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Comparison of business performance for the first two quarters of fiscal 2010 and the corresponding period a year ago

Tokyo, May 12, 2010— FinTech Global Incorporated (hereafter, "the Company") hereby discloses key consolidated results for the first two quarters—October 1, 2009 through March 31, 2010—of the fiscal year ending September 30, 2010, and compares these results with those reported for the corresponding period a year ago because no performance forecasts were previously announced.

Particulars

1. Changes between first two quarters of fiscal 2010 (consolidated) and corresponding period a year ago

(1) Results

(Millions of yen, %)

	Net revenue	Operating income (loss)	Ordinary income (loss)	Net income (loss)
First two quarters of fiscal 2009 (A)	2,047	(19,625)	(20,484)	(14,169)
First two quarters of fiscal 2010 (B)	2,592	(775)	(774)	(405)
Change (B-A)	544	18,850	19,709	13,763
Increase/(Decrease) (%)	26.6	—	—	—

(2) Reasons

Net revenue

In the mainstay investment banking business and associated real estate related business, the Company worked actively to source clients seeking to procure funds—and by extension investment opportunities for fund suppliers—and encourage investors at home and abroad to participate in these investment opportunities. Management resources were selectively applied to efforts aimed at capturing demand for structured trading(note) which matches investors with investment targets, and the provision of asset management services for investment properties.

Amid signs that lenders and investors were becoming more receptive to new transactions, the Company successfully approached several major overseas funds in the second quarter, and entered in co-investment transactions to close condominium resale contracts. FinTech Asset Management Incorporated, brought under consolidation in the first quarter, was entrusted with managing the assets in these investment vehicles, and the subsequent commissions buoyed revenue.

The condominium resale business and property introduction services generated higher results than in the corresponding period a year earlier. Revenue was further enhanced by the full-scale start of operations at Shinei Realty Development Co., Ltd., in the period under review, and by the sale of investment properties owned by special purpose companies under the scope of consolidation.

In principal finance operations, interest income declined, due to a dwindling balance of investments and loans, reflecting concerted efforts in fiscal 2009 to shrink risk assets by emphasizing the recovery of outstanding applications of funds, particularly loans receivable, trade.

Revenue from arrangement services and other investment banking business, such as cash management and other administrative services, was also down, compared with results in the first two quarters of fiscal 2009.

Consequently, revenue from the investment banking business declined 62.2%, to ¥231 million, while revenue from the real estate related business surged 152.4%, to ¥1,452 million.

In the reinsurance/financial guarantee business segment, revenue climbed 11.2%, to ¥786 million. The increase is largely due to a dramatic improvement in premium income, paralleling a higher number of policies completed by Crane Reinsurance Limited, which offset reduced guarantee income, following the transfer of all shares in Entrust Inc., a provider of rent guarantee services, to a third party on February 3, 2010.

In other business, demand for the services of Public Management Consulting Corporation was adversely affected by increasingly tight budgets at the local government level. Revenue in this segment retreated 20.0%, to ¥121 million.

Despite the challenges of the operating environment, the Company achieved a 26.6% jump in net revenue, to ¥2,592 million.

Operating income (loss), ordinary profit (loss)

Consolidated cost of revenue settled at ¥1,956 million and selling, general and administrative expenses amounted to ¥1,411 million, down ¥8,726 million and ¥9,578 million, respectively, from the first two quarters of fiscal 2009. These declines are primarily due to a major reduction in reserves. In the first two quarters of fiscal 2009, the Company booked ¥19.1 billion in valuation losses and allowances, on a consolidated basis, largely comprising a valuation loss on the sale of investments in securities, trade and allowance for doubtful accounts, respectively. In the first two quarters of fiscal 2010, the Company booked just ¥137 million in valuation loss on the sale of investments in securities, trade, which was actually addressed in the first quarter.

Seeking to restore profitability, the Company pursued enhanced service efficiency and undertook a review of payroll and expenses. The operating loss for the first two quarters of fiscal 2010 was ¥775 million, a vast improvement from ¥19,625 million at the end of the second quarter of fiscal 2009. Similarly, the ordinary loss declined from ¥20,484 million to ¥774 million.

Net loss

The Company recorded a consolidated net loss of ¥405 million for the first two quarters of fiscal 2010, compared with ¥14,169 million for the first two quarters in fiscal 2009. The change reflects the impact of extraordinary profit, namely a ¥329 million gain from the redemption of bonds through the purchase and cancellation of euroyen bonds with stock acquisition rights and a ¥179 million reversal in allowance for doubtful accounts, following partial reevaluation of loans receivable, trade, which more than offset an extraordinary loss, namely ¥291 million in loss on reorganization of affiliates through the transfer of all equity in Entrust and all associated loan claims.

Note: Structured trading is a business technique used by the Company to facilitate the execution of transactions between parties, by arranging and structuring a framework which reconciles the interests of respective parties to a transaction, where a straight trade is impossible, due to obstacles such as a discrepancy between the price the seller of a property wants, and the price a potential buyer is willing to pay; a situation in which the deal exceeds the investor’s level of permissible risk, or where there is a conflict of interest between the various parties.