock	Number of shares as of September 30, 2005	Increases	Decreases	Number of shares as of September 30, 2006
Treasury stock Common stock	—	3.79	3.79	—

(Reasons for changes)
The increases in number of shares were resulted from the following:
Acquisition of odd-lot shares (shares less than one unit) 3.79 shares
The decreases in number of shares were resulted from the following:
Decrease through disposition of treasury stocks 3.79 shares

3. Stock acquisition rights

Name of company	Details	Type of stock to be issued	Number of shares to be issued for the stock acquisition rights				Balance as of September 30, 2006 (Thousands of yen)
			As of September 30, 2005	Increases	Decreases	As of September 30, 2006	
FinTech Global Incorporated	Stock acquisition rights on the first series of bonds issued in December 2005	Common stock	—	28,055.79	28,055.79	—	—
	Stock acquisition rights on the second series of bonds issued in April 2006	Common stock	—	11,111.11	11,111.11	—	—
	Stock acquisition rights on the third series of bonds issued in April 2006	Common stock	—	22,222.22	—	22,222.22	20,000,000
Total			—	61,389.12	39,166.9	22,222.22	20,000,000

Notes: 1. Number of shares to be issued for the stock acquisition rights represents the maximum number of shares derived through the exercise of stock acquisition rights.
2. Reasons for changes in number of shares
The increases in number of shares were resulted from issurances of the first series of bonds, the second series of bonds, and the third series of bonds, with stock acquisition rights, during fiscal 2006.
The decrease in number of shares for stock acquisition rights on the first series of bonds issued in December 2005 was resulted from the exercise of such rights.
The decrease in number of shares for stock acquisition rights on the second series of bonds issued in April 2006 was resulted from the early redemption of those bonds.
3. The Company executed early redemption of third series of bonds, issued in April 2006, on November 6, 2006.

4. Dividends

(1) Dividends paid

Resolution	Type of stock	Total dividends (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date
General shareholders' meeting on December 20, 2005	Common stock	¥369,009	¥5,400	September 30, 2005	December 21, 2005

(2) Dividends of which the record date falls in the current fiscal year but the effective date falls in the following fiscal year.

Resolution	Type of stock	Source of dividends	Total dividends (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date
General shareholders' meeting on December 20, 2006	Common stock	Retained earnings	¥1,183,110	¥5,000	September 30, 2006	December 21, 2006

Fiscal Year 2006 (From October 1, 2006 to September 30, 2007)

1. Issued stock

Type of stock	Number of shares as of September 30, 2006	Increases	Decreases	Number of shares as of September 30, 2007
Issued stock Common stock	236,622	965,938	-	1,202,560

(Reasons for changes)

The increases in number of shares were resulted from the following:

A 5-for-1 stock split on Octorber 1, 2006 946,488 shares

Exercise of stock acquisition rights (stock options) 19,450 shares

2. Stock acquisition rights

Name of company	Details	Type of stock to be issued	Number of shares to be issued for the stock acquisition rights				Balance as of September 30, 2007 (Thousands of yen)
			As of September 30, 2006	Increases	Decreases	As of September 30, 2007	
FinTech Global Incorporated	Stock acquisition rights on the third series of bonds issued in April 2006	Common stock	22,222.22	-	22,222.22	—	—
	Stock acquisition rights on the Euro-yen denominated bonds issued in February 2007	Common stock	—	139,785	—	139,785	—
	Stock acquisition rights issued in June 2007	Common stock	—	1,280	40	1,240	4,974
Total			22,222.22	141,065	22,262.22	141,025	4,974

Notes: 1. Number of shares to be issued for the stock acquisition rights represents the maximum number of shares derived through the exercise of stock acquisition rights.

2. Reasons for changes in number of shares

The decrease in number of shares for stock acquisition rights on the third series of bonds issued in April 2006 is resulted from the early redemption of those bonds.

The increase in number of shares for stock acquisition rights on the Euro-yen bonds issued in February 2007 is resulted from issuance of ¥20,000,000 Zero coupon convertible bonds due in 2012.

3. The increase in number of stock acquisition rights was a result from the issuance of stock acquisition rights (stock option) in June 2007.

3. Dividends

(1) Dividends paid

Resolution	Type of stock	Total dividends (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date
General shareholders' meeting on December 20, 2006	Common stock	¥1,183,110	¥5,000	September 30, 2006	December 21, 2006
Board of directors meeting on May 15, 2007	Common stock	¥655,481	¥550	March 31, 2007	June 14, 2007

(2) Dividends of which the record date falls in the current fiscal year but the effective date falls in the following fiscal year.

Resolution	Type of stock	Source of dividends	Total dividends (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date
General shareholders' meeting on December 20, 2007	Common stock	Retained earnings	¥901,920	¥750	September 30, 2007	December 21, 2007

Notes to Consolidated Statements of Cash Flows

Fiscal Year 2006 (From October 1, 2005 to September 30, 2006)	**Fiscal Year 2007** (From October 1, 2006 to September 30, 2007)
*1. Cash and cash equivalents as of September 30, 2006 was computed as follows: (Thousands of yen) Cash and time deposits ¥ 18,907,675 Less: time deposits deposited for three months or longer (189,000) Cash and cash equivalents ¥ 18,718,675	*1. Cash and cash equivalents as of September 30, 2007 was computed as follows: (Thousands of yen) Cash and time deposits ¥ 15,263,735 Less: time deposits deposited for three months or longer (100,000) Cash and cash equivalents ¥15,163,735
*2. The assets and liabilities of newly consolidated subsidiaries are as follows: (Thousands of yen) (1) FGI Investment Two Incorporated: Current assets ¥1,891,106 Current liabilities 1,408,106 Other than above, there are ¥480,000 thousand of liabilities to the Company and net assets amounted to ¥3,000 thousand. Cash and cash equivalents included in current assets ¥87,759 Proceeds from purchase of newly consolidated subsidiaries 87,759 (2) Blenheim Partners One Incorporated: Current assets ¥649,789 Current liabilities 596,789 Other than above, there are ¥50,000 thousand of liabilities to the Company and net assets amounted to ¥3,000 thousand. Cash and cash equivalents included in current assets ¥104,048 Proceeds from purchase of newly consolidated subsidiaries 104,048	*2. The assets and liabilities of newly consolidated subsidiaries are as follows: (Thousands of yen) FX Online Japan Co.,Ltd.: Current assets ¥12,536,596 Fixed assets 70,581 Current liabilities (10,156,839) Goodwill 7,318,563 Minority interests (1,347,931) Purchase price of the shares ¥8,420,970 Cash and cash equivalents 972,560 Payment for purchase ¥(7,448,409)
*3. Significant non-cash transactions Exercise of stock acquisition rights on bonds with stock acquisition rights (unsecured convertible bond-type bonds with stock acquisition rights) (Thousands of yen) Increase in common stock ¥9,250,000 Increase in additional paid in capital 9,250,000 Decrease in bonds with stock acquisition rights ¥18,500,000	*3. ————
*4. ————	*4.Decrease in cash and cash equivalents due to deconsolidation of susidiaries As described in Note 4 of the notes to consolidated statemetns of income, Godo Kaisha Tempu Moderate Udagawa-cho Kaihatsu, which has been consolidated in accordance with “Practical Solution on Application of Control Criteria and Influence Criteria to Investment Association” (PITF No. 20 issued by ASBJ on September 8, 2006), sold the real estate held for re-sell. As a result, ¥898,286 thousand of operating cash flow is included in income before income taxes and the same amount is included in decrease in cash and cash equivalents due to deconsolidation of subsidiaries on the consolidated statement of cash flows.

Leases

Fiscal Year 2006
(From October 1, 2005 to September 30, 2006)

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.

1. Pro forma information of the leased property, such as acquisition costs, accumulated depreciation, and net book value as of September 30, 2006 are as follows:

(Thousands of yen)

	Acquisition costs	Accumulated depreciation	Net book value
Buildings	¥ 1,938	¥ 678	¥ 1,260
Furniture and equipment	22,022	6,395	15,627
Intangible fixed assets	556	129	426
Total	¥ 24,518	¥ 7,203	¥ 17,314

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

	(Thousands of yen)
Within one year	¥ 4,766
More than one year	13,155
	¥ 17,922

3. Lease expenses, pro forma depreciation expenses, and pro forma interest expenses for the year ended September 30, 2006 were as follows:

	(Thousands of yen)
Lease expenses	¥ 5,088
Pro forma depreciation expenses	4,498
Pro forma interest expenses	919

4. Pro forma depreciation expenses were calculated using the straight-line method over the lease term with no residual value.

5. Differences between total lease payments and the acquisition costs of the leased assets are assumed as pro forma interest expenses. The pro forma interest expenses are allocated to each period using the interest method over the lease term.

Fiscal Year 2007
(From October 1, 2006 to September 30, 2007)

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.

1. Pro forma information of the leased property, such as acquisition costs, accumulated depreciation, and net book value as of September 30, 2007 are as follows:

(Thousands of yen)

	Acquisition costs	Accumulated depreciation	Net book value
Furniture and equipment	¥ 30,240	¥ 11,725	¥ 18,515
Intangible fixed assets	556	241	315
Total	¥ 30,797	¥ 11,966	¥ 18,830

2. The scheduled maturities of future lease payments of such lease contracts as of September 30, 2007, were as follows:

	(Thousands of yen)
Within one year	¥ 6,331
More than one year	13,648
	¥ 19,980

3. Lease expenses, pro forma depreciation expenses, and pro forma interest expenses for the year ended September 30, 2007 were as follows:

	(Thousands of yen)
Lease expenses	¥5,507
Pro forma depreciation expenses	4,698
Pro forma interest expenses	716

4. Same as at left

5. Same as at left

Investments in Securities

Fiscal Year 2006 (As of September 30, 2006)

1. The amounts of other securities with fair market value as of September 30, 2006 are summarized as follows:

(Thousands of yen)

		Acquisition cost	Carrying amount	Unrealized gain (loss)
Carrying amounts exceed the acquisition costs	(1) Equity securities	¥ 9,200	¥ 32,280	¥ 23,080
	(2) Bonds and debentures	—	—	—
	(3) Other	1,312,907	1,343,009	30,101
	Sub-total	1,322,107	1,375,289	53,181
Carrying amounts do not exceed the acquisition costs	(1) Equity securities	—	—	—
	(2) Bonds and debentures	—	—	—
	(3) Other	730,216	719,888	(10,327)
	Sub-total	730,216	719,888	(10,327)
Total		¥ 2,052,324	¥ 2,095,178	¥ 42,854

2. The carrying amounts of other securities without fair market value as of September 30, 2006 are summarized as follows:

(Thousands of yen)

	Carrying amount
Other securities without fair market value:	
Investments in Silent Partnership (Tokumei Kumiai)	¥439,512
Unlisted equity securities	67,500
Investments in partnerships	21,734

Fiscal Year 2007 (As of September 30, 2007)

1. The amounts of other securities with fair market value as of September 30, 2007 are summarized as follows:

(Thousands of yen)

		Acquisition cost	Carrying amount	Unrealized gain (loss)
Carrying amounts exceed the acquisition costs	(1) Equity securities	¥ 9,200	¥ 15,000	¥ 5,800
	(2) Bonds and debentures	—	—	—
	(3) Other	—	—	—
	Sub-total	9,200	15,000	5,800
Carrying amounts do not exceed the acquisition costs	(1) Equity securities	—	—	—
	(2) Bonds and debentures	—	—	—
	(3) Other	1,020,000	985,261	(34,738)
	Sub-total	1,020,000	985,261	(34,738)
Total		¥ 1,029,200	¥ 1,000,261	¥ (28,938)

2. Other securities sold during the year ended September 30, 2007

(Thousands of yen)

Amount sold	Gain on the sales
¥2,602,456	¥ 189,331

3. The carrying amounts of other securities without fair market value as of September 30, 2007 are summarized as follows:

(Thousands of yen)

	Carrying amount
Other securities without fair market value:	
Investments in Silent Partnership (Tokumei Kumiai)	¥ 541,706
Unlisted equity securities	135,500
Unlisted bonds	3,550,000
Preferred securities	480,000

4. The redemption schedule for other securities with maturities

(Thousands of yen)

	1 year or less	1 to 5 years	5 to10 years	More than 10 years
Bonds and debentures				
Bonds	¥ 3,550,000	—	—	—
Total	3,550,000	—	—	—

Derivative Transactions

1. Derivative transactions

Fiscal Year 2006 (From October 1, 2005 to September 30, 2006)	**Fiscal Year 2007** (From October 1, 2006 to September 30, 2007)
(1) Outline of transactions The Company utilizes an interest rate swap and an interest rate cap.	(1) Outline of transactions The Company utilizes an interest rate swap and an interest rate cap. Its subsidiary enters into foreign exchange margin tradings with customers. The subsidiary enters into negotiated foreign exchange margin tradings with counterparties to hedge the risks rising from the transactions with customers.
(2) Purposes and policies for utilizing derivative instruments Derivative instruments are utilized to manage the interest rate fluctuation risk associated with the borrowings and are not held or issued for speculative purpose. Hedge accounting is applied for the derivative transactions. Hedged instruments are the borrowings and hedging instruments are interest rate swaps, which could be accounted for by the special treatment. Interest rate swaps are utilized within the amount of hedged borrowings to hedge an interest rate risk.	(2) Purposes and policies for utilizing derivative instruments Derivative instruments are utilized to manage the interest rate fluctuation risk associated with the borrowings and are not held or issued for speculative purpose. Hedge accounting is applied for the derivative transactions. Hedged instruments are the borrowings and hedging instruments are interest rate swaps, which could be accounted for by the special treatment. Interest rate swaps are utilized within the amount of hedged borrowings to hedge an interest rate risk. With respect to foreign exchange margin tradings of the subsidiary, their capital and the customers' trading accounts are separately administrated in accordance with the rules over foreign exchange margin tradings to properly preserve the trust assets of the customers. Moreover, for self-position arising from the transactions with the customers, the Company hedges associated foreign exchange risks by excuting covering transactions with counterparties.
(3) Risks on the transactions Interest rate swap and interest rate cap transactions are subject to risks of fluctuations in market interest rate. The transactions are entitiled with only the high-rated financial institutions. Therefore, the Company does not anticipate any losses rising from credit risk.	(3) Risks on the transactions Interest rate swap and interest rate cap transactions are subject to risks of fluctuations in market interest rate. The transactions are entitiled with only the high-rated financial institutions. Therefore, the Company does not anticipate any losses rising from credit risk. After entering into contracts with customers, the foreign exchange margin tradings are subject to foreign exchange risks until the execution of covering transactions. The Company does not anticipate significant losses arising from the customers' nonfulfillments of contracts since the Company receives additional deposits from the customers or settles the customers' balance all or in part compulsively if they do not have any balance in deposits. In addition, the Company does not anticipate any losses rising from the clients' failure of contracts since covering transactionis with the counterparties are entitiled with only the high-rated financial institutions.
(4) Risk management structure Derivative transactions are executed by the treasury department upon appropriate approval in accordance with the internal policies which regulate authorization and the maximum amount to transactions, etc.	(4) Risk management structure Derivative transactions are executed by the treasury department upon appropriate approval in accordance with the internal policies which regulate authorization and the maximum amount to transactions, etc. The subsidiary carrying out foreign exchange margin tradings apply the policies of foreign exchange position management to hedge foreign exchange risks arising from the foreign exchange margin tradings with the customers.
(5) Additional note on fair market values of the transactions Contract amounts noted on the "2. fair market values of the transactions" do not present the magnitude of risks in the derivative transactions but nominal contract amounts or notional amounts calculated.	

2. Fair market values of the transactions

(1) Interest rate related transactions

(Thousands of yen)

	Type	Fiscal Year 2006 (As of September 30, 2006)				Fiscal 2007 (As of September 30, 2007)			
		Contract amount	Contract over 1 year	Fair market value	Unrealized gain (loss)	Contract amount	Contract over 1 year	Fair market value	Unrealized gain (loss)
Nonmarket transactions	Interest rate cap transactions Buy	200,000	200,000	1,258	(1,341)	—	—	—	—
Total		200,000	200,000	1,258	(1,341)	—	—	—	—

Notes: 1. Market value is calculated based on the prices presented by the correspondent financial institution, etc.
2. Contract amount is not actual transaction value with trading partners, and thus does not present the market risk associated with derivatives instruments.
3. Derivative instruments to which hedge accounting were applied are excluded from above table.

(2)Currency transaction

(Thousands of yen)

Item	Type	Fiscal Year 2006 (As of September 30, 2006)			Fiscal 2007 (As of September 30, 2007)		
		Contract amount	Fair market value	Unrealized gain (loss)	Contract amount	Fair market value	Unrealized gain (loss)
Currency	Foreign exchange margin tradings						
	Sell	—	—	—	173,318,030	172,104,843	1,213,187
	Buy	—	—	—	171,169,448	172,108,905	939,457
Total		—	—	—	344,487,478	344,213,749	2,152,644

Note: Gains or losses on deemed settlements are recorded in the "Fair market value" above.

Retirement Benefits

Fiscal Year 2006 (From October 1, 2005 to September 30, 2006)	**Fiscal Year 2007** (From October 1, 2006 to September 30, 2007)
1. Description of the retirement benefit plan The Company provides lump-sum retirement benefit plan based on the severance policies.	1. Description of the retirement benefit plan The Company provides lump-sum retirement benefit plans as defined benefit type of plan. A definded contribution plan has been also introduced from the fiscal year 2007.
2. Retirement benefit obligation (Thousands of yen) Retirement benefit oligation ¥4,335 Accrued retirement benefits 4,335	2. Retirement benefit obligation (Thousands of yen) Retirement benefit obligation ¥20,331 Accrued retirement benefits 20,331
3.Retirement benefit expenses (Thousands of yen) Service cost ¥1,964 Retirement benefit expenses 1,964	3 Retirement benefit expenses (Thousands of yen) Service cost ¥28,733 Retirement benefit expenses 28,733
4. Basis for calculating retirement benefit obligation The Company and its consolidated subsidiaries adopted the simplified method to calculate the retirement benefit obligation and the retirement benefit expences.	4. Basis for calculating retirement benefit obligation Same as at left

Deferred Tax Accounting

Fiscal Year 2006 (From October 1, 2005 to September 30, 2006)		**Fiscal Year 2007** (From October 1, 2006 to September 30, 2007)	
1.Principal sources of deferred tax assets and liabilities		1. Principal sources of deferred tax assets and liabilities	
	(Thousands of yen)		(Thousands of yen)
Deferred tax assets		Deferred tax assets	
(Currrent assets)		(Currrent assets)	
Net operating loss carryforwards	¥21,826	Accrued enterprise tax	¥99,573
Accrued enterprise tax	185,081	Amount in excess of provision for accrued employee bonuses	106,310
Amount in excess of provision for accrued bonuses	32,552	Amount in excess of allowance for doubtful account	66,200
Amount in excess of allowance for doubtful account	35,896	Others	89,034
Others	9,584	Sub-total	¥361,119
Sub-total	¥284,941	Deferred tax assets (current), total	¥361,119
Valuation allowance	¥(29,298)	(Long-term aseets)	
Deferred tax assets (current), total	¥255,642	Net operating loss carryforwards	¥286,438
(Long-term aseets)		Amount in excess of accrued retirement benefits	8,206
Net operating loss carryforwards	¥75,599	Others	16,662
Amount in excess of accrued retirement benefits	1,764	Sub-total	¥311,306
Others	102	Valuation allowance	¥(286,438)
Sub-total	¥77,465	Sub-total	¥24,868
Valuation allowance	¥(75,599)	Less deferred tax liabilities (fixed)	¥(2,360)
Sub-total	¥1,866	Deferred tax assets (fixed), total	22,508
Less deferred tax liabilities (fixed)	¥(1,866)		
Deferred tax assets (fixed), total	0	Deferred tax liabilities	
		(Long-term liabilities)	
Deferred tax liabilities		Foreign exchange loss	¥(216,128)
(Long-term liabilities)		Others	(2,360)
Investment in securities	¥(9,391)	Sub-total	¥(218,488)
Sub-total	¥(9,391)	Less deferred tax assets (fixed)	¥2,360
Less deferred tax assets (fixed)	¥1,866	Deferred tax liabilities (fixed),total	¥(216,128)
Deferred tax liabilities (fixed),total	¥(7,525)	Net deferred tax aseets	¥167,498
Net deferred tax aseets	¥248,117		
2. Reconciliation between the effective statutory tax rate and the actual effective tax rate is as follows.		2. Reconciliation between the effective statutory tax rate and the actual effective tax rate is as follows.	
Effective statutory tax rare	40.7%	Effective statutory tax rare	40.7%
Reconciliation:		Reconciliation:	
Expenses not deductible for tax purpose	0.2	Expenses not deductible for tax purpose	0.4
Changes in valuation allowance	1.8	Changes in valuation allowance	3.1
Others	0.0	Adjustment for distribution of Silent Partnership (Tokumei Kumiai) included in minority interests	(6.3)
Actual effective tax rate	42.7%	Amortization of goodwill	5.7
		Others	0.0
		Actual effective tax rate	43.6%

Stock Options

Fiscal Year 2006 (From October 1, 2005 to Septemer 30, 2006)

Outline of stock options and changes:

(1) Outline of stock options

	Subscription rights	First stock acquisition rights Second stock acquisition rights
Title and number of grantees	Members of the board of directors: 3 Employees: 8 Approved supporters: 7	Members of the board of directors: 2 Employees: 17 Corporate auditors: 3 Memers of the board of directors of affiliates: 2
Number of stock options (*1)	Common stock: 815 shares (*2)	Common stock: 12,465 shares (*2)
Grant date	December 25, 2001	First December 1, 2004 Second December 14, 2004
Condition of vesting	Those who are entitiled to exercise the stock option shall be any of the directors or employees of the Company or its subsidiaries at the time of vesting date (on or after the first day of the period for exercise). （excluding approved supportes）	Those who are entitiled to exercise the stock option shall be any of the directors, corporate auditors or employees of the Company, its subsidiaries or affiliates at the time of vesting date (on or after the first day of the period for exercise) unless there are any appropriate reasons such as a resignation due to expiry of the term of duty and a mandatory retirement.
Required service period	December 25, 2001 to December 25, 2003 (members of the board of directors and employees)	First December 1, 2004 to June 30, 2006 Second December 14, 2004 to June 30, 2006
Exercise period	December 26, 2003 to December 25, 2011 (members of the board of directors and employees) From the date of listing to December 25, 2011 (approved supporters)	July 1, 2006 to June 15, 2014

	Third stock acquisition rights	Fourth stock acquisition rights
Title and number of grantees	Employees: 30	Employees: 10
Number of stock options (*1)	Common stock: 2,940 shares (*2)	Common stock: 650 shares
Grant date	December 2, 2005	April 27, 2006
Condition of vesting	Those who are entitiled to exercise the stock option shall be any of the directors, corporate auditors or employees of the Company, its subsidiaries or affiliates at the time of vesting date (on or after the first day of the period for exercise) unless there are any appropriate reasons such as a resignation due to expiry of the term of duty and a mandatory retirement.	Same as at left
Required service period	December 2, 2005 to December 9, 2006	April 27, 2006 to December 31, 2007
Exercise period	December 10, 2006 to November 30, 2014	January 1, 2008 to November 30, 2015

Note: (*1) The number of stock options is convered into the number of shares.
(*2) The number of stock options is adjusted with a 5-for-1 stock split on December 20, 2004 and a 3-for-1 stock split on December 20, 2005. In addition, the Company conducted a 5-for-1 stock split on October 1, 2006. However, any adjustment is not made for the stock split since it was conducted after the fiscal year 2006.

(2) Stock options granted and changes

The number of stock options is converted into shares, and a 5-for-1 stock split conducted on October 1, 2006 is not reflected on following information.

(i) Number of stock options (Share)

	Subscription rights	First stock acquisition rights Second stock acquisition rights	Third stock acquisition rights	Fourth stock acquisition rights
Grant date	December 25, 2001	First: December 1, 2004 Second: December 14, 2004	December 2, 2005	April 27, 2006
Before vested				
Beginning of fiscal year 2006	—	5,000	—	—
Granted	—	—	3,000	650
Increase due to stock split	—	10,000	—	—
Forfeited	—	—	60	—
Vested	—	15,000	—	—
Outstanding	—	—	2,940	650
After vested				
Beginning of fiscal year 2006	615	—	—	—
Vested	—	15,000	—	—
Increase due to stock split	1,190	—	—	—
Exercised	990	2,535	—	—
Forfeited	—	—	—	—
Exercisable	815	12,465	—	—

Note: The Company conducted a 3-for-1 stock split on December 20, 2005.

(ii) Price information (Yen)

	Subscription rights	First stock acquisition rights Second stock acquisition rights	Third stock acquisition rights	Fourth stock acquisition rights
Grant date	December 25, 2001	First: December 1, 2004 Second: December 14, 2004	December 2, 2005	April 27, 2006
Exercise price	3,334	26,667	73,334	729,894
Average exercise price	608,506	493,221	—	—
Fair value at the grant date	—	—	—	—

Fiscal Year 2007 (From October 1, 2006 to Septemer 30, 2007)

1. Amount and account used to recognize expenses

		(Thousands of yen)
Cost of revenue:	Stock compensation expense	¥ 246
Selling, general and administrative expenses:	Stock compensation expense	¥ 4,728

Certain consolidated subsidiaries granted stock options during the fiscal year 2007. The stock options granted by consolidated subsidiaries and treasury stock options were accounted for by the intrinsic value method, instead of the fair value method, allowed for privately held companies in accordance with the "Accounting Standards for Stock Options." No expense was recognized for the stock opitions granted by the consolidated subsidiaries and treasury stock options because intrinsic value at the grant date was estimated at zero.

2. Outline of stock options and changes

(1) Outline of stock options

Type	Stock options	Stock options
Name of company	FinTech Global Incorporated	FinTech Global Incorporated
Name	Subscription rights	First stock acquisition rights Second stock acquisition rights
Title and number of grantees	Members of the board of director: 3 Employees: 8 Approved supportes: 7	Members of the board of directors: 2 Employees: 17 Auditors: 3 Members of the board of directors of affiliates: 2
Number of stock options (*1)	Common stock: 2,025 shares (*2)	Common stock: 43,350 shares (*2)
Grant date	December 25, 2001	First December 1, 2004 Second December 14, 2004
Condition of vesting	Those who are entitiled to exercise the stock option shall be any of the directors or employees of the Company or its subsidiaries at the time of vesting date (on or after the first day of the period for exercise). (excluding approved supportes)	Those who are entitiled to exercise the stock option shall be any of the directors, corporate auditors or employees of the Company, its subsidiaries or affiliates at the time of vesting date (on or after the first day of the period for exercise) unless there are any appropriate reasons such as a resignation due to expiry of the term of duty and a mandatory retirement.
Required service period	December 25, 2001 to December 25, 2003 (members of the board of directors and employees)	First December 1, 2004 to June 30, 2006 Second December 14, 2004 to June 30, 2006
Exercise period	December 26, 2003 to December 25, 2011 (members of the board of directors and employees) From the date of listing to December 25, 2011 (approved supporters)	July 1, 2006 to June 15, 2014

Type	Stock options	Stock options
Name of company	FinTech Global Incorporated	FinTech Global Incorporated
Name	Third stock acquisition rights	Fourth stock acquisition rights
Title and number of grantees	Employees: 30	Employees: 10
Number of stock options (*1)	Common stock: 11,550 shares (*2)	Common stock: 3,025 shares (*2)
Grant date	December 2, 2005	April 27, 2006
Condition of vesting	Those who are entitiled to exercise the stock option shall be any of the directors, corporate auditors or employees of the Company, its subsidiaries or affiliates at the time of vesting date (on or after the first day of the period for exercise) unless there are any appropriate reasons such as a resignation due to expiry of the term of duty and a mandatory retirement.	Same as at left
Required service period	December 2, 2005 to December 9, 2006	April 27, 2006 to December 31, 2007
Exercise period	December 10, 2006 to November 30, 2014	January 1, 2008 to November 30, 2015

Type	Stock options	Treasury stock options
Name of company	FinTech Global Incorporated	FX Online Japan Co.,Ltd.
Name	Fifth stock acquisition rights	First stock acquisition rights
Title and number of grantees	Employees: 54	Shareholders of the company: 2 companies and 1 Kumiai (including FinTech Global Incorporated) Clients: 1
Number of stock options and treasury stock options (*1)	Common stock: 1,240 shares	Common stock: 475 shares
Grant date	June 4, 2007	March 23, 2007
Condition of vesting	Those who are entitled to exercise the stock option shall be any of the directors, corporate auditors or employees of the Company or its subsidiaries at the time of vesting date (on or after the first day of the period for exercise) unless there are any appropriate reasons such as a resignation due to expiry of the term of duty and a mandatory retirement.	The stock acquisition rights are exercisable after the common stock of FX Online Japan Co., Ltd. is listed on a Stock Exchange. The listed common stock is assignable only after nonassignability term that the Stock Exchange or lead managing underwriter considers appropriate or necessary.
Required service period	(*3)	—
Exercise period	June 4, 2009 toNobember 30, 2016 (*3)	A period from the issuance date through the date 10 years after the resolution date at the ordinary shareholders' meeting (if the date is not a business day, the nearest preceding day shall apply)

Type	Stock options	Stock options
Names of company	FX Online Japan Co.,Ltd.	Entrust, Inc.
Name	Second stock acquisition rights	First stock acquisition rights
Title and number of grantees	Members of the board of directors of the company: 1 Employees of the company: 19	Members of the board of directors of the company: 3 Employees of the company: 6
Number of stock options (*1)	Common stock: 248 shares	Common stock: 86 shares
Grant date	June 29, 2007	April 1, 2007
Condition of vesting	Those who are entitled to exercise the stock option shall be any of the directors, corporate auditors or employees of FX Online Japan Co., Ltd. at the time of the exercise. In the case of a mandatory retirement, the right is forfeited in 1 year after the exercisable date if it remains unexercised until the last day (there is no extension of more than 10 years since the shareholders' meeting). . In the case of a retirement due to death, the right is forfeited in 1 year after the exercisable date if it remains unexercised until the last day (there is no extension of more than 10 years since the shareholders' meeting).	Those who are entitled to exercise the stock option shall be any of the directors, corporate auditors or employees of Entrust, Inc. at the time of vesting date (on or after the first day of the period for exercise) (Except in case those who are entitled to exercise the stock acquisition rights are not the directors, corporate audiors or employees of Entrust, Inc. on the allotment day) unless there are any approval from the board of directors and acceptance in writing.
Required service period	June 29, 2007 to June 29, 2009	April 1, 2007 to May 31, 2009
Exercise period	June 30, 2009 to June 29, 2017	April 1, 2009 to September 30, 2014

Type	Stock options
Name of company	Entrust, Inc.
Name	Second stock acquisition rights
Title and number of grantees	Members of the board of directors of the company: 3 Employees of the company: 8
Number of stock options (*1)	Common stock: 114 shares
Grant date	September 10, 2007
Condition of vesting	Those who are entitled to exercise the stock option shall be any of the directors, corporate auditors or employees of Entrust, Inc. at the time of vesting date (on or after the first day of the period for exercise) (Except in case those who are entitled to exercise the stock acquisition rights are not the directors, corporate audiors or employees of Entrust, Inc on the allotment day) unless there are any approval from the board of directors and acceptance in writing.
Required service period	September 10, 2007 to March 31, 2009
Exercise period	April 1, 2009 to September 30, 2016

Notes: (*1) The number of stock options is convered into the number of shares.
(*2) The number of stock options is adjusted with a 5-for-1 stock split on December 20, 2004, a 3-for-1 stock split on December 20, 2005 and a 5-for-1 stock split on October 1, 2006.
(*3) Those who are entitled to exercise the stock acquisition rights can exercise up to the percentage in each required service period described in the "Category" below.

	Category	Required service period
A	The period from June 4, 2009 to June 3, 2010 is up to 40% of all of the shares in the stock acquisition rights granted	June 4, 2007 to June 3, 2009
B	The period from June 4, 2010 to June 3, 2011 is up to 70% of all of the shares in the stock acquisition rights granted, totaling the number of shares in the stock acquisition rights exercised from June 4, 2009 to June 3, 2010.	June 4, 2007 to June 3, 2010
C	The period from June 4, 2011 to June 3, 2012 is up to 90% of all of the shares in the stock acquisition rights granted, totaling the number of shares in the stock acquisition rights exercised from June 4, 2010 to June 3, 2011.	June 4, 2007 to June 3, 2011
D	The period from June 4, 2012 to November 30, 2016 is all of the unexercised stock acquisition rights.	June 4, 2007 to June 3, 2012

(2) Stock options granted and changes

(i) Number of stock options

(Share)

	Stock options	Stock options	Stock options	Stock options	Stock options
Name of company	FinTech Global Incorporated	FinTech Global Incorporated	FinTech Global Incorporated	FinTech Global Incorporated	FinTech Global Incorporated
Name	Subscription rights	First stock acquisition rights Second stock acquisition rights	Third stock acquisition rights	Fourth stock acquisition rights	Fifth stock acquisition rights
Grant date	December 25, 2001	December 1, 2004 December 14, 2004	December 2, 2005	April 27, 2006	June 4, 2007
Before vested					
Previous fiscal year-end	—	—	2,940	650	—
Granted	—	—	—	—	1,280
Increase due to stock split (Note)	—	—	11,580	2,600	—
Forfeited	—	—	270	225	40
Vested	—	—	—	—	—
Outstanding	—	—	14,250	3,025	1,240
After vested					
Previous fiscal year-end	815	12,465	—	—	—
Vested	—	—	14,250	—	—
Increase due to stock split	3,260	49,680	—	—	—
Exercised	2,050	15,525	1,875	—	—
Forfeited	—	3,270	825	—	—
Exercisable	2,025	43,350	11,550	—	—

Note: The Company conducted a 5-for-1 stock split on October 1, 2006.

(Share)

	Treasury stock options	Stock options	Stock options	Stock options
Name of company	FX Online Japan Co.,Ltd.	FX Online Japan Co.,Ltd.	Entrust, Inc.	Entrust, Inc.
Name	First stock acquisition rights	Second stock acquisition rights	First stock acquisition rights	Second stock acquisition rights
Grant date	March 23, 2007	June 29, 2007	April 1, 2007	September 10, 2007
Before vested				
Previous fiscal year-end	—	—	—	—
Granted	475	248	86	114
Increase due to stock split	—	—	—	—
Forfeited	—	—	—	—
Vested	—	—	—	—
Outstanding	475	248	86	114
After vested				
Previous fiscal year-end	—	—	—	—
Vested	—	—	—	—
Increase due to stock split	—	—	—	—
Exercised	—	—	—	—
Forfeited	—	—	—	—
Exercisable	—	—	—	—

(ii) Price information (Yen)

Name of company	FinTech Global Incorporated	FinTech Global Incorporated	FinTech Global Incorporated	FinTech Global Incorporated	FinTech Global Incorporated
Name	Subscription rights	First stock acquisition rights Second stock acquisition rights	Third stock acquisition rights	Fourth stock acquisition rights	Fifth stock acquisition rights
Grant date	December 25, 2001	December 1, 2004 December 14, 2004	December 2, 2005	April 27, 2006	June 4, 2007
Exercise price	¥667	¥5,334	¥14,667	¥145,979	¥71,130
Average exercise price	¥68,511	¥72,254	¥97,556	—	—
Fair value at the grant date	—	—	—	—	(note)

Name of company	FX Online Japan Co.,Ltd	FX Online Japan Co.,Ltd	Entrust, Inc.	Entrust, Inc.
Name	First stock acquisition rights	Second stock acquisition rights	First stock acquisition rights	Second stock acquisition rights
Grant date	March 23, 2007	June 29, 2007	April 1, 2007	September 10, 2007
Exercise price	¥2,674,173	¥2,674,173	¥50,000	¥50,000
Average exercise price	—	—	—	—
Fair value at the grant date	—	—	—	—

Note: The fair values of 5th stock acquisition rights in FinTech Global Incorporated valued at the grant date are as follows based on the categories in Note (*3) in 2 (1).

	Fair value at the grant date
A	¥31,129
B	¥32,065
C	¥32,917
D	¥33,688

3. Valuation technique used for valuating fair value of stock options granted in the fiscal year

(1) Fifth stock acquisition rights granted by FinTech Global Incorporated in the fiscal year were estimated using the following valuation.

(i) Valuation technique: Black-Scholes option pricing model

(ii) Principal parameters used in the option-pricing model

	Categorised in A in Note (*3) in 2(1)	Categorised in B in Note (*3) in 2(1)	Categorised in C in Note (*3) in 2(1)	Categorised in D in Note (*3) in 2(1)
Expected volatility	64.909%	64.909%	64.909%	64.909%
Average expected life	5.75 years	6.25 years	6.75 years	7.25 years
Expected dividends	¥1,050	¥1,050	¥1,050	¥1,050
Risk-free interest rate	1.486%	1.523%	1.568%	1.610%

Notes: 1.This is calculated based on monthly stock prices in the past (the closing prices at the last trading day of each month from June, 2005 to May, 2007).

2. The average expected life could not be estimated rationally due to insufficient amount of data.
Therefore, it was estimated assuming that the options were exercised at the mid point of the exercise period. This is calculated based on monthly stock prices in the past (the closing prices at the last trading day of each month from June, 2005 to May, 2007).

3. The actual dividends on common stock during the last year

4. Japanese government bond yield, as of June 4 2007, corresponding to the average expected life.

(2) First stock acquision rights (treasury stock option) and second stock acquision rights (stock option) granted by FX Online Japan Co., Ltd.

Those stock options were accounted for by the intrinsic value method since the company is a privately held company. The stock value of FX Online Japan Co., Ltd. used in the calculation of intrinsic value was determined by the Sales Comparison approach.

The intrinsic value of those stock options granted by the company during the fiscal year 2007 was estimated at zero.

(3) First stock acquision rights (stock option) and Second stock acquision rights (stock option) granted by Entrust, Inc.

Those stock options were accounted for by the intrinsic value method since the company is a privately held company. The stock value of Entrust, Inc. used in the calculation of intrinsic value was determined by net assets method.

The intrinsic value of those stock options granted by the company during the fiscal year 2007 was estimated at zero.

4. Method of estimating number of stock options vested

With respect to Fifth stock acquisition rights of FinTech Global Incorporated, only the actual number of forfeited stock options is reflected to determine the number of stock options vested because it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.

Segment Information

1. Segment information by business

Fiscal Year 2006 (From October 1, 2005 to September 30, 2006)

Net revenue and operating income generated by the investment banking business represent more than 90% of total net revenue and operating income, respectively, from all business segments. Therefore, segment information by business was omitted for the fiscal year 2006.

Fiscal Year 2007 (From October 1, 2006 to September 30, 2007)

(Thousands of yen)

	Investment banking business	Reinsurance/ financial guarantee business	FX (Foreign Exchange) business	Real estate related business	Total	Inter-regional or corporate	Consolidated total
Ⅰ Net revenue and operating income							
Net revenue							
(1) Revenue to third party	¥6,985,131	¥1,720,098	¥3,139,104	¥5,069,812	¥16,914,147	—	¥16,914,147
(2) Inter-segment revenue	260,099	—	—	—	260,099	(260,099)	—
Total	7,245,230	1,720,098	3,139,104	5,069,812	17,174,246	(260,099)	16,914,147
Operating expenses	3,606,745	1,836,292	1,627,000	3,648,222	10,718,261	(91,092)	10,627,169
Operating income	3,638,484	(116,193)	1,512,103	1,421,589	6,455,984	(169,006)	6,286,977
Ⅱ Assets, depreciation, loss due to impairment and capital expenditures							
Assets	60,023,815	12,620,726	21,577,708	7,477,022	101,699,273	(10,958,799)	90,740,474
Depreciation	38,912	9,591	6,261	—	54,764	—	54,764
Loss due to impairment	66,817	—	—	—	66,817	—	66,817
Capital expenditures	209,250	54,678	57,772	—	321,701	—	321,701

Notes:l 1. Business segments are grouped according to the market similarities.
2. Principal business activities in each segment
(1) Investment banking business: Arrangement operations, principal finance operations, and other investment banking operations
(2) Reinsurance/financial guarantee business: Credit enhancement and reinsurance underwriting
(3) FX (Foreign Exchange) business: Foreign exchange business on the Internet
(4) Real estate related business: Real estate development and trade, lease and brokerage
3. Godo Kaisha Tempu Moderate Udagawa-cho Kaihatsu, which has been consolidated in accordance with “Practical Solution on Application of Control Criteria and Influence Criteria to Investment Association” (PITF No. 20 issued by ASBJ on September 8, 2006), sold the real estate held for re-sell in the fiscal year 2007. As a result, ¥3,658,511 thousand of revenue to third party, ¥2,678,603 thousand of operating expenses, and ¥979,908 thousand of operating income are recognized in the Real estate related business segment.

2. Segment information by geographical areas

Fiscal 2006 (From October 1, 2005 to September 30, 2006)

Sales generated by Company in Japan represent more than 90% of total net revenue from all geographical areas. Therefore, segment information by geographical areas was omitted for the fiscal year 2006.

Fiscal 2007 (From October 1, 2006 to September 30, 2007)

(Thousands of yen)

	Japan	Europe and Americas	Total	Inter-regional or corporate	Consolidated total
Ⅰ Net revenue and operating income					
Net revenue					
(1) Revenue to third party	¥15,209,709	¥1,704,438	¥16,914,147	—	¥16,914,147
(2) Inter-segment revenue	—	538	538	(538)	—
Total	15,209,709	1,704,976	16,914,685	(538)	16,914,147
Operating expenses	8,935,660	1,692,047	10,627,707	(538)	10,627,169
Operating income	6,274,048	12,928	6,286,977	—	6,286,977
Ⅱ Assets	83,746,358	12,194,312	95,940,670	(5,200,196)	90,740,474

Notes: l1. National and regional segments are grouped according to the geographical proximity.
2. Countries and regions associated with the geographical segments outside of Japan
Europe and Americas: Switzerland and Bermuda
3. Godo Kaisha Tempu Moderate Udagawa-cho Kaihatsu, which has been consolidated in accordance with “Practical Solution on Application of Control Criteria and Influence Criteria to Investment Association” (PITF No. 20 issued by ASBJ on September 8, 2006), sold the real estate held for re-sell in this fiscal year 2007. As a result, ¥3,658,511 thousand of revenue to third party, ¥2,678,603 thousand of operating expenses, and ¥979,908 thousand of operating income are recognized in Japan segment.

3. Overseas Net revenue

Fiscal Year 2006 (From October 1, 2005 to September 30, 2006)
Overseas net revenue represents less than 10% of consolidated net revenue. Therefore, overseas net revenue was omitted for the fiscal year 2006.

Fiscal Year 2007 (From October 1, 2006 to September 30, 2007)
Overseas net revenue represents less than 10% of consolidated net revenue. Therefore, overseas net revenue was omitted for the fiscal year 2007

Related Party Transactions

Fiscal Year 2006 (From October 1, 2005 to September 30, 2006)

Directors and principal individual shareholders, etc

(Thousands of yen)

Type	Name of the related party	Address	Common stock	Type of business	Ownership of voting rights (%)	Relation	
						Additional posts held by the directors	Operating relation
Companies in which a majority of the voting rights are owned by directors and their close relatives	I・N CorporationInternarional Company Limited (*3)	Chuo-ku, Osaka	10,000	Insurance and real estate business	(owned) direct 1.3	Not applicable	Not applicable

Type	Name of the related party	Nature of transaction	Transaction amount	Account	Balanace at year-end
Companies in which a majority of the voting rights are owned by directors and their close relatives	I・N CorporationInternarional Company Limited (*3)	Security deposits received	2,108	—	—
		Rent received	2,890		

(Transaction conditions and policies for transaction conditions)
Notes: (*1) Consumption tax is not included in the transaction amount.
(*2) Transaction conditions and policies for transaction conditions
A part of the building rented by the Company is subleased to the company at the same conditions based on the space used.
(*3) More than 60% of I・N Corporation Internarional Company Limited is owned by a director of the Company, Haruyoshi Inoue, and his close relaives.

Fiscal Year 2007 (From October 1, 2006 to September 30, 2007)

Directors and principal individual shareholders, etc

(Thousands of yen)

Type	Name of the related party	Address	Common stock	Type of business	Ownership of voting rights (%)	Relation	
						Additional posts held by the directors	Operating relation
Companies in which a majority of the voting rights are owned by directors and their close relatives	I・N CorporationInternarional Company Limited (*3)	Chuo-ku, Osaka	10,000	Insurance and real estate business	(owned) direct 1.2	Not applicable	Not applicable

Type	Name of the related party	Nature of transaction	Transaction amount	Account	Balanace at year-end
Companies in which a majority of the voting rights are owned by directors and their close relatives	I・N CorporationInternarional Company Limited (*3)	Rent received	1,445	—	—

(Transaction conditions and policies for transaction conditions)
Notes: (*1) Consumption tax is not included in the transaction amount.
(*2) Transaction conditions and policies for transaction conditions
A part of the building rented by the Company is subleased to the company at the same conditions based on the space used.
(*3) More than 60% of I・N Corporation Internarional Company Limited is owned by a director of the Company, Haruyoshi Inoue, and his close relaives.

Per Share Information

<table>
<tr><th>Fiscal Year 2006
(From October 1, 2005
to September 30, 2006)</th><th>Fiscal Year 2007
(From October 1, 2006
to September 30, 2007)</th></tr>
<tr><td>(Yen)
Net assets per share ¥105,180.27
Net income per share ¥14,354.40
Net income (diluted) per share ¥12,458.52

On October 3, 2005, the board of directors of the Company approved a stock split at a ratio of 3-for-1on December 20, 2005. Assuming that the stock split had been executed at the beginning of the fiscal year, the per share information for the fiscal year 2005 would have been summarized as follows:

Fiscal Year 2005:
(Yen)
Net assets per share ¥16,717.02
Net income per share ¥4,813.25
Net income (diluted) per share ¥4,650.85</td><td>(Yen)
Net assets per share ¥20,797.85
Net income per share ¥1,484.29
Net income (diluted) per share ¥1,395.39

The Company executed a stock split at a ratio of 5-for-1 on October 1, 2006. Assuming that the stock split had been executed at the beginning of the fiscal year, the per share information for the fiscal year 2006 would have been summarized as follows:

Fiscal Year 2006
(Yen)
Net assets per share ¥21,036.05
Net income per share ¥2,870.88
Net income (diluted) per share ¥2,491.70</td></tr>
</table>

Note: Underlying information for calculation of net income per share and net income per share after adjusting for dilution effects are as follows:

<table>
<tr><th>Items</th><th>Fiscal Year2006
(From October 1, 2005
to September 30, 2006)</th><th>Fiscal Year 2007
(From October 1, 2006
to September 30, 2007)</th></tr>
<tr><td>Net income
(Thousands of yen)</td><td>¥3,235,755</td><td>¥1,767,784</td></tr>
<tr><td>Net income for common stock
(Thousands of yen)</td><td>¥3,235,755</td><td>¥1,767,784</td></tr>
<tr><td>Average number of common stock during the year (Shares)</td><td>225,419</td><td>1,190,996</td></tr>
<tr><td>Major reasons for the increase in number of common stock (Share):
• Subscription rights
• Stock acquisition rights
• Bonds with stock acquisition rights (Shares)</td><td>

1,417
16,849
16,037</td><td>

3,379
61,240
11,236</td></tr>
<tr><td>Increased number of common stock (Shares)</td><td>34,303</td><td>75,882</td></tr>
<tr><td>Details of the potential common stock excluded from the calculation of the net income (diluted) per share because of the insignificant dilution effect</td><td>Stock acquisition rights: 650 units
(Common stock: 650 shares)</td><td>FinTech Global Incorporated:
Stock acquisition rights (stock options) issued on April 27, 2006 based on the special resolution at the shareholders' meeting held on December 20, 2005: 605 units
(Common stock: 3,025 shares)

Stock acquisition rights on the ¥ 20,000,000,000 Zero coupon convertible bonds due 2012 issued on February 8, 2007: 2,217 units
(Common stock: 139,785 shares)

Stock acquisition rights (stock options) issued on June 4, 2007 based on the special resolution at the shareholders' meeting held on December 20, 2006: 1,240 units
(Common stock: 1,240 shares)

Consolidated Subsidiaries:
(1) FX Online Japan Co., Ltd.:
Stock acquisition rights (Tresury stock options) 142 units
(Common stock 142 shares)
Stock acquisition rights (Stock options) 248 units
(Common stock 248 shares)

(2) Entrust, Inc.:
Stock acquisition rights (Stock options) 86 units
(Common stock 86 shares)
Stock acquisition rights (Stock options) 114 units
(Common stock 114 shares)</td></tr>
</table>

Subsequent Events

Fiscal Year 2006 (From October 1, 2005 to September 30, 2006)	**Fiscal Year 2007** (From October 1, 2006 to September 30, 2007)
1. On September 8, 2006, the Board of Directors of the Company approved a stock split with no compensation, which became effective on October 1, 2006, to increase the liquidity of the Company's stock and to broaden the investors' base by reducing the equity price per share. (1) Number of shares to be increased: Common stock: 946,488 shares (2) Method of stock split The shares held by shareholders recorded on the shareholders' lists as of September 30, 2006 was split using a ratio of 5-for-1. Assuming that the share split was executed at the beginning of the previous fiscal year, the per-share information is summarized as follows: Fiscal 2005: (Yen) Net assets per share ¥3,343.41 Net income per share ¥962.65 Net income (diluted) per share ¥930.17 Fiscal 2006: (Yen) Net assets per share ¥21,036.05 Net income per share ¥2,870.88 Net income (diluted) per share ¥2,491.70 2. On October 6, 2006, the Board of Directors of the Company approved the redemption of all of the outstanding third series of unsecured convertible bond-type bonds with stock acquisition rights (with a supplementary contract on setting up of the same rank limited to and between convertible bond-type bonds with stock acquisition rights), of which total nominal value amounting to ¥20 billion, in accordance with the redemption clause of the bonds and the subscription agreement. (1) Reason for redemption before due date: The third series of bonds with stock acquisition rights have a clause for redemption before due date. 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 third series of bonds with stock acquisition rights. (2) Bonds to be redeemed: The third series of unsecured convertible bond-type bonds with stock acquisition rights issued by FinTech Global Incorporated (3) Date of notice: October 6, 2006 Under the subscription agreement, the Company and Goldman Sachs International agreed that the Company would not accept the request for conversion on and after October 10, 2006 at noon. The conversion price before that time is ¥180,000. (4) Date of redemption: November 6, 2006 (5) Amount to be redeemed: All of the outstanding third series of bonds with stock acquisition rights as of November 6, 2006 The Company has not converted any of the bonds into shares since issuance. (6) Redemption price: ¥101 for ¥100 of nominal value (7) Funds used for the redemption: Short-term debt shall be appropriated for the funds of the redemption. (8) Expected decrease in annual interest expense due to the decrease in bonds: Not applicable	――――

Fiscal Year 2006 (From October 1, 2005 to September 30, 2006)	**Fiscal Year 2007** (From October 1, 2006 to September 30, 2007)
3. On October 6, 2006, the Board of Directors of the Company approved borrowing funds for the early redemption of the third series of unsecured convertible bond-type bonds with stock acquisition rights issued on April 18, 2006. Important terms of the borrowings are as follows: Lender: Nikko Citigroup Limited Amount: ¥20 billion Date of loan: November 2, 2006 Date of repayment: February 28, 2007 Interest rate: 1.17438% (fixed rate) Method: Loan agreement Security: No security Guarantee: No guarantee Other important covenant: Nothing	

Non-Consolidated Financial Statements
FinTech Global Incorporated
As of and for the year ended September 30, 2007

I Non-Consolidated Balance Sheets

(Unit: Thousands of yen, %)

	Notes No.	Fiscal Year 2006 (As of September 30, 2006)			Fiscal Year 2007 (As of September 30, 2007)			Change
		Amount		Percentage (%)	Amount		Percentage (%)	Amount
(Assets)								
I Current assets								
1 Cash and time deposits	*1		10,139,618			6,836,785		(3,302,832)
2 Accounts receivable, trade			7,120			6,195		(925)
3 Investments in securities, trade			439,512			3,986,713		3,547,201
4 Work in process			1,717			-		(1,717)
5 Prepaid expenses			50,303			31,672		(18,630)
6 Loans receivable, trade	*1,4,6,7,8		36,066,589			42,603,000		6,536,411
7 Short-term loans receivable	*1,4		538,000			3,562,000		3,024,000
8 Deffered tax assets			263,772			210,002		(53,770)
9 Others			139,886			307,078		167,192
Allowance for doubtful accounts			(108,199)			(162,695)		(54,495)
Total current assets			47,538,319	81.1		57,380,752	73.2	9,842,432
II Fixed assets								
1 Property, plant and equipment								
(1) Buildings		62,873			115,304			
Accumulated depreciation		(16,950)	45,923		(15,239)	100,064		54,141
(2) Furniture and equipment		27,189			111,990			
Accumulated depreciation		(12,530)	14,658		(28,742)	83,247		68,588
Total property, plant and equipment			60,581	0.1		183,312	0.3	122,730
2 Intangible fixed assets			5,949	0.0		12,425	0.0	6,475
3 Investments and other assets								
(1) Invenstments in securities			121,514			1,135,761		1,014,247
(2) Investments in subsidiaries and affiliates	*1		10,620,816			19,338,300		8,717,484
(3) Investments in other affiliates			49			49		-
(4) Investments in capital			87,500			72,500		(15,000)
(5) Long-term prepaid expenses			909			518		(390)
(6) Security deposits			158,958			181,939		22,980
(7) Deferred tax assets			-			56,582		56,582
(8) Others			538			797		258
Total investments and other assets			10,990,286	18.8		20,786,448	26.5	9,796,161
Total fixed assets			11,056,818	18.9		20,982,185	26.8	9,925,367
Total assets			58,595,137	100.0		78,362,938	100.0	19,767,800

(Unit: Thousands of yen, %)

	Notes No.	Fiscal Year 2006 (As of September 30, 2006)		Fiscal Year 2007 (As of September 30, 2007)		Change
		Amount	Percentage (%)	Amount	Percentage (%)	Amount)
(Liabilities)						
I Current liabilities						
1 Accounts payable, trade		39,489		36,769		(2,719)
2 Short-term debt	*1,4	4,386,500		18,779,000		14,392,500
3 Bank loans, trade	*1	3,094,325		-		(3,094,325)
4 Long-term debt due within one year	*1	173,056		7,272,056		7,099,000
5 Accrued liabilities		50,999		169,907		118,907
6 Accurued expenses		102,647		64,002		(38,644)
7 Income taxes payable		2,167,434		84,864		(2,082,569)
8 Consumption taxes payable		177,530		-		(177,530)
9 Advance receipts		638,130		358,509		(279,621)
10 Deposits		24,374		283,870		259,496
11 Provision for employee bonuses		80,000		227,000		147,000
12 Accounts payable for equipment		12,350		11,400		(950)
13 Guarantee deposits received		509,294		-		(509,294)
Total current liabilities		11,456,131	19.5	27,287,380	34.8	15,831,249
II Long-term liabilities						
1 Bonds with stock acquisition rights		20,000,000		22,170,000		2,170,000
2 Long-term debt	*1	2,216,492		3,927,236		1,710,744
3 Long-term debt to affiliates	*6	-		4,904		4,904
4 Deferred tax liabilities		7,525		-		(7,525)
5 Accrued retirement benefits		4,335		20,331		15,996
6 Others		14,250		2,850		(11,400)
Total long-term liabilities		22,242,602	38.0	26,125,321	33.4	3,882,719
Total liabilities		33,698,733	57.5	53,412,701	68.2	19,713,968

	Notes No.	Fiscal Year 2006 (As of September 30, 2006)			Fiscal Year 2007 (As of September 30, 2007)			Change
		Amount		Percentage (%)	Amount		Percentage (%)	Amount
(Net assets)								
I Shareholders' equity								
1 Common stock			10,624,769	18.1		10,736,448	13.7	111,678
2 Additional paid-in capital								
(1) Capital reserve		10,351,900			10,351,900			
Total shareholders' equity			10,351,900	17.7		10,351,900	13.2	-
3 Retained earnings								
(1) Other retained earnings								
Retained earnings carried forwards		3,906,045			3,874,076			
Total retained earnings			3,906,045	6.7		3,874,076	5.0	(31,968)
Total shareholders' equity			24,882,715	42.5		24,962,424	31.9	79,709
II Valuation and translation adjustments								
1 Net unrealized gain/(loss) on other securities			13,688	0.0		(17,163)	(0.1)	(30,852)
Total valuation and translation adjustments			13,688	0.0		(17,163)	(0.1)	(30,852)
III Stock acquisition rights			-	-		4,974	0.0	4,974
Total net assets			24,896,403	42.5		24,950,236	31.8	53,832
Total liabilities and net assets			58,595,137	100.0		78,362,938	100.0	19,767,800

II Non-Consolidated Statements of Income

(Unit: Thousands of yen, %)

	Notes No.	Fiscal Year 2006 (From October 1, 2005 to September 30, 2006)			Fiscal Year 2007 (From October 1, 2006 to September 30, 2007)			Change
		Amount		Percentage (%)	Amount		Percentage (%)	Amount
I Net revenue			7,544,427	100.0		7,287,612	100.0	(256,815)
II Cost of revenue			431,256	5.7		740,799	10.2	309,543
Gross profit			7,113,171	94.3		6,546,812	89.8	(566,358)
III Selling, general and administrative expenses								
1 Directors' bonuses		153,150			192,840			
2 Salaries		216,825			389,718			
3 Allowance for doughtful account		108,199			43,809			
4 Provision for employee bonuses		133,945			275,162			
5 Retirement benefit expenses		1,749			28,733			
6 Entertainment expenses		38,741			52,682			
7 Advertisement expenses		10,718			23,053			
8 Depreciation		13,004			36,164			
9 Rent		82,687			170,802			
10 Tax and dues		93,347			89,157			
11 Commission paid		254,290			650,905			
12 Others		191,118	1,297,778	17.2	363,556	2,316,585	31.8	1,018,806
Operating income			5,815,392	77.1		4,230,227	58.0	(1,585,165)
IV Other income								
1 Interest income	*1	6,726			98,720			
2 Administrative commission fee		600			3,300			
3 Rental income		2,100			1,141			
4 Reversal of allowance for doubtful accounts		3,690			-			
5 Others		1,449	14,566	0.2	12,972	116,134	1.6	101,568

	Notes No.	Fiscal Year 2006 (From October 1, 2005 to September 30, 2006)			Fiscal Year 2007 (From October 1, 2006 to September 30, 2007)			Change
		Amount		Percentage (%)	Amount		Percentage (%)	Amount
V Other expenses								
1 Interest paid		78,432			249,209			
2 Stock distribution costs		112,675			3,008			
3 Bond issue costs		18,092			52,329			
4 Allowance for doubtful accounts		-			10,686			
5 Unrealized loss on derivative instruments		1,341			-			
6 Loss from managing investment partnership		462			-			
7 Loss on redemption of bonds with stock acquisition rights		50,000			200,000			
8 Fee paid for syndicated loan		86,575			-			
9 Commission paid		-			94,810			
10 Others		1,997	349,578	4.7	5,213	615,256	8.4	265,678
Ordinary profit			5,480,380	72.6		3,731,105	51.2	(1,749,275)
VII Extraordinary loss								
1 Loss on disposition of fixed assets		-			54,960			
2 Loss on reorganization of subsidiary		-			417,628			
3 Valuation loss on investments in subsidiaries and affiliates		-	-	-	154,536	627,125	8.6	627,125
Income before income taxes	*4		5,480,380	72.6		3,103,979	42.6	(2,376,401)
Income taxes		2,450,597			1,286,527			
Income tax adjustment		(204,844)	2,245,752	29.8	10,829	1,297,356	17.8	(948,396)
Net income	*4		3,234,627	42.8		1,806,623	24.8	(1,428,004)

Schedule of Cost of Sales

(Unit: Thousands of yen, %)

Item	Note	Fiscal Year 2006 (From October 1, 2005 to September 30, 2006) Amount	Percentage (%)	Fiscal Year 2007 (From October 1, 2006 to September 30, 2007) Amount	Percentage (%)
I Labor cost	*1	33,494	7.7	45,002	6.1
II Subcontract cost		281,227	65.0	310,791	42.0
III Expenses	*2	118,087	27.3	383,288	51.9
Total manufacturing cost		432,810	100.0	739,082	100.0
Work in process at the beginning of year		164		1,717	
Total		432,974		740,799	
Work in process at the end of year		1,717		-	
Cost of sales for the year		431,256		740,799	

(Explanatory notes)

Fiscal Year 2006 (From October 1, 2005 to September 30, 2006)	Fiscal Year 2007 (From October 1, 2006 to September 30, 2007)
*1 The major components of labor cost are as follows: Salaries ¥19,958 thousand Social security expenses ¥4,758 thousand	*1 The major components of labor cost are as follows: Salaries ¥25,605 thousand Social security expenses. ¥5,623 thousand
*2 The major components of expenses is as follows: Interest expenses ¥ - thousand Rent ¥10,107 thousand Depreciation ¥1,621 thousand	*2 The major components of expenses is as follows: Interest expenses ¥306,508 thousand Rent ¥9,216 thousand Depreciation ¥1,897 thousand
(Calculation of cost of sales) Cost of sales is stated at cost using the specific identification method.	(Calculation of cost of sales) Same as left

III Non-Consolidated Statements of Net Assets

Fiscal Year 2006 (From October 1, 2005 to September 30, 2006)

(Thousands of yen)

	Shareholders' equity					Valuation and translation adjustments	
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain/(loss) on other securities	Total net assets
		Capital reserve	Other retained earnings / Retained earnings carried forward				
Balance as of September 30, 2005	1,303,735	1,101,900	1,043,805	-	3,449,440	-	3,449,440
Changes during the year							
Stock issuance	9,321,034	9,250,000	-	-	18,571,034	-	18,571,034
Dividends	-	-	(369,009)	-	(369,009)	-	(369,009)
Net income	-	-	3,234,627	-	3,234,627	-	3,234,627
Acquisition of treasury stocks	-	-	-	(3,379)	(3,379)	-	(3,379)
Disposition of treasury stocks	-	-	(3,379)	3,379	-	-	-
Net changes of items other than shareholders' equity	-	-	-	-	-	13,688	13,688
Total changes during the year	9,321,034	9,250,000	2,862,239	-	21,433,274	13,688	21,446,963
Balance as of September 30, 2006	10,624,769	10,351,900	3,906,045	-	24,882,715	13,688	24,896,403

Fiscal Year 2007 (From October 1, 2006 to September 30, 2007)

(Thousands of yen)

	Shareholders' equity				Valuation and translation adjustments	Stock acquisition rightss	Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Total shareholders' equity	Net unrealized gain/(loss) on other securities		
		Capital reserve	Other retained earnings / Retained earnings carried forward				
Balance as of September 30, 2006	10,624,769	10,351,900	3,906,045	24,882,715	13,688	-	24,896,403
Changes during the year							
Stock issuance	111,678	-	-	111,678	-	-	111,678
Dividends	-	-	(1,838,591)	(1,838,591)	-	-	(1,838,591)
Net income	-	-	1,806,623	1,806,623	-	-	1,806,623
Net changes of items other than shareholders' equity	-	-	-	-	(30,852)	4,974	(25,877)
Total changes during the year	111,678	-	(31,968)	79,709	(30,852)	4,974	53,832
Balance as of September 30, 2007	10,736,448	10,351,900	3,874,076	24,962,424	(17,163)	4,974	24,950,236

Significant Policies in Preparation of Non-Consolidated Financial Statements

Item	Fiscal Year 2006 (From October 1, 2005 to September 30, 2006)	Fiscal Year 2007 (From October 1, 2006 to September 30, 2007)
1 Bases and valuation methods of securities	(1) Securities (i) Investment in subsidiaries Stated at cost using the moving-average cost method. (ii) Other securities with fair market value: Stated at fair market value as of the balance sheet dates. Unrealized holding gains and losses, net of the related tax effect, are recorded as an accumulated comprehensive income until realized. Costs are determined by the moving-average method. (iii) Other securities with no fair market value: Stated at cost determined by the moving-average method. However, investments in Silent Partnership (Tokumei Kumiai) are determined by the specific-identification method. Details are shown in "(9) Other significant policies to prepare financial statements (ii) Investments in securities, trade [Investments in Silent Partnership (Tokumei Kumiai)] "	(1) Securities (i) Investment in subsidiaries Same as at left (ii) Other securities with fair market value: Same as as left (iii) Other securities with no fair market value: Stated at cost determined by the moving-average method. However, investments in Silent Partnership (Tokumei Kumiai) are determined by the specific-identification method. Details are shown in "(9) Other significant policies to prepare financial statements (ii) Invenstments in Silent Partnership (Tokumei Kumiai) included in investments in securities, trade."
2 Bases and valuation methods of derivatives	All derivatives are stated at fair value with changes in fair value being charged to income or loss for the period in which they arise except for derivatives that are designated and qualified as hedging instruments.	————
3 Bases and valuation methods of inventory	Work in process: Stated at cost determined by the specific-identification method.	Work in process: Same as at left
4 Depreciation of fixed assets	(1) Property, plant and equipment Depreciation is computed using the declining balance method. Useful lives for major assets are as follows: • Buildings: 8-15 years • Furniture and equipment: 3-20 years (2) Intangible fixed assets Stated at cost determined by using the straight-line method. Software for in-house use is accounted for with the straight-line method over useful lives (three to five years).	(1) Property, plant and equipment Depreciation is computed using the declining balance method. Useful lives for major assets are as follows: • Buildings: 8-15 years • Furniture and equipment: 3-20 years (Change in accounting policy) In accordance with the amendment of the Corporation Tax Law, depreciation method used for the tangible assets acquired on and after April 1, 2007 has been changed. As a result of the change, there is no material impact on income and losses on the financial statements compared to what whould have been reported under the previous accounting standard. (2) Intangible fixed assets Same as at left
5 Deferred assets	(1) Stock distribution costs Charged to income as incurred (2) Bond issue costs Charged to income as incurred	(1) Stock distribution costs Same as at left (2) Bond issue costs Same as at left
6 Allowances	(1) Allowance for doubtful accounts To provide for future losses on doubtful accounts, FinTech Global Incorporated (hereinafter referred to as "the Company") determines allowance for doubtful accounts based on historical experience, plus additional estimated amounts to cover specifically uncollectible receivables. (2) Provision for employee bonuses Provision for employee bonuses is provided for in the amount that is expected to be paid for employee bonuses. (3) Accrued retirement benefits To provide for future payment of retirement benefits to employees, the Company determines the amount necessary to be provided for the accrued retirement benefits at the end of fiscal year as the projected benefits obligation. The simplified method is adopted since the number of employees covered by the retirement benefits plan is less than 300.	(1) Allowance for doubtful accounts Same as at left (2) Provision for employee bonuses Same as at left (3) Accrued retirement benefits Same as at left

Item	**Fiscal Year 2006** (From October 1, 2005 to September 30, 2006)	**Fiscal Year 2007** (From October 1, 2006 to September 30, 2007)
7 Accounting for 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.	Same as at left
8 Hedge accounting	(1) Methods of hedge accounting For interest rate swaps that meet the requirements for special treatment, special accounting treatment is adopted. (2) Hedging vehicles and hedged items Hedging vehicles : Interest rate swaps Hedged items : Borrowings (3) Hedging policy Interest rate swaps are used to avoid fluctuations of market interest rates. (4) Methods of hedge efficiency assessment Efficiency assessment for interest rate swaps is omitted, as they meet the requirements for special treatment.	(1) Methods of hedge accounting Same as at left (2) Hedging vehicles and hedged items Same as at left (3) Hedging policy Same as at left (4) Methods of hedge efficiency assessment Same as at left
9 Other significant policies to prepare financial statements	(1) Accounting for consumption tax and local consumption tax Consumption tax and local consumption tax are accounted for using the tax exclusion method. (2) Investments in securities, trade [Investments in Silent Partnership (Tokumei Kumiai)] Investments in securities, trade [investments in 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''. (3) ————	(1) Accounting for consumption tax and local consumption tax Same as at left (2) Investments in Silent Partnership (Tokumei Kumiai) included in investments in securities, trade Investments Silent Partnership (Tokumei Kumiai) included in investments in securities, trade, are stated at cost, adjusted for equity in earnings and losses of the partnership. The adjustments are recognized as "Net revenue''. (3) Methods for allocating financing expenses Financing expenses of the companies providing with the lending services are classified into financing expenses associated with operating revenues and other financing expenses. In allocating those expenses, the total assets are allocated between the assets for business transactions and other assets, and based on the balance of the allocated assets, the financing expenses for the operating assets are classified as the cost of revenue, and the financing expenses for other assets are classified as other expense on the statements of income. (Change in accounting policy) Financing expenses on the loans associated with individual investments or financings had been classified as cost of revenue and financing expenses on the loans which could not be traced to individual fund requirement had been classified as other expense. However, due to the increasing the ratio of the financing expenses which could not be traced to individual fund requirement, the Company has decided to allocate financing expenses of the companies providing with the lending services to properly present cost of revenue and other expenses, since the fiscal year 2007. As for the allocation method, the total assets are allocated between the assets for business transactions and other assets, and based on the balance of the allocated assets, the financing expenses for the operating assets are classified as the cost of revenue, and the financing expenses for other assets are classified as other expense on the statements of income. Along with the change, "bank loans, trade"is reclassified to "short-term debt" or "long-term debt" based on the term of payment. As a result of the change, the operating income have decreased by ¥174,567 thousands compared to what whould have been reported under the previous presentation, but there is no impact on the ordinary profit in the statements of income. Current liabilities have decreasaed by ¥565,000 thousands, and long-term liabilities have increased by the same amount.

Change in Accounting Principles

Fiscal Year 2006 (From October 1, 2005 to September 30, 2006)	**Fiscal Year 2007** (From October 1, 2006 to September 30, 2007)
(Impairment Loss on Fixed Assets) In fiscal 2006, the Company adopted the new accounting standard "Accounting for Impairment of Fixed Assets (Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets)" issued by the Business Accounting Deliberation Council on August 9, 2002 and "Implement Guidance for the Accounting Standard for Impairment of Fixed Assets" (Financial Accounting Standard Implementation Guidance No.6 issued on October 31, 2003). The application of the new standards had no impact on the Company's results of operation.	————
(Presentation of Net Assets on the Balance Sheet) In fiscal 2006, the Company adopted the new accounting standard "Accounting Standard for Presentation of Net Assets on the Balance Sheet" (Accounting Standard Board Statement No.5 issued on December 9, 2005) and "Financial Accounting Implementation Guidance on Presentation of Net Assets on the Balance Sheet" (Financial Accounting Implementation Guidance No.8 issued on December 9, 2005). Total shareholders' equity would have been ¥24,896,403 thoudand under the previous accounting standard.	————
————	(Stock options) On December 27, 2005, Accounting Standard Boards of Japan issued "Accounting Standard for Stock Options" and related guidance. The new standard and guidance are applicable to stock options newly granted on and after May 31, 2006. As a result of this change, there is a minimal impact on income and losses in the financial statements compared to what would have been reported under the previous accounting standard.

Changes in Presentation

Fiscal Year 2006 (From October 1, 2005 to September 30, 2006)	**Fiscal Year 2007** (From October 1, 2006 to September 30, 2007)
(Note to statements of income) In the fiscal year 2005, "Tax and dues", amounting to ¥21,276 thousand, was included in "Others" under selling, general and administrative expense. In the fisical year 2006, "Tax and dues" was separately disclosed on the statement of income since the amount exceeded 5 percent of total selling, general and administrative expenses. From the fiscal year 2006, the Company discloses "Stock distribution costs," which was presented as "Stock issue costs" in the fiscal year 2005.	————

Notes to Non-Consolidated Balance Sheets

Fiscal Year 2006 (As of September 30, 2006)	Fiscal Year 2007 (As of September 30, 2007)
*1. Pledged assets and secured debts (1) Pledged assets Assets for pledges were as follows: (Thousands of yen) Cash and time deposits ¥189,000 Loans receivable, trade ¥815,000 Total ¥1,004,000	*1. Pledged assets and secured debts (1) Pledged assets Assets for pledges were as follows: (Thousands of yen) Loans receivable, trade ¥3,336,000 Short-term loans ¥2,712,000 Investment in subsidiaries and affiliates ¥8,420,970 Total ¥14,468,970
Corresponding secured debts were as follows: (Thousands of yen) Bank loans, trade ¥961,700 Total ¥961,700	Corresponding secured debts were as follows: (Thousands of yen) Short-term debt ¥4,000,000 Long-term debt due within one year ¥5,000,000 Long-term debt ¥1,290,000 Total ¥10,290,000
*2. Loan Commitment Line Agreement In the principal finance operations, the Company is committed to provide loans to a customer. The outstanding commitment balance as of September 30, 2006 was as follows: (Thousands of yen) Total commitment ¥7,000,000 Executed loans 195,000 Unused balance ¥6,805,000 In the above committed loan agreements, full amounts are not necessarily loaned because the Company lends out funds subject to the purpose for use of funds as well as the credit of the borrowers.	*2. Loan Commitment Line Agreement In the principal finance operations, the Company is committed to provide loans to a customer. The outstanding commitment balance as of September 30, 2007 was as follows: (Thousands of yen) Total commitment ¥12,420,000 Executed loans 2,270,000 Unused balance ¥10,150,000 For ¥9,230,000 thousand out of the above unused balance, full amounts are not necessarily loaned because the Company lends out funds subject to the purpose for use of funds as well as the credit of the borrowers.
*3. Investment Commitment Line Agreement In the principal finance operations, the Company is committed to provide investments. The outstanding commitment balance as of September 30, 2006 was as follows: (Thousands of yen) Total commitment ¥4,800,000 Executed investments - Unused balance ¥4,800,000 In the above committed investment agreements, full amounts are not necessarily invested because the Company invests out funds subject to the purpose for use of funds as well as the credit of the investees.	*3. ————
*4. Major loans and debts due to or from affliates are as follows: (Thousands of yen) Loan receivable, trade ¥6,660,000	*4. Major loans and debts due to or from affliates are as follows: (Thousands of yen) Loans receivable, trade ¥2,720,000 Short-term loans ¥3,562,000 Short-term debt ¥5,200,000
*5. Commitment Line Agreement The Company has commitment line agreements with banks to make an appropriation for funds for investments and loans in the principal finance operations. The credit line under the agreements and the outstanding balance as of September 30, 2006 were as follows: (Thousands of yen) Total commitment ¥4,000,000 Executed loans - Unused balance ¥4,000,000	*5. Commitment Line Agreement The Company has commitment line agreements with banks to make an appropriation for funds for investments and loans in the principal finance operations. The credit line under the agreements and the outstanding balance as of September 30, 2007 were as follows: (Thousands of yen) Total commitment ¥7,000,000 Executed loans ¥6,133,000 Unused balance ¥867,000
*6. ————	*6. Major assets and liabilities that have been treated as financial transactions as of September 30, 2007 are presented below. (Thousands of yen) Loans receivable, trade ¥1,400,000 Long-term debt to affiliates ¥4,904

Fiscal Year 2006 (As of September 30, 2006)	**Fiscal Year 2007** (As of September 30, 2007)
*7 The following is the breakdown of loans receivable, trade (Thousands of yen) Loans on deeds ¥35,048,000 Others ¥1,018,589 Total ¥36,066,589 *8. ———— *9. ————	*7 The following is the breakdown of loans receivable, trade (Thousands of yen) Loans on deeds ¥42,603,000 Total ¥42,603,000 *8. There are no bad debts included in loans receivable, trade. *9. Contingent Liabilities The Company gurarantees borrowings of the following companies as of September 30, 2007: (Thousands of yen) Yokohama Bayside Resort Ltd ¥2,000,000 Duplex Twenty-Seventh Ltd. 1,450 ,000 Entrust, Inc. 100,000 Total ¥3,550,000 As for Yokohama Bayside Resort Ltd., the Company and Stellar Capital jointly guarantee its borrowings.

Notes to Non-Consolidated Statements of Income

Fiscal Year 2006 (From October 1, 2005 to September 30, 2006)	**Fiscal Year 2007** (From October 1, 2006 to September 30, 2007)
*1 Major income or expenses for affliates are as follows: (Thousands of yen) Commission paid ¥3,600 Interest income ¥4,982 Administrative commission fee ¥600 Rental income ¥2,100	*1 Major income or expenses for affliates are as follows: (Thousands of yen) Interest income ¥86,427

Notes to Non-Consolidated Statements of Net Assets

Fiscal Year 2006 (From October 1, 2005 to September 30, 2006)

The type of treasury stocks and the number of shares

Type of stock	Number of shares as of September 30,2005	Increase	Decrease	Number of shares as of September 30, 2006
Treasury stock Common stock	—	3.79	3.79	—

Note: The increase and decrease of 3.79 shares in treasury stock was resulted from acquisition of odd-lot shares (shares less than one unit).

Fiscal Year 2007 (From October 1, 2006 to September 30, 2007)

No treasury stocks existed during the fiscal year 2007.

Leases

Fiscal Year 2006 (From October 1, 2005 to September 30, 2006)	Fiscal Year 2007 (From October 1, 2006 to September 30, 2007)
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.	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.
1. Pro forma information of the leased property, such as acquisition costs, accumulated depreciation, and net book value as of September 30, 2006 are as follows:	1. Pro forma information of the leased property, such as acquisition costs, accumulated depreciation, and net book value as of September 30, 2007 are as follows:

Fiscal Year 2006 (Thousands of yen)

	Acquisition costs	Accumulated depreciation	Net book value
Buildings	¥ 1,938	¥ 678	¥ 1,260
Furniture and equipment	11,235	3,932	7,303
Total	¥ 13,174	¥ 4,610	¥ 8,563

Fiscal Year 2007 (Thousands of yen)

	Acquisition costs	Accumulated depreciation	Net book value
Furniture and equipment	¥10,983	¥6,040	¥4,942

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

(Thousands of yen)

Within one year	¥ 2,595
More than one year	6,337
	¥ 8,932

2. The scheduled maturities of future lease payments of such lease contracts as of September 30, 2007 were as follows:

(Thousands of yen)

Within one year	¥ 2,274
More than one year	3,005
	¥ 5,279

3. Lease expenses, pro forma depreciation expenses, and pro forma interest expenses for the year ended September 30, 2006 were as follows:

(Thousands of yen)

Lease expenses	¥ 2,984
Pro forma depreciation	2,634
Pro forma interest expenses	515

3. Lease expenses, pro forma depreciation expenses, and pro forma interest expenses for the year ended September 30, 2007 were as follows:

(Thousands of yen)

Lease expenses	¥2,817
Pro forma depreciation	2,488
Pro forma interest expenses	368

Fiscal Year 2006	Fiscal Year 2007
4. Pro forma depreciation were calculated using the straight-line method over the lease term with no residual value.	4. Same as at left
5. Differences between total lease payments and the acquisition costs of the leased assets are assumed as pro forma interest expenses. The pro forma interest expenses are allocated to each period using the interest method over the lease term.	5. Same as at left

Investments in Securities

Fiscal Year 2006 (As of September 30, 2006)

There were no shares of subsidiaries and affiliates with fair market value.

Fiscal Year 2007 (As of September 30, 2007)

There were no shares of subsidiaries and affiliates with fair market value.

Deferred Tax Accounting

<table>
<tr><th>Fiscal Year 2006
(From October 1, 2005
to September 30, 2006)</th><th>Fiscal Year 2007
(From October 1, 2006
to September 30, 2007)</th></tr>
<tr><td>

1.Principal sources of deferred tax assets and liabilities

(Thousands of yen)

Deferred tax assets (current)	
Accrued enterprise taxes	¥177,935
Amount in excess of provision for accrued bonuses	32,552
Amount in excess of allowance for doubtful account	44,026
Others	9,257
Deferred tax assets (current), total	¥263,772
Deferred tax assets (fixed)	
Amount in excess of accrued retirement benefits	¥1,764
Others	¥102
Sub-total	¥1,866
Less deferred tax liabilities (fixed)	¥(1,866)
Deferred tax assets (fixed), total	¥0
Deferred tax liabilities (fixed)	
Net unrealized gains on other securities	¥(9,391)
Sub-total	¥(9,391)
Less deferred tax assets (fixed)	¥1,866
Deferred tax liabilities (fixed),total	¥(7,525)
Net deferred tax aseets	¥256,247

2. A reconciliation between the effective statutory tax rate and the actual effective tax rate is as follows.

The reconciliation between the effective statutory tax rate and the actual effective tax rate is omitted since the difference is less than 5 percent of the effective statutory tax rate.

</td><td>

1. Principal sources of deferred tax assets and liabilities

(Thousands of yen)

Deferred tax assets (current)	
Accrued enterprise taxes	¥14,632
Amount in excess of provision for accrued employee bonuses	92,366
Amount in excess of allowance for doubtful accounts	66,200
Others	36,802
Deferred tax assets (current), total	¥210,002
Deferred tax assets (fixed)	
Amount in excess of accrued retirement benefits	¥8,206
Valuation loss on investment in affiliates	86,432
Others	14,303
Sub-total	58,942
Less deferred tax liabilities (fixed)	(2,360)
Deferred tax assets (fixed), total	¥56,582
Deferred tax liabilities (fixed)	
Net unrealized gains on other securities	¥2,360
Sub-total	(2,360)
Less deferred tax assets (fixed)	2,360
Deferred tax liabilities (fixed),total	0
Net deferred tax aseets	¥266,584

2. A reconciliation between the effective statutory tax rate and the actual effective tax rate is as follows.

Same as at left

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</table>

Per Share Information

Fiscal Year 2006 (From October 1, 2005 to September 30, 2006)	**Fiscal Year 2007** (From October 1, 2006 to September 30, 2007)
(Yen) Net assets per share ¥105,215.93 Net income per share ¥14,349.40 Net income (diluted) per share ¥12,454.18 On October 3, 2005, the board of directors of the Company approved a stock split at a ratio of 3-for-1on December 20, 2005. Assuming that the stock split had been executed at the beginning of the fiscal year, the per share information for the fiscal year 2005 would have been summarized as follows: Fiscal Year 2005: (Yen) Net assets per share ¥16,826.13 Net income per share ¥4,929.12 Net income (diluted) per share ¥4,762.81	(Yen) Net assets per share ¥20,743.47 Net income per share ¥1,516.90 Net income (diluted) per share ¥1,426.04 The Company executed a stock split at a ratio of 5-for-1 on October 1, 2006. Assuming that the stock split had been executed at the beginning of the fiscal year, the per share information for the fiscal year 2006 would have been summarized as follows: Fiscal Year 2006: (Yen) Net assets per share ¥21,043.19 Net income per share ¥2,869.88 Net income (diluted) per share ¥2,490.84

Note: Underlying information for calculation of net income per share and net income per share after adjusting for dilution effects are as follows:

Item	**Fiscal Year2006** (From October 1, 2005 to September 30, 2006)	**Fiscal Year 2007** (From October 1, 2006 to September 30, 2007)
Net income per share		
Net income (Thousands of yen)	¥3,234,627	¥1,806,623
Net income for common stock (Thousands of yen)	¥3,234,627	¥1,806,623
Average number of common stock during the year (Shares)	225,419	1,190,996
Net income (diluted) per share		
Major reasons for the increase in number of common stock (Share): • Subscription rights • Stock acquisition rights • Bonds with stock acquisition rights (Shares)	 1,417 16,849 16,037	 3,379 61,240 11,263
Increased number of common stock (Shares)	34,303	75,882
Details of the potential common stock excluded from the calculation of the net income (diluted) per share because of the insignificant dilution effect	Stock acquisition rights: 650 units (Common stock: 650 shares)	FinTech Global Incorporated: Stock acquisition rights (stock options) issued on April 27, 2006 based on the special resolution at the shareholders' meeting held on December 20, 2005: 605 units (Common stock: 3,025 shares) Stock acquisition rights on the ¥20,000,000,000 Zero coupon convertible bonds due 2012 issued on February 8, 2007: 2,217 units (Common stock: 139,785 shares) Stock acquisition rights (stock options) issued on June 4, 2007 based on the special resolution at the shareholders' meeting held on December 20, 2006: 1,240 units (Common stock: 1,240 shares)

Subsequent Events

Fiscal Year 2006 (From October 1, 2005 to September 30, 2006)	**Fiscal Year 2007** (From October 1, 2006 to September 30, 2007)
1. On September 8, 2006, the Board of Directors of the Company approved a stock split with no compensation, which became effective on October 1, 2006, to increase the liquidity of the Company's stock and to broaden the investors' base by reducing the equity price per share. (1) Number of shares to be increased: Common stock: 946,488 shares (2) Method of stock split The shares held by shareholders recorded on the shareholders' lists as of September 30, 2006 was split using a ratio of 5-for-1. Assuming that the share split was executed at the beginning of the previous fiscal year, the per-share information is summarized as follows: Fiscal 2005: (Yen) Net assets per share ¥3,365.23 Net income per share ¥985.82 Net income (diluted) per share ¥952.56 Fiscal 2006: (Yen) Net assets per share ¥21,043.19 Net income per share ¥2,869.88 Net income (diluted) per share ¥2,484.37 2. On October 6, 2006, the Board of Directors of the Company approved the redemption of all of the outstanding third series of unsecured convertible bond-type bonds with stock acquisition rights (with a supplementary contract on setting up of the same rank limited to and between convertible bond-type bonds with stock acquisition rights), of which total nominal value amounting to ¥20 billion, in accordance with the redemption clause of the bonds and the subscription agreement. (1) Reason for redemption before due date: The third series of bonds with stock acquisition rights have a clause for redemption before due date. 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 third series of bonds with stock acquisition rights. (2) Bonds to be redeemed: The third series of unsecured convertible bond-type bonds with stock acquisition rights issued by FinTech Global Incorporated (3) Date of notice: October 6, 2006 Under the subscription agreement, the Company and Goldman Sachs International agreed that the Company would not accept the request for conversion on and after October 10, 2006 at noon. The conversion price before that time is ¥180,000. (4) Date of redemption: November 6, 2006 (5) Amount to be redeemed: All of the outstanding third series of bonds with stock acquisition rights as of November 6, 2006 The Company has not converted any of the bonds into shares since issuance. (6) Redemption price: ¥101 for ¥100 of nominal value (7) Funds used for the redemption: Short-term debt shall be appropriated for the funds of the redemption. (8) Expected decrease in annual interest expense due to the decrease in bonds: Not applicalbe	―――――

Fiscal Year 2006 (From October 1, 2005 to September 30, 2006)	**Fiscal Year 2007** (From October 1, 2006 to September 30, 2007)
3. On October 6, 2006, the Board of Directors of the Company approved borrowing funds for the early redemption of the third series of unsecured convertible bond-type bonds with stock acquisition rights issued on April 18, 2006. Important terms of the borrowings are as follows: Lender: Nikko Citigroup Limited Amount: ¥20 billion Date of loan: November 2, 2006 Date of repayment: February 28, 2007 Interest rate: 1.17438% (fixed rate) Method: Loan agreement Security: No security Guarantee: No guarantee Other important covenant: Nothing	