Consolidated Financial Statements

2010

For the year ended

September 30,2010 and 2009

FinTech Global Incorporated

Consolidated Balance Sheet

FinTech Global Incorporated and Consolidated Subsidiaries
As of September 30, 2010 and 2009

Assets	Thousands of yen 2010	Thousands of yen 2009	Thousands of U.S. dollars (Note 1) 2010
Current assets:			
Cash and time deposits(Note 3, 7 and 10)	¥ 829,661	¥ 5,811,512	$ 9,898
Accounts receivable, trade(Note 7)	67,083	186,152	800
Trading securities(Note 8)	―	431,098	―
Investments in securities, trade(Note 8)	5,960,043	6,059,149	71,105
Real estate for sale	1,630,622	911,167	19,454
Deferred tax assets(Note 13)	1,083	1,065	13
Loans receivable, trade(Note 4 and 7)	5,317,419	11,336,718	63,439
Other current assets	329,447	1,960,718	3,930
Allowance for doubtful accounts	(8,873,539)	(12,234,548)	(105,864)
Total current assets	5,261,820	14,463,033	62,775
Fixed assets:			
Property, plant and equipment:			
Building, furniture and equipment, at cost	355,935	365,772	4,246
Less: accumulated depreciation	(205,881)	(169,124)	(2,456)
Property, plant and equipment, net	150,054	196,647	1,790
Intangible assets:			
Goodwill	402,794	474,371	4,806
Others	39,767	155,619	474
Total intangible assets	442,561	629,990	5,280
Investments and other assets			
Investments in securities (Note 8 and 10)	1,163,636	178,747	13,883
Security deposits	221,535	241,112	2,643
Others	112,821	56,533	1,346
Total investments and other assets	1,497,993	476,393	17,872
Total fixed assets	2,090,609	1,303,031	24,942
Total assets	¥ 7,352,430	¥ 15,766,064	$ 87,717

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

Consolidated Balance Sheet(Continued)

FinTech Global Incorporated and Consolidated Subsidiaries
As of September 30, 2010 and 2009

	Thousands of yen		Thousands of U.S. dollars (Note 1)
Liabilities and net assets	**2010**	**2009**	**2010**
Liabilities			
Current liabilities:			
Accounts payable, trade(Note 7)	¥ 14,175	¥ 63,038	$ 169
Short-term debt(Note 7 and 10)	66,000	175,000	787
Long-term debt due within one year(Note 7 and 10)	125,000	260,000	1,491
Accrued liabilities(Note 7)	92,750	244,418	1,107
Accrued expenses(Note 7)	152,530	85,008	1,820
Income taxes payable(Note 7)	32,150	19,068	384
Deposits received(Note7)	497,764	—	5,938
Accrued employee bonuses	42,578	107,007	508
Reserve for guarantee losses	—	13,006	—
Other current liabilities	224,770	715,700	2,682
Total current liabilities	1,247,720	1,682,247	14,886
Long-term liabilities			
Bonds with stock acquisition rights	1,200,000	7,950,000	14,316
Long-term debt(Note10)	1,026,449	245,000	12,246
Deferred tax liabilities(Note 13)	56,802	40,118	678
Accrued retirement benefits(Note 11)	71,834	78,027	857
Reserve for insurance policy	442,437	—	5,278
Other long-term liabilities	142,629	322,833	1,702
Total Long-term liabilities	2,940,154	8,635,980	35,077
Total liabilities	4,187,874	10,318,228	49,963
Net assets			
Shareholders' equity:			
Common stock	10,764,317	10,764,317	128,422
Authorized: 3,084,000 shares as of September 30, 2010 and 2009			
Issued: 1,208,135 shares as of September 30,2010 and 2009			
Additional paid-in capital	10,351,900	10,351,900	123,501
(Accumulated deficits)/ Retained earnings	(18,538,744)	(16,353,913)	(221,173)
Total shareholders' equity	2,577,473	4,762,304	30,750
Valuation and translation adjustments:			
Net unrealized (loss)/gain on other securities	—	(1,477)	—
Translation adjustments	(130,878)	(107,466)	(1,561)
Total valuation and translation adjustments	(130,878)	(108,944)	(1,561)
Stock acquisition rights (Note 12)	21,811	20,572	260
Minority interests	696,149	773,903	8,305
Total net assets	3,164,555	5,447,836	37,754
Total liabilities and net assets	¥ 7,352,430	¥ 15,766,064	$ 87,717

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, 2010 and 2009

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2010	**2009**	**2010**
Revenues:			
Investment banking business (Note 6)	¥ 316,618	¥ 1,177,032	$ 3,777
Reinsurance/financial guarantee business (Note 6)	834,388	1,556,002	9,955
Real estate related business	2,141,928	7,402,707	25,554
Others	172,562	249,599	2,059
	3,465,497	10,385,341	41,345
Cost of revenues	2,530,057	17,711,538	30,185
Gross profit/(loss)	935,439	(7,326,196)	11,160
Selling, general and administrative expenses			
Directors' bonuses	291,245	326,604	3,475
Salaries	552,092	742,022	6,587
Transfer to allowance for doubtful accounts	—	4,431,866	—
Transfer to provision for accrued bonuses	68,626	101,515	819
Retirement benefit expenses (Note 11)	35,303	22,424	421
Depreciation and amortization expense	73,840	115,245	881
Rent	245,846	275,359	2,933
Commission paid	562,265	1,067,104	6,708
Amortization of goodwill	144,091	77,124	1,719
Bad debts loss	823,857	4,965,573	9,829
Others	645,122	869,996	7,696
	3,442,291	12,994,837	41,068
Operating (loss)/income	(2,506,852)	(20,321,034)	(29,908)
Other income (expense):			
Interest income	11,786	42,458	141
Profits from effect of exchange rate	31,277	—	373
Amortization of negative goodwill	—	9,931	—
Refund of defined contribution pension	9,110	—	109
Reversal of allowance for doubtful accounts	134,828	—	1,609
Gain on sales of shares of subsidiaries and affiliates	—	68,668	—
Profit on redemption of bonds with stock acquisition rights	448,186	9,874,410	5,347
Interest expense	(36,414)	(89,928)	(434)
Loss on trading securities	(80,932)	(665,289)	(966)
Commission paid	(44,636)	(90,612)	(533)
Loss from effect of exchange rate	—	(52,186)	—
Loss on liquidation of subsidiary	(291,403)	—	(3,477)
Loss on disposition of fixed assets	—	(3,281)	—
Unrealized loss on investments in securities	(0)	(25,503)	(0)
Loss on sales of stocks of subsidiaries and affiliates	(1,805)	(25,259)	(21)
Loss due to impairment(Note 9)	—	(24,881)	—
Special retirement expenses	(13,988)	(52,697)	(167)
Other, net	7,255	(62,254)	87
(Loss)/income before income taxes and minority interests	(2,333,586)	(11,417,462)	(27,840)
Income taxes :			
Current	71,838	10,769	857
Refund	—	(15,501)	—
Deferred	16,666	844,491	199
	88,505	839,759	1,056
Minority interests	(249,258)	(166,146)	(2,973)
Net (loss)/ income (Note 20)	¥ (2,172,834)	¥(12,091,075)	$ (25,923)

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, 2010 and 2009

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Shareholders' equity			
Common stock			
Balance at the end of last period	¥ 10,764,317	¥ 10,764,317	$ 128,422
Balance at the end of this period	10,764,317	10,764,317	128,422
Additional paid-in capital			
Balance at the end of last period	10,351,900	10,351,900	123,501
Balance at the end of this period	10,351,900	10,351,900	123,501
Retained earnings			
Balance at the end of last period	(16,353,913)	(4,260,972)	(195,107)
Change during this period			
Net loss	(2,172,834)	(12,091,075)	(25,923)
Decrease due to increase in number of consolidated subsidiaries	—	(1,864)	—
Decrease due to decrease in number of consolidated subsidiaries	(11,997)	—	(143)
Total changes during this period	(2,184,831)	(12,092,940)	(26,066)
Balance at the end of this period	(18,538,744)	(16,353,913)	(221,173)
Total shareholders' equity			
Balance at the end of last period	4,762,304	16,855,245	56,816
Change during this period			
Net loss	(2,172,834)	(12,091,075)	(25,923)
Decrease due to increase in number of consolidated subsidiaries	—	(1,864)	—
Decrease due to decrease in number of consolidated subsidiaries	(11,997)	—	(143)
Total changes during this period	(2,184,831)	(12,092,940)	(26,066)
Balance at the end of this period	2,577,473	4,762,304	30,750
Valuation and translation adjustments			
Net unrealized gain/(loss) on other securities			
Balance at the end of last period	(1,477)	(7,346)	(18)
Change during this period			
Net changes of items other than shareholders' equity	1,477	5,868	18
Total changes during this period	1,477	5,868	18
Balance at the end of this period	—	(1,477)	—
Translation adjustments			
Balance at the end of last period	(107,466)	(40,599)	(1,282)
Change during this period			
Net changes of items other than shareholders' equity	(23,412)	(66,867)	(279)
Total changes during this period	(23,412)	(66,867)	(279)
Balance at the end of this period	(130,878)	(107,466)	(1,561)
Total valuation and translation adjustments			
Balance at the end of last period	(108,944)	(47,945)	(1,300)
Change during this period			
Net changes of items other than shareholders' equity	(21,934)	(60,999)	(261)
Total changes during this period	(21,934)	(60,999)	(261)
Balance at the end of this period	(130,878)	(108,944)	(1,561)
Stock acquisition rights			
Balance at the end of last period	20,572	17,659	245
Change during this period			
Net changes of items other than shareholders' equity	1,239	2,913	15
Total changes during this period	1,239	2,913	15
Balance at the end of this period	¥ 21,811	¥ 20,572	$ 260

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, 2010 and 2009

	Thousands of yen				Thousands of U.S. dollars (Note 1)	
		2010		**2009**		**2010**
Minority interests						
Balance at the end of last period	¥	773,903	¥	601,301	$	9,233
Change during this period						
Net changes of items other than shareholders' equity		(77,754)		172,602		(928)
Total changes during this period		(77,754)		172,602		(928)
Balance at the end of this period		696,149		773,903		8,305
Total net assets						
Balance at the end of last period		5,447,836		17,426,259		64,994
Change during this period						
Net loss		(2,172,834)		(12,091,075)		(25,923)
Decrease due to increase in number of consolidated subsidiaries		—		(1,864)		—
Decrease due to decrease in number of consolidated subsidiaries		(11,997)		—		(143)
Net changes of items other than shareholders' equity		(98,449)		114,517		(1,174)
Total changes during this period		(2,283,280)		(11,978,423)		(27,240)
Balance at the end of this period	¥	3,164,555	¥	5,447,836	$	37,754

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, 2010 and 2009

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Cash flows from operating activities:			
(Loss)/income before income taxes and minority interests	¥ (2,333,586)	¥ (11,417,462)	$ (27,840)
Adjustments for:			
Depreciation and amortization	153,810	141,027	1,835
Increase/(decrease) in allowance for doubtful accounts	(3,354,769)	4,404,321	(40,024)
Increase/(decrease) in accrued employee bonuses	(60,772)	(33,155)	(725)
Increase/(decrease) in accrued retirement benefits	(6,193)	5,675	(74)
Interest income	(11,789)	(42,470)	(141)
Cost of fund and interest expenses	68,332	214,610	815
Loss on liquidation of subsidiaries	291,403	—	3,477
Net loss on trading of investments in securities, trade	—	8,375,280	—
Loss on trading securities	80,932	665,289	965
(Gain)/loss on sale of investments in shares of subsidiaries and affiliates	1,805	(43,408)	22
Profit on redemption of bonds with stock acquisition rights	(448,186)	(9,874,410)	(5,347)
(Increase)/decrease in deposits	—	1,995	—
(Increase)/decrease in trade receivable	23,669	67,399	282
(Increase)/decrease in investments in securities, trade	26,331	(339,325)	314
(Increase)/decrease in inventory	(719,454)	5,275,062	(8,583)
(Increase)/decrease in loans receivable, trade	6,019,299	11,024,681	71,812
(Increase)/decrease in accounts due	411,773	(778,300)	4,913
Increase/(decrease) in accounts payable, trade	(8,915)	5,001	(106)
Increase/(decrease) in accrued liabilities	16,729	(454,168)	200
Increase/(decrease) in accrued expenses	16,032	172,905	191
Increase/(decrease) in advances received	153,669	—	1,833
Increase/(decrease) in deposits from customers	151,000	—	1,801
Others	174,981	7,494	2,088
Subtotal	646,101	7,378,045	7,708
Interest income received	16,263	37,987	194
Interest expense paid	(15,495)	(244,835)	(185)
Income taxes paid	(20,038)	1,162,635	(239)
Net cash provided by/(used in) operating activities	626,830	8,333,833	7,478
Cash flows from investing activities:			
Additional investments in securities	(2,895,138)	—	(34,540)
(Increase)/decrease in trading securities	120,212	3,252,356	1,434
(Increase)/decrease in short-term loan receivable	361,158	(443,786)	4,309
Purchase of property, plant and equipment	(5,961)	(30,103)	(71)
Proceeds from sale of investments in securities	18,882	22,478	225
Cash paid for the purchase of newly consolidated subsidiaries,net of cash acquired(Note 3)	—	(1,967,915)	—
Proceeds from sale of subsidiaries' shares resulting change in scope of consolidation (Note 3)	320,111	7,626,292	3,819
Payments from sale of subsidiaries' shares resulting change in scope of consolidation (Note 3)	(115,635)	(586,252)	(1,380)
Payment for acquiring investment in capital	(71,020)	(27,500)	(847)
Payment of security deposits	(3,762)	(6,899)	(45)
Refund of security deposits	2,321	10,605	28
Others	(12,765)	(161,531)	(152)
Net cash(used in)/ provided by investing activities	(2,281,596)	7,687,744	(27,220)
Cash flows from financing activities:			
Increase/(decrease) in short-term debt	(9,000)	(10,138,647)	(107)
Proceeds from long-term debt	907,451	—	10,826
Repayment of long-term debt	(261,002)	(5,385,900)	(3,114)
Proceeds from issuance of stocks to minority shareholders	289,120	428,145	3,449
Dividends paid	(1,218)	(3,107)	(15)
Redemption of bonds	(4,301,500)	(4,575,090)	(51,318)
Net cash (used in)/provided by financing activities	(3,376,149)	(19,674,600)	(40,279)
Effect of exchange rate changes on cash and cash equivalents	(15,902)	(33,853)	(189)
Net decrease in cash and cash equivalents	(5,046,818)	(3,686,875)	(60,210)
Cash and cash equivalents at beginning of year	5,811,512	9,500,189	69,333
Increase in cash and cash equivalents of newly consolidated subsidiaries	64,967	—	775
Decrease in cash and cash equivalents of newly consolidated subsidiaries	—	(1,801)	—
Cash and cash equivalents at end of year (Note 3)	¥ 829,661	¥ 5,811,512	$ 9,898

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

Notes To Consolidated Financial Statements

For the Years Ended September 30, 2010 and 2009

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, 2010, which was ¥ 83.82 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. 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 12 and 13 for 2010 and 2009, respectively.

Major consolidated subsidiaries are as follows:

2010	2009
FinTech Global Securities, Inc.	FinTech Global Securities, Inc.
Stellar Capital AG in Liquidation	Stellar Capital AG
Crane Reinsurance Limited	Crane Reinsurance Limited
SP&W Asklepius Investment Partnership No.4	Entrust Inc.
FINTECH GIMV FUND, L. P. (FGF)	SP&W Asklepius Investment Partnership No. 4
Public Management Consulting Corporation	FINTECH GIMV FUND, L. P. (FGF)
Better Life Support Co.,Ltd	Public Management Consulting Corporation

(Changes in the scope of consolidation during the fiscal year 2010)

Entrust Inc. has been excluded from the scope of consolidation as a result of disposal. Blenheim Partners One Incorporated has been excluded from the scope of consolidation due to completion of liquidation. Shinei Realty Development Co., Ltd. has been excluded from the scope of consolidation as a result of the transfer of part of its own shares owned by the Company.

In addition, FinTech Asset Management, Inc. has been included in the scope of consolidation due to increase in materiality. Godo Kaisha Sunduell Nakayama has been included in the scope of consolidation 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.

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

Better Life Support 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.

There are a number of subsidiaries which were excluded from the scope of consolidation, because they are small, and their total assets, revenues, 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:

2010	2009
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 2010 and 2009.

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

2010	2009
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:

2010		2009	
End of March:	1	End of March:	1
End of June:	1	End of June:	2
As of July 29:	1	End of August:	2
End of August:	1	End of September:	5
End of September:	5	End of December:	3
End of December:	3		

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

Subsidiaries with fiscal year ends June 30, July 29 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.

2010	2009
Antares asset Godo Kaisha	Blenheim Partners One Incorporated
Godo Kaisha Sunduell Nakayama	Antares asset Godo Kaisha

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
	2010	2009	2010
Inventory	—	¥552,000	—

(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. Deferral hedge treatment is adopted.

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.

From the inception of hedge to the point of assessment, efficiency assessment is executed by comparing the cumulative changes in hedged items and hedging vehicles in the market and using them as a basis.

(5) Real estate for sale

Costs 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: 6-24 years
- Furniture and equipment: 2-20 years

(7) Intangible Assets (Except Leased Assets)

Intangible 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 is 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 ownerships were in places 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 or ten years except for ones which have no material impact on financial statements.

(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) 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.

(14) Consumption Taxes

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

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

Earnings and losses acquired by partnerships are recorded as “Operating income (loss)” and reflected in “Investments in securities, trade”.

(16) 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.

(17) 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.

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

(1) Cash and cash equivalents as of September 30, 2010 and 2009 comprised the following:

	Thousands of yen		Thousands of U.S. dollars
	2010	2009	2010
Cash and time deposits	¥829,661	¥5,811,512	$9,898
Cash and cash equivalents	¥829,661	¥5,811,512	$9,898

(2) Newly consolidated subsidiaries

(Fiscal Year 2010)

Not applicable.

(Fiscal Year 2009)

The major assets and liabilities of the newly consolidated subsidiaries as of the fiscal year of 2009 comprised the following:

Fiscal year 2009	Thousands of yen
Antares Asset Godo Kaisha:	
Current assets	¥4,400,444
Fixed assets	25,903
Goodwill	5,548
Current liabilities	(15,175)
Long-term liabilities	(2,216,421)
Minority interests	(300)
Acquisition cost of the shares	¥2,200,000
Cash and cash equivalents	(232,084)
Amount paid for acquisition	¥1,967,915

Fiscal year 2009	Thousands of yen
Better Life Support Co., Ltd:	
Current assets	¥147,645
Fixed assets	500,215
Negative Goodwill	(9,931)
Current liabilities	(154,543)
Long-term liabilities	(416,015)
Minority interests	(9,370)
Acquisition price of the shares	¥58,000
Cash and cash equivalents	(58,901)
Proceeds from acquisition	¥(901)

(3) The assets and liabilities of subsidiaries which have not been subject to consolidation as a result of the sale of shares as of September 30, 2010 and 2009 comprised the following:

Fiscal year 2010	Thousands of yen	Thousands of U.S. dollars
Entrust Inc.		
Current assets	¥976,287	$11,647
Fixed assets	50,936	608
Current liabilities	(279,494)	(3,334)
Minority interests	(50,086)	(598)
Loss on reorganization of subsidiary	(291,403)	(3,477)
Adjustment of allowance for doubtful accounts	(6,240)	(74)
Sale price	¥400,000	4,772
Cash and cash equivalents	(79,888)	(953)
Proceeds from sale	¥320,111	$3,819

Fiscal year 2010	Thousands of yen	Thousands of U.S. dollars
Shinei Realty Development Co., Ltd.		
Current assets	¥143,561	$1,713
Fixed assets	4,452	53
Current liabilities	(64,871)	(774)
Minority interests	(41,571)	(496)
Investments after sale of shares	(3,800)	(45)
Net decrease in related earnings due to decrease in number of consolidated subsidiaries	(11,997)	(143)
Loss on sales of stocks of subsidiaries and affiliates	(1,805)	(22)
Sale price	¥23,969	$286
Cash and cash equivalents	(139,595)	(1,665)
Payment for sale	¥(115,626)	$(1,379)

Fiscal year 2009	Thousands of yen
Yugen Kaisha NJ Steel Beta:	
Current assets	¥29,874,677
Fixed assets	529
Current liabilities	(21,500,000)
Minority interests	(3,000)
Loss on sales of Investments in securities, trade	(8,372,206)
Sale price	¥0
Cash and cash equivalents	(502,905)
Payment for sale	¥(502,905)

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

4. Non-performing Loans included in Loans receivable, trade

Non-performing Loans included in Loans receivable, trade are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2010	2009	2010
Past due loans	¥2,257,000	¥8,079,304	$26,927

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.

5. Contingent Liabilities

(Fiscal Year 2010)

The Group offered no guaranty of liabilities as of September 30, 2010.

(Fiscal Year 2009)

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

	Thousands of yen
AKIMURA CIX INCOPORATED	211,236
	¥211,236

Joint guarantee amounted to ¥189,507,193 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.

6. Revenues

Revenues from investment banking business are broken down as follows:

	Thousands of yen		Thousands of U.S. dollars
	2010	2009	2010
Arrangement operations	¥175,152	¥603,315	$2,090
Principal finance operations	109,323	448,805	1,304
Other investment banking operations	32,142	124,912	383
	¥316,618	¥1,177,032	$3,777

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

Reinsurance Business	Thousands of yen		Thousands of U.S. dollars
	2010	2009	2010
Net reinsurance premium assumed	¥518,863	¥375,805	$6,190
Reinsurance premium ceded	(26,779)	(46,500)	(319)
	¥492,084	¥329,305	$5,871

Financial Guarantee Business	Thousands of yen		Thousands of U.S. dollar
	2010	2009	2010
Net guarantee fees	¥342,303	¥915,815	$4,084
Decrease / (Increase) in unearned guarantee fees	–	310,881	–
	¥342,303	¥1,226,696	$4,084

7. Financial Instruments

(Fiscal Year 2010)

(1) Current status of financial instruments

(i) Policy regarding financial instruments

The group raises necessary funds from investors and banking institutions in timely and appropriate manner and uses for the principal finance business and the real estate related business. For these businesses, the group's policy is to practice appropriate risk management and maintain and expand good fund which can gain profit corresponding to the risk.

(ii) Types of financial instruments and related risk

The group's principal finance business is to make investments and loans as the contributory and that the group is exposed to the credit risk of business participants and the fluctuation risk of value regarding assets for investments and loans and pledged assets from receivable and investments in securities, trade.

(iii) Risk management for financial instruments

(a) Monitoring of credit risk (the risk that customers or counterparties may default)

The group conducts credit administrations for individual transaction (including the examination of project scheme) complying with the company regulations and manages the due date, balance, and the progress of the project by monitoring regularly.

(b) Monitoring of market risks (the risks arising from fluctuations in foreign exchange rates, interest rates and others)

The group promotes matching of the group's investment to fixed interest rate and fluctuation interest rate on raising necessary funds in order to minimize the fluctuation risk of interest expense.

(c) Monitoring of liquidity risk

Fund management department makes and updates financing plans and summarizes the collection funds and the due date for refund to maintain and secure liquidity on group's hand for managing liquidity risk.

(iv) Supplementary explanation of the estimated fair value of financial instruments

The estimated fair value of instruments is the price based on the market price and other indicators. When there is no market price available, methods include making reasonable computations. Since factors that may result in fluctuations in value are taken into account in computing the price, this price may fluctuate when differing assumptions are adopted.

(2) Estimated Fair Value and Other Matters Related to Financial Instruments

Carrying value of financial instruments on the consolidated balance sheet as of September 30, 2010 and estimated fair value are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value (Please refer to Note 2)

	Thousands of yen		
(Assets)	Carrying value	Estimated fair value	Unrealized gain (loss)
(1) Cash and time deposits	¥829,661	¥829,661	—
(2) Accounts receivable, trade	67,083		
Allowance for doubtful accounts	3,635		
	63,448	63,448	—
(3) Loans receivable, trade	5,317,419		
Allowance for doubtful accounts	4,319,717		
	997,702	997,702	—
Total assets	¥1,890,811	¥1,890,811	—
(Liabilities)			
(1) Accounts payable, trade	¥14,175	¥14,175	—
(2) Short-term debt	66,000	66,000	—
(3) Accrued liabilities	92,750	92,750	—
(4) Accrued expenses	152,530	152,530	—
(5) Income taxes payable	32,150	32,150	—
(6) Deposits received	497,764	497,764	—
(7) Long-term debt (due within one year)	1,151,449	1,180,788	¥29,338
Total liabilities	¥2,006,820	¥2,036,158	¥29,338

	Thousands of U.S. dollars		
(Assets)	Carrying value	Estimated fair value	Unrealized gain (loss)
(1) Cash and time deposits	$9,898	$9,898	—
(2) Accounts receivable, trade	800		
Allowance for doubtful accounts	43		
	757	757	—
(3) Loans receivable, trade	63,439		
Allowance for doubtful accounts	51,536		
	11,903	11,903	—
Total assets	$22,558	$22,558	—
(Liabilities)			
(1) Accounts payable, trade	$169	$169	—
(2) Short-term debt	787	787	—
(3) Accrued liabilities	1,107	1,107	—
(4) Accrued expenses	1,820	1,820	—
(5) Income taxes payable	384	384	—
(6) Deposits received	5,938	5,938	—
(7) Long-term debt (due within one year)	13,737	14,087	$350
Total liabilities	$23,942	$24,292	$350

Note: Allowance for doubtful accounts included in accounts receivable, trade and loans receivable, trade are excluded from above tables.

Note 1: Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

Assets

(i) Cash and time deposits, (ii) Accounts receivable, trade

Because these items are settled in short period of time and have estimated fair values that are almost the same as the book values, the book value has been used.

(iii) Loans receivable, trade

Fair values of loans receivable, trade which is recorded by fixed interest rate are calculated by discounting the total amount of the principal and interest at the interest rates considered to be applicable to similar new loan.

Because the estimated amount of bad debts is calculated based on the current value of the estimated future cash flow for receivables concerned to be potentially uncollectible of which can be estimated future cash flow, and that is calculated based on the estimated collectible amount by collateral for receivables concerned to be potentially uncollectible of which can not be estimated future cash flow, their market values are almost the same as the amount excluded the current estimated amount for bad debts from the amount on consolidated balance sheet as of the closing of the consolidated accounts and this market value is considered to be the group's market value.

Liabilities

(i) Accounts payable, trade, (ii) Short-term debt, (iii) Accrued liabilities, (iv) Accrued expenses, (v) Income taxes payable, and (vi) Deposits received

Because these items are settled in short period of time and have estimated fair values that are almost the same as the book values, the book value has been used.

(vii) Long-term debt (due within one year)

Fair values of long-term debt are calculated by discounting the principal and interest at the interest rates considered to be applicable to similar new debt.

Note 2: Financial instruments for which obtaining an estimated fair value is deemed to be extremely difficult

	Thousands of yen	Thousands of U.S. dollars
	2010	
Investments in securities, trade		
Unlisted equity securities	¥955,281	$11,397
Unlisted corporate bond	4,550,000	54,283
Preferred investment securities	450,000	5,369
Silent Partnerships (Tokumei Kumiai)	4,762	57

Investments in securities		
Unlisted equity securities	8,975	107
Treasury bond	1,124,325	13,414
Investments in shares of subsidiaries and affiliates	30,334	362
Security deposits	221,535	2,643
Bonds with stock acquisition rights	¥1,200,000	$14,316

Note: Above table is not treated as being subject to disclosure of fair values as there are no market prices and it is deemed extremely difficult to determine reasonable future cash flow.

Note 3: Scheduled amortization amounts, following the date of the closing of the consolidated accounts, for monetary claims and securities with maturity dates

	Thousands of yen			
	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
Cash and time deposits	¥829,661	¥—	¥—	¥—
Accounts receivable, trade	67,065	18	—	—
Loans receivable, trade	452,296	496,301	146,563	—
Total	¥1,349,022	¥496,319	¥146,563	¥—

	Thousands of U.S. dollars			
	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
Cash and time deposits	$9,898	$—	$—	$—
Accounts receivable, trade	800	0	—	—
Loans receivable, trade	5,396	5,921	1,749	—
Total	$16,094	$5,921	$1,749	$—

Note: (1) ¥4,222,258 ($50,373) thousand of loans receivable, trade that scheduled amortization amount can not be expected because the receivable is against the debtor who is substantially failed or the receivable is concerned to be potentially uncollectible is excluded from the above table.

(2) ¥4,550,000 ($54,283) thousand of unlisted corporate bonds is excluded from the above table because scheduled amortization amount can not be expected.

Note 4: Scheduled repayment amounts, following the date of the closing of the consolidated accounts, for bonds and long-term debts.

	Thousands of yen		
	Within 1 year	1 to 2 years	2 to 3 years
Long-term debts	¥125,000	¥978,453	¥42,004
Bonds with stock acquisition rights	—	1,200,000	—
Total	¥125,000	¥2,178,453	¥42,004

	Thousands of yen		
	3 to 4 years	4 to 5 years	Over 5 years
Long-term debts	¥2,004	¥2,004	¥2,004
Bonds with stock acquisition rights	—	—	—
Total	¥2,004	¥2,004	¥2,004

	Thousands of U.S. dollars		
	Within 1 year	1 to 2 years	2 to 3 years
Long-term debts	$1,491	$11,673	$501
Bonds with stock acquisition rights	—	14,316	—
Total	$1,491	$25,989	$501

	Thousands of U.S. dollars		
	3 to 4 years	4 to 5 years	Over 5 years
Long-term debts	$24	$24	$24
Bonds with stock acquisition rights	—	—	—
Total	$24	$24	$24

Supplementary information:

Beginning with the fiscal year ended September 30, 2010, “Accounting Standard for Financial Instruments” (ASBJ Statement No.10, issued on March 10, 2008) and “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No.19 issued on March 10, 2008) have been applied.

8. Securities

(1) Other securities sold in the fiscal year 2010 and 2009

(Fiscal year 2010)

Item	Thousands of yen		
	Amount in sales	Total amount of gain on sales	Total amount of loss on sales
Shares	¥17,882	¥1,866	¥4,392

Item	Thousands of U.S. dollars		
	Amount in sales	Total amount of gain on sales	Total amount of loss on sales
Shares	$213	$22	$52

(Fiscal year 2009)

Item	Thousands of yen		
	Amount in sales	Total amount of gain on sales	Total amount of loss on sales
Shares	¥12,646	¥146	¥—

(2) Securities after impairment

The impairment amounted to ¥295,928 ($3,531) thousand on other securities was carried out in the fiscal year 2010.

The impairment has been carried out for those securities of which the fair market value fell more than 50% to such acquisition price and the fair market value fell 30% to 50% to such acquisition price and also which were comprehensively considered difficult to recover.

9. Impairment loss

(1) Assets on which impairment loss recognized

There is nothing impairment loss was recognized for the fiscal year 2010.

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)
Switzerland	Assets for business	Buildings	¥7,937
		Furniture and equipment	¥14,646
		Software	¥2,298

(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.

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

Short-term debt as of September 30, 2010 and 2009 consisted of the following:

	Thousands of yen		Thousands of U.S. dollars
	2010	2009	2010
Short-term debt:			
Unsecured loans from banks	¥66,000	¥75,000	$787
Collateralized loans from banks	—	100,000	
	66,000	175,000	787
Current portion of long-term debt			
Unsecured loans from banks	45,000	260,000	537
Collateralized loans from banks	80,000	—	954
	¥125,000	¥260,000	$1,491
	¥191,000	¥435,000	$2,278

The weighted average interest rate on the short-term debt was 1.0 % as of September 30, 2010.

Long-term debt as of September 30, 2010 and 2009 consisted of the following:

	Thousands of yen		Thousands of U.S. dollars
	2010	2009	2010
Long-term debt:			
Unsecured loans from banks	¥53,998	¥505,000	$644
Collateralized loans	1,097,451	—	13,093
Less: Current portion of long-term debt	(125,000)	(260,000)	(1,491)
	¥1,026,449	¥245,000	$12,246

The weighted average interest rate on long-term debt was 15.1 % as of September 30, 2010.

The aggregate annual maturities of long-term debts as of September 30, 2010 were as follows:

Year ending September 30	Thousands of yen	Thousands of U.S. dollars
2011	¥125,000	$1,491
2012	978,453	11,673
2013	42,004	501
2014	2,004	24
2015	¥2,004	$24

Assets pledged as collateral as of September 30, 2010 and 2009 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2010	2009	2010
Cash and time deposits	—	¥100,119	—
Investments in Securities	¥1,124,325	—	$13,414
	¥1,124,325	¥100,119	$13,414

Bonds with stock acquisition rights amounted to ¥1,200,000 ($14,316) thousand as of September 30, 2010. They are attached with the stock acquisition rights for 7,566 shares of common stock and are due to be matured in 2012.

11. Accrued Retirement Benefit

Retirement benefit expenses charged to the consolidated statement of operations amounted to ¥35,303 ($421) for the fiscal year 2010, which includes service costs amounted to ¥20,123 ($240) thousand and pension premiums for defined contribution plan amounted to ¥15,180 ($181), respectively.

Retirement benefit expenses for the fiscal year 2009 amounted to ¥43,367 thousand including only service costs.

12. Net Assets

(1) Stock acquisition rights

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

(Fiscal Year 2010)

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)	50,126 (1,702)	－ (7,566)	42,560 (1,702)	7,566 (7,566)	－
Stock acquisition rights as stock options (Common stock)	－	－	－	－	¥21,811 $260
Total	50,126 (1,702)	－ (7,566)	42,560 (1,702)	7,566 (7,566)	¥21,811 $260

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 and advance redemption of bonds with stock acquisition rights. Also the increase in the number of equity warrants on treasury stocks is due to acquisition by subsidiaries and the decrease is due to retirement by disposing bonds with stock acquisition rights.

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

(Fiscal Year 2009)

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	－ (1,702)	89,659	50,126 (1,702)	－
Stock acquisition rights as stock options (Common stock)	－	－	－	－	¥20,572
Total	139,785	－ (1,702)	89,659	50,126 (1,702)	¥20,572

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.

(2) Dividends

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

Not applicable for the fiscal year 2010.

(ii) Dividends whose record date falls in the fiscal year 2010 but where the effective date falls in the fiscal year 2011

Not applicable for the fiscal year 2010.

13. Deferred Income Taxes

Significant components of deferred tax assets and liabilities as of September 30, 2010 and 2009 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2010	2009	2010
Deferred tax assets:			
(Current)			
Accrued employee bonuses	¥17,359	¥37,686	$207
Allowance for doubtful accounts	3,610,339	4,976,959	43,072
Impairment loss on inventory	－	165,777	
Bad debts expenses	318,344	－	3,798
Loss on investments in securities, trade	14,323	12,613	171
Other	6,103	4,195	73
	3,966,469	5,197,232	47,321
Less valuation allowance	(3,965,386)	(5,196,166)	(47,308)
	¥1,083	¥1,065	$13
(Non-current)			
Loss carry forwards on tax basis	¥6,084,095	¥4,336,290	$72,585
Impairment loss on investments in securities	25,563	－	305
Valuation loss on shares of subsidiaries and affiliates	9,649	29,306	115
Accrued retirement benefits	16,836	19,285	201
Reserve for guarantee loss	－	5,292	－
Other	11,550	8,673	138
	¥6,147,695	¥4,398,848	$73,344
Less valuation allowance	(6,142,011)	(4,394,677)	(73,276)
Less deferred tax liabilities (Non-current)	(5,683)	(4,171)	(68)
	¥－	¥－	$－
Deferred tax liabilities:			
(Non-current)			
Negative goodwill	(62,486)	(44,289)	(746)
	(62,486)	(44,289)	(746)
Less deferred tax assets(Non-current)	5,683	4,171	68
	¥(56,802)	¥(40,118)	$(678)
Net deferred tax assets	¥(55,719)	¥(39,053)	$(665)

Loss before income taxes has been recorded on the consolidated statements of operations for the fiscal year 2010. Therefore, there is no description with regard to the reconciliation of those tax rates.

14. 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.”

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.

No stock option was calculated by the intrinsic value at the end of the fiscal year 2010 for Entrust, Inc. has been excluded from the scope of consolidation as a result of disposal of all shares on Feb. 3 2010.

Amount and account used to recognize the expenses for the fiscal year 2010 and 2009 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2010	2009	2010
Cost of revenues:			
Stock compensation expense	―	¥101	―
Selling, general and administrative expenses:			
Stock compensation expense	¥2,840	¥3,531	$34

(2) The amount calculated as profit by a lapse by the right nonuser.
Returned profit of stock acquisition rights: ¥1,601 ($19) thousand yen

(3) Outline of stock options

(Fiscal year 2010)

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 15, 2014

Type	Stock options	Stock options
Name of company	FinTech Global Incorporated	FinTech Global Incorporated
Name	Third stock acquisition rights	Fourth stock acquisition rights
Title and number of grantees	Employees: 30	Employees: 10
Number of stock options (*1)	Common stock: 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	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

Type	Stock options	Stock options
Name of company	FinTech Global Incorporated	Entrust Inc. (*4)
Name	Seventh stock acquisition rights	First stock acquisition rights
Title and number of grantees	Employees: 59	Members of the board of directors of the company: 3 Employees of the company: 6
Number of stock options (*1)	Common stock: 278 shares	Common stock: 86 shares
Grant date	December 28, 2009	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	December 28, 2009 to December 27, 2011	April 1, 2007 to March 31, 2009
Exercise period	December 28, 2011 to November 30, 2019	April 1, 2009 to September 30, 2014

Type	Stock options
Name of company	Entrust Inc.(*4)
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 grant 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.

(*4) Entrust Inc. has been excluded from the scope of consolidation as a result of disposal of all shares on February 3, 2010.

	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 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 15, 2014

Type	Stock options	Stock options
Name of company	FinTech Global Incorporated	FinTech Global Incorporated
Name	Third stock acquisition rights	Fourth stock acquisition rights
Title and number of grantees	Employees: 30	Employees: 10
Number of stock options (*1)	Common stock: 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	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

Type	Stock options	Stock options
Name 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 March 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

(*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.

	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 for the fiscal year 2010 and 2009. 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, 2008	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
September 30, 2009	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding as of September 30, 2010	—	—	—
(After vested)			
September 30, 2008	725	39,300	10,950
Vested	—	—	—
Exercised	—	—	—
Forfeited	—	5,475	2,625
September 30, 2009	725	33,825	8,325
Vested	—	—	—
Exercised	—	—	—
Forfeited	—	225	2,475
Exercisable as of September 30, 2010	725	33,600	5,850

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, 2008	—	1,127	—
Granted	—	—	362
Forfeited	—	299	112
Vested	—	343	—
September 30, 2009	—	485	250
Granted	—	—	
Forfeited	—	39	36
Vested	—	229	—
Outstanding as of September 30, 2010	—	217	214
(After vested)			
September 30, 2008	2,950	—	—
Vested	—	343	—
Exercised	—	—	—
Forfeited	2,575	20	—
September 30, 2009	375	323	—
Vested	—	229	—
Exercised	—	—	—
Forfeited	—	51	—
Exercisable as of September 30, 2010	375	501	—

Type	Stock options	Stock options	Stock options
Name of company	FinTech Global Incorporated	Entrust Inc.(*1)	Entrust Inc.(*1)
Name	Seventh stock acquisition rights	First stock acquisition rights	Second stock acquisition rights
Grant date	December 28, 2009	April 1, 2007	September 10, 2007
(Before vested)			
September 30, 2008	—	76	101
Granted	—	—	—
Forfeited	—	—	—
Vested	—	76	101
September 30, 2009	—	—	—
Granted	278	—	—
Forfeited	38	—	—
Vested	—	—	—
Outstanding as of September 30, 2010	240	—	—
(After vested)			
September 30, 2008	—	76	101
Vested	—	—	—
Exercised	—	—	—
Forfeited	—	—	—
September 30, 2009	—	76	101
Vested	—	—	—
Exercised	—	—	—
Forfeited	—	—	—
Exercisable as of September 30, 2010	—	76	101

(*1) Entrust Inc. has been excluded from the scope of consolidation as a result of disposal of all shares on February 3, 2010.

(5) Price information

(Fiscal Year 2010)

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 $8	¥5,334 $64	¥14,667 $175
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 $1,742	¥71,130 $849	¥2,695 $32
Average exercise price	—	—	—
Fair value at the grant date	—	(*1)	¥996 $12

Name of company	FinTech Global Incorporated	Entrust Inc. (*2)	Entrust Inc. (*2)
Name	Seventh stock acquisition rights	First stock acquisition rights	Second stock acquisition rights
Grant date	December 28, 2009	April 1, 2007	September 10, 2007
Exercise price (Yen) (U.S. dollars)	¥3,220 $38	¥50,000 $597	¥50,000 $597
Average exercise price	—	—	—
Fair value at the grant date	¥2,519 $30	—	—

(*1) The fair values of 5th stock acquisition rights at the grant date are valued as follows based on the categories noted in Note 14(3) (*3).

(*2) Entrust Inc. has been excluded from the scope of consolidation as a result of disposal of all shares on February 3, 2010.

	Fair value at the grant date	
	Yen	U.S. dollars
A	¥31,129	$371
B	32,065	383
C	32,917	393
D	33,688	402

(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)	¥667	¥5,334	¥14,667
Average exercise price (Yen)	—	—	—
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)	¥145,979	¥71,130	¥2,695
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)	¥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 14(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) Seventh 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 106.875%

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, 2009).

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 0yen/stock

The actual dividends on common stock during the last year.

④ Non-risk interest rate 0.651%

The rate is Japanese government bond yield as of December 28, 2009 corresponding to the average expected life.

(7) Method of estimating number of stock options vested

With respect to fifth stock acquisition rights, sixth stock acquisition rights and seventh 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.

15. Leases

(1) Non-transfer-ownership finance leases

(i) Lease assets

Property, plant and equipment

It is mainly office equipment (instruments and equipment) in real estate related business.

(ii) Depreciation of lease assets

The measures for depreciation of lease assets are as described in Note 2 (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:

(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

The scheduled maturities of future lease payments of such lease contracts as of September 30, 2010 and 2009 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2010	**2009**	**2010**
Due within one year	–	¥1,240	–
Due over one year	–	1,250	–
	–	¥2,491	–

Lease expenses and implied depreciation and interest expenses of the non-capitalized finance leases for the years ended September 30, 2010 and 2009 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2010	**2009**	**2010**
Lease expenses	¥621	¥4,027	$7
Implied depreciation	549	3,597	7
Implied interest expenses	¥5	¥199	$0

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.

16. Derivative Transactions

(1) Unrealized gains/(losses) on derivatives which are not accounted for as hedges as of September 30, 2010 are summarized as follows:

Interest rate related transaction

(Fiscal year 2010)

	Thousands of yen			
Type	Contract amounts	Contract amounts (over 1 year)	Fair market value	Unrealized gain/(loss)
Interest rate cap Fixed payment/ Fluctuating income	¥45,000	–	¥(204)	¥(204)
	¥45,000	–	¥(204)	¥(204)

Type	Thousands of U.S. dollars			
	Contract amounts	Contract amounts (over 1 year)	Fair market value	Unrealized gain/(loss)
Interest rate cap				
Fixed payment/ Fluctuating income	$537	—	$(2)	$(2)
	$537	—	$(2)	$(2)

Market value is calculated based on the prices presented by the counterparties of financial institutions, etc.

(2) Derivative transaction adopting hedging accounting

Not applicable.

17. Investment and Rental Properties

Beginning with the fiscal year ended September 30, 2010, the "Accounting Standard for Disclosures about Fair Value of investment and Rental Property Accounting Standard for Related Party Disclosures" (ASBJ Statement No. 20, issued by ASBJ on November 28, 2008) and "guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (ASBJ Guidance No. 23, issued by ASBJ on November 28, 2008) have been applied.

Please note that there was no material rental property to be disclosed under this standard.

18. Segment Information

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

(1) Business Segments

(Fiscal year 2010) (Thousands of yen)

	Investment banking business	Reinsurance /financial guarantee business	Real estate related business	Other business
Gross revenues				
(1) Revenues from third party	¥316,618	¥834,388	¥2,141,928	¥172,562
(2) Inter-segment revenues	65,063	—	—	—
Total	381,682	834,388	2,141,928	172,562
Operating expenses	2,716,486	1,014,844	1,905,419	377,116
Operating income	¥(2,334,803)	¥(180,456)	¥236,508	¥(204,553)
Assets	¥7,301,356	¥3,384,258	¥2,643,828	¥167,524
Depreciation and amortization expenses	45,007	4,523	23,587	80,691
Capital expenditures	3,161	8,129	3,750	10,150

	Total	Elimination and corporate	Consolidated total
Gross revenues			
(1) Revenues from third party	¥3,465,497	¥—	¥3,465,497
(2) Inter-segment revenues	65,063	(65,063)	—
Total	3,530,561	(65,063)	3,465,497
Operating expenses	6,013,867	(41,517)	5,972,349
Operating income	¥(2,483,305)	¥(23,546)	¥(2,506,852)
Assets	¥13,496,968	¥(6,144,538)	¥7,352,430
Depreciation and amortization expenses	153,810	—	153,810
Capital expenditures	25,190	—	25,190

(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	$3,777	$9,955	$25,554	$2,059
(2) Inter-segment revenues	776	—	—	—
Total	4,553	9,955	25,554	2,059
Operating expenses	32,409	12,108	22,732	4,499
Operating income	$(27,856)	$(2,153)	$2,822	$(2,440)
Assets	$87,107	$40,375	$31,542	$1,999
Depreciation and amortization expenses	537	54	281	963
Capital expenditures	38	97	45	121

	Total	Elimination and corporate	Consolidated total
Gross revenues			
(1) Revenues from third party	$41,345	—	$41,345
(2) Inter-segment revenues	776	(776)	—
Total	42,121	(776)	41,345
Operating expenses	71,748	(495)	71,253
Operating income	$(29,627)	$(281)	$(29,908)
Assets	$161,023	$(73,306)	$87,717
Depreciation and amortization expenses	1,835	—	1,835
Capital expenditures	301	—	301

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, rent guarantees and reinsurance underwriting
   (3) Real estate related business: Real estate development and trade, lease and brokerage
   (4) Other business: Development and sales 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".

(Fiscal year 2009) (Thousands of yen)

	Investment banking business	Reinsurance /financial guarantee business	Real estate related business	Other business
Gross revenues				
(1) Revenues from third party	¥1,177,032	¥1,556,002	¥7,402,707	¥249,599
(2) Inter-segment revenues	39,258	—	—	—
Total	¥1,216,291	¥1,556,002	¥7,402,707	¥249,599
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	¥10,385,341	¥—	¥10,385,341
(2) Inter-segment revenues	39,258	(39,258)	—
Total	10,424,600	(39,258)	10,385,341
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)	¥15,766,064
Depreciation and amortization expenses	218,152	—	218,152
Impairment loss	24,881	—	24,881
Capital expenditures	561,554	—	561,554

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: Development and sales 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”.

(2) Operations by Geographic Areas

(Fiscal year 2010) (Thousands of yen)

	Japan	Europe and America	Total	Elimination and corporate	Consolidated total
Gross revenues					
(1) Revenues from third party	¥2,973,412	¥492,084	¥3,465,497	¥—	¥3,465,497
(2) Inter-segment revenues	—	—	—	—	—
Total	2,973,412	492,084	3,465,497	—	3,465,497
Operating expenses	4,864,644	1,130,401	5,995,046	(22,696)	5,972,349
Operating loss	(1,891,232)	(638,316)	(2,529,549)	22,696	(2,506,852)
Assets	¥6,917,594	¥4,586,838	¥11,504,433	¥(4,152,003)	¥7,352,430

(Thousands of U.S. dollars)

	Japan	Europe and America	Total	Elimination and corporate	Consolidated total
Gross revenues					
(1) Revenues from third party	$35,474	$5,871	$41,345	$—	$41,345
(2) Inter-segment revenues	—	—	—	—	—
Total	$35,474	$5,871	$41,345	$—	$41,345
Operating expenses	58,037	13,486	71,523	(270)	71,253
Operating loss	(22,563)	(7,615)	(30,178)	270	(29,908)
Assets	$82,529	$54,723	$137,252	$(49,535)	$87,717

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, Bermuda and Channel Islands.
3. There are no non-allocable operating expenses in “elimination or corporate”.
4. There are no corporate assets in “elimination or corporate”.

(Fiscal year, 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	¥—	¥10,385,341
(2) Inter-segment revenues	—	1,874	1,874	(1,874)	—
Total	9,997,367	¥389,849	¥10,387,216	(1,874)	¥10,385,341
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)	¥15,766,064

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 Revenues

(Fiscal year 2010) (Thousands of yen)

	Europe and America	Total
Overseas Revenues	¥492,084	¥492,084
Consolidated Revenues	—	3,465,497
Per Share	14.2%	14,2%

(Thousands of U.S. dollars)

	Europe and America	Total
Overseas Revenues	$5,871	$5,871
Consolidated Revenues	—	41,345
Per Share	14.2%	14,2%

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: Bermuda
3. Overseas revenues consists of the revenues of the Company and consolidated subsidiaries outside of Japan

(Fiscal year 2009)

Because overseas revenues corresponds to less than 10% of total revenues, the information regarding overseas revenues was omitted in the fiscal year 2009.

19. Transactions with Related Parties

Significant transactions with related parties in the year ended September 30, 2010 were as follows:

Attribution	Name	Business	Ratio of voting rights in possession(or being possessed)
Directors and major individual shareholders of the Company	Nobumitsu Tamai	President and Chief Executive Officer	(Directly possessed) 22.2%

Description of the Group's Transaction	Transaction Amount (Thousands of yen) (Thousands of U.S. dollars)	Account	Balances
Finance	¥350,000 $4,176	—	—
Satisfaction	¥350,000 $4,176	—	—

Policies of transactions and determination of transaction
For transaction of finance, the ratio and the fee were determined in accordance with market standards.

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

20. Per Share Information

Per share information for the fiscal years 2010 and 2009 is summarized as follows:

	Yen		U.S. dollars
Item	**2010**	**2009**	**2010**
Net Assets per share	¥2,024.72	¥3,851.31	24.16
Net income (loss) per share	(1,798.88)	(10,008.43)	(21.46)
Net income per share after adjusting dilution effect	—	—	—
Cash dividends applicable to the year per share	¥0	¥0	$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 2010 and 2009 are as follows:

	2010 (Thousands of yen)	**2009** (Thousands of yen)	**2010** (Thousands of U.S. dollars)
Net loss	¥2,172,834	¥12,091,075	$25,923
Amounts not reverting to ordinary shareholders	453	453	5
Net loss regarding common stock	¥2,173,287	¥12,091,529	$25,928
Average number of common stock	1,208,135 shares	1,208,135 shares	1,208,135 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 2010 and 2009 are as follows:

(Fiscal year 2010)

(1) The Company:
Subscription rights (Stock options) 725 shares
(2) The Company:
Stock acquisition rights (Stock options): 33,600 shares
(3) The Company:
Stock acquisition rights (Stock options): 5,850 shares
(4)The Company:
Stock acquisition rights (Stock options): 375 shares
(5)The Company:
Stock acquisition rights (Convertible bonds): 7,566 shares
(6) The Company:
Stock acquisition rights (Stock options): 718 shares
(7) The Company:
Stock acquisition rights (Stock options): 214 shares
(8)The Company:
Stock acquisition rights (Stock options): 240 shares

(Fiscal year 2009)

(1) The Company:
Subscription 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

21. Important Subsequent Event

(Reduction of common stock and capital surplus)

The company has determined "reduction of common stock and capital surplus and disposal of surplus" at the at general shareholders' meeting on Dec. 21 2010.

(1) Purpose of reduction of common stock and capital surplus

For the purpose of covering losses carried forward, achieving good financial standing, and securing flexibility and mobility in capital policy such as dividends, common stock and capital surplus are reduced and such amount of other additional paid-in capital is transferred to retained earnings carried forward in order to clear losses carried forward.

(2) Amount of reduced common stock and capital surplus

¥8,454,298,746 ($100,862,548) of common stock ¥10,764,317,950 ($128,421,832) as of Sep. 30 2010 and all of capital surplus ¥10,351,900,000 ($123,501,551)are reduced. This amount is to be transferred to other additional paid-in capital.

(3) Method for reducing common stock and capital surplus

Only the amount of common stock and capital surplus is to be reduced without changing the total number of issued stock.

(4) Appropriation of surplus

Appropriate for covering losses by transferring all of other additional paid-in capital ¥18,806,198,746 ($224,364,099) increased due to above mentioned in section 2 to retained earnings carried forward.

(5) Schedules

(i) Nov. 12 2010 Board meeting resolution
(ii) Dec. 21 2010 General shareholders' meeting resolution
(iii) Dec. 24 2010 Creditors objection publication (scheduled)
(iv) Jan. 24 2011 Final due date for creditors objection publication (scheduled)
(v) Jan. 25 2011 Date of coming into force (scheduled)

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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, 2010, 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, 2010, 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 21, to the consolidated financial statements, the company has determined "reduction of common stock and capital surplus and appropriation of surplus" at the at general shareholders' meeting on Dec. 21 2010.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended September 30, 2010 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 31, 2011

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