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Explanation regarding the assumption of a going concern

Tokyo, November 14, 2008—The Board of Directors at FinTech Global Incorporated (hereafter, “the Company”) resolved at its meeting on this date that the Company will provide in the *Yuka Shoken Hokokusho*, a business report filed with the authorities in Japan, and in the financial statements for the fiscal year ended September 30, 2008, an explanation, as described below, concerning the assumption that the Company and the Group it leads are going concerns.

Particulars

1. Consolidated financial statements for fiscal 2008

The real estate market is in the midst of a major adjustment phase. The three key issues behind this situation are 1) the finance industry, to which the FGI Group belongs, and the real estate industry, to which major clients of the Group belong, have been hurt by the worldwide credit crunch; 2) financial institutions, especially foreign-owned banks, have become increasingly reluctant to extend loans for real estate–related purposes; and 3) capital turnover has slowed, largely because amendments to the Building Standards Law have delayed construction starts.

In this environment, the Company recorded valuation losses on investments in securities, trade for some special purpose companies’ exposure to certain real estate development projects under consolidated cost of revenue, as well as provisions for additional allowances for doubtful accounts and loss on doubtful accounts under consolidated selling, general and administrative expenses. This led to an operating loss of ¥8,240,303 thousand, which has raised questions about the Group’s long term viability as a going concern.

The Group will seek to erase doubt about its future viability through the business strategies, risk management practices, management efficiency measures and financial strategies described below.

To buoy net revenue, the Group will promote business expansion geared to the corporate restructuring activities and fund-procurement needs specific to this period of correction in the real estate industry. The Group will enhance earnings by utilizing accumulated know-how in structured financing, a network of investors characterized by diversity, and a direct pipeline to insurance guarantees, and by providing sophisticated financial services to client companies. Higher earnings will underpin a return to an operating income position on a consolidated basis.

To reinforce risk management, the Group has already taken a dramatically more conservative approach to principal finance operations with the application of tougher screening standards. This move brought about a significant reduction in new investments in fiscal 2008 as the business emphasis shifted toward the collection of outstanding loans rather than extending loans. The Group will maintain this perspective, seeking to shrink risk assets while improving liquidity in hand.

To enhance profitability, management will review groupwide expenses, especially selling, general and administrative expenses.

Of note, the Company completed the transfer of all shares held in FX Online Japan Co., Ltd. (hereafter, “FXO”) for a total value of about ¥12.7 billion. The Company will receive payment in several installments, and according to the initial schedule, the last installment will take place in December 2008. This should eliminate any concerns over financing.

Part of the proceeds from the sale of equity in FXO have been used to retire loans originally acquired to purchase these shares, already reducing the weight of interest-bearing liabilities.

Funds recovered through the sale of real estate will also be applied to interest-bearing liabilities, which will further strengthen the Company’s financial footing.

Accordingly, the consolidated financial statements for fiscal 2008 have been prepared on the basis of a going concern.

2. Non-consolidated financial statements for fiscal 2008

The real estate market is in the midst of a major adjustment phase. The three key issues behind this situation are 1) the finance industry, to which the Company belongs, and the real estate industry, to which major clients of the Company belong, have been hurt by the worldwide credit crunch; 2) financial institutions, especially foreign-owned banks, have become increasingly reluctant to extend loans for real estate–related purposes; and 3) capital turnover has slowed, largely because amendments to the Building Standards Law have delayed construction starts.

In this environment, the financial arrangement expertise of the Company attracted inquiries from a wide-range of potential clients in fiscal 2008. However, the search for lenders to invest in clients’ real estate development projects was made difficult by the inability or unwillingness of several financial institutions to extend loans for real estate purposes. As a result, there was a reduction in the number of financial arrangements that the Company was able to package.

Following a revised appraisal of a property being developed by a special purpose company into which an investment had been made, based on a silent partnership (*tokumei kumiai)* agreement, an amount—¥2,120,000 thousand—equivalent to the Company's equity stake in this silent partnership (*tokumei kumiai)* was subtracted from net revenue. Consequently, fiscal 2008 non-consolidated net revenue amounted to ¥3,704,386 thousand, or ¥3,583,225 thousand less than the ¥7,287,612 thousand posted in fiscal 2007.

The Company also recorded a provision for additional allowances for doubtful accounts and loss on doubtful accounts under non-consolidated selling, general and administrative expenses, against loans receivable, trade for some special purpose companies involved in certain real estate development projects. This led to an operating loss of ¥7,837,676 thousand.

The Company will seek to erase any doubt about its future viability through the business strategies, risk management practices, management efficiency measures and financial strategies described in **1** above.

Accordingly, the non-consolidated financial statements for fiscal 2008 have been prepared on the basis of a going concern.

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