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Notice concerning the provision for additional allowances for doubtful accounts and valuation losses on investments in securities, trade, as well as revisions to the performance forecast for the fiscal year ended September 30, 2008

Tokyo, November 12, 2008—FinTech Global Incorporated (hereafter, "the Company") recently provided for an additional allowance for doubtful accounts under selling, general and administrative expenses, as well as valuation losses on investments in securities, trade, in its consolidated and non-consolidated financial statements. The Company hereby presents background information to these accounting events.

Concurrently, the Company revised the full-year forecasts announced on August 13, 2008, for consolidated and non-consolidated performance in fiscal 2008, ended September 30, 2008, and provides notice of the revised amounts below.

Particulars

1. Provision for additional allowance for doubtful accounts

The Company made provision for an additional allowance for doubtful accounts under selling, general and administrative expenses in its consolidated and non-consolidated financial statements to cover loans to the following three special purpose companies involved in real estate development projects.

- A special purpose company involved in a real estate development project in Osaka received ¥1,500 million from the Company. After considering the impact of prevailing conditions in the real estate market—especially the rising cost of construction and real estate price adjustments exceeding assumptions—on the recoverability of the loans, the Company decided to make a provision for ¥1,029 million.

- A special purpose company with real estate holdings in Tokyo issued corporate bonds worth ¥3,550 million using the property as collateral to support the fund-raising. The Company realized that a marked decline in the appraisal value of the property would lead to a valuation loss on the bonds and decided to make a provision for the entire amount.
- A special purpose company involved in a real estate development project in Aichi Prefecture issued corporate bonds worth ¥1,000 million. The Company conservatively assessed the recoverability of the investment, given such factors as a delay in construction, and decided to make a provision for the entire amount.

2. Recording of valuation loss on investments in securities, trade in consolidated financial statements (revenue decrease on a non-consolidated basis)

Members of the FGI Group, including FinTech Real Estate, Inc. (hereafter, "FRE"), an FGI subsidiary that was wound up as of September 30, 2008, invested ¥2,121 million in Godo Kaisha TSM Sixty Four Alpha (hereafter, "Alpha"), a special purpose company, in November 2007, under a silent partnership (*tokumei kumiai)* agreement. Alpha then invested ¥2,120 million in Godo Kaisha TSM Sixty Four Beta (hereafter, "Beta"), a special purpose company involved in a real estate development project, under a silent partnership (*tokumei kumiai)* agreement. (Assets held by FRE were transferred to the Company upon suspension of business and subsequent liquidation of the subsidiary.)

Real estate transactions have become sluggish, largely because of an increasingly challenging fund-procurement environment, caused by recent turmoil in financial markets, and because of tougher screening standards for real estate-oriented lending and investment by financial institutions. Considering the impact of these conditions on the "Beta" project, the Company reassessed the value of the specific property being developed and concluded that it would be appropriate to record a valuation loss of ¥2,121 million on investments in securities, trade related to this equity interest under cost of revenue in the consolidated financial statements.

On a non-consolidated basis, net revenue will be reduced by ¥2,120 million*****, which is the portion of the net loss realized by the silent partnership (*tokumei kumiai*) equivalent to the equity stake held by the Company.

***Accounting treatment for silent partnership (*tokumei kumiai*) investments included under investments in securities, trade**

When applying accounting treatment for silent partnership (*tokumei kumiai*) investments, the Company records under investments in securities, trade a portion of the assets in silent partnerships (*tokumei kumiai*) equivalent to its equity stake. Investments in securities, trade is disclosed at the time of investment. The share of earnings and losses realized by the silent partnership (*tokumei kumiai*) is recorded under net revenue, and investments in securities, trade is adjusted by the same amount.

3. Revised Performance Forecasts for Fiscal 2008

(October 1, 2007 – September 30, 2008)

(1) Consolidated

(Millions of yen, %)

	Net Revenue	Operating Income (Loss)	Ordinary Profit (Loss)	Net Income (Loss)
Previous estimate (A)	14,940	3,281	2,680	(798)
New estimate (B)	14,165	(8,240)	(9,114)	(7,185)
Change (B-A)	(775)	(11,522)	(11,795)	(6,386)
Increase/(Decrease) (%)	(5.2)	—	—	—
Reference: Fiscal 2007 full-year results	16,914	6,286	5,951	1,767

(2) Non-Consolidated

(Millions of yen, %)

	Net Revenue	Operating Income (Loss)	Ordinary Profit (Loss)	Net Income (Loss)
Previous estimate (A)	5,537	227	222	(219)
New estimate (B)	3,704	(7,837)	(8,173)	(6,081)
Change (B-A)	(1,833)	(8,065)	(8,396)	(5,862)
Increase/(Decrease) (%)	(33.1)	—	—	—
Reference: Fiscal 2007 full-year results	7,287	4,230	3,731	1,806

(3) Reasons for Revised Performance Forecasts

i) Consolidated Performance

Net Revenue

Net revenue is projected at ¥14,165 million, slightly lower than previously announced, largely because the restructured underwriting scheme adopted by subsidiary Crane Reinsurance Limited, as described in the release dated September 4, 2008, eliminated some of its existing policies and reduced the unexpired portion recorded under revenue as unearned premiums, and also because revenue growth at FX Online Japan, Co., Ltd. (FXO), was not as brisk as expected. The Company's inability to achieve its non-consolidated net revenue target was primarily due to a decrease in revenue equivalent to its equity stake in silent partnerships (*tokumei kumiai*), but the impact of this decrease was neutralized on a consolidated basis by a reduction in silent partnership (*tokumei kumiai*) dividends of subsidiaries.

Operating Loss

The Company recorded under cost of revenue a valuation loss of ¥1,606 million in investment in securities, trade at the time FRE was liquidated, in addition to the ¥2,121 million in investment in securities, trade described in **2**. above. This will lead to a decline in gross profit. The booking of allowance for doubtful accounts under selling, general and administrative expenses, on consolidated and non-consolidated financial statements, will cause the combined transfer to allowance for doubtful accounts and loss on doubtful accounts to increase ¥6,164 million over the amount disclosed at the end of the third quarter. Consequently, the Company is prepared for an operating loss of ¥8,240 million.

Ordinary Loss

The Company expects to record an ordinary loss of ¥9,114 million, primarily due to the addition of ¥168 million in investment losses on marketable securities under non-operating expenses.

Net Loss

Extraordinary profit will include ¥4,759 million recorded as proceeds from the sale of stock in affiliates, following the transfer of FXO shares held by the Company. Under extraordinary loss, an amount of ¥838 million will be recorded as system upgrade costs for FXO*****.

As a result, the Company is expected to incur a net loss of ¥7,185 million.

*The Company holds 45% equity in FXO, so a share of net income (loss) is based on this investment stake.

i) Non-Consolidated Performance

Net Revenue

Net revenue is likely to reach ¥3,704 million compared to the previously announced ¥5,537 million, despite revenue from continuing efforts to package large-scale transactions booked as earnings in the first quarter and revenues from real estate brokerage services. The main reason for lower revenue is the deduction of ¥2,120 million, as described in **2.** above.

Reference:
The portion—¥2,120 million—of the net loss realized by the silent partnership (*tokumei kumiai*) is equivalent to the equity stake held by the Company. The amount has been reduced, according to the Company's accounting treatment standards, but was originally ¥5,824 million.

Operating Loss

As described in **1.** above, the Company has increased the allowance for doubtful accounts under selling, general and administrative expenses. A review of the recoverability of loans extended to certain real estate projects prompted the Company to make an additional provision for allowance for doubtful accounts. Another increase in the allowance for doubtful accounts was provisioned to cover the eroded market value on stock used to secure an investment made in a hospital restructuring business through a subsidiary because the loan was not repaid as promised.

The combined transfer to allowance for doubtful accounts and loss on doubtful accounts may exceed the amount disclosed at the end of the third quarter by ¥6,066 million.

This would lead to an operating loss of ¥7,755 million.

Ordinary Loss

The Company expects to record an ordinary loss of ¥8,173 million, primarily due to the operating loss described above.

Net Loss

Extraordinary profit will include ¥4,059 million in proceeds from the sale of stock in affiliates, following the transfer of FXO shares held by the Company, while extraordinary loss will include ¥1,462 million in subsidiary liquidation losses, following windup of FRE, and ¥434 million more in valuation loss on stock in affiliates acquired through loans to subsidiaries.

As a result, the Company is expected to incur a net loss of ¥6,081 million.

Note: Cautionary Statement regarding Consolidated Forecasts

The performance forecasts outlined above are based on information available to management of the Company as of the date on which this news release was posted. A number of factors could cause actual results to differ greatly from expectations.

4. Management responsibility for revisions to fiscal 2008 full-year performance forecast

Management recognizes that the aforementioned revisions to full-year consolidated and non-consolidated performances for fiscal 2008, ended September 30, 2008, will have consequences and will clarify responsibility for this situation. Details will be provided when the Company discloses the content of its financial statements on November 14, 2008.

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