Consolidated Financial Statements
2009

For the year ended
September 30,2009 and 2008

FinTech Global Incorporated

Consolidated Balance Sheet

FinTech Global Incorporated and Consolidated Subsidiaries
As of September 30, 2009 and 2008

	Thousands of yen		Thousands of U.S. dollars (Note 1)
Assets	**2009**	**2008**	**2009**
Current assets:			
Cash and time deposits(Note 4)	¥ 5,811,512	¥ 9,600,189	$ 64,422
Accounts receivable, trade	186,152	211,058	2,064
Trading securities(Note 9)	431,099	4,119,245	4,779
Investments in securities, trade(Note 9)	6,059,149	5,828,401	67,167
Inventory(Note 3and 11)	911,167	36,344,528	10,101
Deferred tax assets(Note 14)	1,066	823,502	12
Loans receivable, trade(Note 3and 11)	11,336,719	19,361,400	125,670
Accrued income	—	7,545,343	—
Other current assets	1,960,719	2,151,469	21,735
Allowance for doubtful accounts	(12,234,549)	(7,829,785)	(135,623)
Total current assets	14,463,034	78,155,349	160,326
Property, plant and equipment:			
Building, furniture and equipment, at cost	365,773	399,373	4,055
Less: accumulated depreciation	(169,125)	(123,376)	(1,875)
Property, plant and equipment, net	196,648	275,997	2,180
Goodwill (Note 10)	474,371	133,853	5,259
Software	155,619	107,305	1,725
Investments in securities (Note 9)	178,748	55,882	1,981
Security deposits	241,112	227,241	2,673
Others	56,533	65,565	627
Total assets	¥ 15,766,065	¥ 79,021,193	¥ 174,771
Liabilities and net assets			
Current liabilities:			
Accounts payable, trade	¥ 63,039	¥ 57,726	$ 699
Short-term debt(Note 3 and 11)	175,000	33,613,648	1,940
Long-term debt due within one year(Note 11)	260,000	1,818,300	2,882
Accrued liabilities	244,419	720,769	2,709
Accrued expenses	85,009	106,226	942
Income taxes payable	19,068	5,446	211
Accrued employee bonuses	107,007	134,480	1,186
Reserve for guarantee losses	13,006	38,293	144
Other current liabilities	715,700	904,496	7,934
Total current liabilities	1,682,248	37,399,383	18,648
Long-term liabilities			
Bonds with stock acquisition rights	7,950,000	22,170,000	88,128
Long-term debt(Note 3 and 11)	245,000	1,612,600	2,716
Deferred tax liabilities(Note 14)	40,119	2,081	445
Accrued retirement benefits(Note 12)	78,028	37,652	865
Other long-term liabilities	322,833	373,217	3,579
Total liabilities	10,318,228	61,594,933	114,380
Shareholders' equity:			
Common stock			
Authorized: 3,084,000 shares as of September 30, 2009 and 2008			
Issued: 1,208,135 shares as of September 30, 2009 and 2008	10,764,318	10,764,318	119,325
Additional paid-in capital	10,351,900	10,351,900	114,753
(Accumulated deficits)/Retained earnings	(16,353,913)	(4,260,973)	(181,287)
Total shareholders' equity	4,762,305	16,855,245	52,791
Valuation and translation adjustments:			
Net unrealized (loss)/gain on other securities (Note 9)	(1,478)	(7,346)	(16)
Translation adjustments	(107,467)	(40,600)	(1,191)
Total valuation and translation adjustments	(108,945)	(47,946)	(1,208)
Stock acquisition rights (Note 13)	20,573	17,660	228
Minority interests	773,904	601,301	8,579
Total net assets	5,447,837	17,426,260	60,391
Total liabilities and net assets	¥ 15,766,065	¥ 79,021,193	$ 174,771

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

Consolidated Statement of Operation

FinTech Global Incorporated and Consolidated Subsidiaries
For the years ended September 30, 2009 and 2008

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Net revenue:			
Investment banking business (Note 8)	¥ 1,177,033	¥ 4,588,330	$ 13,048
Reinsurance/financial guarantee business (Note 8)	1,556,002	210,767	17,249
FX (Foreign Exchange) business	―	7,018,214	―
Real estate related business	7,402,707	2,268,769	82,061
Others	249,600	79,218	2,767
	10,385,342	14,165,298	115,124
Cost of revenue	17,711,539	5,850,602	196,337
Gross profit/(loss)	(7,326,197)	8,314,696	(81,213)
Selling, general and administrative expenses			
Directors' bonuses	326,605	438,495	3,620
Salaries	742,022	966,148	8,225
Transfer to allowance for doubtful accounts	4,431,866	7,716,669	49,128
Transfer to provision for accrued bonuses	101,516	656,176	1,125
Retirement benefit expenses (Note 12)	22,424	16,634	249
Depreciation and amortization expense	115,245	111,582	1,278
Rent	275,359	310,767	3,052
Commission paid	1,067,104	1,572,685	11,829
Amortization of goodwill	77,125	1,476,429	855
Bad debts loss	4,965,575	―	55,045
Others	869,997	3,289,415	9,644
	12,994,838	16,555,000	144,051
Operating (loss)/income	(20,321,034)	(8,240,304)	(225,264)
Other income (expense):			
Interest income	42,458	129,569	471
Refunded comsumption tax	―	25,135	―
Amortization of negative goodwill	9,932	―	110
Equity fluctuation income	―	2,105	―
Gain on sales of shares of subsidiaries and affiliates	68,668	4,759,652	761
Profit on redemption of bonds with stock acquisition rights	9,874,410	―	109,460
Interest expense	(89,929)	(263,742)	(997)
Stock distribution costs	―	(764)	―
Loss on trading securities	(665,290)	(530,741)	(7,375)
Commission paid	(90,612)	(148,585)	(1,004)
Loss from effect of exchange rate	(52,186)	(108,084)	(578)
Loss on disposition of fixed assets	(3,282)	(8,244)	(36)
Unrealized loss on investments in securities	(25,504)	―	(283)
Loss on sales of stocks of subsidiaries and affiliates	(25,260)	―	(280)
Loss due to impairment(Note 10)	(24,882)	(16,503)	(276)
Loss on the system change	―	(838,718)	―
Special retirement expenses	(52,697)	―	(584)
Other, net	(62,254)	(235,716)	(690)
(Loss)/income before income taxes and distribution of gains/(losses) to silent partners	(11,417,462)	(5,474,940)	(126,565)
Distribution of losses to silent partners	―	65,427	―
(Loss)/income before income taxes and minority interests	(11,417,462)	(5,540,367)	(126,565)
Income taxes :			
Current	10,770	1,668,205	119
Refund	(15,501)		(172)
Deferred	844,491	(998,585)	9,361
	839,759	669,620	9,309
Minority interests	(166,146)	950,707	(1,842)
Net (loss)/income (Note 20)	¥ (12,091,076)	¥ (7,160,694)	$ (134,033)

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

Consolidated Statement of Changes in Net Assets

FinTech Global Incorporated and Consolidated Subsidiaries

For the years ended September 30, 2009 and 2008

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2009	**2008**	**2009**
Shareholders' equity			
Common stock			
Balance at the end of last period	¥ 10,764,318	¥ 10,736,448	$ 119,325
Change during this period			
Issuance of common stock	—	27,870	—
Total changes during this period	—	27,870	—
Balance at the end of this period	10,764,318	10,764,318	119,325
Additional paid-in capital			
Balance at the end of last period	10,351,900	10,351,900	114,753
Balance at the end of this period	10,351,900	10,351,900	114,753
Retained earnings			
Balance at the end of last period	(4,260,973)	3,939,480	(47,234)
Change during this period			
Dividends	—	(1,101,237)	—
Net loss	(12,091,075)	(7,160,694)	(134,033)
Decrease due to increase in number of consolidated subsidiaries	(1,865)	—	(21)
Increase due to decrease in number of consolidated subsidiaries	—	61,478	—
Total changes during this period	(12,092,940)	(8,200,452)	(134,053)
Balance at the end of this period	(16,353,913)	(4,260,973)	(181,287)
Total shareholders' equity			
Balance at the end of last period	16,855,245	25,027,828	186,845
Change during this period			
Issuance of common stock	—	27,870	—
Dividends	—	(1,101,237)	—
Net loss	(12,091,075)	(7,160,694)	(134,033)
Decrease due to increase in number of consolidated subsidiaries	(1,865)	—	(21)
Increase due to decrease in number of consolidated subsidiaries	—	61,478	—
Total changes during this period	(12,092,940)	(8,172,583)	(134,053)
Balance at the end of this period	4,762,305	16,855,245	52,791
Valuation and translation adjustments			
Net unrealized gain/(loss) on other securities			
Balance at the end of last period	(7,346)	(17,163)	(81)
Change during this period			
Net changes of items other than shareholders' equity	5,868	9,817	65
Total changes during this period	5,868	9,817	65
Balance at the end of this period	(1,478)	(7,346)	(16)
Translation adjustments			
Balance at the end of last period	(40,600)	—	(450)
Change during this period			
Net changes of items other than shareholders' equity	(66,867)	(40,600)	(741)
Total changes during this period	(66,867)	(40,600)	(741)
Balance at the end of this period	(107,467)	(40,600)	(1,191)
Total valuation and translation adjustments			
Balance at the end of last period	(47,946)	(17,163)	(531)
Change during this period			
Net changes of items other than shareholders' equity	(60,999)	(30,783)	(676)
Total changes during this period	(60,999)	(30,783)	(676)
Balance at the end of this period	(108,945)	(47,946)	(1,208)
Stock acquisition rights			
Balance at the end of last period	17,660	4,975	196
Change during this period			
Net changes of items other than shareholders' equity	2,913	12,685	32
Total changes during this period	2,913	12,685	32
Balance at the end of this period	¥ 20,573	¥ 17,660	$ 228

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

Consolidated Statement of Changes in Net Assets (Continued)

FinTech Global Incorporated and Consolidated Subsidiaries
For the years ended September 30, 2009 and 2008

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2009	**2008**	**2009**
Minority interests			
Balance at the end of last period	¥ 601,301	¥ 2,175,458	$ 6,666
Change during this period			
Net changes of items other than shareholders' equity	172,603	(1,574,157)	1,913
Total changes during this period	172,603	(1,574,157)	1,913
Balance at the end of this period	773,904	601,301	8,579
Total net assets			
Balance at the end of last period	17,426,260	27,191,098	193,174
Change during this period			
Issuance of common stock	—	27,870	—
Dividends	—	(1,101,237)	—
Net loss	(12,091,075)	(7,160,694)	(134,033)
Decrease due to increase in number of consolidated subsidiaries	(1,865)	—	(21)
Increase due to decrease in number of consolidated subsidiaries	—	61,478	—
Net changes of items other than shareholders' equity	114,517	(1,592,255)	1,269
Total changes during this period	(11,978,423)	(9,764,838)	(132,784)
Balance at the end of this period	¥ 5,447,837	¥ 17,426,260	$ 60,391

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

Consolidated Statement of Cash Flows

FinTech Global Incorporated and Consolidated Subsidiaries

For the years ended September 30, 2009 and 2008

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Cash flows from operating activities:			
(Loss)/income before income taxes and minority interests	¥ (11,417,462)	¥ (5,540,367)	$ (126,565)
Adjustments for:			
Depreciation and amortization	141,028	119,410	1,563
Increase in allowance for doubtful accounts	4,404,321	7,678,376	48,823
Increase in accrued employee bonuses	(33,155)	202,810	(368)
Increase in accrued retirement benefits	5,675	17,321	63
Interest income	(42,471)	(129,582)	(471)
Stock distribution costs	—	764	—
Cost of fund and interest expenses	214,611	507,234	2,379
Net loss on trading of investment securities for sale	8,375,281	—	92,842
Loss on trading securities	665,290	—	7,375
Gain on sale of investment in shares of subsidiaries and affiliates	(43,409)	(4,759,652)	(481)
Profit on redemption of bonds with stock acquisition rights	(9,874,410)	—	(109,460)
(Increase)/decrease in deposits	1,996	(310,633)	22
(Increase)/decrease in trade receivable	67,400	(135,458)	747
(Increase)/decrease in investments in securities, trade	(339,325)	(1,256,695)	(3,762)
(Increase)/decrease in inventory	5,275,063	(3,592,656)	58,475
(Increase)/decrease in loans receivable, trade	11,024,681	23,033,541	122,211
(Increase)/decrease in accounts due	(778,301)	—	(8,628)
Increase/(decrease) in accounts payable, trade	5,001	(17,588)	55
Increase/(decrease) in accrued liabilities	(454,168)	177,786	(5,035)
Increase/(decrease) in accrued expenses	172,905	82,631	1,917
Increase/(decrease) in deposits from customers	—	(850,823)	—
Others	7,495	1,959,779	83
Subtotal	7,378,046	17,186,200	81,787
Interest income received	37,988	123,011	421
Interest expense paid	(244,835)	(465,967)	(2,714)
Income taxes paid	1,162,635	(3,688,034)	12,888
Net cash provided by/(used in) operating activities	8,333,834	13,155,210	92,383
Cash flows from investing activities:			
Investment in time deposits	—	(1,100,000)	—
(Increase)/decrease in trading securities	3,252,356	(3,031,437)	36,053
(Increase)/decrease in short-term loan receivable	(443,787)	—	(4,919)
Purchase of property, plant and equipment	(30,103)	(371,611)	(334)
Proceeds from sale of investments in securities	22,478	923,494	249
Cash paid for the purchase of newly consolidated subsidiaries, net of cash acquired(Note 4)	(1,967,915)	(11,988,435)	(21,815)
Proceeds from sale of subsidiaries' shares resulting change in scope of consolidation (Note 4)	7,626,293	2,472,536	84,539
Payments for acquisition of subsidiaries' shares with the change of scope of consolidation (Note 4)	(586,252)	—	(6,499)
Payment for acquiring investment in capital	(27,500)	(37,000)	(305)
Payment of security deposits	6,900	(20,729)	76
Refund of security deposits	10,605	54,687	118
Others	(161,531)	998,574	(1,791)
Net cash used in investing activities	7,687,744	(12,099,921)	85,221
Cash flows from financing activities:			
Increase in short-term debt	(10,138,647)	3,292,446	(112,389)
Proceeds from long-term debt	—	1,000,000	—
Repayment of long-term debt	(5,385,900)	(10,667,570)	(59,704)
Proceeds from issuance of stocks	—	27,106	—
Proceeds from issuance of stocks to minority shareholders	428,145	667,499	4,746
Dividends paid	(3,108)	(1,063,196)	(34)
Redemption of bonds	(4,575,090)	—	(50,716)
Net cash (used in)/provided by financing activities	(19,674,600)	(6,743,715)	(218,098)
Effect of exchange rate changes on cash and cash equivalents	(33,854)	(13,485)	(375)
Net decrease in cash and cash equivalents	(3,686,876)	(5,701,911)	(40,870)
Cash and cash equivalents at beginning of year	9,500,189	15,163,736	105,312
Cash and cash equivalents from newly consolidated subsidiaries	—	39,510	—
Decrease in cash and cash equivalents due to deconsolidation of subsidiaries (Note 4)	(1,801)	(1,145)	(20)
Cash and cash equivalents at end of year (Note 4)	¥ 5,811,512	¥ 9,500,189	$ 64,422

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

Notes To Consolidated Financial Statements

For the Years Ended September 30, 2009 and 2008

1. Basis of Preparing Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared from the accounts maintained by FinTech Global Incorporated (hereinafter referred to as "the Company") and its consolidated subsidiaries (hereinafter together referred to as "the Group") in accordance with the provisions set forth in the Corporate Law and the Financial Instruments and Exchange Law of Japan, and in conformity with accounting principles generally accepted in Japan, These differ in certain respects, as to application and disclosure requirements from International Financial Reporting Standards and the accounting principles generally accepted in the United States of America.

In preparing the consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar with readers outside Japan.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers, using the prevailing exchange rate at September 30, 2009, which was ¥ 90.21 to U.S. $1.00. The inclusion of such amounts is not intended to imply that the Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at this or any other rate.

2. Assumption of a Going Concern

The FinTech Global Incorporated (hereinafter referred to as "the Company") and its subsidiaries (hereinafter together referred to as "the Group") have been affected by the worldwide financial crisis and recession. Consequently, the Group has reduced its assets drastically by creating reserves against receivable loan obligations resulting in the Group recording valuation losses, loss on sales, and transfers to allowance for doubtful accounts, which has led to a consolidated operating loss for the year of ¥20,321,034($225,264) thousand.

In addition, in view of the present share price and bond conversion price, a large percentage of the outstanding Euro-Yen convertible bonds with stock acquisition rights due 2012 (outstanding balance of ¥7,950,000 ($88,128) thousand as of September 30, 2009. hereinafter referred to as "the bonds") are expected to be redeemed on February 8, 2010 at the choice of the bond holders (hereinafter referred to as "the voluntary redemption"). As a result, necessary funds to cover this prospective voluntary redemption need to be secured. However, the schedule for collection of operating loans receivable, or procurement of funding to enable this to occur has not been confirmed at present.

The above-mentioned situation has raised certain doubts about the Group's long term viability as a going concern.

The Group will seek to remove any doubt about its future viability through the measures described below.

(1) Early establishment of the profit base

The Group will achieve a strong relationship with the international and domestic investors as well as the financial institutions to improve further arrangement of existing debt finance and to create new opportunities to achieve profit such as accepting equity finance arrangement which is, for example, customers' allocation of new stocks to a third party.

To approach the investors with fund management needs, the Group will set up and sell its products by matching its customers with pension funds and private banks , providing opportunities for investment and loan, and offering and accepting fund for investment and loan in order to achieve stronger relationship especially with pension funds and private banks.

To approach the customers with fund procurement needs, the group will enhance and fulfill the organization of main investment bank in order to develop finance needs on both sides of debt and equity and to achieve high abilities to process and accomplish business cases to increase business cases. Also, the Group will seek to reinforce researching and sourcing potential business cases and to provide financial products that meet the fund procurement needs of business corporations as customers, Local Government Unit, and others.

The Group will seek to fulfill the functions of asset management and brokerage, and enhance its functions as an investment bank, considering alliance with other companies and acquisition where it's necessary so as to enhance organization that implements these businesses.

As for public goods related projects, as well as expanding its public accounting, PPP (Public Private Partnership), and financial consulting and accumulating know-how, the Group will work to provide financial arrangement and asset management services.

(2) Continued reduction in costs

Although the Group has substantially revised its expense budget during the fiscal year, it will continue to trim the excesses from its business promotion.

(3) Collection of loans receivable, trade

The Group will continue negotiations regarding the collection of operating loans receivable, deciding the schedule as early as possible, and will seek to secure the necessary funds for redemption of bonds.

(4) Fund-procurement through loans from financial institutions and investors

The Group will consider all possible financing methods for the procurement of funding, such as new loans from financial institutions and investors.

(5) Retirement by purchase before voluntary redemption

The Group will consider retirement of the bonds by purchase from the bondholders in advance of the voluntary redemption.

The Group will seek to restore profitability and operating income and secure the necessary funds for redemption of bonds through the above measures. The measures to increase profitability are currently being implemented, and the Company is in negotiation with each of its stakeholders in relation to securing the funds for redemption of the bonds.

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

3. Summary of Significant Accounting Policies

(1) Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles in Japan requires management to make certain estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

(2) Principles of Consolidation

(i) Scope of Consolidation

The numbers of consolidated subsidiaries are 13 and 18 for 2009 and 2008, respectively.

Major consolidated subsidiaries are as follows:

2009	2008
FinTech Global Securities , Inc.	FinTech Global Securities , Inc.
Stellar Capital AG	Stellar Capital AG
Crane Reinsurance Limited	Crane Reinsurance Limited
Entrust Inc.	Entrust Inc.
SP&W Asklepius Investment Partnership No. 4	Reliable Factors Co., Ltd.
FINTECH GIMV FUND, L. P. (FGF)	Yugen Kaisha NJ Steel Beta
Public Management Consulting, Inc.	Godo Kaisha TSM Sixty Four Alpha
	Godo Kaisha TSM Sixty Four Beta
	SP&W Asklepius Investment Partnership No. 4
	FINTECH GIMV FUND, L. P. (FGF)

(Changes in the scope of consolidation during the fiscal year 2009)

BELS Co., Ltd. and Shinei Realty Development Co., Ltd. have been consolidated due to the acquisition of their voting rights. Antares asset Godo Kaisha has been consolidated due to the fact that the Company substantially assumes the majority of rights and duties as well as risks associated with profits and losses of this company.

Yugen Kaisha Hibiki, RF Funding One Co., Ltd. FGI Medical Finance, Inc. and FinTech Principal Investment, Inc. have been excluded from the scope of consolidation due to completion of liquidation. Yugen Kaisha NJ Steel Beta, Godo Kaisha TSM Sixty Four Alpha, and Godo Kaisha TSM Sixty Four Beta have been excluded from the scope of consolidation as a result of disposal. Reliable Factors Co., Ltd. has been excluded from the scope of consolidation as a result of the repurchase of all its own shares owned by the Company.

(Changes in the scope of consolidation during the fiscal year 2008)

Five Silent Partnerships (Tokumei Kumiai) were previously counted as consolidated subsidiaries separately from those operators in the fiscal year 2007. However, an operator and a Silent Partnership are considered as a unit and reported as one consolidated subsidiary in the fiscal year 2008. This change was made in order to better understand the frame of the consolidated group by recognizing the Company's consolidated subsidiaries on a large entity basis.

Public Management Consulting Corporation has been consolidated due to the acquisition of its voting rights.

Yugen Kaisha NJ Steel Beta, Godo Kaisha TSM Sixty Four Alpha, Godo Kaisha TSM Sixty Four Beta, SP&W Asclepius Investment Partnership No.4 and FINTECH GIMV FUND, L.P. (FGF) have been consolidated due to the fact that the Company substantially assumes the majority of rights and duties as well as risks associated with profits and losses of those companies.

RF Funding One Co., Ltd. has been consolidated in the fiscal year 2008 since it has become a material subsidiary.

FinTech Real Estate, Inc. has been excluded from the scope of consolidation due to dissolution.

FXO has been excluded from the scope of consolidation due to the sale of all of the shares.

FGI Investment Two Incorporated, TSM Fourteen Incorporated, FGI Investment Three Incorporated, Godo Kaisha Toranomon 1-chome Kaihatsu and FinTech Global Asset Management Inc. have been excluded from the scope of consolidation due to the fact that the Company does not assume the majority of rights and duties nor risks associated with profits and losses of those companies.

There are a number of subsidiaries which were excluded from the scope of consolidation, because they are small, and their total assets, net revenue, net income or losses (amount proportionate to equity share), and retained earnings (amount proportionate to equity share) have no material impact on the consolidated financial statements.

Major non-consolidated subsidiaries are as follows:

2009	2008
FGI Property Funding Incorporated	FGI Property Funding Incorporated
FinTech Global Capital, LLC	FinTech Global Capital, LLC

(ii) Application of the Equity Method

There are no unconsolidated subsidiaries and affiliates that are accounted for under the equity method in 2009 and 2008.

(Reasons for excluding from the scope of the application of the equity method during the fiscal year 2008)

RF Funding One Co., Ltd. has been consolidated since it has become a material subsidiary.

TSM Fifteen Incorporated,TSM Seventeen Incorporated and two Silent Partnerships (Tokumei Kumiai) have been excluded from the scope of consolidation due to liquidation. Silent Partnership (Tokumei Kumiai) has been consolidated on the basis that its operator and the silent partnership (Tokumei Kumiai) are deemed to be one united subsidiary.

Major non-consolidated subsidiaries or affiliates which are not accounted for under the equity method are as follows:

2009	2008
FGI Property Funding Incorporated	FGI Property Funding Incorporated
FinTech Global Capital, LLC	FinTech Global Capital, LLC

The equity method of accounting has not been applied to these companies because they have an immaterial impact on net income or losses (amount proportionate to equity share), and retained earnings (amount proportionate to equity share) of the consolidated financial statements.

(iii) Fiscal Year Ends of Consolidated Subsidiaries

The fiscal year ends of consolidated subsidiaries are as follows:

2009		2008	
End of March:	1	End of January:	1
End of June:	2	End of March:	1
End of August:	2	End of June:	3
End of September:	5	End of August:	1
End of December:	3	End of September:	9
		End of November:	1
		End of December:	2

Subsidiaries with fiscal year ends March 31 and December 31 are consolidated based on their interim financial statements as of September 30.

Subsidiaries with year ends June 30 and August 31 are consolidated based on the financial statements for their respective fiscal year ends. Significant transactions occurring during the intervening periods are reflected in the consolidated financial statements.

(iv) Consolidation of special purpose entities and Silent Partnerships (Tokumei Kumiai)

The following special purpose entities and the Silent Partnerships (Tokumei Kumiai) have been consolidated due to the fact that the Company substantially assumes the majority of rights and obligations as well as the risks associated with the profits and losses of those entities.

2009	2008
Blenheim Partners One Incorporated	Blenheim Partners One Incorporated
Antares asset Godo Kaisha	Yugen Kaisya Hibiki
	Yugen Kaisha NJ Steel Beta
	Godo Kaisha TSM Sixty Four Alfa
	Godo Kaisha TSM Sixty Four Beta

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

	Thousands of yen		Thousands of U.S. dollars
	2009	2008	2009
Inventory	¥552,000	¥34,688,618	$6,119
Short-term debt	—	23,300,000	—

(v) Consolidation and Elimination

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

The cost of investments in the common stock of consolidated subsidiaries is eliminated with the underlying equity in the net assets of such subsidiaries.

(vi) Remeasurement of Assets and Liabilities of Consolidated Subsidiaries

All assets and liabilities of subsidiaries are measured at fair value upon acquisition of control over those subsidiaries.

(3) Investment in Securities

Trading securities are stated at fair market value. Costs are determined by the moving-average method.

Available-for-sale securities with fair market value are stated at fair value. Unrealized holding gains and losses, net of the related tax effect, are recorded as valuation and translation adjustments until realized. The cost is determined by the moving-average method.

Available-for-sale securities with no fair market value are stated at cost. The cost is determined by the moving-average method.

(4) Derivatives and Hedging Instruments

All derivatives are stated at fair value. Special treatment is used for the qualified interest rate swaps.

The derivatives designated as hedging instruments by the Group are interest rate swaps and the related hedged items are bank loans. It is the Group's policy to utilize the above hedging instruments in order to reduce their exposure to the risk of interest rate fluctuation.

Efficiency assessment for interest rate swaps is omitted as they meet the requirements for special treatment.

(5) Inventories

Inventories are stated at cost. Cost on real estate for sale are determined by the specific identification method. Costs are reduced in accordance with the declining profitability.

(6) Property, Plant and Equipment (Except Leased Assets)

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

Useful lives for major assets are as follows:

- Buildings: 3-24 years
- Furniture and equipment: 2-20 years

(7) Intangible Fixed Assets (Except Leased Assets)

Intangible fixed assets are stated at cost determined using the straight-line method.

Software for in-house use is accounted for with the straight-line method over useful life (three to five years).

(8) Leased Assets

Stated at cost determined by using the straight-line method with useful life as the lease period and residual value as zero.

Also, for finance leases under which there is no transfer of owenership were in place which before the amendment to the Accounting Standard for Leases are accounted for in the same manner as operating leases.

(9) Goodwill

Goodwill is amortized under the straight-line method over five years.

(10) Allowance for Doubtful Accounts

The Group provides allowances for doubtful accounts with a projected loss based on historical loss experiences for performing, loans, and/or individually determined probable losses for non-performing loans.

(11) Accrued Employee Bonuses

Employee bonuses are accrued to the extent expected to be paid out for employee bonuses.

(12) Accrued Retirement Benefits

Accrued retirement benefits are provided at the amount which would be required to be paid were all the eligible employees to voluntarily retire at the consolidated balance sheet date. The simplified method is adopted since the number of employees covered by the retirement benefits plan is less than 300.

(13) Allowance for Loss on Guarantee

To provide loss on guarantee, the amount for the allowance has been recorded by the reversal method.

(14) Cash and Cash Equivalents

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

(15) Consumption Taxes

Consumption taxes are accounted for security based on the tax exclusion method.

(16) Investments in Silent Partnerships *(Tokumei Kumiai)*

Earnings and losses acquired by partnerships are recorded as "Revenue" and reflected in "Operating investments securities".

(17) Income Taxes

The provision for income taxes is computed based on the pre-tax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred tax assets and liabilities are measured by applying currently enacted tax rates to the temporary differences.

The Group assesses the recoverability of deferred tax assets based on consideration of the available evidence, including future taxable income, future reversal of existing temporary differences and tax planning strategies. The Group reduces the carrying amount of deferred tax assets to the extent that it is not probable that sufficient taxable income will be available to allow the benefit of part or all of that deferred tax assets to be realized. Any such reduction may be reversed to the extent that it becomes probable that sufficient taxable income will be available and warrant the realization of tax benefits.

(18) Impairment Loss on Non-current Assets

Fixed assets are reviewed for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or asset group or the net selling price at disposition.

(19) Changes in Accounting Policies

(i) Accounting standard for valuation of inventory

Costs for inventory held for sales have been traditionally determined by the specific-identification method, however the specific identification method (reduction of book value based on declining profitability method) has been used to determine costs in the current fiscal year as a result of the application of "Accounting standard for valuation of inventory" (issued on July 5, 2006 in Corporate accounting standard No.9). There is no significant impact on income and losses for the fiscal year 2009.

(ii) Change in investments in Silent Partnership (Tokumei-Kumiai) included in investments in securities, trade

The group has been investing in Silent Partnerships. Investments in securities, trade had been stated at cost, adjusted for equity in earnings and losses of partnership and the adjustments had been recognized as "Revenue". However from this fiscal year, investments in securities, trade have been stated at cost, adjusted for equity in earnings and losses of partnership and the adjustments have been recognized as "Operating income". There is no impact on profit and losses for the fiscal year 2009.

(iii) Accounting standard for Leases

Finance leases under which there is no transfer of ownership had been traditionally accounted for in the same manner as operating leases, however from this fiscal year they are accounted for in accordance with "Accounting standard for Leases" (issued on June 17, 1993 in Corporate accounting standard No.13 by the first panel of the Accounting Standard Boards of Japan, and amended on March 30, 2007) and "Application guidelines for Accounting standard for Leases" (issued on January 18, 1994 in Application Guidelines for Corporate accounting standard No.16 by Accounting System Committee of Japanese Institute of Certified Public Accountants, and amended on March 30, 2007).

Finance leases under which there is no transfer of ownership of which the start date is before September 30, 2008 are continuously accounted for in the same manner as the usual operating leases.

There is a minimal impact on profit and loss for the fiscal year 2009.

4. Cash and Cash Equivalents and Other Information Relating to the Consolidated Statements of Cash Flows

(1) Cash and cash equivalents as of September 30, 2009 and 2008 comprised the following:

	Thousands of yen		Thousands of U.S. dollars
	2009	**2008**	**2009**
Cash and due from banks	¥5,811,512	¥9,600,189	$64,422
Less: time deposits with original maturity over three months	—	(100,000)	—
Cash and cash equivalents	¥5,811,512	¥9,500,189	$64,422

(2) The major assets and liabilities of the newly consolidated subsidiaries as of September 30, 2009 comprised the following:

Fiscal year 2009	Thousands of yen	Thousands of U.S. dollars
Antares Asset Godo Kaisha:		
Current assets	¥4,400,444	$48,780
Fixed assets	25,903	287
Goodwill	5,548	62
Current liabilities	(15,175)	(168)
Long-term liabilities	(2,216,421)	(24,570)
Minority interests	(300)	(3)
Acquisition cost of the shares	¥2,200,000	$24,388
Cash and cash equivalents	(232,084)	(2,573)
Amount paid for acquisition	¥1,967,915	$21,815

Fiscal year 2009	Thousands of yen	Thousands of U.S. dollars
BELS Co., Ltd:		
Current assets	¥147,645	$1,637
Fixed assets	500,215	5,545
Negative Goodwill	(9,931)	(110)
Current liabilities	(154,543)	(1,713)
Long-term liabilities	(416,015)	(4,612)
Minority interests	(9,370)	(104)
Acquisition price of the shares	¥58,000	$643
Cash and cash equivalents	(58,901)	(653)
Proceeds from acquisition	¥(901)	$(10)

(3) The assets and liabilities of a subsidiaries which have not been subject to consolidation as a result of the sale of shares as of September 30, 2009 and 2008 comprised the following:

Fiscal year 2009	Thousands of yen	Thousands of U.S. dollars
Yugen Kaisha NJ Steel Beta:		
Current assets	¥29,874,677	$331,168
Fixed assets	529	6
Current liabilities	(21,500,000)	(238,333)
Minority interests	(3,000)	(33)
Loss on sales of Investments in securities, trade	(8,372,206)	(92,808)
Sale price	¥0	$0
Cash and cash equivalents	(502,905)	(5,575)
Payment for sale	¥(502,905)	$(5,575)

Fiscal year 2009	Thousands of yen	Thousands of U.S. dollars
Godo Kaisha TSM Sixty Four Beta:		
Current assets	¥5,007,075	$55,505
Current liabilities	(5,002,399)	(55,453)
Long-term liabilities	(602)	(7)
Loss on sales of Investments in securities, trade	(3,074)	(34)
Valuation losses of Investments in securities, trade	(1,000)	(11)
Sale price	¥0	$0
Cash and cash equivalents	(59,765)	(663)
Payment for sale	¥(59,765)	$(663)

Fiscal year 2008	Thousands of yen
FX Online Japan Co., Ltd.:	
Current assets	¥15,976,592
Fixed assets	388,998
Total assets	16,365,590
Current liabilities	14,055,117
Total liabilities	14,055,117
Sale price	12,734,732
Other receivable	(8,151,160)
Cash and cash equivalents	(2,367,177)
Proceeds from sale	¥2,216,395

5. Non-performing Loans included in Operating Loans receivable

Non-performing Loans included in Operating Loans receivable are as follows :

	Thousands of yen		Thousands of U.S. dollars
	2009	**2008**	**2009**
Loans to borrowers in legal bankruptcy	¥—	¥11,700	$—
Past due loans	¥8,079,304	¥10,525,000	$89,561

Loans to borrowers in legal bankruptcy are loans where payment of principals and/or interests has not been received for a substantial period or, for other reasons, there are no prospects for collection of principals and/or interests, and accordingly, no interest has been accrued (excluding balances already written off and hereinafter referred to as nonaccrual loans) and also certain specific condition stated in the Implementation Ordinances for the Corporation Tax Law (Cabinet Order No.97, 1965), Items i through v in Article 96-1-3 or the circumstances stated in Article 96-1-4 exists.

Past due loans are nonaccrual loans, other than loans to borrowers in legal bankruptcy or loans whose interest payments have been rescheduled in order to support the restructuring of the borrowers.

6. Contingent Liabilities

The Group offered guaranty of liabilities to the following companies as of September 30, 2008:

	Thousands of yen
Duplex Forty-Fifth Ltd.	¥500,000
Duplex Forty-Ninth Ltd.	300,000
Duplex Forty-Fourth Ltd.	1,000,000
AKIMURA CIX INCOPORATED	2,057,000
Others	402,707
	¥4,259,707

Joint guarantee amounted to ¥54,797,704 thousand, which is equivalent to maximum guarantee limit for rent guarantee service provided by Entrust Inc.

The amount of joint guarantee liability is calculated as multiplying number of residents by average rent and guarantee period.

The Group offered guaranty of liabilities to the following companies as of September 30, 2009:

	Thousands of yen	Thousands of U.S. dollars
AKIMURA CIX INCOPORATED	211,236	2,342
	¥211,236	$2,342

Joint guarantee amounted to ¥189,507,193 ($2,100,734) thousand, which is equivalent to maximum guarantee limit for rent guarantee service provided by Entrust Inc.

The amount of joint guarantee liability is calculated as multiplying number of residents by average rent and guarantee period.

7. Credit-line Contract

The Company has entered into commitment-line contracts with its banks to make appropriation for a fund for investments and loans in the principal finance business. The credit line under this contract and the outstanding commitment balance are as follows as of September 30, 2009:

	Thousands of yen		Thousands of U.S. dollars
	2009	2008	2009
Credit line	¥—	¥7,100,000	$—
Loan payable	—	5,300,000	—
Outstanding	¥—	¥1,800,000	$—

8. Sales

Net revenues from investment banking business are broken down as follows:

	Thousands of yen		Thousands of U.S. dollars
	2009	2008	2009
Arrangement operations	¥603,315	¥2,191,237	$6,688
Arrangement services	603,315	2,082,237	6,688
Arrangement services with credit enhancement	—	109,000	—
Principal finance operations	448,805	2,048,741	4,975
Other investment banking operations	124,912	348,350	1,385
	¥1,177,033	¥4,588,330	$13,048

Net revenues from the reinsurance/financial guarantee businesses are broken down as follows:

Reinsurance Business	Thousands of yen		Thousands of U.S. dollars
	2009	2008	2009
Net reinsurance premium assumed	¥375,805	¥(154,655)	$4,166
Reinsurance premium ceded	(46,500)	(83,500)	(515)
	¥329,305	¥(238,155)	$3,650

Financial Guarantee Business	Thousands of yen		Thousands of U.S. dollar
	2009	2008	2009
Net guarantee fees	¥915,815	¥462,602	$10,152
Decrease / (Increase) in unearned guarantee fees	310,881	(13,679)	3,446
Guarantee arrangement fees	—	—	—
	¥1,226,696	¥448,923	$13,598

9. Securities

Fair values and realized losses on the trading securities for the fiscal year 2009 amounted to ¥201,598 ($2,235) thousand and ¥665,289 ($7,375) thousand, respectively.

Investments in securities include the following securities of unconsolidated subsidiaries and affiliates:

	Thousands of yen		Thousands of U.S. dollars
	2009	2008	2009
Other security	¥155,061	¥49	$1,719
Investment in capital	54,223	54,595	601

The amount of available-for-sale securities with market values as of September 30, 2009 is summarized as follows:

	Thousands of yen		
	Acquisition cost	Fair value	Unrealized gain (loss)
Securities with fair value that do not exceeds acquisition cost:			
Equity securities	¥19,988	¥18,510	¥(1,477)
Other	—	—	—
	¥19,988	¥18,510	¥(1,477)

	Thousands of U.S. dollars		
	Acquisition cost	Fair value	Unrealized gain (loss)
Securities with fair values that do not exceeds acquisition cost:			
Equity securities	$222	$205	$(16)
Other	—	—	—
	$222	$205	$(16)

The amount of available-for-sale securities sold during the fiscal year 2009 is ¥12,646($140) thousand and gain on the sales is ¥146 ($2)thousand.

The amount of available-for-sale securities with market values as of September 30, 2008 is summarized as follows:

	Thousands of yen		
	Acquisition cost	Fair value	Unrealized gain (loss)
Securities with fair values that do not exceed acquisition cost:			
Equity securities	¥9,200	¥504	¥(8,696)
Other	20,000	12,654	(7,346)
	¥29,200	¥13,158	¥(16,042)

The amount of available-for-sale securities sold during the fiscal year 2008 is ¥900,350 thousand and loss on the sales is ¥68,649 thousand.

The carrying amounts of major available-for-sale securities without fair market value as of September 30, 2009 and 2008 are summarized as follows:

	Thousands of yen		Thousands of U.S. dollars
	2009	2008	2009
Unlisted equity securities	¥957,624	¥820,576	$10,615
Silent Partnerships (*Tokumei Kumiai*)	10,000	20,500	111
Unlisted corporate bond	4,779,500	4,550,000	52,982
Preferred investment security	546,700	480,000	6,060

Available-for-sale securities which have defined maturities and bonds and debentures that are held to maturities amounted to

¥4,550,000 ($50,438) thousand and are due to be matured within one year of the consolidated balance sheet date.

¥3,550,000 thousand of above bonds that redemption due was on September 26, 2008 and ¥1,000,000 thousand of above bonds that redemption due was on November 28, 2008 have not amortized.

10. Impairment loss

(1) Assets on which impairment loss recognized

The impairment loss on the following asset group was recognized for the fiscal year 2009.

Area	Purpose	Type of asset	Loss due to impairment (Thousands of yen) (Thousands of U.S. dollars)
Switzerland	Assets for business	Buildings	¥7,937 $88
		Furniture and equipment	¥14,646 $162
		Software	¥2,298 $25

The impairment loss on the following asset group was recognized for the fiscal year 2008.

Area	Purpose	Type of asset	Loss due to impairment (Thousands of yen)
Minatoku, Tokyo	—	Goodwill	¥14,023
Minatoku, Tokyo	—	Goodwill	¥2,479

(2) Reasons for recognition

The Group recognized impairment loss under extraordinary loss since expected future cash flows from the investments are not considered to be fully recoverable.

(3) Grouping of fixed assets

For the purpose of determining fixed assets that are impaired, the Group make grouping of fixes assets based on the type of business and business condition.

(4) Method for calculating the recoverable amount

The recoverable amount of the Group was calculated by value in use, and the estimated net future cash flows were discounted at 6.77% as of September 30, 2009.

The recoverable amount of the Group was calculated by net realizable value, which was based on reasonable estimates since market price does not exist as of September 30, 2008.

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

Short-term debt as of September 30, 2009 and 2008 consisted of the following:

	Thousands of yen		Thousands of U.S. dollars
	2009	2008	2009
Short-term debt:			
Unsecured loans from banks	¥75,000	¥4,541,247	$831
Collateralized loans from banks	100,000	29,072,400	1,109
	¥175,000	¥33,613,648	$1,940
Current portion of long-term debt			
Unsecured loans from bank	260,000	468,300	2,882
Collateralized loans from banks	—	1,350,000	—
	¥260,000	¥1,818,300	$2,882
	¥435,000	¥35,431,947	$4,822

The weighted average interest rate on the short-term debt was 1.7 % as of September 30, 2009.

Long-term debt as of September 30, 2009 and 2008 consisted of the following:

	Thousands of yen		Thousands of U.S. dollars
	2009	2008	2009
Long-term debt:			
Unsecured loans from banks	¥505,000	¥3,400,900	$5,598
Collateralized loans from banks	—	30,000	—
Less: Current portion of long-term debt	(260,000)	(1,818,300)	(2,882)
	¥245,000	¥1,612,600	$2,716

The weighted average interest rate on long-term debt was 2.3 % as of September 30, 2009.

The aggregate annual maturities of long-term debts as of September 30, 2009 were as follows:

Year ending September 30	Thousands of yen	Thousands of U.S. dollars
2010	¥260,000	$2,882
2011	125,000	1,386
2012	80,000	887
2013	40,000	443
	¥505,000	$5,598

Note: (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) Equity warrants on treasury stocks are shown in parentheses.

(3) Outline of the change in the number of shares to be issued; The decrease in the number of Stock acquisition rights on the Euro-yen denominated bonds with stock acquisition rights issued in February 2007 is due to retirement by purchase. Also the increase in the number of equity warrants on treasury stocks is due to acquisition.

(4) The first day of the exercise period for the part of the fifth Stock acquisition rights and the sixth Stock acquisition rights has not yet arrived.

Assets pledged as collateral for bank loans as of September 30, 2009 and 2008 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2009	2008	2009
Cash and time deposits	¥100,119	–	$1,110
Inventories	–	¥23,892,400	–
Loans receivable, trade	–	4,270,000	–
	¥100,119	¥ 28,162,400	$1,110

Bonds with stock acquisition rights amounted to ¥7,950,000 ($88,128) thousand as of September 30, 2009. They are attached with the stock acquisition rights for 50,126 shares of common stock and are due to be matured in 2012.

12. Accrued Retirement Benefit

Retirement benefit expenses charged to the consolidated statement of operations amounted to ¥43,367 ($481) for the fiscal year 2009, which includes service costs amounted to ¥22,579 ($250) thousand and pension premiums for defined contribution plan amounted to ¥20,787 ($230), respectively.

Retirement benefit expenses for the fiscal year 2008 amounted to ¥38,696 thousand including only service costs.

13. Net Assets

(1) Stock acquisition rights

Details of the stock acquisition rights issued by the Company are as follows:

(Fiscal Year 2009)

Details (Type of stock to be issued)	Number of shares to be issued				Balance (Thousands of yen) (Thousands of U.S. dollars)
	Beginning	Increases	Decreases	Ending	
Stock acquisition rights on the Euro-yen denominated bonds issued in February 2007 (Common stock)	139,785	– (1,702)	89,659	50,126 (1,702)	–
Stock acquisition rights as stock options (Common stock)	–	–	–	–	¥20,573 $228
Total	139,785	– (1,702)	86,659	50,126 (1,702)	¥20,573 $228

(Fiscal Year 2008)

Details (Type of stock to be issued)	Number of shares to be issued				Balance (Thousands of yen)
	Beginning	Increases	Decreases	Ending	
Stock acquisition rights on the Euro-yen denominated bonds issued in February 2007 (Common stock)	139,785	–	–	139,785	–
Stock acquisition rights as stock options (Common stock)	–	–	–	–	¥17,660
Total	139,785	–	–	139,785	¥17,660

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

(2) Equity warrants on treasury stocks are shown in parentheses.

(3) Outline of the change in the number of shares to be issued; The decrease in the number of Stock acquisition rights on the Euro-yen denominated bonds with stock acquisition rights issued in February 2007 is due to retirement by purchase. Also the increase in the number of equity warrants on treasury stocks is due to acquisition.

(4) The first day of the exercise period for the part of the fifth Stock acquisition rights and the sixth Stock acquisition rights has not yet arrived.

(2) Dividends

(i) Dividends paid during the years are as follows:

Not applicable for the fiscal year 2009.

(Fiscal Year 2008)

Resolution	Type of stock	Total dividends (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date
Fiscal Year 2008					
General shareholders' meeting on December 20, 2007	Common stock	¥901,920	¥750	September 30, 2007	December 21, 2007
Board of directors meeting on May 15, 2008	Common stock	¥199,317	¥165	March 31, 2008	June 13, 2008

(ii) Dividends whose record date falls in the fiscal year 2009 but where the effective date falls in the fiscal year 2010

Not applicable for the fiscal year 2009.

14. Deferred Income Taxes

Significant components of deferred tax assets and liabilities as of September 30, 2009 and 2008 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2009	2008	2009
Deferred tax assets:			
(Current)			
Accrued employee bonuses	37,686	47,271	418
Allowance for doubtful accounts	4,976,959	3,185,939	55,171
Impairment loss on inventory	165,777	844,139	1,838
Inter-company profit elimination	—	141,882	—
loss on investments in securities, trade	12,613	—	140
Other	4,195	5,365	47
	5,197,232	4,224,597	57,613
Less valuation allowance	(5,196,166)	(3,375,810)	(57,601)
Less deferred tax liabilities (current)	—	(25,285)	—
	¥1,066	¥823,502	$12
(Non-current)			
Loss carryforwards on tax basis	¥4,336,290	¥579,723	$48,069
Impairment loss on investments in securities	—	41,308	—
valuation loss on shares of subsidiaries and affiliates	29,306	—	325
Accrued retirement benefits	19,285	15,320	214
reserve for guarantee loss	5,292	—	59
Other	8,673	12,070	96
	4,398,848	648,423	48,762
Less valuation allowance	(4,394,677)	(648,423)	(48,716)
Less deferred tax liabilities (Non-current)	(4,171)	—	(46)
	¥—	¥—	$—
Deferred tax liabilities:			
(Current)			
Accrued enterprise tax	—	(25,285)	—
	—	(25,285)	—
Less deferred tax assets (current)	—	25,285	—
(Non-current)			
Negative goodwill	(44,289)	(2,081)	(491)
	(44,289)	(2,081)	(491)
Less deferred tax assets(Non-current)	4,171	—	46
	¥(40,118)	¥(2,081)	$(445)
Net deferred tax assets	¥(39,053)	¥821,420	$(433)

Loss before income taxes has been recorded on the consolidated statements of operations for the fiscal year 2009. Therefore, there is no description with regard to the reconciliation of those tax rates.

15. Stock Options

(1) Expenses recognized during the year

The Group provides stock option plans to directors and employees. The stock options granted by the Company are accounted for under the fair value method. The stock options granted by consolidated subsidiaries and the treasury stock options are 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."

Amount and account used to recognize the expenses for the fiscal year 2009 and 2008 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2009	2008	2009
Cost of revenue:			
Stock compensation expense	¥101	¥368	$1
Selling, general and administrative expenses:			
Stock compensation expense	¥3,531	¥12,258	$39

No expense was recognized for the stock options granted by the consolidated subsidiaries and the treasury stock options because intrinsic value at the grant date was estimated to be zero.

(2) The amount calculated as profit by a lapse by the right nonuser.

Returned profit of stock acquisition rights: ¥622 ($7) thousand yen

(3) Outline of stock options

(Fiscal year 2009)

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 directors: 3 Employees: 8 Approved supporters: 7	Members of the board of directors: 2 Employees: 16 Outside supporters: 1 Corporate auditors: 3 Members of the board of directors of affiliates: 2
Number of stock options (*1)	Common stock: 42,750 shares (*2)	Common stock: 75,000 shares (*2)
Grant date	December 25, 2001	First December 1, 2004 Second December 14, 2004
Condition of vesting	Those who are entitled 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 supporters）	Those who are entitled to exercise the stock option shall be any of the directors, corporate auditors, employees or the equivalent positions 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 25, 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: 15,000 shares (*2)	Common stock: 3,250 shares (*2)
Grant date	December 2, 2005	April 27, 2006
Condition of vesting	Those who are entitled to exercise the stock option shall be any of the directors, corporate auditors or employees on the equivalent positions 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	Stock options
Names of company	Entrust Inc	Entrust Inc
Name	First stock acquisition rights	Second stock acquisition rights
Title and number of grantees	Members of the board of directors of the company: 3 Employees of the company: 6	Members of the board of directors of the company: 3 Employees of the company: 8
Number of stock options (*1)	Common stock: 86 shares	Common stock: 114 shares
Grant date	April 1, 2007	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 auditors or employees of Entrust Inc. on the grant date) unless there are any approval by the board of directors and consent in writing.	Same as at left
Required service period	April 1, 2007 to May 31, 2009	September 10, 2007 to March 31, 2009
Exercise period	April 1, 2009 to September 30, 2014	April 1, 2009 to September 30, 2016

Type	Stock options	Stock options
Name of company	FinTech Global Incorporated	FinTech Global Incorporated
Name	Fifth stock acquisition rights	Sixth stock acquisition rights
Title and number of grantees	Employees: 54	Employees: 79
Number of stock options (*1)	Common stock: 1,280 shares	Common stock: 362 shares
Grant date	June 4, 2007	December 29, 2008
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.	Same as at left
Required service period	(*3)	December 29, 2008 to December 28, 2010
Exercise period	June 4, 2009 to November 30, 2016 (*3)	December 29, 2010 to November 30, 2018

(*1) The number of stock options is converted 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.

(Number of shares)

	Category	Required service period
A	In the period from June 4, 2009 to June 3, 2010 will be permitted to 40% of all of the shares in the stock acquisition rights granted	June 4, 2007 to June 3, 2009
B	In the period from June 4, 2010 to June 3, 2011 will be permitted 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	In the period from June 4, 2011 to June 3, 2012 will be permitted 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, 2009 to June 3, 2011.	June 4, 2007 to June 3, 2011
D	In the period from June 4, 2012 to June 3, 2016 will be permitted all of the unexercised stock acquisition rights.	June 4, 2007 to June 3, 2012

(Fiscal year 2008)

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 directors: 3 Employees: 8 Approved supporters: 7	Members of the board of directors: 2 Employees: 16 Outside supporters: 1 Corporate auditors: 3 Members of the board of directors of affiliates: 2
Number of stock options (*1)	Common stock: 42,750 shares (*2)	Common stock: 75,000 shares (*2)
Grant date	December 25, 2001	First December 1, 2004 Second December 14, 2004
Condition of vesting	Those who are entitled 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 supporters）	Those who are entitled to exercise the stock option shall be any of the directors, corporate auditors, employees or the equivalent positions 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 25, 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: 15,000 shares (*2)	Common stock: 3,250 shares (*2)
Grant date	December 2, 2005	April 27, 2006
Condition of vesting	Those who are entitled to exercise the stock option shall be any of the directors, corporate auditors or employees on the equivalent positions 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	Stock options
Name of company	FinTech Global Incorporated	Entrust Inc
Name	Fifth stock acquisition rights	First stock acquisition rights
Title and number of grantees	Employees: 54	Members of the board of directors of the company: 3 Employees of the company: 6
Number of stock options (*1)	Common stock: 1,280 shares	Common stock: 86 shares
Grant date	June 4, 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 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.	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 auditors or employees of Entrust Inc. on the grant date) unless there are any approval by the board of directors and consent in writing.
Required service period	(*3)	April 1, 2007 to May 31, 2009
Exercise period	June 4, 2009 to November 30, 2016 (*3)	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 auditors or employees of Entrust Inc. on the grand date) unless there are any approval by the board of directors and consent in writing.
Required service period	September 10, 2007 to March 31, 2009
Exercise period	April 1, 2009 to September 30, 2016

(*1) The number of stock options is converted 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.

(Number of shares)

	Category	Required service period
A	In the period from June 4, 2009 to June 3, 2010 will be permitted to 40% of all of the shares in the stock acquisition rights granted	June 4, 2007 to June 3, 2009
B	In the period from June 4, 2010 to June 3, 2011 will be permitted 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	In the period from June 4, 2011 to June 3, 2012 will be permitted 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, 2009 to June 3, 2011.	June 4, 2007 to June 3, 2011
D	In the period from June 4, 2012 to June 3, 2016 will be permitted all of the unexercised stock acquisition rights.	June 4, 2007 to June 3, 2012

(4) Number of stock options

Descriptions below covers stock options and treasury stock options for the fiscal year 2009 and 2008. The number of stock options is converted into the number of shares.

Type	Stock options	Stock options	Stock options
Name of company	FinTech Global Incorporated	FinTech Global Incorporated	FinTech Global Incorporated
Name	Subscription rights	First stock acquisition rights Second stock acquisition rights	Third stock acquisition rights
Grant date	December 25, 2001	December 1, 2004 December 14, 2004	December 2, 2005
(Before vested)			
September 30, 2007	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
September 30, 2008	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding as of September 30, 2009	—	—	—
(After vested)			
September 30, 2007	2,025	43,350	11,550
Vested	—	—	—
Exercised	1,300	3,825	450
Forfeited	—	225	150
September 30, 2008	725	39,300	10,950
Vested	—	—	—
Exercised	—	—	—
Forfeited	—	5,475	2,625
Exercisable as of September 30, 2009	725	33,825	8,325

Type	Stock options	Stock options	Stock options
Name of company	FinTech Global Incorporated	FinTech Global Incorporated	FinTech Global Incorporated
Name	Fourth stock acquisition rights	Fifth stock acquisition rights	Sixth stock acquisition rights
Grant date	April 27, 2006	June 4, 2007	December 29, 2008
(Before vested)			
September 30, 2007	3,025	1,240	—
Granted	—	—	—
Forfeited	—	113	—
Vested	3,025	—	—
September 30, 2008	—	1,127	—
Granted	—	—	362
Forfeited	—	299	112
Vested	—	343	—
Outstanding as of September 30, 2009	—	485	250
(After vested)			
September 30, 2007	—	—	—
Vested	3,025	—	—
Exercised	—	—	—
Forfeited	75	—	—
September 30, 2008	2,950	—	—
Vested	—	343	—
Exercised	—	—	—
Forfeited	2,575	20	—
Exercisable as of September 30, 2009	375	323	—

Type	Stock options	Stock options
Name of company	Entrust, Inc	Entrust, Inc
Name	First stock acquisition rights	Second stock acquisition rights
Grant date	April 1, 2007	September 10, 2007
(Before vested)		
September 30, 2007	86	114
Granted	—	—
Forfeited	10	13
Vested	—	—
September 30, 2008	76	101
Granted	—	—
Forfeited	—	—
Vested	76	101
Outstanding as of September 30, 2009	—	—
(After vested)		
September 30, 2007	—	—
Vested	—	—
Exercised	—	—
Forfeited	—	—
September 30, 2008	—	—
Vested	76	101
Exercised	—	—
Forfeited	—	—
Exercisable as of September 30, 2009	76	101

(5) Price information

(Fiscal Year 2009)

Name of company	FinTech Global Incorporated	FinTech Global Incorporated	FinTech Global Incorporated
Name	Subscription rights	First stock acquisition rights Second stock acquisition rights	Third stock acquisition rights
Grant date	December 25, 2001	December 1, 2004 December 14, 2004	December 2, 2005
Exercise price (Yen) (U.S. dollars)	 ¥667 $7	 ¥5,334 $59	 ¥14,667 $163
Average exercise price	—	—	—
Fair value at the grant date	—	—	—

Name of company	FinTech Global Incorporated	FinTech Global Incorporated	FinTech Global Incorporated
Name	Fourth stock acquisition rights	Fifth stock acquisition rights	Sixth stock acquisition rights
Grant date	April 27, 2006	June 4, 2007	December 29, 2008
Exercise price (Yen) (U.S. dollars)	 ¥145,979 $1,618	 ¥71,130 $788	 ¥2,695 $30
Average exercise price	—	—	—
Fair value at the grant date	—	(*1)	996

Name of company	Entrust Inc.	Entrust Inc.
Name	First stock acquisition rights	Second stock acquisition rights
Grant date	April 1, 2007	September 10, 2007
Exercise price (Yen) (U.S. dollars)	 ¥50,000 $554	 ¥50,000 $554
Average exercise price	—	—
Fair value at the grant date	—	—

(*1) The fair values of 5th stock acquisition rights at the grant date are valued as follows based on the categories noted in Note 16(3) (*3).

	Fair value at the grant date	
	Yen	U.S. dollars
A	¥31,129	$345
B	32,065	355
C	32,917	365
D	33,688	373

(Fiscal Year 2008)

Name of company	FinTech Global Incorporated	FinTech Global Incorporated	FinTech Global Incorporated
Name	Subscription rights	First stock acquisition rights Second stock acquisition rights	Third stock acquisition rights
Grant date	December 25, 2001	December 1, 2004 December 14, 2004	December 2, 2005
Exercise price (Yen)	¥667	¥5,334	¥14,667
Average exercise price (Yen)	¥15,950	¥15,254	¥21,138
Fair value at the grant date	—	—	—

Name of company	FinTech Global Incorporated	FinTech Global Incorporated
Name	Fourth stock acquisition rights	Fifth stock acquisition rights
Grant date	April 27, 2006	June 4, 2007
Exercise price (Yen)	¥145,979	¥71,130
Average exercise price	—	—
Fair value at the grant date	—	(*1)

Name of company	Entrust Inc.	Entrust Inc.
Name	First stock acquisition rights	Second stock acquisition rights
Grant date	April 1, 2007	September 10, 2007
Exercise price (Yen)	¥50,000	¥50,000
Average exercise price	—	—
Fair value at the grant date	—	—

(*1) The fair values of 5th stock acquisition rights at the grant date are valued as follows based on the categories noted in Note 16(3) (*3).

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

(6) Valuation technique used for determining fair value of stock options granted in the fiscal year

(i) Sixth stock acquisition rights granted by the Company

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

(b) Main basics numerical value and the measures for estimate

① Expected volatility 108.024%

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 November, 2008).

② Expected remaining period 6 years

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 midpoint of the exercise period.

③ Expected dividends 165yen/stock

The actual dividends on common stock during the last year.

④ Non-risk interest rate 0.824%

The rate is Japanese government bond yield as of December 29, 2008 corresponding to the average expected life.

(7) Method of estimating number of stock options vested

With respect to fifth stock acquisition rights of the Company, only the actual number of forfeited stock options is reflected in determining the number of vested stock options because it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.

16. Leases

(1) Non-transfer-ownership finance leases

(i) Lease assets

Property, plant and equipment

Mainly office equipment (instruments and equipment) in real estate business.

(ii) Depreciation of lease assets

The measures for depreciation of lease assets is as described in Note 3 (8) Leased Assets.

(2) Finance leases, except for those leases under which the ownership of the leased assets is considered to be transferred to the lessee (those leases which are accounted for in the same manner as the usual lease before applying new lease accounting standard to), are accounted for in the same manner as operating leases and are composed of the following as of September 30, 2009 and 2008:

(September 30, 2009)	Thousands of yen		
	Assumed acquisition costs	Assumed accumulated depreciation	Assumed balance
Furniture and equipment	¥14,103	¥11,733	¥2,369
	¥14,103	¥11,733	¥2,369
	Thousands of U.S. dollars		
	Assumed acquisition costs	Assumed accumulated depreciation	Assumed balance
Furniture and equipment	$156	$130	$26
	$156	$130	$26

(September 30, 2008)	Thousands of yen		
	Assumed acquisition costs	Assumed accumulated depreciation	Assumed balance
Furniture and equipment	¥19,468	¥13,302	¥6,165
Other	556	352	204
	¥20,024	¥13,655	¥6,369

The scheduled maturities of future lease payments of such lease contracts as of September 30, 2009 are as follows:

	Thousands of yen	Thousands of U.S. dollars
Due within one year	¥1,240	$14
Due over one year	1,250	14
	¥2,491	$28

Lease expenses and implied depreciation and interest expense of the non-capitalized finance leases for the years ended September 30, 2009 and 2008 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2009	**2008**	**2009**
Lease expenses	¥4,027	¥4,387	$ 45
Implied depreciation	3,597	3,895	40
Implied interest expenses	¥199	¥405	$2

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

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

17. Derivative Transactions

(1) Overview of derivative transactions

The Company utilizes interest rate swaps.

(2) Purpose and policies for utilizing derivative instruments

Derivative instruments are utilized to manage the risk arising from interest rate fluctuation associated with borrowings. Derivative instruments are not traded for speculative purposes. Special treatment was applied to the interest rate swaps that meet the requirement to be accounted by special treatment of the interest rate swap in hedge accounting.

(i) Hedging instruments and hedged items

Hedging instruments: Interest rate swap

Hedged items: borrowings

(ii) Hedging policy

Interest rate swap was utilized to manage interest rate fluctuation risk associated with borrowing and hedged items are discriminated every individual contract.

(iii) Evaluation of hedge effectivity

Evaluation of effectivity for the interest rate swaps which special treatment was applied for was omitted.

(3) Risks on the transactions

Interest rate swap is subject to the risks of fluctuations in market interest rate. The transactions are entitled with only highly-rated financial institutions. Therefore, the Group does not anticipate any losses rising from their credit risk.

(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 limit exposures arising from those transactions by covering trades.

(5) Additional note on fair market value of transactions

The contract amounts noted on fair market value of transactions does not present the magnitude of risks in the derivative transactions but nominal contracts amounts or nominal amounts calculated.

(6) Unrealized gains/(losses) on derivatives which are not accounted for as hedges as of September 30, 2009 and 2008 are summarized as follows:

(i) Equity securities related transaction

(September 30, 2008)

	Thousands of yen			
Type	Contract amounts (*1)	Contract amounts (over 1year)	Fair market value	Unrealized gain/(loss)
Option trading				
Short	¥34,242	—	¥61,356	¥(27,114)
Long	3,683	—	4,427	744
	¥37,925	—	¥65,783	¥(26,370)

1. Market value is calculated based on the prices presented by the counterparties of financial institutions, etc.
2. Contract amount is not actual account to be settled with counterparties, and thus does not present the magnitude of the market risk associated with derivatives instruments.
3. Derivative instruments to which hedge accounting were applied are excluded from above table.

(ii) Interest rate related transaction

(September 30, 2009)

Type	Thousands of yen			
	Contract amounts (*1)	Contract amounts (over 1year)	Fair market value	Unrealized gain/(loss)
Interest rate cap				
Fixed payment/ Fluctuating income	¥725,000	¥725,000	¥(4,560)	¥(4,560)
	¥725,000	¥725,000	¥(4,560)	¥(4,560)

(September 30, 2009)

Type	Thousands of U.S. dollars			
	Contract amounts (*1)	Contract amounts (over 1year)	Fair market value	Unrealized gain/(loss)
Interest rate cap				
Fixed payment/ Fluctuating income	$8,037	$8,037	$(51)	$(51)
	$8,037	$8,037	$(51)	$(51)

1. Market value is calculated based on the prices presented by the counterparties of financial institutions, etc.
2. Contract amount is not actual account to be settled with counterparties, and thus does not present the magnitude of the market risk associated with derivatives instruments.
3. Derivative instruments to which hedge accounting were applied are excluded from above table.

18. Segment Information

Information regarding the business segments, operations by geographic areas and overseas sales are summarized as follows:

(1) Business Segments

(September 30, 2009) (Thousands of yen)

	Investment banking business	Reinsurance /financial guarantee business	Real estate related business	Other business
Gross revenues				
(1) Revenues from third party	¥1,177,033	¥1,556,002	¥7,402,707	¥249,600
(2) Inter-segment revenues	39,258	–	–	–
Total	¥1,216,291	¥1,556,002	¥7,402,707	¥249,600
Operating expenses	22,086,782	1,533,667	8,547,601	311,543
Operating income	¥(20,870,491)	¥22,335	¥(1,144,894)	¥(61,944)
Assets	¥10,825,779	¥9,054,247	¥2,693,991	¥370,252
Depreciation and amortization expenses	63,268	24,902	75,703	54,277
Impairment loss	–	24,881	–	–
Capital expenditures	9,463	25,186	489,548	37,355

	Total	Elimination and corporate	Consolidated total
Gross revenues			
(1) Revenues from third party	¥10,385,342	¥–	¥10,385,342
(2) Inter-segment revenues	39,258	(39,258)	–
Total	10,424,599	(39,258)	10,385,342
Operating expenses	32,479,594	(1,773,218)	30,706,376
Operating income	¥(22,054,994)	¥1,733,960	¥(20,321,034)
Assets	¥22,944,270	¥(7,178,205)	¥15,766,065
Depreciation and amortization expenses	218,152	–	218,152
Impairment loss	24,882	–	24,882
Capital expenditures	561,554	–	561,554

(Thousands of U.S. dollars)

	Investment banking business	Reinsurance/financial guarantee business	Real estate related business	Other business
Gross revenues				
(1) Revenues from third party	$13,048	$17,249	$82,061	$2,767
(2) Inter-segment revenues	435	–	–	–
Total	13,483	17,249	82,061	2,767
Operating expenses	244,837	17.001	94,752	3,454
Operating income	$(231,355)	$248	$(12,691)	$(687)
Assets	$120,006	$100,369	$29,864	$4,104
Depreciation and amortization expenses	701	276	839	602
Impairment loss	–	276	–	–
Capital expenditures	105	279	5,427	414

	Total	Elimination and corporate	Consolidated total
Gross revenues			
(1) Revenues from third party	$115,124	$–	$115,124
(2) Inter-segment revenues	435	(435)	–
Total	115,559	(435)	115,124
Operating expenses	360,044	(19,657)	340,388
Operating income	$(244,485)	$19,221	$(225,264)
Assets	$254,343	$(79,572)	$174,771
Depreciation and amortization expenses	2,418	–	2,418
Impairment loss	276	–	276
Capital expenditures	6,225	–	6,225

1. Business segments are grouped according to the market similarities.
2. Main 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) Real estate related business: Real estate development and trade, lease and brokerage
   (4) Other business: Sale and development of software for public accounting and consulting services
3. There are no non-allocable operating expenses in “elimination or corporate”.
4. There are no corporate assets in “elimination or corporate”.

(September 30, 2008) (Thousands of yen)

	Investment banking business	Reinsurance /financial guarantee business	FX (Foreign Exchange) business	Real estate related business
Gross revenues				
(1) Revenues from third party	¥4,588,330	¥210,767	¥7,018,213	¥2,268,769
(2) Inter-segment revenues	729,057	—	—	—
Total	5,317,387	210,767	7,018,213	2,268,769
Operating expenses	11,775,660	862,454	4,260,062	5,466,680
Operating income	¥(6,458,273)	¥(651,687)	¥2,758,151	¥(3,197,910)
Assets	¥40,665,940	¥13,572,571	¥—	¥22,675,178
Depreciation and amortization expenses	57,333	23,107	28,776	1,385
Impairment loss	16,502	—	—	—
Capital expenditures	113,652	36,015	301,494	—

	Other business	Total	Elimination and corporate	Consolidated total
Gross revenues				
(1) Revenues from third party	¥79,218	¥14,165,298	¥—	¥14,165,298
(2) Inter-segment revenues	—	729,057	(729,057)	—
Total	79,218	14,894,355	(729,057)	14,165,298
Operating expenses	73,525	22,438,383	(32,780)	22,405,602
Operating income	¥5,692	(7,544,027)	(696,276)	¥(8,240,304)
Assets	¥393,669	77,307,359	1,713,833	¥79,021,193
Depreciation and amortization expenses	250	110,851	—	110,851
Impairment loss	—	16,502	—	16,503
Capital expenditures	74,667	525,830	—	525,830

1. Business segments are grouped according to the market similarities.
2. Main 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 margin trading business on internet
   (4) Real estate related business: Real estate development and trade, lease and brokerage
   (5) Other business: Sale and development of software for public accounting and consulting services
3. There are no non-allocable operating expenses in “elimination or corporate”.
4. There are no corporate assets in “elimination or corporate”.
5. FXO has been excluded from the scope of consolidation due to the sale of all of the shares in the fiscal year 2008. The profits or losses during the period are included in the consolidated statements of operations and the segment information by business.

(2) Operations by Geographic Areas

(September 30, 2009) (Thousands of yen)

	Japan	Europe and America	Total	Elimination and corporate	Consolidated total
Gross revenues					
(1) Revenues from third party	¥9,997,367	¥387,974	¥10,385,342	¥—	¥10,385,342
(2) Inter-segment revenues	—	1,874	1,874	(1,874)	—
Total	9,997,367	¥389,849	¥10,387,216	(1,874)	¥10,385,342
Operating expenses	29,721,922	1,064,340	30,786,263	(79,887)	30,706,376
Operating loss	¥(19,724,555)	¥(674,491)	¥(20,399,046)	¥78,012	¥(20,321,034)
Assets	¥11,878,924	¥9,035,124	¥20,914,048	¥(5,147,983)	¥15,766,065

1. 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 America: Switzerland and Bermuda.
3. There are no non-allocable operating expenses in “elimination or corporate”.
4. There are no corporate assets in “elimination or corporate”.

(Thousands of U.S. dollars)

	Japan	Europe and America	Total	Elimination and corporate	Consolidated total
Gross revenues					
(1) Revenues from third party	$110,823	$4,301	$115,124	$—	$115,124
(2) Inter-segment revenues	—	21	21	(21)	—
Total	110,823	4,322	115,145	(21)	115,124
Operating expenses	329,474	11,798	341,273	(886)	340,388
Operating loss	$(218,652)	$(7,477)	$(226,128)	$865	$(225,264)
Assets	$131,681	$100,157	$231,837	$(57,067)	$174,771

(September 30, 2008) (Thousands of yen)

	Japan	Europe and America	Total	Elimination and corporate	Consolidated total
Gross revenues					
(1) Revenues from third party	¥14,173,009	¥(7,710)	¥14,165,298	¥—	¥14,165,298
(2) Inter-segment revenues	—	13,133	13,133	(13,133)	—
Total	14,173,009	5,423	14,178,432	(13,133)	14,165,298
Operating expenses	22,092,162	326,574	22,418,736	(13,133)	22,405,602
Operating loss	¥(7,919,152)	¥(321,151)	¥(8,240,303)	¥—	¥(8,240,304)
Assets	¥73,434,555	¥12,585,026	¥86,019,581	¥(6,998,388)	¥79,021,193

1. 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 America: Switzerland and Bermuda.
3. There are no non-allocable operating expenses in “elimination or corporate”.
4. There are no corporate assets in “elimination or corporate”.

(3) Overseas Sales

Because overseas gross revenue corresponds to less than 10% of total gross revenue, the information regarding overseas sales was omitted in the fiscal year 2009 and 2008.

19. Transactions with Related Parties

There are no transactions with the officers and major individual shareholders for the fiscal year 2009 and 2008.

20. Per Share Information

Per share information for the fiscal years 2009 and 2008 is summarized as follows:

	Yen		U.S. dollars
Item	**2009**	**2008**	**2009**
Net Assets per share	¥3,851.31	¥13,911.77	$42.69
Net income (loss) per share	(10,008.43)	(5,937.48)	(110.95)
Net income per share after adjusting dilution effect	—	—	—
Cash dividends applicable to the year per share	¥0	¥165	$0

The underlying information for the calculation of the net loss per share and the net loss per share after adjusting for dilution effects for the fiscal year 2009 and 2008 are as follows:

	2009	2008	2009
Net loss (Thousands of yen)	¥12,091,076	¥7,160,694	$134,033
Amounts not reverting to ordinary shareholders	453	—	5
Net loss regarding common stock (Thousands yen)	¥12,091,529	¥7,160,694	$134,038
Average number of common stock	1,208,135 shares	1,206,025 shares	—

Detail of potential common stock excluded for the calculation of the net income after adjusting for dilution effect because of no dilution effect for the fiscal year 2009 and 2008 are as follows:

(Fiscal year 2009)

(1) The Company:
Stock acquisition rights (Stock options) 725 shares
(2) The Company:
Stock acquisition rights (Stock options): 33,825 shares
(3) The Company:
Stock acquisition rights (Stock options): 8,325 shares
(4)The Company:
Stock acquisition rights (Stock options): 375 shares
(5)The Company:
Stock acquisition rights (Convertible bonds): 50,126 shares
(6) The Company:
Stock acquisition rights (Stock options): 808 shares
(7) The Company:
Stock acquisition rights (Stock options): 250 shares
(8)Subsidiaries: Entrust, Inc.:
Stock acquisition rights (Stock options): 76 shares
(9)Subsidiaries: Entrust, Inc.:
Stock acquisition rights (Stock options): 101 shares

(Fiscal year 2008)

(1) The Company:
Stock acquisition rights (Stock options) 725 shares
(2) The Company:
Stock acquisition rights (Stock options): 39,300 shares
(3) The Company:
Stock acquisition rights (Stock options): 10,950 shares
(4)The Company:
Stock acquisition rights (Stock options): 2,950 shares
(5)The Company:
Stock acquisition rights (Convertible bonds): 139,785 shares
(6) The Company:
Stock acquisition rights (Stock options): 1,127 shares
(7)Subsidiaries: Entrust, Inc.:
Stock acquisition rights (Stock options): 76 shares
(8)Subsidiaries: Entrust, Inc.:
Stock acquisition rights (Stock options): 101 shares

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Report of Independent Auditors

To the Board of Directors of
FinTech Global Incorporated

We have audited the accompanying consolidated balance sheet of FinTech Global Incorporated ("the Company") and its subsidiaries as of September 30, 2009, and the related consolidated statements of income, charges in net assets and cash flows for the year then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiaries as of September 30, 2009, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Additional Information

As described in Note 2, to the consolidated financial statements, the Company and its subsidiaries recorded an operating loss of ¥20,321,034 ($225,264) thousand in the year ended September 30, 2009, and the schedule for repayment of Euro-Yen convertible bonds with stock acquisition rights due 2012(outstanding balance of ¥7,950,000 thousand) has not been confirmed at present. The situation has raised certain doubts over their ability to continue as a going concern. Management's plans in regard to these matters are also described in the Note. The consolidated financial statements have been prepared on the basis that the Company and its subsidiaries continue as a going concern, and do not include any adjustments that might result from the outcome of this uncertainty.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended September 30, 2009 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Seiwa Audit Corporation

January 29, 2010

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