

To Our Shareholders and Investors

FGI has closed the books on the first quarter of fiscal 2011, the year ending September 30, 2011, and I would like to highlight some of the major developments that occurred during the October-to-December quarter.

Business was favorable, from the perspective of content as well as numbers. On a consolidated basis, we showed a loss of about ¥100 million. However, this is considerably less than we had initially forecast.

Crane Reinsurance Limited, a portfolio company under consolidation, was a key contributor to profit, but we are particularly encouraged by the sizable year-on-year increase in commission income, including arrangement fees, from the Group's core business. This is a solid indication that profits are getting back on track.

FinTech Global Securities, Inc. (FGS), oversees our securities division, the pillar of the investment banking business. FGS successfully sourced its client base, added new clients, and briskly expanded operations. FinTech Asset Management Incorporated (FAM) is responsible for our investment management division, the pillar of asset management and advisory services. Several of its deals did not close until December 2010, slightly behind schedule, but this division should be in the black by the end of the second quarter. Public Management Consulting Corporation (PMC) is in charge of our public accounting and consulting division, the pillar of our public finance-related business. This division approached the breakeven point despite the October-to-December quarter not being a time for local governments to spend.

Tackling respective operating challenges, these subsidiaries maintained their payment schedule for management services extended by FGI, the operating holding company. Aggregate monthly payments exceeded ¥30 million, which included a portion of administrative division expenses. I believe the executives and regular employees posted at each subsidiary are doing a fine job in leading these companies to brighter futures.

The consolidated loss is a reflection of issues involving FGI. First, the impact of cost-cutting at the Company did not appear during the quarter in review. The effect should begin contributing fully to revenue from January 2011. Further reduction—as much as ¥30 million per month—is expected. Second, the principal financing business is showing enhanced profitability, though the improvement was somewhat slower than expected. To trim the cost of acquiring funds for investment and loan applications, FGI will diligently forge ahead in its quest to shift from its current, high-cost procurement method secured by convertible bonds to indirect financing from financial institutions, including banks. In addition, the Company will close large deals—an effort in progress since fiscal 2010—and this will underpin better financial indicator status. These results should have a hugely positive impact on fund procurement content.

Overall, lines of defense—in business terms—are definitely expanding. This does not mean an explosion of investment and loans with our own principal to generate big revenue but rather an enhanced ability to capitalize on wider opportunities for fee income, such as arrangement fees, based on experience and expertise. And thus, we are returning to our original forté—to what we know best.

We will look back to our listing five years ago, when our financial status was more secure and our business prospects more promising, in search of clues with which to

build a stronger company and group. Then we will implement suitable approaches to reinforce our presence and performance as a boutique investment bank providing on-target, fine-tuned solutions tailored to the diverse financial needs of various operating companies.

The support of you, our trusted and valued shareholders and investors, is and always will be integral to our success. On behalf of everyone under the FGI Group umbrella, I ask for your continued encouragement so that we may grow and prosper together.

February 9, 2011

Nobumitsu Tamai
President and CEO
FinTech Global Incorporated