

1. Quarterly Consolidated Financial Information

① Quarterly consolidated balance sheets

		3rd quarter Consolidated fiscal period - current year (As of September 30, 2009) (Unit: Thousands of U.S. Dollars)	3rd quarter Consolidated fiscal period - current year (As of September 30, 2009) (Unit: Millions of Japanese Yen)	Consolidated fiscal year - prior year (As of December 31, 2008) (Unit: Thousands of U.S. Dollars)	Consolidated fiscal year - prior year (As of December 31, 2008) (Unit: Millions of Japanese Yen)
Assets					
Current assets					
Cash and deposits	※1	31,905	2,878	75,289	6,792
Accounts receivable-trade	※2	11,279	1,018	8,203	740
Short-term investment securities		-	-	756	68
Accounts receivable-other		2,906	262	5,014	452
Short-term loans receivable		6,576	593	-	-
Other	※2	2,432	219	14,337	1,293
Total current assets		55,099	4,970	103,600	9,346
Non-current assets					
Property, plant and equipment					
Buildings and structures		774	70	5,566	502
Accumulated depreciation		△ 415	△ 37	△ 1,950	△ 176
Buildings and structures, net		359	32	3,616	326
Tools, furniture and fixtures		3,018	272	8,095	730
Accumulated depreciation		△ 1,916	△ 173	△ 5,940	△ 536
Tools, furniture and fixtures, net		1,102	99	2,155	194
Total property, plant and equipment		1,462	132	5,772	521
Intangible assets					
Goodwill		4,819	435	15,114	1,363
Others		812	73	1,033	93
Total intangible assets		5,631	508	16,147	1,457
Investments and other assets					
Investment securities		21	2	205	18
Stocks of subsidiaries and affiliates		68,962	6,221	89,062	8,034
Investments in capital of subsidiaries and affiliates		-	-	188	17
Other	※2	7,880	711	-	-
Total investments and other assets		76,863	6,934	89,455	8,070
Total non-current assets		83,956	7,574	111,373	10,047
Deferred assets					
Bond issuance costs		151	14	1,140	103
Total deferred assets		151	14	1,140	103
Total assets		139,205	12,558	216,113	19,496

		3rd quarter Consolidated fiscal period - current year (As of September 30, 2009) (Unit: Thousands of U.S. Dollars)	3rd quarter Consolidated fiscal period - current year (As of September 30, 2009) (Unit: Millions of Japanese Yen)	Consolidated fiscal year - prior year (As of December 31, 2008) (Unit: Thousands of U.S. Dollars)	Consolidated fiscal year - prior year (As of December 31, 2008) (Unit: Millions of Japanese Yen)
Liabilities					
Current liabilities					
Accounts payable-trade		1,819	164	5,804	524
Current portion of bond		-	-	41,474	3,741
Short-term loans payable	※1,3	22,475	2,027	16,208	1,462
Income taxes payable		4,210	380	2,372	214
Accounts payable-other		1,012	91	1,971	178
Accrued expenses		6,983	630	15,313	1,381
Unearned revenue		1,370	124	1,685	152
Notes payable-non-operating		57	5	44	4
Lease obligations	※1	6	1	9	1
Other		332	30	452	41
Total current liabilities		38,265	3,452	85,333	7,698
Non-current liabilities					
Bonds payable		9,170	827	9,508	858
Lease obligations	※1	0	0	4	0
Long-term accounts payable-other		400	36	400	36
Deferred tax liabilities		156	14	202	18
Other		767	69	1,074	97
Total non-current liabilities		10,493	947	11,188	1,009
Total liabilities		48,758	4,398	96,521	8,707
Net Assets					
Shareholders' equity					
Capital stock		3,882	350	3,810	344
Capital surplus		403,856	36,432	401,693	36,237
Retained earnings		△ 298,948	△ 26,968	△ 269,549	△ 24,316
Total shareholders' equity		108,789	9,814	135,955	12,264
Valuation and translation adjustments					
Valuation differences on available-for-sale securities		-	-	40	4
Foreign currency translation adjustments	※4	△ 24,880	△ 2,244	△ 24,320	△ 2,194
Total valuation and translation adjustments		△ 24,880	△ 2,244	△ 24,280	△ 2,190
Subscription rights to shares		1,088	98	1,797	162
Minority interests		5,450	492	6,120	552
Total net assets		90,447	8,159	119,592	10,788
Total liabilities and net assets		139,205	12,558	216,113	19,496

②Quarterly consolidated income statements

Third quarter consolidated income statements (For the nine months ended September 30, 2009)

		3rd quarter Consolidated fiscal period - current year (From January 1, 2009 to September 30, 2009) (Unit: Thousands of U.S. Dollars)	3rd quarter Consolidated fiscal period - current year (From January 1, 2009 to September 30, 2009) (Unit: Millions of Japanese Yen)
Net sales		26,111	2,356
Cost of sales		8,777	792
Gross profit		17,334	1,564
Selling, general and administrative expenses			
Directors' compensations		1,165	105
Salaries and allowances		6,685	603
Advertising expenses		93	8
Depreciation		673	61
Amortization of goodwill		278	25
Others		10,645	960
Total selling, general and administrative		19,539	1,763
Operating loss (△)		△ 2,205	△ 199
Non-operating income			
Interest and dividend income		931	84
Commission fee		1,437	130
Others		593	54
Total non-operating income		2,962	267
Non-operating expenses			
Interest expenses		3,431	310
Foreign exchange loss		78	7
Equity in loss of affiliates		14,341	1,294
Total non-operating expenses		17,850	1,610
Ordinary loss (△)		△ 17,094	△ 1,542
Extraordinary gains			
Gain on sales of stocks of subsidiaries and affiliates		1,042	94
Total extraordinary gains		1,042	94
Extraordinary losses			
Loss on change in equity		5,368	484
Loss on sales of stocks of subsidiaries and affiliates		35	3
Loss on sales and retirement of noncurrent assets	※	92	8
Others		438	40
Total extraordinary losses		5,933	535
Loss before income taxes and minority interests (△)		△ 21,985	△ 1,983
Income taxes (current)		2,660	240
Income taxes (deferred)		△ 35	△ 3
Total income tax		2,626	237
Minority interests in income		4,789	432
Net loss for the period (△)		△ 29,399	△ 2,652

Third quarter consolidated income statements (For the three months ended September 30, 2009)

	3rd quarter Consolidated fiscal period - current year (From July 1, 2009 to September 30, 2009) (Unit: Thousands of U.S. Dollars)	3rd quarter Consolidated fiscal period - current year (From July 1, 2009 to September 30, 2009) (Unit: Millions of Japanese Yen)
Net sales	8,556	772
Cost of sales	2,392	216
Gross profit	6,164	556
Selling, general and administrative expenses		
Directors' compensations	520	47
Salaries and allowances	1,756	158
Advertising expenses	37	3
Depreciation	188	17
Amortization of goodwill	72	6
Others	3,913	353
Total selling, general and administrative	6,485	585
Operating loss (△)	△ 321	△ 29
Non-operating income		
Interest and dividend income	145	13
Commission fee	273	25
Others	76	7
Total non-operating income	494	45
Non-operating expenses		
Interest expenses	566	51
Foreign exchange loss	45	4
Equity in loss of affiliates	4,603	415
Total non-operating expenses	5,214	470
Ordinary loss (△)	△ 5,041	△ 455
Extraordinary gains		
Gain on redemption of bonds	48	4
Total extraordinary gains	48	4
Extraordinary losses		
Loss on change in equity	2,798	252
Total extraordinary losses	2,798	252
Loss before income taxes and minority interests (△)	△ 7,790	△ 703
Income taxes (current)	1,409	127
Income taxes (deferred)	△ 14	△ 1
Total income tax	1,395	126
Minority interests in income	1,707	154
Net loss for the period (△)	△ 10,892	△ 983

③Quarterly consolidated cashflow statements

		3rd quarter Consolidated fiscal period - current year (From January 1, 2009 to September 30, 2009) (Unit: Thousands of US dollars)	3rd quarter Consolidated fiscal period - current year (From January 1, 2009 to September 30, 2009) (Unit: Millions of Japanese Yen)
Net cash provided by (used in) operating activities			
Loss before income taxes and minority interests (△)		△ 21,985	△ 1,983
Depreciation		755	68
Amortization of goodwill		525	47
Interest and dividends income		△ 931	△ 84
Interest expenses		3,431	310
Gain (loss) on change in equity (△ : gain)		5,368	484
Equity in gain (loss) of affiliates (△ : gain)		14,341	1,294
Gain (loss) on sales and retirement of noncurrent assets (△ : gain)		92	8
Gain (loss) on sales of stocks of subsidiaries and affiliates (△ : gain)		△ 1,006	△ 91
Increase (decrease) in accounts receivable (△ : increase)		△ 4,340	△ 391
Increase (decrease) in accounts payable (△ : decrease)		△ 192	△ 17
Other, net		△ 790	△ 71
Subtotal		△ 4,731	△ 427
Income taxes paid		△ 322	△ 29
Net cash provided by (used in) operating activities (△: used in)		△ 5,053	△ 456
Net cash provided by (used in) investment activities			
Interest and dividends income received		931	84
Purchase of property, plant and equipment		△ 188	△ 17
Proceeds from sales of property, plant and equipment		97	9
Payments of short-term loans receivable		△ 6,576	△ 593
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation		7,740	698
Net cash provided by (used in) investing activities (△: used in)		2,004	181
Net cash provided by (used in) financing activities			
Interest expenses paid		△ 2,407	△ 217
Increase (decrease) in deposit pledged (△: increase)		△ 218	△ 20
Redemption of bonds		△ 42,054	△ 3,794
Net increase (decrease) in short-term loans payable (△: decrease)		6,258	565
Cash dividends paid to minority shareholders		△ 2,500	△ 226
Net cash provided by (used in) financing activities (△: used in)		△ 40,921	△ 3,691
Effect of exchange rate change on cash and cash equivalents		28	3
Net increase (decrease) in cash and cash equivalents (△ : decrease)		△ 43,941	△ 3,964
Cash and cash equivalents at beginning of period		57,624	5,198
Cash and cash equivalents at end of period	※	13,683	1,234

Substantial doubt about its ability to continue as a going concern

3rd quarter - consolidated fiscal period - current year (From July 1, 2009 to September 30, 2009)
Not applicable.

Change in basis of presenting quarterly consolidated financial statements

3rd quarter - Consolidated fiscal period - current year (From January 1, 2009 to September 30, 2009)
1 Change in scope of consolidation
(1) Change in scope of consolidation
In the 1st quarter consolidated fiscal period, Market News International Inc. and its subsidiary and Shanghai Far East Credit Rating Co. Ltd. and its 6 subsidiaries, are excluded from the scope of consolidation due to sale of shares.
In the 2nd quarter consolidated fiscal period, Xinhua Investment Group Hong Kong Limited is excluded from the scope of consolidation due to dissolution.
In the 3rd quarter consolidated fiscal period, Fortune China Public Relations (Beijing) Limited is consolidated because of newly setup.
(2) The number of consolidated subsidiaries after the change: 26
2 Change in scope of equity method
(1) Change in scope of company accounted by the equity method
NingBo Far East Credit Rating Co. Ltd (NingBo), which had been accounted by the equity method, was excluded from the scope of the equity method application because the Company sold shares of Shanghai Far East Credit Rating Co. that had held equity interest in NingBo.
(2) The number of associated companies after the change: 1
3 Change in accounting policies
Not applicable.

Additional information

3rd quarter - Consolidated fiscal period - current year (From January 1, 2009 to September 30, 2009)
Conversion of dollars into yen
In accordance with the Article 86 of the Quarterly Financial Statements rules, the amounts in Japanese yen are calculated by the foreign currency exchange rate (middle rate), being US\$1.00=90.21, from the Tokyo Foreign Exchange Market as of September 30, 2009. The Japanese yen amounts are stated only for purpose of convenience. Therefore it is not assured that the amounts in U.S. Dollars could be exchanged to Japanese yen amounts calculated by the abovementioned exchange rate.

Footnote Information

(Quarterly consolidated balance sheets)

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

3rd quarter - Consolidated fiscal period - current year (As of September 30, 2009)	Consolidated fiscal year - prior year (As of December 31, 2008)
<p>※1 Assets collateralized and corresponding liabilities</p> <p>Assets collateralized</p> <p>Bank deposit</p> <p style="text-align: right;">18,222 (1,644)</p> <p>Corresponding liabilities</p> <p>Short-term loan payable</p> <p style="text-align: right;">16,177 (1,459)</p>	<p>※1 Assets collateralized and corresponding liabilities</p> <p>Assets collateralized</p> <p>Bank deposit</p> <p style="text-align: right;">18,004 (1,624)</p> <p>Corresponding liabilities</p> <p>Short-term loan payable</p> <p style="text-align: right;">15,969 (1,441)</p> <p>Lease obligations</p> <p style="text-align: right;">9 (1)</p> <p>Long term lease obligations</p> <p style="text-align: right;">4 (0)</p>
<p>※2 Assets are presented after deduction of allowance for doubtful accounts.</p> <p>Amounts deducted from current assets:</p> <p style="text-align: right;">251 (23)</p> <p>Amounts deducted from investment and other assets:</p> <p style="text-align: right;">7,417 (669)</p>	<p>※2 Assets are presented after deduction of allowance for doubtful accounts.</p> <p>Amounts deducted from current assets:</p> <p style="text-align: right;">7,581 (684)</p>
<p>※3 Xinhua Financial Network (Shanghai) Ltd., Xinhua Financial Network Korea Company Limited, and Shanghai Huacai Investment Advisory Company Limited have line of credit agreements with banks. The amount of the lines of credit and the balance outstanding under the agreements at September 30, 2009 are as follows:</p> <p>Total amount of the line of credit</p> <p style="text-align: right;">30,684 (2,768)</p> <p>Outstanding balance</p> <p style="text-align: right;">16,456 (1,484)</p> <hr/> <p>Remaining amount of the line of credit</p> <p style="text-align: right;">14,228 (1,284)</p>	<p>※3 Xinhua Financial Network (Shanghai) Ltd., Xinhua Financial Network Korea Company Limited, and Shanghai Huacai Investment Advisory Company Limited have line of credit agreements with banks. The amount of the lines of credit and the balance outstanding under the agreements at December 31, 2008 are as follows:</p> <p>Total amount of the lines of credit</p> <p style="text-align: right;">30,308 (2,734)</p> <p>Outstanding balance</p> <p style="text-align: right;">16,071 (1,450)</p> <hr/> <p>Remaining amount of the lines of credit</p> <p style="text-align: right;">14,237 (1,284)</p>
<p>※4 This account includes the difference arising on the translation of Xinhua Finance Limited's functional currency into reporting currency.</p>	<p>※4 Same as on the left.</p>
<p>※1-4 notes correspond with ※1-4 as denoted in the consolidated balance sheet.</p>	<p>Same as on the left.</p>

(Quarterly consolidated income statements)

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

3rd quarter - Consolidated fiscal period - current year (From January 1, 2009 to September 30, 2009)	
※ Components of loss on sales and retirement of noncurrent assets are follows:	
Buildings and structures	53
	(5)
Tools, furniture and fixtures	39
	(3)

(Consolidated cashflow statements)

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

3rd quarter - Consolidated fiscal period - current year (From January 1, 2009 to September 30, 2009)	
※ Reconciliation between ending balance of cash and cash equivalents in the 3rd quarter consolidated cashflow statement and balance in the consolidated balance sheet:	
Cash and deposits	31,905
	(2,878)
Deposit pledged as collateral	△18,222
	(△1,644)
Cash and cash equivalents	13,683
	(1,234)

(Shareholders' equity)

3rd quarter - Consolidated fiscal period - current year (As of September 30, 2009 and from January 1, 2009 to September 30, 2009)

1. Number and class of issued shares
Ordinary share 1,513,944 shares
2. Number and class of repurchased shares
Not applicable.
3. Share subscription rights
The ending balance of share subscription rights granted by the Company as share option rights is USD 1,088 thousand (JPY 98 million).
4. Dividend
Not applicable.
5. Material change in Shareholders' equity
The Company issued 4,054 shares due to the share options exercised in the 1st quarter. As a result, Capital stock and Capital surplus are increased in USD 10 thousand (JPY 1 million) and USD 1,069 thousand (JPY 96 million) respectively.

The Company granted its shares and issued 23,838 shares to the directors, former directors and independent directors of the Company on July 3, 2009 based on the share based payment agreements. As a result, Capital stock and Capital surplus are increased in USD 61 thousand (JPY 6 million) and USD 1,093 thousand (JPY 99 million) respectively in the 3rd quarter.

Consequently, Capital stock is USD 3,882 thousand (JPY 350 million) and Capital surplus is USD 403,856 thousand (JPY 36,432 million) at September 30, 2009.

(Segment information)

【Business segmental information】

3rd quarter - Consolidated fiscal period - current year (From July 1, 2009 to September 30, 2009 and From January 1, 2009 to September 30, 2009)

Consolidated subsidiaries of the Company operating Media business in consolidated fiscal year – prior year were excluded from the scope of consolidation as of December 31, 2008 and are accounted for under equity method since January 1, 2009. As a consequence, the Group operates in one business segment from 1st quarter – consolidated fiscal period thus information on business segment is omitted.

【Regional segmental information】

3rd quarter - Consolidated fiscal period - current year (From July 1, 2009 to September 30, 2009)

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

	Japan	Asia	North America	Others	Total	Eliminated or unallocated	Consolidated
Sales							
(1) Outside customer	79	7,576	901	-	8,556	-	8,556
	(7)	(683)	(81)	(-)	(772)	(-)	(772)
(2) Inter segment or transfer	-	927	-	78	1,005	△ 1,005	-
	(-)	(84)	(-)	(7)	(91)	(△91)	(-)
Total	79	8,502	901	78	9,561	△ 1,005	8,556
	(7)	(767)	(81)	(7)	(862)	(△91)	(772)
Operating income / loss	△ 39	3,876	△ 980	△ 3,187	△ 330	9	△ 321
(△)	(△4)	(350)	(△88)	(△288)	(△30)	(1)	(△29)

3rd quarter - Consolidated fiscal period - current year (From January 1, 2009 to September 30, 2009)

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

	Japan	Asia	North America	Others	Total	Eliminated or unallocated	Consolidated
Sales							
(1) Outside customer	326	21,604	4,155	26	26,111	-	26,111
	(29)	(1,949)	(375)	(2)	(2,356)	(-)	(2,356)
(2) Inter segment or transfer	-	5,520	47	788	6,354	△ 6,354	-
	(-)	(498)	(4)	(71)	(573)	(△573)	(-)
Total	326	27,124	4,202	813	32,466	△ 6,354	26,111
	(29)	(2,447)	(379)	(73)	(2,929)	(△573)	(2,356)
Operating income / loss	△ 86	10,630	△ 2,559	△ 10,240	△ 2,255	50	△ 2,205
(△)	(△8)	(959)	(△231)	(△924)	(△203)	(5)	(△199)

Note

- 1 Location segments are based on geographical proximity.
- 2 Main countries or locations which do not belong to Japan:
 - (1) Asia Hong Kong, China, Singapore and other locations.
 - (2) North America U.S.A.
 - (3) Others British West Indies and other locations.

【Overseas sales】

3rd quarter - Consolidated fiscal period - current year (From July 1, 2009 to September 30, 2009)

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

	Asia	North America	Europe	Others	Total
I Overseas sales	4,605 (415)	356 (32)	3,409 (308)	- (-)	8,371 (755)
II Consolidated sales					8,556 (772)
III Ratio of overseas sales which accounts for consolidated sale (%)	53.8%	4.2%	39.8%	-%	97.8%

3rd quarter - Consolidated fiscal period - current year (From January 1, 2009 to September 30, 2009)

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

	Asia	North America	Europe	Others	Total
I Overseas sales	14,178 (1,279)	1,953 (176)	9,291 (838)	10 (1)	25,431 (2,294)
II Consolidated sales					26,111 (2,356)
III Ratio of overseas sales which accounts for consolidated sale (%)	54.3%	7.5%	35.6%	0.0%	97.4%

Note

- 1 Location segments are based on the geographical proximity.
- 2 Main countries or locations which do not belong to Japan.:
 - (1)Asia Hong Kong, China, Singapore and other locations.
 - (2)North AmericaU.S.A. and Canada
 - (3)Europe.....U.K., Germany, France and other locations.
 - (4)Others.....Australia, South America and other locations.
- 3 Overseas sales are sales of the Group recognized in countries or locations other than Japan.

(Share option)

3rd quarter - consolidated fiscal period - current year (From July 1, 2009 to September 30, 2009)

Expenses recognized

Selling, general and administrative expenses – Directors' emolument	USD 150 thousand (JPY 14 million)
Selling, general and administrative expenses – Other	USD 451 thousand (JPY 41 million)

(Per share information)

(Unit: U.S. Dollars (Japanese Yen))

3rd quarter - Consolidated fiscal period - current year (As of September 30, 2009)	Consolidated fiscal year - prior year (As of December 31, 2008)
Net assets per Share 55.42 (4,999.44)	Net assets per Share 75.15 (6,779.28)

(Unit: U.S. Dollars (Japanese Yen))

3rd quarter - Consolidated fiscal period - current year (From January 1, 2009 to September 30, 2009)	3rd quarter - Consolidated fiscal period - current year (From July 1, 2009 to September 30, 2009)
Net loss per share 19.63 (1,771.07)	Net loss per share 7.20 (649.24)
As the Group is in a loss position, diluted net loss per share information is not stated.	As the Group is in a loss position, diluted net loss per share information is not stated.

(Note) Basis of calculation for the net loss

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Item	3rd quarter - Consolidated fiscal period - current year (From January 1, 2009 to September 30, 2009)	3rd quarter - Consolidated fiscal period - current year (From July 1, 2009 to September 30, 2009)
Net loss for the period	29,399 (2,652)	10,892 (983)
Net income NOT attributed to ordinary shareholders	- (-)	- (-)
Net loss attributed to ordinary shares	29,399 (2,652)	10,892 (983)
Average number of ordinary shares during the period (shares)	1,497,458.59	1,513,419.88
Overview of potential shares without dilutive effect excluded from the formula of diluted income per share for the period and changed significantly from consolidated fiscal year – prior year	Share of subscription rights (Number of shares to be issued upon exercise: 156,830 shares) issued by the Company. The overview is stated in V. CONDITION OF THE REPORTING COMPANY, 1. Condition of shares, etc, (2) Total number of shares issued and changes in capital stock	Share of subscription rights (Number of shares to be issued upon exercise: 156,830 shares) issued by the Company. The overview is stated in V. CONDITION OF THE REPORTING COMPANY, 1. Condition of shares, etc, (2) Total number of shares issued and changes in capital stock

(Significant subsequent events)

Not applicable.

2. Others

Not applicable.