

# **FinTech Global Incorporated**

## **Investors Meeting**

June, 2010

(Listed on TSE Mothers section: **8789**)

<http://www.fgi.co.jp/>

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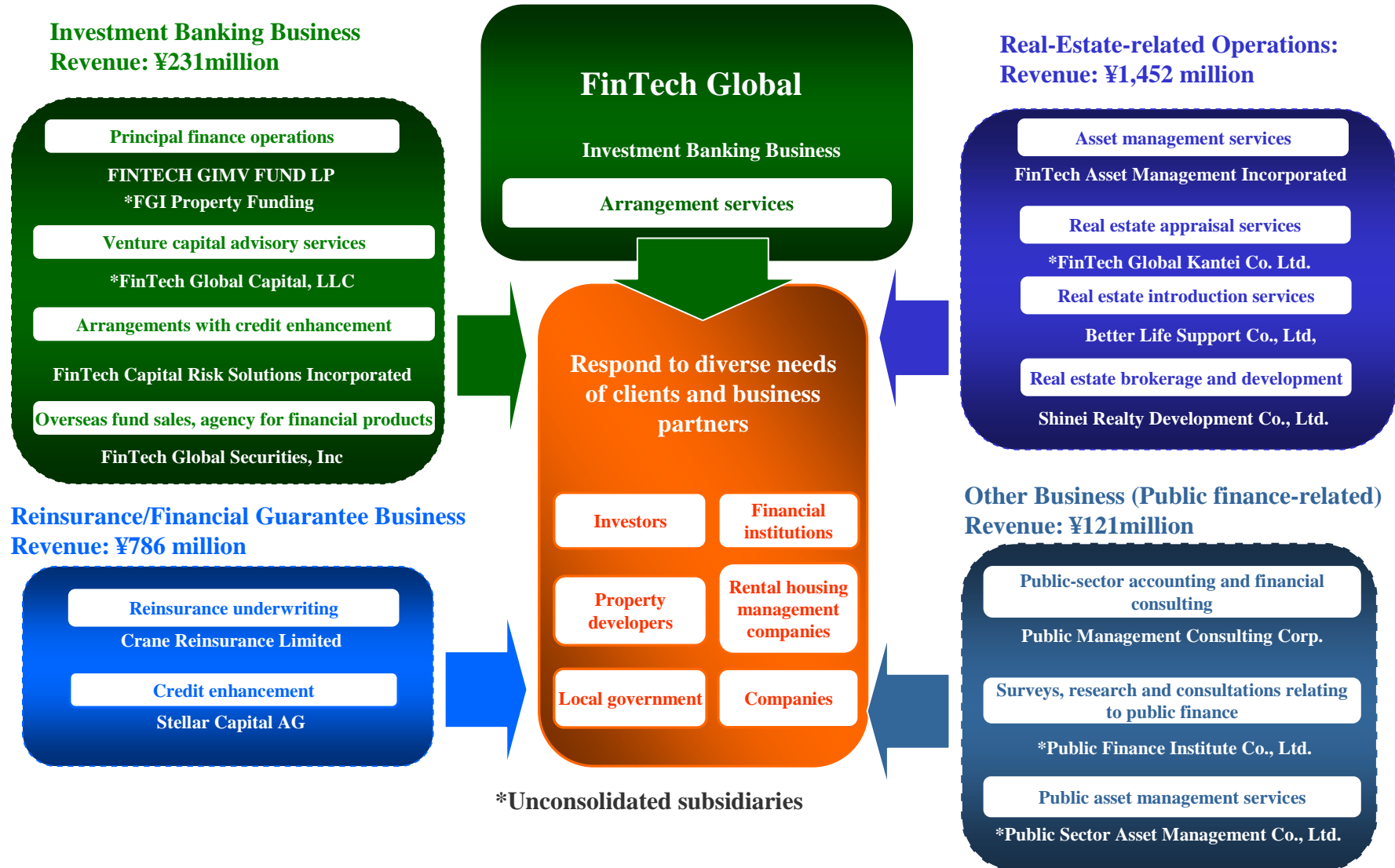
# Corporate Profile

<b><i>Company Name</i></b>	<b>FinTech Global Incorporated</b>		
<b><i>Head Office</i></b>	4-1-28, Toranomom Towers Office 19th Floor, Toranomom, Minato-ku, Tokyo		
<b><i>Date of Establishment</i></b>	December 7, 1994		
<b><i>Date of Listed</i></b>	June 8 , 2005 / Tokyo stock exchange, Mothers market (Code:8789)		
<b><i>Paid-in Capital</i></b>	¥10,764ML, Outstanding shares 1,208,135 (As of Mar 31, 2010)		
<b><i>Total Net assets</i></b>	Consolidated: ¥5,146ML (As of Mar 31, 2010)		
<b><i>Total assets</i></b>	Consolidated: ¥10,613ML (As of Mar 31, 2010)		
<b><i>Members of the Board</i></b>	Nobumitsu Tamai, President and CEO	Koichi Ninomiya, Auditor (Full-time)	
	Robert Hirst, Chairman	Toru Ohyama, Auditor(Outside)	
	Yasunobu Nose, Executive Vice President	Yakichi Nagashima, Auditor(Outside)	
	Mitsuro Ohashi, Managing Director		
	Toru Mitsuhashi, Managing Director		
	Seigo Washimoto, Managing Director		
<b><i>Main shareholders</i></b>	Nobumitsu Tamai	267,755 shares	(22.16%)
	Yuko Fujii	52,014 shares	(4.31%)
	UBS AG Singapore	36,108 shares	(2.99%)
	Masaaki Aoshima	35,325 shares	(2.92%)
	Bank Julius Baer and Co.,Ltd	31,178shares	(2.58%)

# Corporate Profile

<b><i>Number of Employees</i></b>	Consolidated:86 / Non-Consolidated:46 (As of Mar 31, 2010 excluding part-timers)	
<b><i>Subsidiaries</i></b>	FinTech Global Securities, Inc. FinTech Capital Risk Solutions, Inc. FinTech Global Capital, LLC FinTech Asset Management, Inc. FinTech Global Kantei Co., Ltd. Public Management Consulting Corporation Better Life Support Co.,Ltd. Shinei Realty Development Co.,Ltd	Public Finance Institute Ltd. Public Sector Asset Management Ltd.  <b>Overseas Subsidiaries</b> Stellar Capital AG Crane Reinsurance
<b><i>Main Businesses</i></b>	I Investment Banking Business II Reinsurance/Financial Guarantee Business	III Real Estate Related Business IV Other Business
<b><i>Core Banks</i></b>	Mizuho Bank, Ltd. Resona Bank, Limited Sumitomo Mitsui Banking Corporation	The Tokyo Star Bank, Limited The Bank of Tokyo-Mitsubishi UFJ, Ltd. Aozora Bank, Ltd.
<b><i>Approval and license</i></b>	<p><b><u>FinTech Global Incorporated</u></b>  <b>Financial Instruments Firm Registration</b>                  (the Second Financial Instrument Business and Investment advisory and agency Business )                  Registration No : Kanto Local Finance Bureau (Financial Futures) No.1469  <b>Money-Lending Business Registration</b>                  Registration No : Governor of Tokyo(1)No.31237  <b>Real-Estate Transaction License</b>                  Registration No : Governor of Tokyo (1) No.88189</p> <p><b><u>FinTech Global Securities</u></b>  <b>Financial Instruments Firm Registration</b>                  (the first and second Financial Instrument Business)                  Registration No : Kanto Local Finance Bureau (Financial Futures) No.153  <b>Money-Lending Business Registration</b>                  Registration No : Governor of Tokyo (1) No.30390                  Member of Japan Securities Dealers Association (JSDA)</p>	<p><b><u>FinTech Global Asset Management</u></b>  <b>Financial Instruments Business Registration</b>                  (Investment advisory and agency Business, Investment management Business)                  Registration No: Kanto Local Finance Bureau (Financial Instruments)No.2014  <b>General Consulting Business for real estate investment</b>                  Registration No : General No.74  <b>Real Estate Transaction License</b>                  Registration No : Governor of Tokyo (1) No.86357  <b>Money-Lending Business Registration</b>                  Registration No : Kanto Local Finance Bureau (1) No.31145</p>

**Fiscal 2010 First Two Quarters: Consolidated Business Activities at a Glance, Revenues by Business Segment**



**Financial data**

<b>Fiscal Year</b>	<b>FY2003</b>	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY 2007</b>	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010 Q2</b>
Revenue (thousand yen)	195,255	945,051	2,463,575	8,231,713	16,914,147	14,165,298	10,385,341	2,592,256
Ordinary profit (thousand yen)	△ 20,168	462,594	1,571,190	5,581,091	5,951,671	△ 9,114,676	△ 21,197,306	△ 774,804
Net Profit( Loss) (thousand yen)	△ 72,486	352,937	908,659	3,235,755	1,767,784	△ 7,160,694	△ 12,091,075	△ 405,206
Total Net Assets (thousand yen)	△ 9,773	663,164	3,427,073	24,957,929	27,191,098	17,426,259	5,447,836	5,146,361
Total Assets and liabilities (thousand yen)	135,931	1,478,601	8,042,288	61,229,108	90,740,474	79,021,192	15,766,064	10,613,544
Net Asset per share (Yen)	△ 858.05	54,402.32	50,151.07	105,180.27	20,797.85	13,911.77	3,851.31	3,536.97
Net Income per share (Yen)	△ 6,525.32	30,532.95	14,439.89	14,354.40	1,484.29	△ 5,937.48	△ 10,008.43	△ 335.40
Net Income per share( diluted) (Yen)	—	—	13,952.54	12,458.52	1,395.39	—	—	—
Equity Ratio (%)	△ 7.19	44.85	42.61	40.65	27.56	21.27	29.52	40.26
Return on Equity (ROE) (%)	—	108.03	44.43	22.86	7.09	△ 34.25	△ 112.68	△ 18.20
PER	—	—	78.95	35.18	23.78	—	—	—
CF from operating activities (thousand yen)	25,601	464,195	△ 1,038,357	△ 24,266,188	△ 10,000,957	13,155,209	8,333,833	1,715,800
CF from investing activities (thousand yen)	△ 1,573	△ 9,436	△ 376,477	△ 2,916,601	△ 7,150,593	△ 12,099,920	7,687,744	△ 2,047,948
CF from financing activities (thousand yen)	△ 16,234	257,702	2,352,846	44,247,222	15,018,543	△ 6,743,715	△ 19,674,600	△ 4,144,758
Cash and cash equivalents at the end of period (thousand yen)	9,402	721,861	1,659,843	18,718,675	15,163,735	9,500,189	5,811,512	1,407,532
Employees (Consolidated, excluding part-timers) (person)	8(1)	11(2)	30(4)	55(6)	129(11)	112(7)	117(16)	86(14)
Employees(Non-Consolidated, excluding part-timers) (person)	8(1)	11(2)	23(4)	42(6)	78(8)	83(5)	50(5)	46(2)

## Overcoming Financial Issues (Non-performing loan write-offs, debt reduction)



Withdrawal from principal financing activities since fiscal 2008 in favor of efforts to write off non-performing loans and shrink bank borrowings.

(Millions of yen)	Fiscal 2007	Fiscal 2008 First Quarter	Fiscal 2008	Fiscal 2009	Fiscal 2010 First Half
Total assets	90,740	108,623	79,021	15,766	10,613
Cash and deposits	15,263	15,272	9,600	5,811	1,407
Investments in securities, trade	4,571	5,306	5,828	6,059	6,031
Loans receivable, trade	40,454	23,797	19,361	11,336	7,075
Allowance for doubtful accounts	(151)	(139)	(7,829)	(12,234)	(9,742)
Real estate for sale	5,860	38,802*	36,337*	911	964
Other assets	24,740	25,582	15,723	3,882	4,876
*Acquired mainly through exercise of security right					
Total liabilities	63,549	81,224	61,594	10,318	5,467
Bank borrowings (*1)	26,155	44,139	37,044	680	459
Euroyen bonds with stock acquisition rights	22,170	22,170	22,170	7,950	3,090
Other liabilities	15,223	14,915	2,380	1,688	1,918*
* Reflects transfer to allowance for unearned premiums and increase in loss reserves at subsidiary Crane Re					
Total net assets	27,191	27,398	17,426	5,447	5,146
Total liabilities and net assets	90,740	108,623	79,021	15,766	10,613

• Dramatic reduction in principal finance balance\* (investments and loans)

The balance of investments and loans at the end of the fiscal 2010 second quarter was ¥4.3 billion, down ¥63.4 billion from the ¥67.7 billion recorded at the end of the fiscal 2008 first quarter. The balance of investments and loans peaked at ¥69.3 billion at the end of March 2008.

(\*Investments in securities, trade + Loans receivable, trade + Real estate for sale – Allowance for doubtful accounts)

After risk asset write-off and reduction efforts (from fiscal 2008 to fiscal 2009):

Valuation loss and loss on sales: ¥14.0 billion  
Additional allowance for doubtful accounts and loss on doubtful account: ¥18.1 billion.

Bank borrowings stood at ¥459 million at the end of March 2010, marking a decrease of ¥43.6 billion from the ¥44.1 peak recorded in the first quarter of fiscal 2008.

As of March 31, 2010, the outstanding convertible bond balance was ¥3,090 million (face value), down about ¥19.0 billion from fiscal 2008. The reduction was achieved through purchase and cancellation, and early redemption of the euroyen issue. The balance was held by subsidiary Stellar Capital as at March 2010.

At the end of the second quarter of fiscal 2010, total assets stood at ¥10.6 billion, down about ¥98.0 billion from the ¥108.6 billion recorded at the end of the first quarter of fiscal 2008.

\*1: Bank borrowings = Short-term debt + Long-term debt due within one year + Long-term debt

# **Highlights from the First Two Quarters of Fiscal 2010**

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## Highlights from the First Two Quarters of Fiscal 2010

Consolidated (Millions of yen)	Fiscal 2009 First two quarters	Fiscal 2010 First two quarters	YOY Change	Fiscal 2010 Forecast
Net revenue	2,047	2,592	+26.6%	5,500
Operating income	(19,625)	(775)	—	500
Ordinary profit	(20,484)	(774)	—	450
Net income	(14,169)	(405)	—	400



### Summary

#### Sales summary :

Working with clients facing financing issues, FGI proposed various financial solutions such as Asset finance, Equity Finance, and debt disposal, to resolve their funding needs. At the same time, FGI continued to develop relationships with both offshore and domestic investors, and offer them attractive investment opportunities. FGI successfully arranged, structured and co-invested with a multi-billion dollar offshore Fund entrusted with major pension funds and endowments, in a special purpose distressed asset investment vehicle that would utilize structured trading to facilitate condominium resale business in a Japanese regional hub city.

#### Financial summary :

FGI redeemed euro-yen convertible bonds (maturity 2012) issued by FGI (the “Bond”) in a face amount of 2,560 million yen, following the exercise of the early redemption option by the bondholders. The residual ¥3,090 million portion of the Bond is held by FGI subsidiary Stellar Capital AG.

#### Restructuring Summary :

Reviewed allocation of capital to Group companies, which led to capital recovery through the sale of Entrust in February 2010, and redistribution of assets toward expansion of core business.

**1. Consolidated Balance Sheets**

(Thousands of yen, %)

Assets	Fiscal 2009		Interim period of Fiscal 2010	
<b>Current assets</b>	14,463,033	91.7	6,651,593	62.7
Cash and deposits	5,811,512		1,407,532	
Accounts receivable, trade	186,152		102,614	
Trading securities	431,098		411	
Investments in securities, trade	6,059,149		6,031,940	
Real estate for sale	911,167		964,000	
Deferred tax assets	1,065		3,089	
Loans receivable, trade	11,336,718		7,075,833	
Other	1,960,718	1	808,787	
Allowance for doubtful accounts	△ 12,234,548		△ 9,742,616	
<b>Fixed assets</b>	1,303,031	8.3	3,961,950	37.3
Property, plant and equipment	196,647	1.2	164,189	1.5
Intangible fixed assets	629,990	4.0	551,291	5.2
Investments and other assets	476,393	3.0	3,246,469	30.6
<b>Total assets</b>	15,766,064	100.0	10,613,544	100.0

- 1 Decrease due to confirmed losses on claims for which allowances were set aside in previous term, as well as reversal of a portion of allowance for doubtful accounts.
- 2 Stellar Capital holds ¥3,090 million (face value) portion of euroyen convertible bonds issued by FGI.
- 3 Deposits of Sales of Investments in securities, trade:450million. (accounting treatment in order to loan part-out)  
Others: allowance for bonus
- 4 Transfer to unearned premium reserve for Crane Re, and increase in reserve for outstanding claims

(Thousands of yen, %)

Liabilities	Fiscal 2009		Interim period of Fiscal 2010	
<b>Current liabilities</b>	1,682,247	10.7	1,323,716	12.5
Short-term debt	175,000		74,000	
Long-term debt due within one year	260,000		215,000	
Accrued liabilities	244,418		132,571	
Other	1,002,829	3	902,145	
<b>Long-term liabilities</b>	8,635,980	54.8	4,143,466	39.0
Bonds with stock acquisition rights	7,950,000		3,090,000	
Long-term debt	245,000		170,000	
Other	440,980	4	883,465	
<b>Total liabilities</b>	10,318,228	65.4	5,467,182	51.5

(Thousands of yen, %)

Net Assets	Fiscal 2009		Interim period of Fiscal 2010	
<b>Shareholders' Equity</b>	4,762,304	30.2	4,357,098	41.1
Common stock	10,764,317	68.3	10,764,317	101.4
Additional paid-in capital	10,351,900	65.7	10,351,900	97.5
Retained earnings	△ 16,353,913	△ 103.7	△ 16,759,119	△ 157.9
<b>Valuation and translation adjustments</b>	△ 108,944	△ 0.7	△ 83,959	△ 0.8
<b>Stock acquisition rights</b>	20,572	0.1	21,815	0.2
<b>Minority interests</b>	773,903	4.9	851,408	8.0
<b>Total net Assets</b>	5,447,836	34.6	5,146,361	48.5
<b>Total liabilities and net assets</b>	15,766,064	100.0	10,613,544	100.0

## 2. Consolidated Statement of Income

(Thousands of yen/%)

	Interim Period of Fiscal 2009		Interim period of Fiscal 2010		Fiscal 2009	
Net revenue	2,047,287	100.0	1 2,592,256	100.0	10,385,341	100.0
Cost of revenue	10,682,779	521.8	1,956,059	75.5	17,711,538	170.5
Gross profit	△ 8,635,491	△ 421.8	636,196	24.5	△ 7,326,196	△ 70.5
Selling, general and administrative expenses	10,990,484	536.8	2 1,411,709	54.5	12,994,837	125.1
Operating loss	△ 19,625,976	△ 958.6	△ 775,512	△ 29.9	△ 20,321,034	△ 195.7
Other income	67,527	3.3	37,602	1.5	61,381	0.6
Other expenses	925,822	45.2	36,894	1.4	937,653	9.0
Ordinary loss	△ 20,484,271	△ 1000.6	3 △ 774,804	△ 29.9	△ 21,197,306	△ 204.1
Extraordinary profit	7,087,318	346.2	556,576	21.5	9,955,563	95.9
Extraordinary loss	102,418	5.0	299,504	11.6	175,718	1.7
Loss before income taxes	△ 13,499,371	△ 659.4	4 △ 517,732	△ 20.0	△ 11,417,462	△ 109.9
Income tax adjustment	829,934	40.5	10,173	0.4	839,759	8.1
Minority interests	△ 160,160	△ 7.8	△ 122,698	△ 4.7	△ 166,146	△ 1.6
Net loss	△ 14,169,145	△ 692.1	△ 405,206	△ 15.6	△ 12,091,075	△ 116.4

1 Disposal of investment property by subsidiary special purpose company contributed ¥583 million to revenue and accounted for ¥578 million of cost of revenue.

2 SGA expenses: No allowance and loss has been booked in this quarter. FGI booked 9,165 million loss and allowance in the first half of fiscal 2009.

3 Under extraordinary profit, FGI booked ¥179 million from reversal of allowance for doubtful accounts through reevaluation of loans receivable, trade, on a property development project and ¥329 million in gains from redemption of bonds.

4 Under extraordinary loss, FGI booked the transfer of ¥291 million to provide for loss on liquidation of affiliates following the transfer of shares in Entrust and assignment of loan claims in this subsidiary to another party.

# **FY2010 2nd Half Business Strategies**

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## Efforts to Expand Investment Banking Business

- Strengthen pipeline to offshore investors keen to invest in Japan’s real estate market
- Formulate and implement diverse solutions, from equity finance to asset finance, that address the varied financing requirements of real estate companies.
- Resume principal financing activities—investments and loans with FGI’s own capital—to guide funds from the Group’s international investor network most effectively to new investment and loan opportunities.

### FGI Group’s Strategic Business Domain

**Excellent deal-creation capabilities**  
 Build and offer structured financing fine-tuned to fund-procurement needs and encourage investors to participate in arrangements  
**Creditors, Operating Companies**

- Project finance
- Corporate finance
- Equity finance
- Requests to dispose of distressed assets
- Refinancing

**Fund-Procurement Needs**



Arrangement, structuring and securitization know-how

Create deals matched to the needs of both the fund-seeking and investment-seeking sides

Application and management of assets



Ability to draw funds from global markets

Provide investment opportunities fine-tuned to specific investment application needs  
**Financial institutions, domestic investors, offshore investors**  
 (Pension funds, private banks, affluent individuals, operating companies)



**Fund-Investment Needs**

Dispose of assets  
 Procure assets

Invest assets

Entrust assets for investment

## Efforts to Expand Investment Banking Business

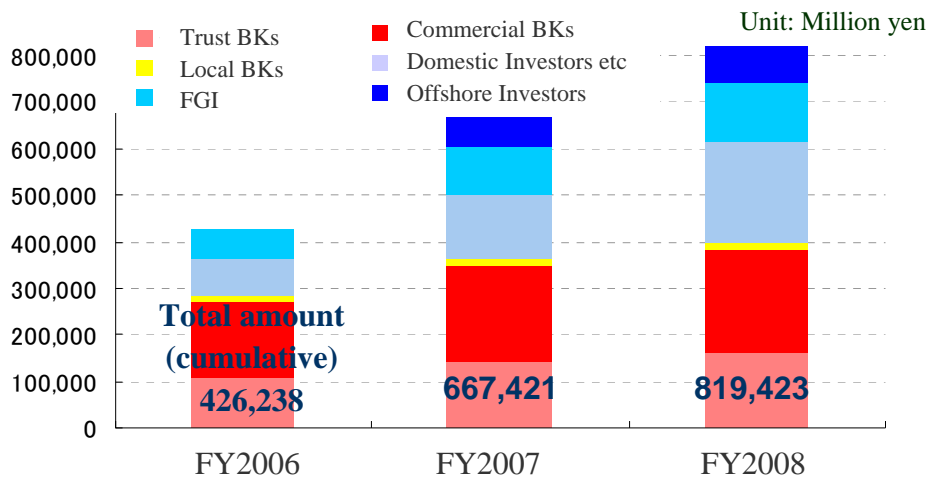
### Amount of fund procurement to the transactions arranged by FGI (New)

Unit: Million yen	FY2006	FY2007	FY2008
Trust Banks	45,727	35,135	19,900
Commercial Banks	91,589	44,510	13,365
Local Banks	8,779	0	650
Offshore Investors	430	61,813	16,140
FGI	51,419	44,135	18,328
Domestic Investors (Including Non-banks etc.)	64,308	55,589	83,619
<b>Total</b>	<b>262,252</b>	<b>241,182</b>	<b>152,002</b>

\*Excluding commitment to FINTECH GIMV FUND.

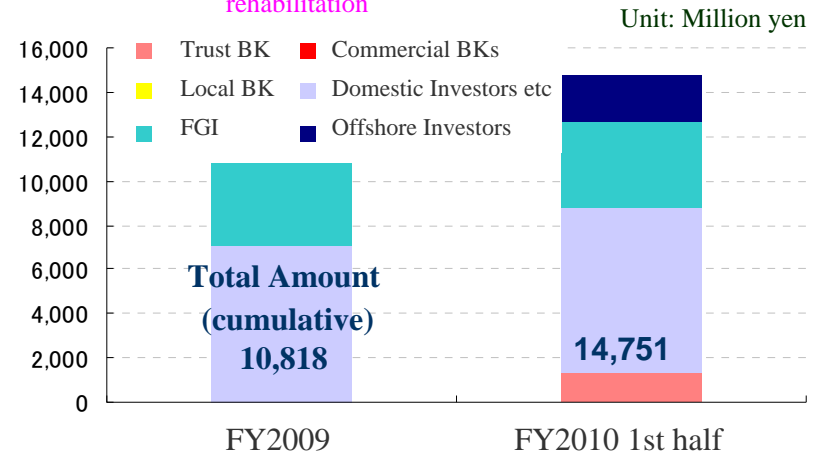
	FY2009	FY2010 1st half
Trust Banks	0	1,342
Commercial Banks	0	0
Local Banks	0	0
Offshore Investors	0	2,059
FGI	3,773	173
Domestic Investors (Including Non-banks etc.)	7,045	359
<b>Total</b>	<b>10,818</b>	<b>3,933</b>

### Amount of fund procurement to the transactions arranged by FGI (cumulative)



Fund procurement from domestic investors in order to assist clients in their corporate rehabilitation

Participated in condominium resale deals through joint investment with offshore investors



### Funds committed by Fintech asset management (FAM)

Unit: Million yen	FY2009	FY2010 1st half
Balance committed byFAM	2,028	3,740

\*FAM became a member of FGI group in June 2009.

part of the funds procured through FGI arrangements are committed by FAM.

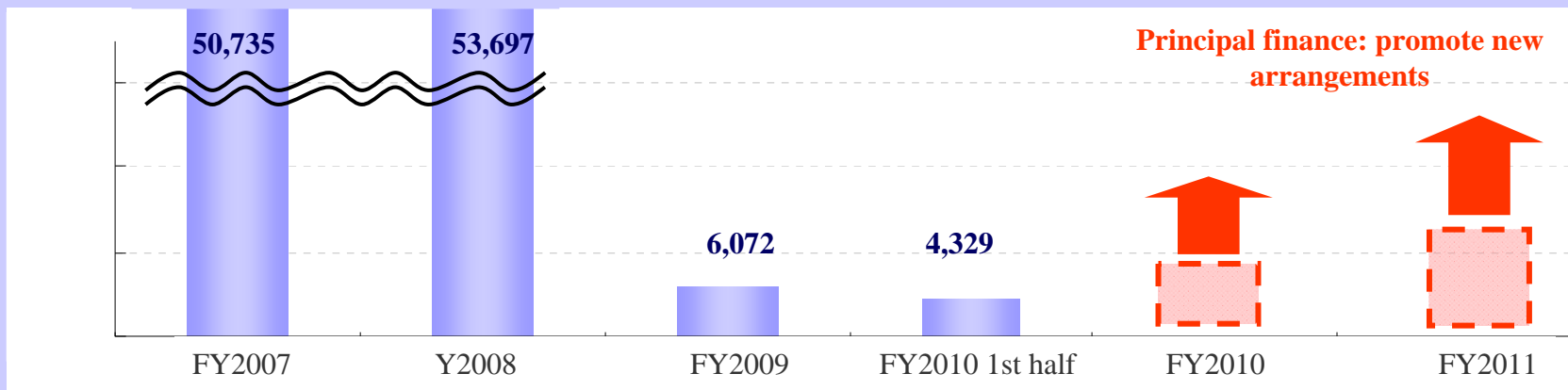
# Efforts to Expand Investment Banking Business



## Pursue principal financing business

Changes in the Balance of Investments and Loans

(Millions of yen)



- Emphasized risk asset write-offs and reduction
- Dramatically curtailed principal financing activities
- Focused on building a stronger pipeline to offshore investors

- Executed purchase and cancellation of euroyen convertible bonds as well as early redemption.
- Wrote off non-performing loans
- Reallocated assets toward expansion of core business

**Resume principal financing activities**

Participated in condominium resale deals 1<sup>st</sup> half 2010 through joint investment with offshore investors

**Principal financing is indispensable to joint investment with investors and to securing deals with flexible investment returns. FGI has the ability to source the necessary funds from investors.**

\* Balance of investments and loans = Investments in securities, trade + Loans receivable, trade + Real estate for sale – Allowance for doubtful accounts

➤ **Financial problems draw to an end**

Taking a dual capital-efficiency and risk-control perspective, we aim to raise the turnover on receivables through sale of claims and explore new return opportunities.

## Efforts to Expand Investment Banking Business



### **Establish structure, manage risks**

**Improve internal structure to jump-start expansion in the principal financing business**

- **Restructure the Group to clearly delegate authority:**
  - >execution team, and marketing divisions assigned front-office tasks
  - >particularly securing deals and negotiating with clients.
- **Screening capabilities will be upgraded to augment efforts by the Screening Committee and Board of Directors and thereby strengthen FGI's ability to pinpoint good investment and loan targets.**



### **Procure funds for principal financing**

- **Work toward recovery of outstanding claims and turn assets in possession, including real estate for sale, into cash to use as investing capital in principal financing deals. In addition, aggressively pursue opportunities to acquire capital from external sources, including financial institutions.**

# Appendix

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**Fiscal 2010 First Two Quarters: Summary of Subsidiary Results**

(Millions of yen)

FGS	FY 2009		FY 2010
	First Half	Second Half	Interim Period
Revenue	56	35	8
Ordinary profit (loss)	(20)	(14)	(33)
<p>During the first two quarters of fiscal 2010, FGS focused on the search for institutional investors at home and abroad. During the second half, FGS will continue to strengthen relationships with these investors, and support the arrangement operations of FGI.</p>			
Crane Reinsurance	FY 2009		FY 2010
	First Half	Second Half	Interim Period
Revenue	29	299	444
Ordinary profit (loss)	(254)	15	(39)
<p>Crane Re continues to expand reinsurance premium income business with Syndicate 382, a client of Hardy Underwriting Bermuda, and will gradually underwrite risks, including casualty insurance, held by clients of this alliance partner.</p>			
Shinei Real estate Development	FY 2009		FY 2010
	First Half	Second Half	Interim Period
Revenue	—	—	143
Ordinary profit (loss)	—	—	68
<p>Shinei booked revenue of ¥143 million and ordinary profit of ¥68 million thanks to solid sales in an existing project. In the second half of fiscal 2010, Shinei anticipates a similar profit trend, underpinned by the existing project and input from real-estate agency business, and replacement development services developed by utilizing past records and networks.</p>			

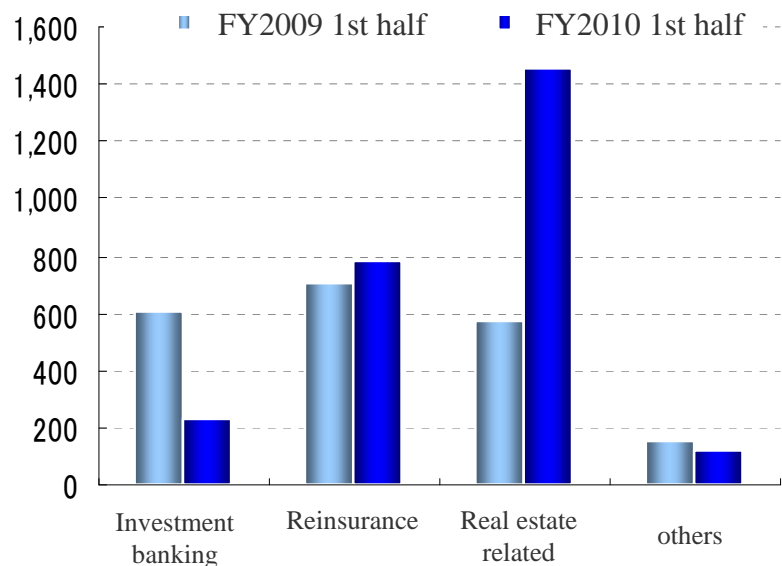
FAM	FY 2009		FY 2010
	First Half	Second Half	Interim Period
Revenue	—	8	33
Ordinary profit (loss)	—	(81)	0
<p>During the first two quarters of fiscal 2010, FAM broke even by taking on asset management business arranged by FGI. FAM aims to move into the black for fiscal 2010 by taking on many more asset management mandates.</p>			
Public Management Consulting	FY 2009		FY 2010
	First Half	Second Half	Interim Period
Revenue	152	97	121
Ordinary profit (loss)	(15)	(52)	(41)
<p>Sales decreased by 20% from the corresponding period a year ago due to the limited budgets of local governments. PMC also posted a current-account deficit due to an increase in cost of revenue, especially system development costs, in the first half of fiscal 2010. In the second half, PMC aims to increase revenue and profit by distributing new products and expanding sales channels, and by cultivating consultation services.</p>			
Better Life Support Co., Ltd.	FY 2009		FY 2010
	First Half	Second Half	Interim Period
Revenue	283	309	254
Ordinary profit (loss)	12	43	0
<p>Demand for property introduction and housing agency services has been impacted by challenges in the real estate market and poor performances for clients. However, the company is making progress on joint activities with employee welfare companies.</p>			

# Consolidated performance by business segment

unit: Million yen	Revenue			Operating Income		
	FY2009	FY2010	Difference	FY2009	FY2010	Difference
	1st Half	1st Half		1st Half	1st Half	
Investment banking	612	231	△ 380	△ 18,717	△ 757	17,960
Reinsurance	706	786	79	△ 785	△ 90	695
Real estate related	575	1,452	877	△ 110	112	222
Others	152	121	△ 30	△ 12	△ 40	△ 28
<b>Total</b>	<b>2,047</b>	<b>2,592</b>	<b>544</b>	<b>△ 19,625</b>	<b>△ 775</b>	<b>18,850</b>

**Revenue**

Unit: Million yen



**Operating income**

Unit: million yen

