

SEMI-ANNUAL REPORT

Xinhua Finance Limited

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To: The Director of Kanto Local Finance Bureau

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(From January 1, 2008 to June 30, 2008)

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Notes:

1. As used in this document, and unless otherwise described or the context otherwise requires, references are as follows:
 - **“China”** or **“PRC”** refers to the People’s Republic of China
 - **“Company”** or **“XFL”** or **“Xinhua Finance”** refers to Xinhua Finance Limited
 - **“GAAP”** refers to Generally Accepted Accounting Principles
 - **“Hong Kong”** refers to the Hong Kong Special Administrative Region
 - **“IFRS”** refers to International Financial Reporting Standards issued by the International Financial Reporting Standards Committee
 - **“Kinetic”** refers to Kinetic Information System Services Limited
 - **“Mergent”** refers to Mergent, Inc.
 - **“RMB”** refers to Renminbi
 - **“US\$”** refers to United States Dollars, the lawful currency of United States of America
 - **“We”** or the **“Group”** refers to the Company and its consolidated subsidiaries
 - **“XFMedia”** refers to Xinhua Finance Media Limited
 - **“¥”** refers to Japanese Yen, the lawful currency of Japan

2. For convenience, conversion of U.S. dollars from our financial statements into Japanese yen is calculated by the foreign currency exchange rate (middle rate at US \$1.00 = ¥106.42 as of June 30, 2008) from the Tokyo Foreign Exchange Market, in accordance with Article 77 of the Interim Financial Statements Rules. U.S. dollar amounts are presented in thousands (rounded), and Japanese yen amounts are stated in millions (rounded). Please note that these Japanese yen amounts are stated only for the 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.

3. Where figures in tables in this document have been rounded, the totals may not necessarily agree to the sum of the figures.

PART I CORPORATE INFORMATION

I. OUTLINE OF LEGAL AND OTHER SYSTEMS IN THE HOME COUNTRY

There have been no material changes in the Corporate System of the Country and State from what was described in Securities Report filed on June 24, 2008 (“Securities Report”).

II. OUTLINE OF THE GROUP

1. Trends in Key Financial Data

(1) Consolidated key financial data

Term		The 3rd semi-annual fiscal Year	The 4th semi-annual fiscal year	The 5th semi-annual fiscal year	The 3rd fiscal year	The 4th fiscal year
Fiscal year		2006	2007	2008	2006	2007
Turnover	US\$'000 JP¥'m	75,026 (7,984)	109,475 (11,650)	142,412 (15,155)	174,963 (18,620)	257,676 (27,422)
Ordinary income / loss (△)	US\$'000 JP¥'m	3,442 (366)	△15,477 (△1,647)	△11,822 (△1,258)	63 (7)	△14,830 (△1,578)
Net income / loss (△)	US\$'000 JP¥'m	2,012 (214)	89,427 (9,517)	△38,157 (△4,061)	10,760 (1,145)	23,497 (2,501)
Net assets	US\$'000 JP¥'m	383,852 (40,850)	622,093 (66,203)	577,251 (61,431)	382,758 (40,733)	572,472 (60,922)
Total assets	US\$'000 JP¥'m	491,796 (52,337)	1,097,850 (116,833)	933,128 (99,303)	765,941 (81,511)	967,099 (102,919)
Net assets per share	US\$ JP¥	314.20 (33,437.16)	425.02 (45,230.63)	263.82 (28,075.72)	326.93 (34,791.89)	348.24 (37,059.70)
Net income / loss (△) per share	US\$ JP¥	2.38 (253.28)	90.93 (9,676.77)	△34.70 (△3,692.77)	12.23 (1,301.52)	23.33 (2,482.78)
Diluted EPS	US\$ JP¥	2.33 (247.96)	88.41 (9,408.59)	- (-)	11.57 (1,231.28)	23.24 (2,473.20)
Capital adequacy ratio	(%)	65.2	39.3	35.1	39.8	37.2
Cashflow provided from (△used in) operating activities	US\$'000 JP¥'m	△13,180 (△1,403)	22,576 (2,403)	12,723 (1,354)	△12,970 (△1,380)	24,040 (2,558)
Cashflow used in investing activities	US\$'000 JP¥'m	△43,548 (△4,634)	△160,368 (△17,066)	△62,704 (△6,673)	△95,754 (△10,190)	△157,773 (△16,790)
Cashflow from financing activities	US\$'000 JP¥'m	63,506 (6,758)	199,571 (21,238)	14,256 (1,517)	125,122 (13,315)	164,322 (17,487)
Cash and cash equivalents, end of the year	US\$'000 JP¥'m	87,455 (9,307)	156,224 (16,625)	85,494 (9,098)	97,279 (10,352)	125,373 (13,342)
Number of employees		1,112	1,981	2,496	1,581	2,423
EBITDA	US\$'000 JP¥'m	11,089 (1,180)	9,954 (1,059)	8,548 (910)	24,672 (2,626)	28,672 (3,051)

Notes :

1. Consumption tax is not included in turnover.

2. Regarding information on diluted net profits per share, even if XFL has shares with dilutive effect, XFL is in a loss position in the six months ended June 30, 2008. Thus such information is not stated for the six months ended June 30, 2008.
3. Regarding net assets per share, the suspense account of share exchange included in share premium is excluded from the calculation.
4. The consolidated financial statements of the Group are stated in U.S. dollars. In accordance with Article 77 of the Interim Financial Statements rules, the amounts in Japanese yen are calculated by the foreign currency exchange rate (middle rate), being US\$1.00=¥106.42, from the Tokyo Foreign Exchange Market as of June 30, 2008. U.S. dollar amounts are presented in thousands (rounded), and Japanese yen amounts are stated in millions (rounded). Please note that these Japanese yen amounts are stated only for the 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 above-mentioned exchange rate.
5. We define EBITDA in relation to our Japanese GAAP financial statements as operating income or loss plus depreciation, amortization and amortization of goodwill. EBITDA is presented because we believe that it is an important measure of our financial performance. EBITDA is not a Japanese GAAP measurement and should not be considered in isolation or as a substitute for income or cash flow statement data prepared in accordance with applicable generally accepted accounting principles. It should be understood that items excluded in calculating EBITDA, such as depreciation and amortization, are significant components in understanding and assessing the Company's performance.
6. The disclosure documents of the Group included in this document have been prepared in accordance with Disclosure Rules for Financial Statements and in conformity with generally accepted accounting principles in Japan (Japanese GAAP). Additionally, financial statements in accordance with International Financial Reporting Standards (IFRS) have been prepared for global investors in accordance with the Company's past practice. Significant differences between Japanese GAAP and IFRS as applied to us include those relating to share issuance costs, listing related costs, amortization of goodwill and share based payments.
7. On August 24, 2004 XFL's shares were reversely split on a 1-for-2000 basis.
8. On September 22, 2005 XFL's shares were split on 3 for 1 basis.
9. Regarding information on net assets, the Company adopted "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Statement No.5, announced by Accounting Standard Board of Japan) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance sheet"(Guidance No. 8, announced by Accounting Standard Board of Japan) effective from the 3rd fiscal year.

(2) Key financial data of the Company

Term		The 3rd semi-annual fiscal Year	The 4th semi-annual fiscal year	The 5th semi-annual fiscal year	The 3rd fiscal year	The 4th fiscal year
Fiscal year		2006	2007	2008	2006	2007
Turnover	US\$'000 JP¥'m	6,067 (646)	2,330 (248)	1,424 (152)	9,371 (997)	4,288 (456)
Ordinary profit / loss (△)	US\$'000 JP¥'m	△1,012 (△108)	△3,495 (△372)	△1,699 (△181)	△6,019 (△641)	△14,603 (△1,554)
Net profit / loss (△)	US\$'000 JP¥'m	△1,012 (△108)	△3,495 (△372)	△408 (△43)	△6,019 (△641)	△81,075 (△8,628)
Share capital	US\$'000 JP¥'m	2,284 (243)	2,602 (277)	3,184 (339)	2,389 (254)	2,649 (282)
Number of shares outstanding	(shares)	890,728	1,014,948	1,241,761	931,638	1,033,054
Net assets	US\$'000 JP¥'m	318,744 (33,921)	322,436 (34,314)	245,951 (26,174)	288,053 (30,655)	241,045 (25,652)
Total assets	US\$'000 JP¥'m	361,380 (38,458)	475,871 (50,642)	457,223 (48,658)	464,206 (49,401)	467,731 (49,776)
Dividend per share	US\$ JP¥	— (—)	— (—)	— (—)	— (—)	— (—)
(Interim Dividend per share out of the above dividend)	US\$ JP¥	— (—)	— (—)	— (—)	— (—)	— (—)
Capital adequacy ratio	(%)	88.2	67.8	53.3	62.0	50.9
Number of employees		5	4	5	5	5
EBITDA	US\$'000 JP¥'m	△870 (△93)	△3,914 (△417)	△5,211 (△555)	△2,802 (△298)	△11,696 (△1,245)

Notes :

- Consumption tax is not included in turnover.
- The financial statements of the Company are stated in U.S. dollars. In accordance with Article 77 of the Interim Financial Statements rules, the amounts in Japanese yen are calculated by the foreign currency exchange rate (middle rate), being US\$1.00=¥106.42, from the Tokyo Foreign Exchange Market as of June 30, 2008. U.S. dollar amounts are presented in thousands (rounded), and Japanese yen amounts are stated in millions (rounded). Please note that these Japanese yen amounts are stated only for the 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 above-mentioned exchange rate.
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- The disclosure documents of the Company included in this document have been prepared in accordance with Disclosure Rules for Financial Statements and in conformity with generally accepted accounting principles in Japan (Japanese GAAP). Additionally, financial statements in accordance with International Financial Reporting Standards (IFRS) have been prepared for global investors in accordance with the Company's past practice. Significant differences between Japanese GAAP and IFRS as applied to us include those relating to share issuance costs, listing related costs, amortization of goodwill and share based payments.
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2. Business Overview

We are a provider of financial information products focused on China's financial markets. We are an integrated provider of market indices, ratings, financial news and analysis, investor relations and distribution services for our proprietary content. As a company providing all of these services to China's financial markets, we have established the information infrastructure to help investors make investment decisions in China.

We are a global organization with our headquarters in Shanghai and offices across Asia, Australia, North America and Europe. Our 21 office locations include Hong Kong, Beijing, Guangzhou, Shanghai, Shenzhen, Taipei, Tokyo, Seoul, Singapore, Manila, Kuala Lumpur, Sydney, Melbourne, New York, Washington D.C., Dallas, San Diego, Fort Mill, Princeton, Chicago and London. Our 15 news bureaus are located in Hong Kong, Beijing, Shanghai, Taipei, Tokyo, Singapore, New York, Washington D.C., Chicago, Princeton, London, Frankfurt, Brussels, Paris and Berlin. As at June 30, 2008 we had 2,496 employees worldwide.

During the period, the Company engaged a financial advisor to conduct a review of its strategic positioning. The purpose of the review was to evaluate opportunities for the Company to unlock shareholder value with the goal of focusing resources on its core competency on providing valuable information on China's financial information sector. The Company is committed to streamline its operations and focus on growing its core businesses in China. With such objective in mind, the Company sold Mergent Inc ("Mergent"), a leading US-based financial data company, and Kinetic Information System Services Limited ("Kinetic"), a UK-based index calculation company to Carousel Capital Partners III, L.P., a private equity fund in July 2008. It was determined that these two businesses no longer fit in with the Company's overall strategic focus on China's markets, and the sale of these two businesses provides the best value to the Company. A portion of the proceeds from the sale were used to reduce the Company's long term indebtedness by redeeming a portion of the Company's bonds in September.

3. Related Companies (as of June 30, 2008)

(1) Parent Company

The Company has no parent company.

(2) Subsidiaries and Affiliates

In the first half of 2008, the following new subsidiaries were established or acquired by the Group :-

Company Name	Address	Principal Activities*	% Voting Rights Held	Total Share Capital	Relationship with Company
Beijing Xintai Huaqing Media Technology Co. Ltd.	Haidian District, Beijing, PRC	Newly established, no business activities at the moment	84.15% (84.15%)	RMB500,000.00	--
Beijing Xintai Huazhong Media Technology co. Ltd.	Haidian District, Beijing, PRC	Newly established, no business activities at the moment	84.15% (84.15%)	Registered capital : RMB500,000.00 (Paid-up Capital : RMB300,000.00)	--
Shanghai Yifu Advertisement Design and Production Co. Ltd.	Congming District, Shanghai, PRC	Designing, composing, acting as an agent, releasing all kinds of advertisement	84.15% (84.15%)	RMB500,000.00	--
Small World Holding Company Limited	Tortola, British Virgin Islands	Investment Holding	84.15% (84.15%)	US\$100.00	--
Xinhua Media Entertainment Limited	Grand Cayman, Cayman Islands	Investment Holding	63.11% (63.11%)	US\$66,666.00	2 common directors
Beijing Siwei Media & Advertising Co., Ltd	Shunyi District, Beijing	Exclusive advertising agent	58.91% (58.91%)	RMB 3,000,000	--
Shanghai Tianyi Advertising Co., Ltd	Congming District, Shanghai, PRC	Designing, composing, acting as an agent, releasing all kinds of advertisement	84.15% (84.15%)	RMB100, 000	-

Notes: Numbers in brackets indicate percentage of voting rights held indirectly by the Company.

The Company entered into agreements to sell all of its shares in Mergent and Kinetic in this semi-annual period and they ceased to be subsidiaries of the Group in July 2008:

(3) Condition of Equity Method Affiliates

There is no change in the condition of equity method affiliates in this semi-annual period.

(4) Other Condition of Affiliates

Not applicable.

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4. Employees

(1) The Group:

As of June 30, 2008, the Group employed 2,496 persons. The number of employees by geographical region is shown in the table below:

	Headcount
CHINA	1,902
EUROPE	29
HONG KONG	58
JAPAN	15
AUSTRALIA	3
REST OF ASIA	129
TAIWAN	13
USA	347
TOTAL	2,496

Note: The increase of the headcount during this fiscal year was due mainly to the growth of XFMedia..

(2) The Company:

As of June 30, 2008, the Company employed 5 persons.

Number of Employees	5
Average Age	43.8
Average Service Years	4.8 years
Average Salary (per person)	US\$ 34,133 per month

(3) Labor Union etc.

There are no union agreements or collective bargaining agreements with employees of the Group, and there are no material disputes, complaints, investigations and proceedings on matters relating to employment.

III. CONDITION OF BUSINESS OF THE GROUP

1. Summary of Results of Operations, etc.

Turnover by Geographical Locations

Certain information regarding the geographic breakdown of our turnover, determined on the basis of the billing company, is set forth below.

Semi-Annual Period Ended June 30,			
2008			
	<i>(Units: USD thousand (Yen million))</i>		<i>% of total</i>
Asia	US\$102,436	¥10,901	71.9
United States	39,737	4,229	27.9
Japan	235	25	0.2
Others	4	0	0.0
Total	<u>US\$142,412</u>	<u>¥15,155</u>	<u>100.0%</u>

Semi-Annual Period Ended June 30,			
2007			
	<i>(Units: USD thousand (Yen million))</i>		<i>% of total</i>
Asia	US\$59,490	¥6,331	54.3
United States	48,937	5,208	44.7
Japan	932	99	0.9
Others	116	12	0.1
Total	<u>US\$109,475</u>	<u>¥11,650</u>	<u>100.0%</u>

Operating Results for Fiscal Period ended June 30, 2008

Asia

Turnover in Asia amounted to US\$102,436 thousand (¥10,901 million) for the six months ended June 30, 2008, compared to US\$59,490 thousand (¥6,331 million) for the six months ended June 30, 2007. The increase was due to the expansion of our distribution business coupled with the full period impact from subsidiaries that joined the group in 2007.

United States

Turnover in United States amounted to US\$39,737 thousand (¥4,229 million) for the six months ended June 30, 2008, compared to US\$48,937 thousand (¥5,208 million) for the six months ended June 30, 2007. The decrease in turnover was due to the moderate declines in certain of the US businesses that have felt the impact of the US credit market declines. In addition, the turnover for the six months ended June 30, 2007 included the turnover from Glass Lewis & Co LLC, a company which was previously part of the group, but was sold in October 2007.

Japan

Turnover in Japan amounted to US\$235 thousand (¥25 million) for the six months ended June 30, 2008, compared to US\$932 thousand (¥99 million) for the six months ended June 30, 2007.

Others

Turnover generated from other regions amounted to US\$4 thousand (¥454 thousand) for the six months ended June 30, 2008, compared to US\$116 thousand (¥12 million) for the six months ended June 30, 2007.

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Cashflow Analysis for Fiscal Period ended June 30, 2008

Operating activities

Net cash provided by operating activities amounted to US\$12,723 thousand (¥1,354 million) for the six months ended June 30, 2008.

Investing activities

Net cash used in investing activities amounted to US\$62,704 thousand (¥6,673 million) for the six months ended June 30, 2008. This mainly consisted of: subsequent consideration payments mainly for XFMedia subsidiaries of US\$38,305 thousand (¥4,076 million), payment to acquire shares of XFMedia of US\$4,878 thousand (¥519 million) and settlement of a currency hedging obligation of US\$21,900 thousand (¥2,330 million).

Financing Activities

Cashflow from financing activities amounted to US\$14,256 thousand (¥1,517 million) for the six months ended June 30, 2008. This amount mainly consisted of cash proceeds of US\$29,756 thousand (¥3,167 million) from the issuance of convertible preferred shares in XFMedia which is offset with the increase in pledged deposits of US\$4,956 thousand (¥527 million), bond interest payments and bank borrowings interest payments of US\$6,096 thousand (¥649 million) and decrease in long term other payables of US\$7,937 thousand (¥845 million).

Cash Balance

As a result of the activities described in “Operating Activities”, “Investing Activities” and “Financing Activities” above, the net cash and cash equivalents was US\$85,494 thousand (¥9,098 million) as at June 30, 2008.

The ending cash and bank balance was US\$155,196 thousand (¥16,516 million) as at June 30, 2008, shown on the balance sheet. After taking account of deducting deposits pledged as collateral of US\$69,273 thousand (¥7,372 million), bank overdraft of US\$758 thousand (¥81 million) and adding marketable securities of US\$329 thousand (¥35 million), the net cash and cash equivalents was US\$85,494 thousand (¥9,098 million).

2. Condition of Production, Order Acceptance and Sales

Condition of Production and Order Acceptance:

As we are a services company, this is not applicable.

Condition of Sales:

Please refer to “1. Summary of Results of Operations, etc.”

3. Issues To Be Resolved

No material change in our issues to be resolved occurred in this semi-annual period.

4. Material Contracts Relating to Business

ISSUE OF CONVERTIBLE PREFERRED SHARES BY XFMEDIA

The Company's subsidiary, XFMedia, issued US\$30 million (¥3,192.6 million) in convertible preferred shares to The Yucaipa Companies in February 2008. The conversion price was set at US\$6.00 (¥638.52) per American Depositary Share ("ADS") or US\$3.00 (¥319.26) per common share as each ADS listed on the NASDAQ represents two common shares. The shares are subject to a one year lock-up period and have an annual coupon of 8% payable in cash or stock at the Company's option.

XINHUA MEDIA ENTERTAINMENT

XFMedia partnered with David U. Lee, an expert in US-China film co-productions to establish Xinhua Media Entertainment Limited in April 2008 and holds 75% of its equity interest and voting rights. XFMedia has entered into a strategic alliance with China Film Group to collaborate on China film production, distribution and sales. China Film Group is the largest and most influential state-run film company in China and is responsible for importing foreign films to China.

AMENDMENT TO CONVENANTS UNDER US\$100 MILLION (¥ 10,642 MILLION) 10% SENIOR GUARANTEED NOTES DUE 2011

The Company launched consent solicitation in May 2008 to seek consent from noteholders of the US\$100 million (¥10,642 million) 10% Senior Guaranteed Notes due 2011 ("Notes") to amend the indenture pursuant to which the Notes were issued ("Indenture") so as to remove the requirement that each of the Company's U.S. subsidiaries shall always be restricted subsidiaries for the purpose of the Notes. Noteholders representing more than a majority in aggregate principal amount of the outstanding Notes have consented to the amendment and the Indenture was amended as proposed in the consent solicitation statement.

MERGENT AND KINETIC

The Company entered into an agreement to sell all of the shares in Mergent and Kinetic to Carousel Capital Partners III, L.P., a private equity fund in June 2008. The aggregate sale price was US\$93.5 million (¥9,950 million) in cash and the transaction was completed in July 2008. After the closing of the sale, the Company made an offer to repurchase approximately USD49 million (¥5,186 million) of its outstanding Notes.

STRATEGIC ALLIANCE WITH AVOX LIMITED

The Company entered into an exclusive strategic alliance with Avox Limited, a division of the Deutsche Borse, for provision of worldwide business entity data to financial institutions in mainland China in June 2008. Avox Limited validates, corrects, enriches and maintains business entity reference data. The partnership will allow users in mainland China to utilize fully verified and timely international business entity data, and in particular meet the increasing demand for reliable data services from China's qualified domestic institutional investors (QDIIs) who are investing overseas.

5. Research and Development

In the financial information services and media industry, research and development efforts are focused on new product development, enhancements to our ability in delivering the most relevant products and services through partnership, and improvement in distribution mechanisms. We have invested in these areas since the inception of XFL. In our on-going business activities, we have spent substantial resources on research and development efforts whereby the associated costs are expensed in the income statement.

In new product development, our market indices business continues to refine and improve its existing indices to cater for specific needs of our clients. We signed new index calculation contracts with Healthshares, an ETF provider in the US, and the Singapore Stock Exchange. Also at the beginning of the year, we recruited a new head for our China Indices business, Mr. Franklin Yang, who brings over ten years of international investment and fund management experience. In our ratings business, we are in the process of building up our position and market influence on credit opinions of selected industries such as the securities, banking, real estate and energy sectors as international investors have shown significant interest in these areas. In our news business we expanded our China news services for MSN Money Japan to fulfill the keen interest of Japanese investors in China leading up to the Beijing Olympics. In our investor relations business line Xinhua PR Newswire ("XPRN") was designated by the American Chamber of

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Commerce in China as an official media partner to help their press announcement distribution in China and to the US. In our distribution service line, a new weekly newspaper called "Investor Journal" was launched to target the Chinese retail investor market.

For new partnerships, we partnered with Blue Systems in our news business, a London based provider of global financial information software, to deliver real time financial market news to mobile phone users through Blue Systems' low cost market data software, blue mobile. In our solutions business, we partnered with Fermat to deliver software solutions to help Chinese banks on BASEL II compliance efforts, and signed a strategic alliance agreement with AVOX Limited, (a division of Deutsche Borse) to provide business entity data to financial institutions in Mainland China and Taiwan.

We have also strengthened our distribution mechanisms as in our investor relations business, XPRN expanded its China press release distribution network by adding some eight million mobile phone users who subscribe to the news and information portal provided by HandCN.

IV. CONDITION OF FACILITIES

1. Relocation of major facilities

No major facilities were relocated in the first half of 2008.

2. Plans for new creation and disposal of facilities

There is no change in the plans for new creation and disposal of facilities from previous period. There is no new plan for creation and disposal of facilities.

V. CONDITION OF THE REPORTING COMPANY

1. Condition of Shares, etc. (As of June 30, 2008)

(1) Total number of shares, etc.

Number of Authorized Shares:	2,500,000
Total Number of Shares Outstanding:	1,241,761
Number of Shares Unissued:	1,258,239
Warrants and Options to Subscribe For the Equivalent Number of Ordinary Shares*:	28,394
Number of options to subscribe for equivalent number of ordinary shares committed to be issued pursuant to an Employee Stock Compensation Plan**:	33,565
FULLY DILUTED SHARES:	1,303,720

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Notes :

* The following table sets forth certain information regarding grants of options and warrants (save and except share options granted to employees under the Employee Stock Compensation Plan) to acquire our shares:

** The Company has established an employee stock compensation plan, which is administered by the compensation committee. It provides for coverage to include employees, directors, consultants and/or advisors and any others as determined by the board. The share price or option price (as the case may be) is determined by the committee but may not be below par value. The share pool is subject to adjustment but may not exceed 20% of the Enlarged Share Capital of the Company. Enlarged Share Capital is defined as the fully-diluted total outstanding share capital of the Company.

Date of Grant	# of warrants/ options	Class	# of shares	Amount to be paid (per share)	Amount to Share Capital (per share)	Exercise Period	Transferable	Other material terms
12-Aug-04	Warrant to subscribe for 294 ordinary shares	Ordinary	294	US\$264	HK\$20	1 October 2004 to 30 September 2008	Subscription rights are not transferable	Must be exercised in whole and not in part. May not sell or otherwise dispose of any securities of the Company without the prior written consent of the Company or underwriters.
9-Feb-05	Options to subscribe for 600 ordinary shares	Ordinary	600	US\$666.67	HK\$20	9 February 2005 to 9 February 2015	Option shall not be assignable	--
31-Jan-06	Options to subscribe for 2,500 ordinary shares	Ordinary	2,500	JPY71,844	HK\$20	30 April 2006 to 1 February 2016	Option shall not be assignable	--
31-Jan-06	Options to subscribe for 5,000 ordinary shares	Ordinary	5,000	JPY74,247	HK\$20	31 January 2006 to 1 February 2009	Option shall not be assignable	--
14-Feb-06	Warrants to subscribe for 20,000 ordinary shares	Ordinary	20,000	JPY82,500	HK\$20	15 February 2007 to 16 February 2009	Warrants shall not be assignable	Upon request of the Company, the warrant holder shall not sell or otherwise dispose of any securities of the Company without the prior consent of the Company or underwriters.

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The following table sets forth certain information as of June 30, 2008 regarding the options granted pursuant to the Employee Stock Compensation Plan.

	Number of Options	Issue Price of the Shares to be Issued upon the Exercise of the Options (per share)	Amount of Increase in the Share Capital Amount of the Shares to be Issued upon the Exercise of Options (per share)
Options granted pursuant to the Employee Stock Compensation Plan for 2005	10,810	JPY49,316	HK\$20
Options granted pursuant to the Employee Stock Compensation Plan for 2006	22,755	JPY71,844	HK\$20

Details of Shares Outstanding

Registered / bearer shares And Par value or no-par-value	Registered shares with par value of HK\$20.00 per share
Class:	Ordinary
Number of shares outstanding:	1,241,761 (as of June 30, 2008)
Name of securities exchange or securities association in which shares are listed or registered	Tokyo Stock Exchange (Mothers Section)

(2) Total number of shares issued and changes in capital stock (as of June 30, 2008)

Date	Remarks	Number of Shares Increased	Cumulative Number of Shares Issued*	Increase in Total Capital US\$*	Cumulative Total Capital US\$ (JPY)*
1-Jan-08			1,033,054		356,378,426 (37,925,792,129)
4-Jan-08	Share issuance related to employee compensation	7,035	1,040,089	1,927,195	358,305,621 (38,130,884,187)
13-Feb-08	Share issuance related to employee compensation	50	1,040,139	15,380	358,321,001 (38,132,520,926)
2-May-08	Share issuance related to acquisition of Xinhua Finance Advertising Limited	125,634	1,165,773	12,082,632	370,403,633 (39,418,354,624)
2-May-08	Share issuance related to acquisition of Beijing Century Media Culture Co., Ltd.	27,354	1,193,127	2,630,724	373,034,357 (39,698,316,272)
14-May-08	Share issuance related to employee compensation	116	1,193,243	28,101	373,062,458 (39,701,306,780)
20-May-08	Share issuance related to acquisition of Xinhua Finance Advertising Limited	48,518	1,241,761	4,540,791	377,604,249 (40,184,644,179)

Notes : * "Total Capital" includes share capital and share premium.

No warrant or option was exercised in this semi-annual period.

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(3) Major Shareholders (as at June 30, 2008)

<u>Number</u>	<u>Name of Shareholder</u>	<u>Address</u>	<u>Number of Shares</u>	<u>Shareholding %</u>
1	Luck Wing Group Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	174,152	14.02%
2	NIS Group Co., Ltd.	Shinjuku L-Tower 25F, 6-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo	114,717	9.24%
3	Patriarch Partners and affiliates	40 Wall Street, 25th Floor, New York, NY 10005, USA	68,074	5.48%
4	Fredy Bush Family Trust and associated companies	1911 Sacramento Street, San Francisco, CA 94109, USA	67,650	5.45%
5	Genesis Asset Managers, LLP	Polygon Hall, P.O. Box 225, Le Marchant Street, St. Peter Port, Guernsey, GY1 4HY, Channel Islands	62,550	5.04%
6	Oppenheimerfunds, Inc.	2 World Financial Center, 225 Liberty Street, New York, NY 10281, U.S.A.	62,034	5.00%
Total :			549,177	44.23%

The issued share capital of the Company as at June 30, 2008 was 1,241,761 shares.

Luck Wing Group Limited became one of the major shareholders during this semi-annual fiscal year. Luck Wing Group became a major shareholder of XFL through the issuance of new shares due to earn-out payments in connection with XFL's acquisition of Xinhua Finance Advertising

Shareholding of Fredy Bush Family Trust and associated companies includes shares held by Fredy Bush (500 shares, 0.05%), Fredy Bush Family Trust (43,850 shares, 4.32%), Fredy Bush, LLC (22,500 shares, 2.22%) and Region 1 Partners, LLC (800 shares, 0.08%) .

Shares held by major shareholders are classified on a beneficiary-shareholding basis.

2. Trend in Share Prices

The following table provides the highest and lowest share prices for each of the six most recent months in the current fiscal year on The Tokyo Stock Exchange.

Month	Share Price High (Yen)	Share Price Low (Yen)
January 2008	24,000	14,450
February 2008	16,410	12,520
March 2008	13,400	7,630
April 2008	9,500	7,300
May 2008	13,800	8,000
June 2008	7,600	5,250

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3. Director and Officers

Changes in directors in this semi annual report period were the resignation of Dennis Pelino on April 2, 2008 and the appointment of Ms. Jeanne Murtaugh and Mr. Chen Xiaolu as new independent directors of the Company with effect from June 25, 2008.

Position	Name	Date of birth	Term of office	Personal history	Number of shares owned
Independent Director	Jeanne MURTAUGH	June 5, 1950	#	Ms. Murtaugh is Vice Chairman Emeritus of Bank of New York ConvergeX Group, LLC, a leading firm in agency brokerage and investment technology solutions and Vice Chairman of BNY ConvergeX Execution Solutions, based in New York. Ms. Murtaugh joined The Bank of New York in 1997 through the acquisition of BNY Brokerage where she was a lead principal. She began her career at J.P. Morgan, then served in various management positions at Wachovia Bank where she established the Bank's retail brokerage business and global custody services, and subsequently at Morgan Stanley & Co. through its ESI subsidiary. Ms. Murtaugh earned a B.S. degree from the University of North Carolina.	0
Independent Director	CHEN Xiaolu	July 1946	#	Mr. Chen is the son of one of the few legendary founders of the People's Republic of China along with Chairman Mao. His father was one of the Ten Marshals credited with the 1949 victory and was also named the first Mayor of Shanghai, China's most important commercial city. Mr. Chen Xiaolu himself has held a number of senior positions with China's military and served as Deputy Defense Attaché at the Chinese Embassy in London. He was also Departmental Director of the Political Restructuring Research Office of the Communist Party of China's Central Committee. In the early 1990s, he moved into the business world, and is currently a Director of Standard International Investment Consultancy Co, Ltd and also an Independent Director of Bosera Funds.	0

All directors are subject to retirement by rotation and re-election by shareholders at annual general meetings.

There is no change in executive officers since the annual securities report for the fiscal year 2007 was filed on June 24, 2008.

VI. FINANCIAL CONDITION

1. Basis of presenting consolidated financial statements and financial statements

- (1) The first half consolidated financial statements of the Company were prepared in accordance with “Rules Governing Term, Form and Preparation of First Half Consolidated Financial Statements” (Finance Ministerial Order the 24th, 1999, which is hereinafter referred to as “First Half Consolidated Financial Statements Rule”).
The first half consolidated financial statements of the Company for the period from January 1, 2007 to June 30, 2007 was prepared in accordance with the First Half Consolidated Financial Statements Rule before revision, and the first half consolidated financial statements of the Company for the period from January 1, 2008 to June 30, 2008 was prepared in accordance with the First Half Consolidated Financial Statements Rule after revision.
- (2) The first half financial statements of the Company were prepared in accordance with “Rules Governing Term, Form and Preparation of First Half Financial Statements” (Finance Ministerial Order the 38th, 1977, which is hereinafter referred to as “First Half Financial Statements Rule”).
The first half financial statements of the Company for the period from January 1, 2007 to June 30, 2007 was prepared in accordance with the First Half Financial Statements Rule before revision, and the first half financial statements of the Company for the period from January 1, 2008 to June 30, 2008 was prepared in accordance with the First Half Financial Statements Rule after revision.
- (3) The third clause of Article 74 of the First Half Financial Statements Rule is applied to the semi-annual financial information of the Company for the period ended June 30, 2008.
- (4) The first half consolidated financial statements of the Company and the first half financial statements of the Company are stated in U.S. dollars. The amounts in Japanese yen are calculated by the foreign currency exchange rate (mean of the buying and selling rates) in the Tokyo Foreign Exchange Market as of June 30, 2008, which is calculated as US\$1 =106.42 Japanese yen, in accordance with Article 77 of the First Half Financial Statements Rules. U.S. dollar amounts are presented in thousands (rounded), and Japanese yen amounts are stated in million (rounded). Please note that the Japanese yen amounts are stated only for convenience only. The amounts in U.S. dollar may not have been or may not be exchanged to Japanese yen amounts calculated by the above mentioned exchange rate.

2. Audit certification

Deloitte Touche Tohmatsu has performed a semi-annual audit on the first half consolidated financial statements of the Company for the period from January 1, 2008 to June 30, 2008 and the first half financial statements of the Company for the period from January 1, 2008 to June 30, 2008 pursuant to Article 193-2-1 of the Financial Instruments and Exchange Law, and, on the first half consolidated financial statements of the Company for the period from January 1, 2007 to June 30, 2007 and the first half financial statements of the Company for the period from January 1, 2007 to June 30, 2007 pursuant to Article 193-2 of the Securities and Exchange Law .

1. Financial Information

(1) 1st half Consolidated Financial Information

① 1st half consolidated balance sheets

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

Item	Note	2nd quarter Consolidated fiscal period - prior year (As of June 30, 2007)		2nd quarter Consolidated fiscal period - current year (As of June 30, 2008)		Consolidated fiscal year - prior year (As of December 31, 2007)	
		Amount	(%)	Amount	(%)	Amount	(%)
(Assets)							
I Current assets							
Cash and bank balances	※3	200,572 (21,345)		155,196 (16,516)		194,784 (20,729)	
Trade receivables	※5	55,060 (5,860)		76,452 (8,136)		70,286 (7,480)	
Marketable securities		40,546 (4,315)		25,814 (2,747)		4,793 (510)	
Other receivables		2,507 (267)		16,428 (1,748)		11,715 (1,247)	
Deferred tax assets		250 (27)		- (-)		20 (2)	
Others	※5	56,432 (6,005)		36,823 (3,919)		28,942 (3,080)	
Total current assets		355,366 (37,818)	32.4	310,712 (33,066)	33.3	310,540 (33,048)	32.1
II Non-current assets							
Property and equipment							
Buildings and structures		7,558 (804)		8,882 (945)		8,269 (880)	
Less: accumulated depreciation		△ 1,387 (△ 148)	6,171 (657)	△ 2,908 (△ 309)	5,974 (636)	△ 2,471 (△ 263)	5,798 (617)
Equipment	※3	22,442 (2,388)		32,598 (3,469)		29,371 (3,126)	
Less: accumulated depreciation		△ 7,392 (△ 787)	15,050 (1,602)	△ 14,366 (△ 1,529)	18,232 (1,940)	△ 11,151 (△ 1,187)	18,220 (1,939)
Total property and equipment		21,220 (2,258)	1.9	24,205 (2,576)	2.6	24,018 (2,556)	2.5
Intangible assets							
Goodwill	※6	357,682 (38,065)		322,483 (34,319)		320,481 (34,106)	
Trademark and distribution rights	※2	3,542 (377)		17,396 (1,851)		12,419 (1,322)	
Contractual rights and other	※8	290,402 (30,905)		214,758 (22,855)		223,537 (23,789)	
Others		7,623 (811)		6,946 (739)		8,856 (942)	
Total intangible assets		659,249 (70,157)	60.1	561,582 (59,764)	60.2	565,292 (60,158)	58.5
Investments and other assets							
Securities assets		23,390 (2,489)		23,067 (2,455)		49,465 (5,264)	
Investment in associates		544 (58)		468 (50)		547 (58)	
Investment in progress	※1	33,000 (3,512)		- (-)		- (-)	
Deferred tax assets		282 (30)		26 (3)		189 (20)	
Others		1,396 (149)		10,451 (1,112)		14,038 (1,494)	
Total investments and other assets		58,612 (6,238)	5.3	34,012 (3,620)	3.6	64,239 (6,836)	6.6
Total non-current assets		739,082 (78,653)	67.3	619,799 (65,959)	66.4	653,549 (69,551)	67.6
III Deferred assets							
Bond issuance costs		3,402 (362)		2,617 (278)		3,009 (320)	
Total deferred assets		3,402 (362)	0.3	2,617 (278)	0.3	3,009 (320)	0.3
Total assets		1,097,850 (116,833)	100.0	933,128 (99,303)	100.0	967,099 (102,919)	100.0

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

Item	Note	2nd quarter Consolidated fiscal period - prior year (As of June 30, 2007)		2nd quarter Consolidated fiscal period - current year (As of June 30, 2008)		Consolidated fiscal year - prior year (As of December 31, 2007)	
		Amount	(%)	Amount	(%)	Amount	(%)
(Liabilities)							
I Current liabilities							
Trade payables		11,640		16,439		12,415	
		(1,239)		(1,749)		(1,321)	
Current portion of bond		-		48,799		-	
		(-)		(5,193)		(-)	
Short term debt	※3,7	43,227		56,341		50,130	
		(4,600)		(5,996)		(5,335)	
Current portion of long term debt	※3,7	6,997		467		484	
		(745)		(50)		(52)	
Taxation payables		9,099		17,739		13,309	
		(968)		(1,888)		(1,416)	
Other payables	※4	27,505		24,967		58,975	
		(2,927)		(2,657)		(6,276)	
Accrued expenses		11,327		13,405		12,836	
		(1,205)		(1,427)		(1,366)	
Deferred revenue		18,481		16,590		14,612	
		(1,967)		(1,766)		(1,555)	
Promissory notes (non-operating)		273		1		38	
		(29)		(0)		(4)	
Lease obligations	※3	63		168		66	
		(7)		(18)		(7)	
Others		4,798		3,283		7,761	
		(511)		(349)		(826)	
Total current liabilities		133,411	12.2	198,199	21.2	170,625	17.6
		(14,198)		(21,092)		(18,158)	
II Non-current liabilities							
Bond		99,169		50,562		99,265	
		(10,554)		(5,381)		(10,564)	
Long term debt	※3,7	1,325		990		1,234	
		(141)		(105)		(131)	
Long term lease obligations		58		8		27	
		(6)		(1)		(3)	
Long term other payables	※4	225,186		90,523		93,191	
		(23,964)		(9,633)		(9,917)	
Deferred tax liabilities		10,333		11,242		11,822	
		(1,100)		(1,196)		(1,258)	
Others		6,277		4,353		18,464	
		(668)		(463)		(1,965)	
Total non-current liabilities		342,346	31.1	157,677	16.9	224,001	23.2
		(36,433)		(16,780)		(23,838)	
Total liabilities		475,758	43.3	355,877	38.1	394,627	40.8
		(50,630)		(37,872)		(41,996)	
(Net Assets)							
I Shareholders' equity							
Share capital		2,602	0.2	3,184	0.3	2,649	0.3
		(277)		(339)		(282)	
Share premium		372,673	34.0	398,336	42.7	377,646	39.1
		(39,660)		(42,391)		(40,189)	
Retained earnings / Accumulated deficit (Δ)		64,702	5.9	Δ 39,384	Δ 4.2	Δ 1,227	Δ 0.1
		(6,886)		(Δ 4,191)		(Δ 1,311)	
Total shareholders' equity		439,977	40.1	362,135	38.8	379,067	39.3
		(46,822)		(38,538)		(40,340)	
II Valuation and translation adjustments							
Unrealized gains on available-for-sale securities		149		100		441	
		(16)		(11)		(47)	
Deferred gains / losses (Δ) on hedges		612		Δ 10,098		Δ 7,361	
		(65)		(Δ 1,075)		(Δ 783)	
Foreign currency translation adjustments	※9	Δ 9,365		Δ 24,530		Δ 12,396	
		(Δ 997)		(Δ 2,611)		(Δ 1,319)	
Total valuation and translation adjustments		Δ 8,604	Δ 0.8	Δ 34,528	Δ 3.7	Δ 19,316	Δ 2.0
		(Δ 916)		(Δ 3,674)		(Δ 2,056)	
III Share subscription rights		5,014	0.5	14,824	1.6	8,966	0.9
		(534)		(1,578)		(954)	
IV Minority interests		185,705	16.9	234,820	25.2	203,755	21.1
		(19,763)		(24,990)		(21,684)	
Total net assets		622,093	56.7	577,251	61.9	572,472	59.2
		(66,203)		(61,431)		(60,922)	
Total liabilities and net assets		1,097,850	100.0	933,128	100.0	967,099	100.0
		(116,833)		(99,303)		(102,919)	

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②1st half consolidated income statements

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

Item	Note	2nd quarter Consolidated fiscal period - prior year (From January 1, 2007 to June 30, 2007)		2nd quarter Consolidated fiscal period - current year (From January 1, 2008 to June 30, 2008)		Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007)	
		Amount	(%)	Amount	(%)	Amount	(%)
I Turnover		109,475	100.0	142,412	100.0	257,676	100.0
		(11,650)		(15,155)		(27,422)	
II Cost of sales		52,806	48.2	74,821	52.5	124,185	48.2
		(5,620)		(7,962)		(13,216)	
Gross profit		56,670	51.8	67,590	47.5	133,491	51.8
		(6,031)		(7,193)		(14,206)	
III Selling, general and administrative expenses							
Directors' emoluments		3,019		3,432		4,056	
		(321)		(365)		(432)	
Salaries		16,871		25,016		36,013	
		(1,795)		(2,662)		(3,833)	
Marketing and promotional expenses		6,517		5,619		17,745	
		(694)		(598)		(1,888)	
Depreciation		2,587		2,588		5,865	
		(275)		(275)		(624)	
Amortization		7,879		3,270		15,417	
		(839)		(348)		(1,641)	
Amortization of goodwill		10,540		10,186		20,463	
		(1,122)		(1,084)		(2,178)	
Others		20,310	61.9	31,807	57.6	47,005	56.9
		(2,161)		(3,385)		(5,002)	
Operating loss		11,053	△ 10.1	14,328	△ 10.1	13,073	△ 5.1
		(1,176)		(1,525)		(1,391)	
IV Non-operating income							
Interest and dividend income		4,153		2,719		10,153	
		(442)		(289)		(1,080)	
Unrealized gain on marketable securities		68		-		388	
		(7)		(-)		(41)	
Foreign exchange gain		3,133		7,122		3,110	
		(333)		(758)		(331)	
Others		2,655	9.1	692	7.4	5,468	7.4
		(283)		(74)		(582)	
V Non-operating expenses							
Interest expenses		5,043		6,938		11,158	
		(537)		(738)		(1,187)	
Share issuance expenses		9,362		550		9,522	
		(996)		(59)		(1,013)	
Others		29	13.1	538	5.6	196	8.1
		(3)		(57)		(21)	
Ordinary loss		15,477	△ 14.1	11,822	△ 8.3	14,830	△ 5.8
		(1,647)		(1,258)		(1,578)	

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

Item	Note	2nd quarter Consolidated fiscal period - prior year (From January 1, 2007 to June 30, 2007)		2nd quarter Consolidated fiscal period - current year (From January 1, 2008 to June 30, 2008)		Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007)		Amount	%
		Amount	(%)	Amount	(%)	Amount	(%)		
VI Extraordinary gains									
Gain on disposal of fixed assets	※4	-		229		-			
		(-)		(24)		(-)			
Gain on termination of a derivative contract		-		4,297		-			
		(-)		(457)		(-)			
Gain on sale of investment securities		31		-		57			
		(3)		(-)		(6)			
Gain from changes in equity interest	※1	100,688	100,718	-	4,526	99,192	99,249	38.5	
		(10,715)	(10,718)	(-)	(482)	(10,556)	(10,562)		
VII Extraordinary losses									
Loss from changes in equity interest		-		3,879		-			
		(-)		(413)		(-)			
Loss on prior year adjustment	※5	-		2,960		-			
		(-)		(315)		(-)			
Loss on disposal of a non-deliverable option		-		2,150		-			
		(-)		(229)		(-)			
Provision for uncollectible accounts		-		-		5,546			
		(-)		(-)		(590)			
Loss on disposal of investment in subsidiary		-		-		3,666			
		(-)		(-)		(390)			
Amortization of goodwill	※3	-		-		38,224			
		(-)		(-)		(4,068)			
Impairment loss	※2	-	-	19,714	28,703	6,592	54,027	21.0	
		(-)	(-)	(2,098)	(3,055)	(702)	(5,750)		
Income / loss (△) before income taxes and minority interests			85,242	77.9	△ 35,999	△ 25.3	30,392	11.8	
			(9,071)		(△ 3,831)		(3,234)		
Income taxes (current)		3,052		7,506		7,243			
		(325)		(799)		(771)			
Income taxes (deferred)		△ 1,765	1,287	△ 1,106	6,400	△ 2,674	4,569	1.8	
		(△ 188)	(137)	(△ 118)	(681)	(△ 285)	(486)		
Minority interests			△ 5,472	△ 5.0	△ 4,243	△ 3.0	2,325	0.9	
			(△ 582)		(△ 452)		(247)		
Net income / loss (△) for the period / year			89,427	81.7	△ 38,157	△ 26.8	23,497	9.1	
			(9,517)		(△ 4,061)		(2,501)		

*Please note that this document is a translation of the document prepared in the Japanese language and filed with the Kanto Local Finance Bureau.

③ 1st half consolidated statement of changes in net assets

1st half - Consolidated fiscal period – prior year (From January 1, 2007 to June 30, 2007)

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

	Shareholders' equity			
	Share capital	Share premium	Retained earnings	Total shareholders' equity
Balance at Dec 31, 2006	2,389 (254)	326,106 (34,704)	△ 24,724 (△ 2,631)	303,771 (32,327)
Changes of items during the period				
Issuance of new shares	3 (0)	556 (59)	- (-)	559 (60)
Increased upon share exchange	210 (22)	46,010 (4,896)	- (-)	46,221 (4,919)
Net income for the period	- (-)	- (-)	89,427 (9,517)	89,427 (9,517)
Net changes of items other than shareholders' equity	- (-)	- (-)	- (-)	- (-)
Total changes during the period	214 (23)	46,566 (4,956)	89,427 (9,517)	136,206 (14,495)
Ending balance at Jun 30, 2007	2,602 (277)	372,673 (39,660)	64,702 (6,886)	439,977 (46,822)

	Valuation and translation adjustments				Share subscription rights	Minority interests	Total net assets
	Unrealized gains / losses (△) on available-for-sale securities	Deferred gains / losses (△) on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance at Dec 31, 2006	- (-)	- (-)	813 (87)	813 (87)	3,036 (323)	75,138 (7,996)	382,758 (40,733)
Changes of items during the period							
Issuance of new shares	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	559 (60)
Increased upon share exchange	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	46,221 (4,919)
Net income for the period	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	89,427 (9,517)
Net changes of items other than shareholders' equity	149 (16)	612 (65)	△ 10,178 (△ 1,083)	△ 9,417 (△ 1,002)	1,979 (211)	110,567 (11,767)	103,129 (10,975)
Total changes during the period	149 (16)	612 (65)	△ 10,178 (△ 1,083)	△ 9,417 (△ 1,002)	1,979 (211)	110,567 (11,767)	239,335 (25,470)
Ending balance at Jun 30, 2007	149 (16)	612 (65)	△ 9,365 (△ 997)	△ 8,604 (△ 916)	5,014 (534)	185,705 (19,763)	622,093 (66,203)

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1st half - Consolidated fiscal period – current period (From January 1, 2008 to June 30, 2008)

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

	Shareholders' equity			
	Share capital	Share premium	Retained earnings	Total shareholders' equity
Balance at Dec 31, 2007	2,649 (282)	377,646 (40,189)	△ 1,227 (△ 131)	379,067 (40,340)
Changes of items during the period				
Issuance of new shares	18 (2)	1,952 (208)	- (-)	1,971 (210)
Increased upon share exchange	517 (55)	18,737 (1,994)	- (-)	19,254 (2,049)
Net loss for the period	- (-)	- (-)	△ 38,157 (△ 4,061)	△ 38,157 (△ 4,061)
Net changes of items other than shareholders' equity	- (-)	- (-)	- (-)	- (-)
Total changes during the period	535 (57)	20,690 (2,202)	△ 38,157 (△ 4,061)	△ 16,932 (△ 1,802)
Ending balance at Jun 30, 2008	3,184 (339)	398,336 (42,391)	△ 39,384 (△ 4,191)	362,135 (38,538)

	Valuation and translation adjustments				Share subscription rights	Minority interests	Total net assets
	Unrealized gains / losses (△) on available-for-sale securities	Deferred gains / losses (△) on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance at Dec 31, 2007	441 (47)	△ 7,361 (△ 783)	△ 12,396 (△ 1,319)	△ 19,316 (△ 2,056)	8,966 (954)	203,755 (21,684)	572,472 (60,922)
Changes of items during the period							
Issuance of new shares	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	1,971 (210)
Increased upon share exchange	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	19,254 (2,049)
Net loss for the period	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	△ 38,157 (△ 4,061)
Net changes of items other than shareholders' equity	△ 341 (△ 36)	△ 2,737 (△ 291)	△ 12,134 (△ 1,291)	△ 15,212 (△ 1,619)	5,857 (623)	31,066 (3,306)	21,711 (2,311)
Total changes during the period	△ 341 (△ 36)	△ 2,737 (△ 291)	△ 12,134 (△ 1,291)	△ 15,212 (△ 1,619)	5,857 (623)	31,066 (3,306)	4,779 (509)
Ending balance at Jun 30, 2008	100 (11)	△ 10,098 (△ 1,075)	△ 24,530 (△ 2,611)	△ 34,528 (△ 3,674)	14,824 (1,578)	234,820 (24,990)	577,251 (61,431)

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Consolidated fiscal year – prior year (From January 1, 2007 to December 31, 2007)

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

	Shareholders' equity			
	Share capital	Share premium	Retained earnings	Total shareholders' equity
Balance at Dec 31, 2006	2,389 (254)	326,106 (34,704)	△ 24,724 (△ 2,631)	303,771 (32,327)
Changes of items during the year				
Issuance of new shares	14 (1)	1,386 (148)	- (-)	1,400 (149)
Increased upon share exchange	246 (26)	50,152 (5,337)	- (-)	50,398 (5,363)
Net income for the year	- (-)	- (-)	23,497 (2,501)	23,497 (2,501)
Net changes of items other than shareholders' equity	- (-)	- (-)	- (-)	- (-)
Total changes during the year	260 (28)	51,538 (5,485)	23,497 (2,501)	75,296 (8,013)
Ending balance at Dec 31, 2007	2,649 (282)	377,646 (40,189)	△ 1,227 (△ 131)	379,067 (40,340)

	Valuation and translation adjustments				Share subscription rights	Minority interests	Total net assets
	Unrealized gains / losses (△) on available-for-sale securities	Deferred gains / losses (△) on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance at Dec 31, 2006	- (-)	- (-)	813 (87)	813 (87)	3,036 (323)	75,138 (7,996)	382,758 (40,733)
Changes of items during the year							
Issuance of new shares	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	1,400 (149)
Increased upon share exchange	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	50,398 (5,363)
Net income for the year	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	23,497 (2,501)
Net changes of items other than shareholders' equity	441 (47)	△ 7,361 (△ 783)	△ 13,210 (△ 1,406)	△ 20,130 (△ 2,142)	5,930 (631)	128,617 (13,687)	114,418 (12,176)
Total changes during the year	441 (47)	△ 7,361 (△ 783)	△ 13,210 (△ 1,406)	△ 20,130 (△ 2,142)	5,930 (631)	128,617 (13,687)	189,713 (20,189)
Ending balance at Dec 31, 2007	441 (47)	△ 7,361 (△ 783)	△ 12,396 (△ 1,319)	△ 19,316 (△ 2,056)	8,966 (954)	203,755 (21,684)	572,472 (60,922)

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④1st half consolidated cashflow statements

(Unit: Thousands of US dollars (Millions of Japanese Yen))

Item	Note	2nd quarter	2nd quarter	Consolidated fiscal year
		Consolidated fiscal period -prior year (From January 1, 2007 to June 30, 2007)	Consolidated fiscal period -current year (From January 1, 2008 to June 30, 2008)	-prior year (From January 1, 2007 to December 31, 2007)
		Amount	Amount	Amount
I Operating activities				
Income / loss (△) before income taxes and minority interests		85,242	△ 35,999	30,392
		(9,071)	(△ 3,831)	(3,234)
Depreciation		2,587	3,104	5,865
		(275)	(330)	(624)
Amortization		8,795	10,146	17,091
		(936)	(1,080)	(1,819)
Amortization of goodwill		10,540	12,585	58,686
		(1,122)	(1,339)	(6,245)
Share-based compensation		1,979	7,828	6,766
		(211)	(833)	(720)
Interest and dividend income		△ 4,153	△ 2,719	△ 10,153
		(△ 442)	(△ 289)	(△ 1,080)
Interest expenses		5,043	6,938	11,158
		(537)	(738)	(1,187)
Gain / loss from changes in equity interest		△ 100,688	3,879	△ 99,192
(△ : gain)		(△ 10,715)	(413)	(△ 10,556)
Unrealized gain on marketable securities		△ 68	-	△ 388
		(△ 7)	-	(△ 41)
Share issuance expenses		9,362	550	9,522
		(996)	(59)	(1,013)
Foreign exchange gain		-	-	△ 35
		(-)	(-)	(△ 4)
Gain on disposal of fixed assets		-	△ 229	-
		(-)	(△ 24)	(-)
Loss on impairment		-	19,714	6,592
		(-)	(2,098)	(702)
Provision for uncollectible accounts		-	-	5,546
		(-)	(-)	(590)
Loss on sale of investment in subsidiaries		-	-	3,666
		(-)	(-)	(390)
Gain on sale of investment securities		△ 31	-	△ 57
		(△ 3)	(-)	(△ 6)
Gain on termination of a derivative contract		-	△ 4,297	-
		(-)	(△ 457)	(-)
Loss on disposal of a non-deliverable option		-	2,150	-
		(-)	(229)	(-)
Increase (decrease) in accounts receivable		△ 780	△ 10,806	△ 25,540
(△ : increase)		(△ 83)	(△ 1,150)	(△ 2,718)
Increase (decrease) in accounts payable		8,988	△ 4,232	11,139
(△ : decrease)		(956)	(△ 450)	(1,185)
Increase (decrease) in other current assets		△ 556	△ 666	655
(△ : increase)		(△ 59)	(△ 71)	(70)
Increase (decrease) in other current liabilities		△ 2,224	2,358	△ 2,888
(△ : decrease)		(△ 237)	(251)	(△ 307)
Others		122	5,676	△ 721
		(13)	(604)	(△ 77)
Subtotal		24,156	15,981	28,104
		(2,571)	(1,701)	(2,991)
Income taxes paid		△ 1,580	△ 3,258	△ 4,064
		(△ 168)	(△ 347)	(△ 432)
Net cash provided by (used in) operating activities		22,576	12,723	24,040
		(2,403)	(1,354)	(2,558)

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(Unit: Thousands of US dollars (Millions of Japanese Yen))

Item	Note	2nd quarter	2nd quarter	Consolidated fiscal year
		Consolidated fiscal period -prior year (From January 1, 2007 to June 30, 2007)	Consolidated fiscal period -current year (From January 1, 2008 to June 30, 2008)	-prior year (From January 1, 2007 to December 31, 2007)
		Amount	Amount	Amount
II Investing activities				
Payment into time deposit		-	-	△ 4,606
Time deposit released		(-)	(-)	(△ 490)
Interest and dividend received		4,153	2,719	10,153
Purchase of marketable securities		(442)	(289)	(1,080)
Proceeds from sale and redemption of marketable securities		-	△ 43	△ 367
Purchase of property and equipment		(-)	(△ 5)	(△ 39)
Proceeds from sale of property and equipment		-	3,660	142
Purchase of intangible assets		(-)	(389)	(15)
Purchase of securities assets		△ 6,521	△ 2,608	△ 11,056
Deposits paid for purchase of securities assets		(△ 694)	(△ 277)	(△ 1,177)
Proceeds from sale and redemption of securities assets		66	359	482
Payment for derivative transactions		(7)	(38)	(51)
Proceeds from disposal of derivative transactions		△ 7,941	△ 601	△ 6,317
Proceeds from sale of investment in subsidiaries		(△ 845)	(△ 64)	(△ 672)
Payment to acquire shares of subsidiaries resulting in a change in scope of consolidation		△ 42,251	-	△ 70,046
Payment to acquire shares of subsidiaries		(△ 4,496)	(-)	(△ 7,454)
Subsequent consideration paid		△ 33,000	-	-
Payment for short term loan receivable		(△ 3,512)	(-)	(-)
Net cash provided by (used in) investing activities		53	1,335	41,099
		(6)	(142)	(4,374)
		-	△ 24,050	-
		(-)	(△ 2,559)	(-)
		-	2,150	-
		(-)	(229)	(-)
		-	-	43,375
		(-)	(-)	(4,616)
		△ 50,786	-	△ 124,171
		(△ 5,405)	(-)	(△ 13,214)
		△ 8,582	△ 4,878	△ 10,524
		(△ 913)	(△ 519)	(△ 1,120)
		△ 15,557	△ 38,305	△ 25,936
		(△ 1,656)	(△ 4,076)	(△ 2,760)
		-	△ 7,047	-
		(-)	(△ 750)	(-)
		△ 160,368	△ 62,704	△ 157,773
		(△ 17,066)	(△ 6,673)	(△ 16,790)
III Financing activities				
Interest paid		△ 7,749	△ 6,096	△ 9,722
Increase (decrease) in deposit pledged (△: increase)		(△ 825)	(△ 649)	(△ 1,035)
Increase in short term loans -net		△ 8,057	△ 4,956	△ 27,704
Proceeds from long-term debt		(△ 857)	(△ 527)	(△ 2,948)
Repayments of long term debt		23,318	4,194	24,152
Proceeds from exercise of warrants		(2,481)	(446)	(2,570)
Proceeds from issuance of shares to minority shareholders		1,775	-	-
Dividends paid to minority shareholders		(189)	(-)	(-)
Repayments of lease obligation		-	△ 242	-
Proceeds from long-term debt		(-)	(△ 26)	(-)
Repayments of long term debt		559	-	2,087
Proceeds from exercise of warrants		(60)	(-)	(222)
Proceeds from issuance of shares to minority shareholders		196,819	29,756	198,307
Dividends paid to minority shareholders		(20,945)	(3,167)	(21,104)
Repayments of lease obligation		△ 1,326	-	△ 6,149
Repayments of lease obligation		(△ 141)	(-)	(△ 654)
Increase (decrease) in long term other payables (△: decrease)		△ 32	△ 462	△ 61
Net cash provided by (used in) financing activities		(△ 3)	(△ 49)	(△ 6)
		△ 5,736	△ 7,937	△ 16,588
		(△ 610)	(△ 845)	(△ 1,765)
		199,571	14,256	164,322
		(21,238)	(1,517)	(17,487)
IV Foreign currency translation adjustments on cash and cash equivalents				
Net increase (decrease) in cash and cash equivalents (△ : decrease)		△ 2,834	△ 4,153	△ 2,496
		(△ 302)	(△ 442)	(△ 266)
V Cash and cash equivalents, beginning of the year / period				
		58,945	△ 39,879	28,094
		(6,273)	(△ 4,244)	(2,990)
VI Cash and cash equivalents, end of the year / period				
		97,279	125,373	97,279
		(10,352)	(13,342)	(10,352)
	※1	156,224	85,494	125,373
		(16,625)	(9,098)	(13,342)

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Basis of presenting 1st half consolidated financial statements

Item	1st half - Consolidated fiscal period - prior year (From January 1, 2007 to June 30, 2007)	1st half - Consolidated fiscal period - current year (From January 1, 2008 to June 30, 2008)	Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007)
1 Scope of consolidation	<p>(1) The number of consolidated subsidiaries: 100</p> <p>The name of major consolidated subsidiaries are as follows:</p> <p>Asia</p> <p>Xinhua Financial Network Ltd. EconWorld Media Ltd. Xinhua Financial Network (Beijing) Ltd Xinhua Financial Network Korea Company Limited. Other subsidiaries in Asia :66</p> <p>USA</p> <p>Glass, Lewis & Co., LLC Taylor Rafferty Associates, Inc. Mergent, Inc. Washington Analysis Corporation Market News International, Inc Other subsidiaries in USA : 10</p> <p>Other Locations : 15</p> <p>Glass, Lewis & Co., LLC , Singshine (Holdings) Hongkong Limited, Beijing Mobile Interactive Co., Ltd. and other 11 subsidiaries are consolidated because of new acquisition in this period.</p> <p>Unconsolidated subsidiaries up to prior year such as Intelligence Asia Pty Ltd., LJS Global Information Services, Inc., Mergent Pricing & Evaluation Services, Inc. and Mergent (UK) Ltd. are consolidated from this period since materiality has increased.</p>	<p>(1) The number of consolidated subsidiaries: 119</p> <p>The name of major consolidated subsidiaries are as follows:</p> <p>Asia</p> <p>Xinhua Financial Network Ltd. EconWorld Media Ltd. Xinhua Financial Network (Beijing) Ltd Xinhua Financial Network (Shanghai) Limited Other subsidiaries in Asia: 83</p> <p>U.S.A.</p> <p>Taylor Rafferty Associates, Inc. Mergent, Inc Washington Analysis Corporation Market News International, Inc Other subsidiaries in U.S.A.: 10</p> <p>Other Locations: 18</p> <p>Beijing Xintai Huaqing Media Technology Co., Ltd., Beijing Xintai Huazhong Media Technology Co., Ltd and other 4 subsidiaries are consolidated because of new acquisition in this period.</p> <p>Intelligence Asia Pty Ltd., Xinhua Financial Network Inc. and Shanghai Netchina Limited are excluded from the scope of consolidation due to dissolution.</p>	<p>(1) The number of consolidated subsidiaries: 116</p> <p>The name of major consolidated subsidiaries are as follows:</p> <p>Asia</p> <p>Xinhua Financial Network Ltd. EconWorld Media Ltd. Xinhua Financial Network (Beijing) Ltd Xinhua Financial Network Korea Company Limited Other subsidiaries in Asia: 80</p> <p>U.S.A.</p> <p>Taylor Rafferty Associates, Inc. Mergent, Inc Washington Analysis Corporation Market News International, Inc Other subsidiaries in U.S.A.: 11</p> <p>Other Locations: 17</p> <p>Glass, Lewis & Co., LLC, Singshine (Holdings) Hongkong Limited, Beijing Mobile Interactive Co., Ltd., Convey Advertising Company Limited, Profitown Development Limited, JCBN Company Limited and other 20 subsidiaries are consolidated because of new acquisition in this year. However Glass, Lewis & Co., LLC was excluded from the scope of consolidation due to subsequent sale of shares.</p> <p>Unconsolidated subsidiaries up to prior year such as Intelligence Asia Pty Ltd., and other 3 subsidiaries are consolidated from this year since materiality has increased.</p>

Item	1st half - Consolidated fiscal period - prior year (From January 1, 2007 to June 30, 2007)	1st half - Consolidated fiscal period - current year (From January 1, 2008 to June 30, 2008)	Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007)
2 Adoption of the equity method	(1) Number of associated company accounted by the equity method : 2 Name of the associated company Ning Bo Far East Credit Rating Co., Ltd. Best Independent Research LLC	(1) Number of associated company accounted by the equity method : 2 Name of the associated company Same as on the left.	(1) Number of associated company accounted by the equity method : 2 Name of the associated company Same as on the left.
3 Reconciliation of closing date for consolidation	There is no consolidated subsidiary whose 1st half closing date is different from that of the Company.	Same as on the left.	There is no consolidated subsidiary whose closing date for the year is different from that of the Company.
4 Significant accounting policies (1) Valuation basis and method for assets	Securities (a) Trading securities -Fair value method (the cost of securities sold is determined based on the moving-average cost method) (b) Held-to-maturity securities -Amortized cost method (c) Available-for sale securities -With fair value Fair value method based on fair value information, such as market information, at the 1st half balance sheet date is applied. (Unrealized gain or loss is accounted for as a net asset item, and costs of sales are based on the moving-average method.). -With no fair value Cost method based on the moving-average method is applied Derivatives _____	Securities (a) Trading securities Same as on the left. (b) Held-to-maturity securities Same as on the left. (c) Available-for sale securities -With fair value Same as on the left. -With no fair value Same as on the left. Derivatives Fair value method	Securities (a) Trading securities Same as on the left. (b) Held-to-maturity securities Same as on the left. (c) Available-for sale securities -With fair value Fair value method based on fair value information, such as market information, at the balance sheet date is applied. (Unrealized gain or loss is accounted for as a net asset item, and costs of sales are based on the moving-average method.) -With no fair value Same as on the left. Derivatives _____

Item	1st half - Consolidated fiscal period - prior year (From January 1, 2007 to June 30, 2007)	1st half - Consolidated fiscal period - current year (From January 1, 2008 to June 30, 2008)	Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007)
(2) Depreciation or amortization method	<p>(a) Property and equipment Depreciation of property and equipment of the Company and its consolidated non-Japanese subsidiaries is computed substantially by the straight-line method, while the declining-balance method is applied to the property and equipment of consolidated Japanese subsidiaries. Estimated useful lives are the followings: Buildings and structures: 3 to 20 years Equipment: 1 to 10 years</p> <p>(b) Intangible assets Intangible assets are amortized by the straight-line method. Estimated useful lives are as follows: Trade mark and distribution rights: 3 to 15 years Contractual rights and other: 3 to 50 years</p>	<p>(a) Property and equipment Depreciation of property and equipment is computed substantially by the straight-line method. Estimated useful lives are the followings: Buildings and structures: 3 to 20 years Equipment: 1 to 10 years</p> <p>(b) Intangible assets Intangible assets are amortized by the straight-line method. Estimated useful lives are as follows: Trade mark and distribution rights: 1 to 15 years Contractual rights and other: 3 to 50 years</p>	<p>(a) Property and equipment Same as on the left.</p> <p>(b) Intangible assets Intangible assets are amortized by the straight-line method. Estimated useful lives are as follows: Trade mark and distribution rights: 3 to 15 years Contractual rights and other: 3 to 50 years</p>
(3) Deferred assets	<p>(a) Bond issuance cost Bond issuance cost is amortized by the straight-line method over maturity.</p>	<p>(a) Bond issuance cost Same as on the left.</p>	<p>(a) Bond issuance cost Same as on the left.</p>
(4) Allowance, reserve and provision	<p>Allowance for doubtful accounts For the Company and its non-Japanese subsidiaries, the allowance has been determined by reference to past default experience. For Japanese subsidiaries, the allowance for doubtful accounts is stated in amounts considered to be appropriate based on the past credit loss experience and an evaluation of respective potential losses in the receivables outstanding.</p>	<p>Allowance for doubtful accounts The allowance has been determined mainly by evaluation of respective potential losses in the receivables outstanding.</p>	<p>Allowance for doubtful accounts Same as on the left.</p>

Item	1st half - Consolidated fiscal period - prior year (From January 1, 2007 to June 30, 2007)	1st half - Consolidated fiscal period - current year (From January 1, 2008 to June 30, 2008)	Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007)
(5) Conversion of significant items in foreign currencies	<p>All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into functional currencies at the exchange rates at the 1st half balance sheet date, while all revenue and expense account are translated into functional currencies at average rate of the 1st half period. The foreign exchange gains and losses from translation are recognized in the 1st half income statement.</p> <p>All assets and liabilities of foreign subsidiaries are translated into U.S. Dollars at the exchange rates at the 1st half balance sheet date, while all revenue and expense account are translated into U.S. Dollars at average rate applicable for the 1st half period. Differences arising from such translation are shown as "Foreign currency translation adjustments" in a separate component of net assets.</p>	Same as on the left.	<p>All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into functional currency at the exchange rates at the balance sheet date, while all revenue and expense accounts are translated into functional currency at the average rate of the year. The foreign exchange gains and losses from translation are recognized in the income statement.</p> <p>All assets and liabilities of foreign subsidiaries are translated into U.S. Dollars at the exchange rates at the balance sheet date, while all revenue and expense accounts are translated into U.S. Dollars at the average rate applicable for the period. Differences arising from such translation are shown as "Foreign currency translation adjustments" in a separate component of net assets.</p>
(6) Leases	For finance leases deemed not to transfer ownership of the leased property to the lessee, leased properties are capitalized.	Same as on the left.	Same as on the left.
(7) Hedge accounting	<p>(a) Policy for hedge accounting -Deferral method is applied.</p> <p>(b) Hedging instruments and hedged items Hedging instruments: -Cross currency swap Hedged items: -Corporate bonds denominated in foreign currencies</p> <p>(c) Hedging policy -In order to manage the interest risk and currency risk, debts are hedged to the extent of the amount of the items to be hedged.</p> <p>(d) Effectiveness testing of hedging -Effectiveness of the hedge should be demonstrated under an effectiveness test by comparing the volatility ratio of cumulative changes in fair value of the hedged item and the hedging instrument.</p>	<p>(a) Policy for hedge accounting Same as on the left.</p> <p>(b) Hedging instruments and hedged items Same as on the left.</p> <p>(c) Hedging policy Same as on the left.</p> <p>(d) Effectiveness testing of hedging Same as on the left.</p>	<p>(a) Policy for hedge accounting Same as on the left.</p> <p>(b) Hedging instruments and hedged items Same as on the left.</p> <p>(c) Hedging policy Same as on the left.</p> <p>(d) Effectiveness testing of hedging Same as on the left.</p>

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Item	1st half - Consolidated fiscal period - prior year (From January 1, 2007 to June 30, 2007)	1st half - Consolidated fiscal period - current year (From January 1, 2008 to June 30, 2008)	Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007)
(8) Other significant items for the preparation of the (1st half) consolidated financial statements	<p>Accounting policy of the consumption tax Tax-excluding method is applied.</p> <p>Conversion of dollars into yen In accordance with the Article 77 of the Interim Financial Statements rules, the amounts in Japanese yen are calculated by the foreign currency exchange rate (middle rate), being US\$1.00=106.42, from the Tokyo Foreign Exchange Market as of June 30, 2008. 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.</p> <p>Translation of XFL's functional currency into reporting currency XFL, as a foreign company, adopts Chinese Yuan for functional currency while U.S. Dollar is adopted as reporting currency. Translation into reporting currency for preparation of financial statements is based on the Article 21 of International Accounting Standards. Monetary assets and liabilities are translated at the rate of the closing date while non-monetary assets and liabilities are translated at the rate of the transaction date. All revenue and expense accounts are translated at the rate of the transaction date, and differences arising from such translation are included in the "Foreign currency translation adjustments" in net assets.</p>	<p>Accounting policy of the consumption tax Same as on the left.</p> <p>Conversion of dollars into yen Same as on the left.</p> <p>Translation of XFL's functional currency into reporting currency Same as on the left.</p>	<p>Accounting policy of the consumption tax Same as on the left.</p> <p>Conversion of dollars into yen In accordance with the Article 130 of the Financial Statements rules, the amounts in Japanese yen are calculated by the foreign currency exchange rate (middle rate), being US\$1.00=106.42, from the Tokyo Foreign Exchange Market as of June 30, 2008. 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.</p> <p>Translation of XFL's functional currency into reporting currency Same as on the left.</p>
5 Valuation for assets and liabilities of consolidated subsidiaries	The assets and liabilities of the consolidated subsidiaries for not only the Company's interest but also minority interests are evaluated at fair value.	Same as on the left.	Same as on the left.
6 Amortization of goodwill and negative goodwill	Goodwill is amortized by the straight-line method over 5 years and 20 years. Negative goodwill is amortized by the straight-line method over 20 years.	Same as on the left.	Same as on the left.
7 Cash and cash equivalents in the (1st half) consolidated cashflow statements	Cash equivalents in the 1st half consolidated cashflow statement are short-term investments that are readily convertible into cash and are not exposed to significant risk of changes in value. Cash equivalents mature or become due within three months of the date of investment.	Same as on the left.	Cash equivalents in the consolidated cashflow statement are short-term investments that are readily convertible into cash and are not exposed to significant risk of changes in value. Cash equivalents mature or become due within three months of the date of investment.

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Change in Accounting Policy

1st half - Consolidated fiscal period - prior year (From January 1, 2007 to June 30, 2007)	1st half - Consolidated fiscal period - current year (From January 1, 2008 to June 30, 2008)	Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007)
<p>(Suspense account of share exchange)</p> <p>Until previous semiannual period, the Company recognized the suspense account of share exchange in net assets as share premium. In accordance with the ASBJ Guidance No. 10 issued on October 31, 2003, Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (“Business Combination Accounting Standards”), unissued shares for acquisition of its subsidiaries should be treated as liability at the point of determination of the quantity. The Company adopted this concept and recognized in the liabilities as other payables at the previous year end.</p> <p>The Company also prepares its consolidated financial statements under International Financial Reporting Standards (“IFRS”) in order for the needs of its investors. In the IFRS consolidated financial statements, those accounts have also been reclassified from the net assets section to the liabilities section at the previous year end.</p> <p>The effect of this change in the policy is USD 29,929 thousand (JPY 3,185 million) decreased from share premium in net assets section and increased USD 5,941 thousand (JPY 632 million) in other payables and USD 23,988 thousand (JPY 2,553 million) in long-term other payables in liabilities section.</p>		

Additional information

1st half - Consolidated fiscal period - prior year (From January 1, 2007 to June 30, 2007)	1st half - Consolidated fiscal period - current year (From January 1, 2008 to June 30, 2008)	Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007)
<p>(Change in XFL's functional currency) Effective January 1, 2007, XFL changes its functional currency from U.S. Dollar into Chinese Yuan due to a geographic change of the primary economic environment of XFL. Upon preparation of consolidated financial statements, XFL's account are translated into U.S. Dollar, the reporting currency.</p>	<p>_____</p>	<p>(Change in XFL's functional currency) Effective January 1, 2007, XFL changes its functional currency from U.S. Dollar into Chinese Yuan due to a geographic change of the primary economic environment of XFL. Upon preparation of consolidated financial statements, XFL's account are translated into U.S. Dollar, the reporting currency.</p>

Change in presentation

1st half - Consolidated fiscal period - prior year (From January 1, 2007 to June 30, 2007)	1st half - Consolidated fiscal period - current year (From January 1, 2008 to June 30, 2008)
<p>(1st half consolidated balance sheets)</p> <p>Goodwill on consolidation is changed to being represented as goodwill from this 1st half.</p> <p>(1st half consolidated income statements)</p> <p>1. Amortization of goodwill and amortization of goodwill on consolidation are united to being represented as amortization of goodwill from this 1st half period. 2. Share issuance related expenses is changed to being represented as share issuance expense from this 1st half period.</p> <p>(1st half consolidated cash flow statements)</p> <p>1. Amortization and amortization of goodwill on consolidation are united to being represented as amortization of goodwill from this 1st half period. 2. Share issuance related expenses is changed to being represented as share issuance expense from this 1st half period.</p>	<p>_____</p>

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

1st half - Consolidated fiscal period - prior year (As of June 30, 2007)	1st half - Consolidated fiscal period - current year (As of June 30, 2008)	Consolidated fiscal year - prior year (As of December 31, 2007)
<p>※6 The consideration for the acquisition of shares of some subsidiaries could fluctuate since the final payments are based on the future operating results of the respective company.</p>	<p>※6 Same as on the left.</p>	<p>※6 Same as on the left.</p>
<p>※7 Xinhua Financial Network (Shanghai) Ltd., Xinhua Financial Network Korea Company Limited, Shanghai Huacai Investment Advisory Company Limited, Zhongxi Taihe Culture Consultancy (Shanghai) Co. Ltd., Jia Luo Consulting (Shanghai) Co., Ltd., Accord Group Investments Limited, Xinhua Finance Media (Shanghai) Co., Ltd. and Mergent, Inc. have line of credit agreements with banks. The amount of the line of credit and the balance outstanding under the agreements at June 30, 2007 are as follows:</p>	<p>※7 Xinhua Financial Network (Shanghai) Ltd., Xinhua Financial Network Korea Company Limited, Shanghai Huacai Investment Advisory Company Limited, Zhongxi Taihe Culture Consultancy (Shanghai) Co. Ltd. Jia Luo Consulting (Shanghai) Co., Ltd., Accord Group Investments Limited, Xinhua Finance Media (Shanghai) Co., Ltd, Convey Advertising Company Limited and Mergent Inc. have line of credit agreements with banks. The amount of the line of credit and the balance outstanding under the agreements at June 30, 2008 are as follows:</p>	<p>※7 Xinhua Financial Network (Shanghai) Ltd., Xinhua Financial Network Korea Company Limited, Shanghai Huacai Investment Advisory Company Limited, Zhongxi Taihe Culture Consultancy (Shanghai) Co. Ltd. Jia Luo Consulting (Shanghai) Co., Ltd., Accord Group Investments Limited, Xinhua Finance Media (Shanghai) Co., Ltd, Convey Advertising Company Limited and Mergent Inc. have line of credit agreements with banks. The amount of the line of credit and the balance outstanding under the agreements at December 31, 2007 are as follows:</p>
<p>Total amount of the line of credit</p> <p style="text-align: right;">72,970 (7,765)</p>	<p>Total amount of the line of credit</p> <p style="text-align: right;">60,315 (6,419)</p>	<p>Total amount of the line of credit</p> <p style="text-align: right;">72,319 (7,696)</p>
<p>Outstanding balance</p> <p style="text-align: right;">51,470 (5,477)</p>	<p>Outstanding balance</p> <p style="text-align: right;">57,797 (6,151)</p>	<p>Outstanding balance</p> <p style="text-align: right;">51,738 (5,506)</p>
<p>Remaining amount of the line of credit</p> <p style="text-align: right;">21,500 (2,288)</p>	<p>Remaining amount of the line of credit</p> <p style="text-align: right;">2,517 (268)</p>	<p>Remaining amount of the line of credit</p> <p style="text-align: right;">20,581 (2,190)</p>
<p>※8 This account represents contractual rights such as agency rights and publishing rights as well as intellectual properties such as data bases.</p>	<p>※8 Same as on the left.</p>	<p>※8 Same as on the left.</p>
<p>※9 This account includes the difference arising on the translation of XFL's functional currency into reporting currency.</p>	<p>※9 Same as on the left.</p>	<p>※9 Same as on the left.</p>
<p>※1-9 notes correspond with ※1-9 as denoted in the consolidated balance sheet.</p>	<p>Same as on the left.</p>	<p>Same as on the left.</p>

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(1st half consolidated income statements)

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

1st half - Consolidated fiscal period - prior year (From January 1, 2007 to June 30, 2007)	1st half - Consolidated fiscal period - current year (From January 1, 2008 to June 30, 2008)	Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007)																												
<p>※1 Amount mainly includes gain related to the initial public offering of the Company's subsidiary, Xinhua Finance Media Limited on the Nasdaq Global Market in the United States.</p> <p>※2 _____</p>	<p>※1 _____</p> <p>※2 Impairment loss The Group recognized an impairment loss for an asset group presented below for the 1st half consolidated fiscal period.</p> <table border="1"> <thead> <tr> <th>Region</th> <th>Type</th> <th>Account</th> <th>Impairment loss</th> </tr> </thead> <tbody> <tr> <td>North America</td> <td>Other</td> <td>Goodwill</td> <td>19,714 (2,098)</td> </tr> </tbody> </table> <p>The Group intends to sell all shares of Mergent Inc. and Kinetic Information System Services Limited. As a loss has been anticipated upon those sales, the Group recognized the estimated loss as an impairment loss on goodwill.</p>	Region	Type	Account	Impairment loss	North America	Other	Goodwill	19,714 (2,098)	<p>※1 Amount mainly includes gain related to the initial public offering of the Company's subsidiary, Xinhua Finance Media Limited on the Nasdaq Global Market in the United States.</p> <p>※2 Impairment loss The Group recognized impairment loss for asset group presented below for the year ended December 31, 2007</p> <table border="1"> <thead> <tr> <th>Region</th> <th>Type</th> <th>Account</th> <th>Impairment loss</th> </tr> </thead> <tbody> <tr> <td>Asia</td> <td>Asset for Operation</td> <td>Equipment</td> <td>234 (25)</td> </tr> <tr> <td>Asia</td> <td>Other</td> <td>Goodwill</td> <td>2,472 (263)</td> </tr> <tr> <td>North America</td> <td>Other</td> <td>Goodwill</td> <td>3,886 (414)</td> </tr> <tr> <td>Total</td> <td></td> <td></td> <td>6,592 (702)</td> </tr> </tbody> </table> <p>Grouping is basically implemented by each company unit. However, if it is possible to identify cashflows from an individual asset, recoverable amount is determined for each individual asset. Impairment loss for assets above were recognized as extraordinary loss because the future cash flows from those assets expected to be generated in respective estimated periods were considered unrecoverable due to change in economic environment. The impairment loss was determined as the amount by which the carrying amount of the asset exceeds its recoverable amount based on its value in use. The discount rate used for computation of present value of future cash flow was ranging from 9.0% to 11.0%.</p>	Region	Type	Account	Impairment loss	Asia	Asset for Operation	Equipment	234 (25)	Asia	Other	Goodwill	2,472 (263)	North America	Other	Goodwill	3,886 (414)	Total			6,592 (702)
Region	Type	Account	Impairment loss																											
North America	Other	Goodwill	19,714 (2,098)																											
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Asia	Other	Goodwill	2,472 (263)																											
North America	Other	Goodwill	3,886 (414)																											
Total			6,592 (702)																											
<p>※3 _____</p>	<p>※3 _____</p>	<p>※3 Amortization of goodwill Amortization of goodwill in extraordinary loss represents a lump-sum amortization of goodwill in accordance with the Article 32-1 in the statement No.7, "Guideline for Consolidation Procedures" issued by the Accounting Standards Committee.</p>																												
<p>※4 _____</p>	<p>※4 Components of gain on disposal of fixed assets are as follows: Equipment</p> <p style="text-align: right;">229 (24)</p>	<p>※4 _____</p>																												

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(1st half consolidated statement of changes in net assets)

1st half - Consolidated fiscal period - prior year (From January 1, 2007 to June 30, 2007)

1. Number and class of issued shares

	Beginning balance	Increase	Decrease	Ending balance
Issued shares				
Ordinary share (shares)	931,638	83,310	-	1,014,948

(Note1) In the increase of ordinary shares indicated above, 82,025 shares are issued for acquisition of subsidiaries' shares by way of share exchange, and 1,285 shares are issued due to execution of share subscription rights.

2. Share subscription rights

The ending balance of share subscription rights granted by the Company as share option rights is USD 20 thousand (JPY 2 million).

The ending balance of share subscription rights granted by a consolidated subsidiary as share option rights is USD 4,995 thousand (JPY 532 million).

3. Dividend

Not applicable.

1st half - Consolidated fiscal period - current year (From January 1, 2008 to June 30, 2008)

1. Number and class of issued shares

	Beginning balance	Increase	Decrease	Ending balance
Issued shares				
Ordinary share (shares)	1,033,054	208,707	-	1,241,761

(Note1) In the increase of ordinary shares indicated above, 201,506 shares are issued for acquisition of subsidiaries' shares by way of share exchange, and 7,201 shares are issued due to execution of share subscription rights.

2. Share subscription rights

The ending balance of share subscription rights granted by the Company as share option rights is USD 2,062 thousand (JPY 219 million).

The ending balance of share subscription rights granted by a consolidated subsidiary as share option rights is USD 12,761 thousand (JPY 1,358 million).

3. Dividend

Not applicable.

Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007)

1. Number and class of issued shares

	Beginning balance	Increase	Decrease	Ending balance
Issued shares				
Ordinary share (shares)	931,638	101,416	-	1,033,054

(Note1) In the increase of ordinary shares indicated above, 96,080 shares are issued for acquisition of subsidiaries' shares by way of share exchange, and 5,336 shares are issued due to execution of share subscription rights.

2. Share subscription rights

The ending balance of share subscription rights granted by the Company as share option rights is USD 2,874 thousand (JPY 306 million).

The ending balance of share subscription rights granted by a consolidated subsidiary as share option rights is USD 6,093 thousand (JPY 648 million).

3. Dividend

Not applicable.

(Securities)

As of June 30, 2007

1. Available-for-sale securities with fair value

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

Category	Acquisition cost	Amount on the 1st half consolidated balance sheet	Difference
1) Equity securities	7 (1)	296 (31)	289 (31)
2) Debt securities and notes	40,000 (4,257)	40,076 (4,265)	76 (8)
3) Other	- (-)	- (-)	- (-)
TOTAL	40,007 (4,258)	40,372 (4,296)	365 (39)

2. Securities not stated at fair value

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

Category	Amount on the 1st half consolidated balance sheet
(1) Held-to-maturity securities	
Unlisted bonds	655 (70)
(2) Available-for-sale securities	
Unlisted securities	22,439 (2,388)
Fund trust	297 (32)

As of June 30, 2008

1. Available-for-sale securities with fair value

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

Category	Acquisition cost	Amount on the 1st half consolidated balance sheet	Difference
1) Equity securities	378 (40)	332 (35)	△46 (△5)
2) Other	87 (9)	408 (43)	322 (34)
TOTAL	464 (49)	740 (79)	276 (29)

2. Securities not stated at fair value

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

Category	Amount on the 1st half consolidated balance sheet
(1) Held-to-maturity securities	
Unlisted bonds	25,000 (2,661)
(2) Available-for-sale securities	
Unlisted securities	22,326 (2,376)
Fund trust	329 (35)

As of December 31, 2007

1. Available-for-sale securities with fair value

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

Category	Acquisition cost	Amount on the consolidated balance sheet	Difference
1) Equity securities	378 (40)	408 (43)	30 (3)
2) Debt securities	4,198 (447)	4,377 (466)	178 (19)
3) Other	51 (5)	382 (41)	331 (35)
TOTAL	4,627 (492)	5,167 (550)	539 (57)

2. Securities not stated at fair value

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

Category	Amount on the consolidated balance sheet
(1) Held-to-maturity securities	
Unlisted bonds	25,676 (2,732)
(2) Available-for-sale securities	
Unlisted securities	22,326 (2,376)
Fund trust	303 (32)

(Derivative transactions)

1st half - consolidated fiscal period - prior year (From January 1, 2007 to June 30, 2007)

Since the Group applies the hedge accounting for derivative transaction, derivative information is omitted.

1st half - consolidated fiscal period - current year (From January 1, 2008 to June 30, 2008)

There is no relevant item since no balance outstanding as at June 30, 2008.

Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007)

Since the Group applies the hedge accounting for derivative transaction, derivative information is omitted.

(Business Combinations)

1st half - consolidated fiscal period - prior year (From January 1, 2007 to June 30, 2007)

Not applicable.

1st half - consolidated fiscal period - current year (From January 1, 2008 to June 30, 2008)

Purchase method

1. Significant adjustment on original allocations of acquisition costs

The allocation of acquisition costs of Kinetic Information System Services Limited and Shanghai Tongxin Information Technology Consulting Co., Limited, East Alliance Limited, Guangzhou Singshine Communication Co., Limited, Shanghai Singshine Marketing Service Co., Ltd., Beijing Perspective Orient Movie and Television Intermediary Co., Ltd., JCBN Co., Ltd and Profitown Development Limited had not been determined at the previous year end because the valuation had not been completed.

The amount of adjustment made on goodwill by reviewing the allocation in this first half is as follows:

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

Item	Adjustment made on goodwill
Intangible assets	△5,553 (△591)
Deferred tax liabilities	767 (82)
Total	△4,786 (△509)

Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007)

Purchase method

1. Outline

The company and its group acquired the 100% interests of Kinetic Information System Services Limited on January 4, 2007, Multi Interactive Communication Limited on June 4, 2007, Guangzhou Singshine Entertainment and Advertising Co., Ltd. on June 11, 2007, Shanghai Singshine Marketing Service Co., Ltd. on June 11, 2007, Good Speed Holdings Limited on July 2, 2007 and Profitown Development Limited on November 27, 2007, 80% of interests of Shanghai Tongxin Information Technology Consulting Co. Ltd. on March 12, 2007, 49% of interests of Beijing Perspective Orient Movie and Television Intermediary Co., Ltd. on November 13, 2007 and 70% of interests of Small World Television Limited on August 22, 2007.

2. The legal form of business combination

Purchase of interests

3. Summary of subsequent consideration on stock purchase agreement and its accounting policy

a. Summary of subsequent consideration

The consideration for the acquisition of interests of Multi Interactive Communication Limited, Guangzhou Singshine Entertainment and Advertising Co., Ltd., Good Speed Holdings Limited, Profitown Development Limited and Shanghai Tongxin Information Technology Consulting Co. Ltd. could fluctuate since the final payments are based on the future operating results or EBITDA of the respective company.

b. Accounting Policy

Goodwill and amortization of goodwill will be adjusted based on the subsequent consideration as if the adjustment were made on the acquisition date.

4. Allocation of the acquisition cost

The allocation of the acquisition cost of Kinetic Information System Services Limited, Multi Interactive Communication Limited, Profitown Development Limited, Shanghai Tongxin Information Technology Consulting Co. Ltd., Beijing Perspective Orient Movie and Television Intermediary Co., Ltd. and Small World Television Limited has not been completed at the balance sheet date because the valuation is not completed. Therefore, a tentative accounting treatment is made based on the reasonable information which is available at the balance sheet date.

(Share options, warrants or share-based-payments granted or issued)

1st half - consolidated fiscal period - prior year (From January 1, 2007 to June 30, 2007)

Expenses recognized

Selling, general and administrative expenses – Directors' emolument USD 1,113 thousand (JPY 118 million)

Selling, general and administrative expenses – Other USD 866 thousand (JPY 92 million)

1st half - consolidated fiscal period - current year (From January 1, 2008 to June 30, 2008)

Expenses recognized

Selling, general and administrative expenses – Directors' emolument USD 2,131 thousand (JPY 227 million)

Selling, general and administrative expenses – Other USD 5,696 thousand (JPY 606 million)

Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007)

Expenses recognized

Selling, general and administrative expenses – Directors' emolument USD 2,013 thousand (JPY 214 million)

Selling, general and administrative expenses – Other USD 4,753 thousand (JPY 506 million)

(Share option)

Consolidated 1st half - prior year (From January 1, 2007 to June 30, 2007)

Stock option granted during prior consolidated 1st half fiscal period is as follows;

Company	Xinhua Finance Media Limited	
	Share option (1)	Share option (2)
Type	Share option (1)	Share option (2)
Category and number of person designated	1 employee	3 independent directors
Class and number of objective shares (*1)	221,000 Class A Common Shares	90,000 Class A Common Shares
Grant date	January 15, 2007	April 25, 2007
Terms and condition for vesting	-	1/3 vested on 8 Mar 2008, 1/3 vested on 8 Mar 2009 and 1/3 vested on 8 Mar 2010
Service period required to be vested	-	From Apr 25, 2007 to Mar 8, 2010
Exercisable period	From Mar 9, 2007 to Mar 8, 2008	From Mar 8, 2008 to Apr 24, 2017
Exercise price	USD 5.0	USD 6.50
Fair value of option at grant date	USD 2.0808	USD 0.60

(*1)The number of shares to be applied.

Consolidated 1st half - current year (From January 1, 2008 to June 30, 2008)

Share option granted during the period is as follows;

Company	The Company	Xinhua Finance Media Limited		
Type	Restricted shares (*2)	Restricted shares (*2)	Share option (1)	Share option (2)
Category and number of person designated	1 employee	4 directors and 94 employees	1 consultant	2 directors
Class and number of objective shares (*1)	150 ordinary shares	5,576,000 Class A Ordinary Shares	400,000 Class A Ordinary Shares	60,000 Class A Ordinary Shares
Grant date	January 15, 2008	February 19, 2008	April 1, 2008	April 30, 2008
Terms and condition for vesting	1/3 vested on Jan 15, 2008, 1/3 vested on Dec 31, 2008 and 1/3 vested on Dec 31, 2009 (*3)	1/3 vested on Mar 31, 2008, 1/3 vested on Mar 31, 2009 and 1/3 vested on Mar 31, 2010 (*3)	133,334 shares vested on Dec 31, 2008, 133,333 shares vested on each of Dec 31, 2009 & 2010 (*4)	1/3 vested on Apr 30, 2009, 1/3 vested on Apr 30, 2010 and 1/3 vested on Apr 30, 2011 (*5)
Service period required to be vested	From Jan 15, 2008 to Dec 31, 2009	From Feb 19, 2008 to Mar 31, 2010	From Apr 1, 2008 To Dec 31, 2010	From Apr 30, 2008 to Apr 30, 2011
Exercisable period	From Jan 15, 2008 to Jan 14, 2018	From Mar 31, 2008 to Feb 18, 2018	From Dec 31, 2008 to Dec 31, 2011	From Apr 30, 2009 to Apr 29, 2018
Exercise price	-	-	USD1.3250	USD1.640
Fair value of option at grant date	JPY 16,900	USD 1.602	USD0.9679	USD0.9286

(*1) The number of shares to be applied.

(*2) Issued shares which have the terms and conditions for vesting. The relevant shareholder does not obtain any shareholder's rights until the vesting period lapses. These shares are substantially equal to share options, therefore, accounting treatments are the same as that of share options.

(*3) If employment is terminated for cause or voluntarily by the employee, the right to vest in the restricted shares grant will terminate effective as of the earlier of

- 1) the date that the employee gives or is provided with written notice of Termination of Service,
- 2) if the employee is an employee of any subsidiary, the date that the employee is no longer actively employed and physically present on the premises of the Company or any of its subsidiaries, regardless of any notice period or period of pay in lieu of such notice required under any applicable statute or the common law.
- 3) if the employee is an employee of any subsidiary, the date on which your employer ceases to be a subsidiary of the Company.

In the event of a change in control of the company, the unvested portion of restricted shares grant shall be accelerated and become fully vested and shall be issued by the Company immediately prior to the consummation of such transaction.

(*4) If the service is terminated for cause or voluntarily by the consultant, the right to vest in the share option grant will terminate effective as of the earlier of:

- 1) The date that the consultant gives or is provided with written notice of Termination of Service
- 2) If the consultant is an employee of the Company or any of its Subsidiaries, the date that the consultant is no longer activity employed and physically present on the premises of the Company or any of its Subsidiaries, regardless of any notice period or period of pay in lien of such notice required under the applicable statute or the common law.

In the event of a change in control of the company, the unvested portion of share option grant shall be accelerated and become fully vested and shall be issued by the Company immediately prior to the consummation of such transaction.

(*5) If the service is terminated for cause or voluntarily by the directors, the right to vest in the share option grant will terminate effective as of the earlier of the date that they give or are provided with written notice of Termination of Service.

In the event of a change in control of the company, the unvested portion of share option grant shall be accelerated and become fully vested and shall be issued by the Company immediately prior to the consummation of such transaction.

Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007)

1. Outline, size and change of the number of share option

(1) Outline of share option

Company Name	The Company			
	Year	2005	2006	
Type	Share Option	Share option (1)	Share option (2)	Share option (3)
Category and number of person designated	166 employees	2 directors	5 directors	209 employees
Class and number of objective shares (*1)	14,910 Ordinary shares	5,000 ordinary shares	6,000 ordinary shares	26,656 ordinary shares
Grant date	February 9, 2005	January 31, 2006	January 31, 2006	April 30, 2006
Terms and condition for vesting	1/3 grant vested on Dec 31 2005; 1/3 vested on Dec 31 2006; 1/3 vested on Dec 31 2007. (*2)	834 shares vested on each of Jan 31, Apr 30, Jul 30, Oct 31, 2006 & Jan 31, 2007 and 830 shares vested on Apr 30, 2007	1/4 grant vested on Apr 30, 2006, Jul 31, 2006, Oct 31, 2006 & Jan 31, 2007 (*2)	1/3 grant vested on Dec 31, 2006; 1/3 vested on Dec 31, 2007; 1/3 vested on Dec 31, 2008 (*2)
Service period required to be vested	From Feb 9, 2005 to Dec 31, 2007	-	From Jan 31, 2006 to Jan 31, 2007	From Apr 30, 2006 to Dec 31, 2008
Exercisable period	From Jan 1, 2006 to Feb 8, 2015	From Jan 31, 2006 to Feb 1, 2009	From Apr 30, 2006 to Feb 1, 2016	From Jan 1, 2007 to Apr 30, 2016

Company Name	The Company
Year	2006
Type	Share option (4)
Category and number of person designated	1 employee
Class and number of objective shares (*1)	114 ordinary shares
Grant date	July 1, 2006
Terms and condition for vesting	1/3 grant vested on Dec 31, 2006; 1/3 vested on Dec 31, 2007; 1/3 vested on Dec 31, 2008 (*2)
Service period required to be vested	From July 1, 2006 to Dec 31, 2008
Exercisable period	From Jan 1, 2007 to Apr 30, 2016

Company Name	Xinhua Finance Media Limited			
	Year	2006		2007
Type	Restricted share (*4)	Share Option	Share option (1)	Share option (2)
Category and number of person designated	1 director	190 employees	1 employee	3 independent directors
Class and number of objective shares (*1)	11,050,000 Class A Common Shares	11,198,180 Class A Common Shares	221,280 Class A Common Shares	90,000 Class A Common Shares
Grant date	June 13, 2006	July 11, 2006	January 15, 2007	April 25, 2007
Terms and condition for vesting	(*4)	1/2 to be vested by Dec 31, 2007 or upon certain corporate event, whichever is earlier; 1/4 vested on Dec 31, 2008, 1/4 vested on Dec 31, 2009 (*3)	-	1/3 vested on Mar 8, 2008, 1/3 vested on Mar 8, 2009 and 1/3 vested on Mar 8, 2010
Service period required to be vested	From June 13, 2006 to June 13, 2011	From June 11, 2006 to Dec 31, 2009	-	From Apr 25, 2007 to Mar 8, 2010
Exercisable period	From June 13, 2007 to June 13, 2011	From December 31, 2007 or upon certain corporate event, whichever is the earlier to July 11, 2011	From Mar 9, 2007 to Mar 8, 2008	From Mar 8, 2008 to Apr 24, 2017

*Please note that this document is a translation of the document prepared in the Japanese language and filed with the Kanto Local Finance Bureau.

Company Name	Xinhua Finance Media Limited
Year	2007
Type	Share option (3)
Category and number of person designated	4 independent directors
Class and number of objective shares (*1)	120,000 Class A Common Shares
Grant date	September 26, 2007
Terms and condition for vesting	1/3 vested on Sep 26, 2008, 1/3 vested on Sep 26, 2009 and 1/3 vested on Sep 26, 2010
Service period required to be vested	From Sep 26, 2007 to Sep 26, 2010
Exercisable period	From Sep 26, 2008 to Sep 25, 2017

(*1)The number of shares to be applied.

All options granted prior to 2006 have all been adjusted for the 2,000 to 1 share reverse share split in August 24, 2004 and 3 for 1 share split in September 22, 2005.

(*2)If employment is terminated for cause, vesting will cease and any un-exercised portion of the option will be forfeited immediately on the last employment date.

If employment is terminated voluntarily by the employee:

- 1)Unvested options (if any) which are scheduled to vest in the same calendar year of the termination will vest on the last day of that calendar year, and expire 12 months after the date of vesting
- 2) All unvested options (if any) scheduled to vest in subsequent years will be forfeited
- 3) All vested options can be exercised until expiration which will be the later of 12 months from the date of termination and 12 months after the date of vesting of any options in the year of termination (if any).

(*3) If employment is terminated with or without cause, the option agreement permits the exercise or purchase of the options granted for a period of 3 months following the recipient's voluntary termination of service with the Group, or the recipient's disability or death, the options will terminate to the extent not exercised or purchased on the last day of the specified period or the last day of the original term of the options, whichever occurs first. If employment is terminated voluntarily by the employee, vesting will cease and any un-exercised portion of the option will expire three months after the date of termination.

(*4) Issued shares which have the terms and conditions for vesting. The relevant shareholder does not obtain any shareholder's rights until the vesting period elapses. These shares are substantially equal to share options, therefore, accounting treatments are the same as that of share options. Pursuant to a resolution passed on March 7, 2007, the vesting period of the 11,050,000 common shares is revised as below:

- 1,500,000 shares vested on March 9, 2007
- 2,210,000 shares will vest on June 13, 2008
- 2,210,000 shares will vest on June 13, 2009
- 2,210,000 shares will vest on June 13, 2010
- 2,920,000 shares will vest on June 13, 2011

(2) Size and change of the number of share option

(i) Number of objective shares of share option

(Unit: share)

Company Name	The Company				
Year	2005	2006			
Type	Share Option	Share Option (1)	Share Option (2)	Share Option (3)	Share Option (4)
Number of objective shares for unvested option					
Beginning balance of the period	4,970	1,664	1,500	17,295	76
Granted	-	-	-	-	-
Lapsed	-	-	-	-	-
Vested	4,970	1,664	1,500	8,611	38
Unvested balance	-	-	-	8,684	38
Number of objective shares for vested option					
Beginning balance of the period	8,364	3,336	4,500	8,543	38
Vested	4,970	1,664	1,500	8,611	38
Exercised	1,212	-	-	246	-
Lapsed	1,012	-	1,000	2,248	-
Unexercised balance	11,110	5,000	5,000	14,660	76

Company Name	Xinhua Finance Media Limited				
Year	2006		2007		
Type	Restricted share	Share Option	Share option (1)	Share option (2)	Share option (3)
Number of objective shares for unvested option					
Beginning balance of the period	11,050,000	10,698,141	-	-	-
Granted	-	-	221,280	90,000	120,000
Lapsed	-	335,502	-	-	-
Vested	1,500,000	5,361,468	221,280	-	-
Unvested balance	9,550,000	5,001,171	-	90,000	120,000
Number of objective shares for vested option					
Beginning balance of the period	-	-	-	-	-
Vested	1,500,000	5,361,468	221,280	-	-
Exercised	1,500,000	2,877,934	-	-	-
Lapsed	-	15,978	-	-	-
Unexercised balance	-	2,467,556	221,280	-	-

*Please note that this document is a translation of the document prepared in the Japanese language and filed with the Kanto Local Finance Bureau.

(ii) Unit price information

Company Name	The Company				
Year	2005	2006			
Type	Share Option	Share Option (1)	Share Option (2)	Share Option (3)	Share Option (4)
Exercise price	JPY 49,316	JPY 74,247	JPY 71,844	JPY 71,844	JPY 71,844
Average price of shares upon exercise	JPY 77,520	-	-	JPY80,556	-
Fair value of option at grant date per option	-	-	-	-	USD 252.92

Company Name	Xinhua Finance Media Limited				
Year	2006		2007		
Type	Restricted Share	Share Option	Share option (1)	Share option (2)	Share option (3)
Exercise price	USD 0.001	USD 0.001	USD 5.0	USD 6.50	USD 4.39
Average price of shares upon exercise	-	USD 3.62	-	-	-
Fair value of option at grant date per option	USD 0.60	USD 0.60	USD 2.0808	USD 0.60	USD 1.8516

2. Valuation Method for Share Option

Determination of estimated fair value of share option granted during the fiscal year is as follows.

(1) Valuation method used

(i) Share option : Black-Scholes Model, Binominal Model and its variants

(2) Factors and basis of estimation

Company Name	Xinhua Finance Media Limited		
Type	Share Option (1)	Share Option (2)	Share Option (3)
Price volatility (*1)	44%	44%	44%
Estimated remaining exercisable period (*2)	1 year	10 years	10 years
Estimated dividend (*3)	NIL	NIL	NIL
Free risk rate (*4)	5.06%	4.66%	4.63%

(*1) In determination of volatility, since Xinhua Finance Media Limited was listed for few months only, the volatilities of the comparable companies in similar industry has been referenced.

(*2) It is assumed that the grantee will exercise the option at the time of vesting, therefore, it is calculated in assumption that the estimated remaining period of share options equals to service period required to be vested.

(*3) With reference to the track record, it is assumed the dividend is zero during the estimated option life attributable to ordinary shares.

(*4) The risk free rate has made reference to the yield of US Treasury bond applicable to the estimated remaining period of options.

3. Determination of estimation for number of share option to be vested

Actual lapsed number shall be considered because grantee will exercise the option at the time of vesting.

(Warrant and Share-based payment)

1st half - consolidated fiscal period - prior year (From January 1, 2007 to June 30, 2007)

Not applicable.

1st half - consolidated fiscal period - current year (From January 1, 2008 to June 30, 2008)

Warrant and Share-based payment granted during prior consolidated 1st-half fiscal period is as follows;

Company	The Company
Type	Share-Based Payment
Category and number of person designated	1 ex-employee
Class and number of objective shares	116 ordinary shares
Grant date (*1)	May 14, 2008

(*1) Contract date as for the share-based payment

Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007)

1. Outline, size and change of warrant and share-based payment

(1) Outline of warrant and share-based payment

Company Name	The Company			
	2004	2005	2006	
Type	Share-Based Payment	Share-Based Payment	Warrant	Share-based payment (1)
Category and number of person designated	230 employees	2 directors of the group, 1 adviser and 3 employees	1 third party	1 third party
Class and number of objective shares (*2)	79,129.26 Ordinary shares	28,168 ordinary shares	20,000 ordinary shares	2,000 ordinary shares
Grant date (*1)	April 6; Jun 17, 21, 22, 30; Jul 11& 19; Aug 16 & 20; Dec 28 & 30, 2004 (*3)	Jul 15, Sept 15 & Dec 15, 2005	February 14, 2006	February 14, 2006
Exercisable period	-	-	From February 15, 2007 to February 16, 2009	-

Company Name	The Company			
	2006			2007
Type	Share-based payment (2)	Share-based payment (3)	Share-based payment (4)	Share-based payment (1)
Category and number of person designated	1 third party	2 directors and 4 employees	1 director	145 Employees 1 Director
Class and number of objective shares (*2)	1,500 ordinary shares	18,107 ordinary shares	800 ordinary shares	10,591 Ordinary shares
Grant date (*1)	July 25, 2006	September 6, 2006	September 22, 2006	August 31, 2007
Terms and condition for vesting	-	-	-	1/3 vested on Dec 31, 2007, 1/3 vested on Dec 31, 2008 and 1/3 vested on Dec 31, 2009

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Company Name	The Company			
Year	2007			
Type	Share-based payment (2)	Share-based payment (3)	Share-based payment (4)	Share-based payment (5)
Category and number of person designated	1 Employee	1 Employee	1 Employee	1 Ex-employee
Class and number of objective shares (*2)	500 Ordinary shares	3,000 Ordinary shares	3,000 Ordinary shares	1,463 Ordinary shares
Grant date (*1)	September 11, 2007	September 11, 2007	September 11, 2007	September 11, 2007
Terms and condition for vesting	-	1/3 vested on Dec 31, 2007, 1/3 vested on Dec 31, 2008 and 1/3 vested on Dec 31, 2009	(*4)	(*5)

Company Name	The Company			
Year	2007			
Type	Share-based payment (6)	Share-based payment (7)	Share-based payment (8)	Share-based payment (9)
Category and number of person designated	3 Directors	1 Employee	1 Ex-employee	1 Consultant
Class and number of objective shares (*2)	1,150 Ordinary shares	34 Ordinary shares	2,000 Ordinary shares	4,000 Ordinary shares
Grant date (*1)	September 20, 2007	October 5, 2007	November 5, 2007	November 5, 2007
Terms and condition for vesting	1/2 vested on Dec 31, 2007, 1/2 vested on Dec 31, 2008	-	-	1/2 vested on Dec 31, 2008, 1/2 vested on Dec 31, 2009

Company Name	The Company
Year	2007
Type	Share-based payment (10)
Category and number of person designated	5 Employees
Class and number of objective shares (*2)	451 Ordinary shares
Grant date (*1)	November 9, 2007
Terms and condition for vesting	1/3 vested on Dec 31, 2007, 1/3 vested on Dec 31, 2008 and 1/3 vested on Dec 31, 2009

Company Name	Xinhua Finance Media Limited	
Year	2006	
Type	Warrant(1)	Warrant(2)
Category and number of person designated	1 shareholder	1 consultant
Class and number of objective shares (*2)	4,099,968 Class A Common Shares	630,000 Class A Common Shares
Grant date (*1)	September 22, 2006	December 7, 2006
Exercisable period	From September 22, 2006 to September 22, 2011	From December 7, 2006 to December 7, 2011

(*1)Contract date as for the share-based payment

(*2)The number of shares to be applied.

All shares and options granted prior to 2006 have all been adjusted for the 2,000 to 1 share reverse share split in August 24, 2004 and 3 for 1 share split in September 22, 2005.

(*3) Detailed terms and conditions are approved by the board in April 2004.

(*4) 1/3 immediate, 1/3 restricted selling until September 11, 2008 and 1/3 restricted selling until September 11, 2009.

(*5) 100% of the shares are locked up on date of grant such that 1/3 will be freely tradable on December 31, 2007, 1/3 will be freely tradable on December 31, 2008 and 1/3 will be tradable on December 31, 2009.

(2) Size and change of the number of warrant

(i) Number of objective shares of warrant

(Unit: share)

Company Name	The Company
Year	2006
Type	Warrant
Number of objective shares for vested option	
Beginning balance of the period	20,000
Vested	-
Exercised	-
Lapsed	-
Unexercised balance	20,000

Company Name	Xinhua Finance Media Limited	
Year	2006	
Type	Warrant(1)	Warrant(2)
Number of objective shares for vested option		
Beginning balance of the period	4,099,968	630,000
Vested	-	-
Exercised	-	-
Lapsed	-	-
Unexercised balance	4,099,968	630,000

(ii) Unit price information

Company Name	The Company
Year	2006
Type	Warrant
Exercise price	JPY 82,500
Average price of shares upon exercise	-
Fair value of option at grant date per warrant	USD 8.44

Company Name	Xinhua Finance Media Limited	
Year	2006	
Type	Warrant(1)	Warrant(2)
Exercise price	USD 3.659	USD 3.659
Average price of shares upon exercise	-	-
Fair value of option at grant date per warrant	USD 0.15	USD 0.18

(Segment information)
【Business segmental information】

1st half - consolidated fiscal period - prior year (From January 1, 2007 to June 30, 2007)

The Group is engaged in the provision and distribution of financial and related information and services via multiple channels. Our offerings include market indices, financial news, credit ratings, investor relations and media and advertising related services. The Group operates in one business segment thus information on business segmentation is omitted.

1st half - consolidated fiscal period - current year (From January 1, 2008 to June 30, 2008)

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

	Financial information business	Media business	Total	Eliminated or unallocated	Consolidated
I Sales and operating income / loss					
Sales					
(1) Outside customer	56,865 (6,052)	85,546 (9,104)	142,412 (15,155)	- (-)	142,412 (15,155)
(2) Inter segment or transfer	- (-)	- (-)	- (-)	- (-)	- (-)
Total	56,865 (6,052)	85,546 (9,104)	142,412 (15,155)	- (-)	142,412 (15,155)
Operating expenses	59,180 (6,298)	93,003 (9,897)	152,183 (16,195)	4,557 (485)	156,740 (16,680)
Operating loss	△ 2,315 (△246)	△ 7,457 (△794)	△ 9,772 (△1,040)	△ 4,557 (△485)	△ 14,328 (△1,525)

Note

- Business segments are based on its nature and management classification of turnover.
- Business segments comprise of the followings:
 - Financial information businessFinancial information business includes the provision of indices, financial news feeds, credit ratings and investor relations services.
 - Media business.....Media business includes publishing financial books and magazine, television consulting and distribution and other media and advertising related businesses
- Operating expenses USD 4,557 thousand (JPY 485 million) classified as the Eliminated or unallocated are the unallocated expenses related to the department of management of the company.

Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007)

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

	Financial information business	Media business	Total	Eliminated or unallocated	Consolidated
I Sales and operating income / loss					
Sales					
(1) Outside customer	122,900 (13,079)	134,776 (14,343)	257,676 (27,422)	- (-)	257,676 (27,422)
(2) Inter segment or transfer	42 (5)	62 (7)	105 (11)	△ 105 (△11)	- (-)
Total	122,942 (13,083)	134,839 (14,350)	257,781 (27,433)	△ 105 (△11)	257,676 (27,422)
Operating expenses	133,308 (14,187)	128,174 (13,640)	261,482 (27,827)	9,267 (986)	270,749 (28,813)
Operating income / loss (△)	△ 10,366 (△1,103)	6,665 (709)	△ 3,701 (△394)	△ 9,372 (△997)	△ 13,073 (△1,391)

Note

- Business segments are based on its nature and management classification of turnover.
- Business segments comprise of the followings:
 - Financial information businessFinancial information business includes the provision of indices, financial news feeds, credit ratings and investor relations services.
 - Media business.....Media business includes publishing financial books and magazine, television consulting and distribution and other media and advertising related businesses
- Operating expenses USD 9,267 thousand (JPY 986 million) classified as the Eliminated or unallocated are the unallocated expenses related to the department of management of the company.

*Please note that this document is a translation of the document prepared in the Japanese language and filed with the Kanto Local Finance Bureau.

【Regional segmental information】

1st half - consolidated fiscal period - prior year (From January 1, 2007 to June 30, 2007)

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

	Japan	Asia	North America	Others	Total	Eliminated or unallocated	Consolidated
Sales and operating income / loss							
Sales							
(1) Outside customer	932	59,490	48,937	116	109,475	-	109,475
	(99)	(6,331)	(5,208)	(12)	(11,650)	(-)	(11,650)
(2) Inter segment or transfer	-	5,792	189	2,616	8,597	△ 8,597	-
	(-)	(616)	(20)	(278)	(915)	(△915)	(-)
Total	932	65,282	49,126	2,732	118,072	△ 8,597	109,475
	(99)	(6,947)	(5,228)	(291)	(12,565)	(△915)	(11,650)
Operating expenses	711	64,963	55,110	7,560	128,345	△ 7,817	120,528
	(76)	(6,913)	(5,865)	(805)	(13,658)	(△832)	(12,827)
Operating income / loss	221	319	△ 5,985	△ 4,828	△ 10,273	△ 780	△ 11,053
(△)	(23)	(34)	(△637)	(△514)	(△1,093)	(△83)	(△1,176)

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 so on.
 - (2) North America.....U.S.A.
 - (3) Others..... U.K., British West Indies and so on.
- 3 There is no unallocated expenses at the eliminated or unallocated column in the operating expenses.

1st half - consolidated fiscal period - current year (From January 1, 2008 to June 30, 2008)

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

	Japan	Asia	North America	Others	Total	Eliminated or unallocated	Consolidated
Sales and operating income / loss							
Sales							
(1) Outside customer	235	102,436	39,737	4	142,412	-	142,412
	(25)	(10,901)	(4,229)	(0)	(15,155)	(-)	(15,155)
(2) Inter segment or transfer	-	3,611	579	775	4,965	△ 4,965	-
	(-)	(384)	(62)	(83)	(528)	(△528)	(-)
Total	235	106,047	40,315	780	147,377	△ 4,965	142,412
	(25)	(11,286)	(4,290)	(83)	(15,684)	(△528)	(15,155)
Operating expenses	468	112,304	42,637	6,676	162,085	△ 5,345	156,740
	(50)	(11,951)	(4,537)	(710)	(17,249)	(△569)	(16,680)
Operating income / loss	△ 234	△ 6,257	△ 2,321	△ 5,896	△ 14,709	380	△ 14,328
(△)	(△25)	(△666)	(△247)	(△627)	(△1,565)	(40)	(△1,525)

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..... U.K., British West Indies and other locations.
- 3 There is no unallocated expenses at the eliminated or unallocated column in the operating expenses.

Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007)

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

	Japan	Asia	North America	Others	Total	Eliminated or unallocated	Consolidated
Sales and operating income / loss							
Sales							
(1) Outside customer	637 (68)	162,202 (17,261)	94,689 (10,077)	148 (16)	257,676 (27,422)	- (-)	257,676 (27,422)
(2) Inter segment or transfer	- (-)	11,048 (1,176)	1,618 (172)	4,840 (515)	17,506 (1,863)	△ 17,506 (△1,863)	- (-)
Total	637 (68)	173,250 (18,437)	96,307 (10,249)	4,988 (531)	275,182 (29,285)	△ 17,506 (△1,863)	257,676 (27,422)
Operating expenses	1,133 (121)	163,672 (17,418)	104,611 (11,133)	18,046 (1,921)	287,463 (30,592)	△ 16,715 (△1,779)	270,749 (28,813)
Operating income / loss (△)	△ 496 (△53)	9,577 (1,019)	△ 8,304 (△884)	△ 13,059 (△1,390)	△ 12,282 (△1,307)	△ 791 (△84)	△ 13,073 (△1,391)

Note

- Location segments are based on geographical proximity.
- Main countries or locations which do not belong to Japan:
 - Asia Hong Kong, China, Singapore and other locations.
 - North America.....U.S.A.
 - Others..... U.K., British West Indies and other locations.
- There is no unallocated expenses at the eliminated or unallocated column in the operating expenses.

【Overseas sales】

1st half - consolidated fiscal period - prior year (From January 1, 2007 to June 30, 2007)

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

	Asia	North America	Europe	Others	Total
I Oversea sale	57,362 (6,104)	37,206 (3,959)	11,101 (1,181)	1,484 (158)	107,153 (11,403)
II Consolidated sale	- (-)	- (-)	- (-)	- (-)	109,475 (11,650)
III Ratio of overseas sales which accounts for consolidated sale (%)	52.4%	34.0%	10.1%	1.4%	97.9%

Note

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

1st half - consolidated fiscal period - current year (From January 1, 2008 to June 30, 2008)

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

	Asia	North America	Europe	Others	Total
I Oversea sale	99,551 (10,594)	29,157 (3,103)	10,517 (1,119)	1,511 (161)	140,736 (14,977)
II Consolidated sale	- (-)	- (-)	- (-)	- (-)	142,412 (15,155)
III Ratio of overseas sales which accounts for consolidated sale (%)	69.9%	20.5%	7.4%	1.1%	98.8%

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 and France and other locations.
 - (4)Others.....Australia, South America and other locations.
- 3 Overseas sales are sales of the Company and consolidated subsidiaries recognized in countries or locations other than Japan.

Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007)

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

	Asia	North America	Europe	Others	Total
I Oversea sale	157,154 (16,724)	72,618 (7,728)	20,935 (2,228)	3,426 (365)	254,133 (27,045)
II Consolidated sale	- (-)	- (-)	- (-)	- (-)	257,676 (27,422)
III Ratio of overseas sales which accounts for consolidated sale (%)	61.0%	28.2%	8.1%	1.3%	98.6%

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 and France and other locations.
 - (4)Others.....Australia, South America and other locations.
- 3 Overseas sales are sales of the Company and consolidated subsidiaries recognized in countries or locations other than Japan.

(Per share information)

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

Item	1st half - Consolidated fiscal period - prior year (From January 1, 2007 to June 30, 2007)	1st half - Consolidated fiscal period - current year (From January 1, 2008 to June 30, 2008)	Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007)
Net assets per Share	425.02 (45,230.63)	263.82 (28,075.72)	348.24 (37,059.70)
Net income/ loss (△) per share	90.93 (9,676.77)	△ 34.70 (△ 3,692.77)	23.33 (2,482.78)
Diluted net income per share	88.41 (9,408.59)	As the Group is in a loss position, diluted net loss per share information is not stated.	23.24 (2,473.20)

(Note) Basis of calculation for the net income/ loss (△) and diluted net income per share

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

Item	1st half - Consolidated fiscal period - prior year (From January 1, 2007 to June 30, 2007)	1st half - Consolidated fiscal period - current year (From January 1, 2008 to June 30, 2008)	Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007)
Net income per share			
Net income / loss (△) for the period / year	89,427 (9,517)	△38,157 (△ 4,061)	23,497 (2,501)
Net income NOT attributed to ordinary shareholders	- (-)	- (-)	- (-)
Net income / loss (△) attributed to ordinary shares	89,427 (9,517)	△38,157 (△ 4,061)	23,497 (2,501)
Average number of ordinary shares during the period / year (shares)	983,440.66	1,099,468.05	1,007,036.74
Diluted net income per share			
Adjustment on net income for the period / year	- (-)	- (-)	- (-)
Number of ordinary shares to be increased (shares)	28,062.07	-	3,857.94
(increased by share subscription rights)	(28,062.07)	(-)	(3,857.94)
Overview of potential shares without dilutive effect excluded from the formula of diluted income per share for the period / year		7 types of share subscription rights (Number of shares to be issued upon exercise: 61,413 shares), and 6 types of restricted share (Number of shares: 13,238 shares) issued by the Company. 7 types of share subscription rights (Number of shares to be issued upon exercise: 12,277,051 shares), and 2 types of restricted share (Number of shares: 11,995,200 shares) issued by consolidated subsidiary, Xinhua Finance Media Limited.	6 type of share subscription rights (Number of shares to be issued upon exercise: 12,649,956 shares), and 1 type of restricted share (Number of shares: 9,550,000 shares) issued by consolidated subsidiary, Xinhua Finance Media Limited.

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(Significant subsequent events)

1st half - Consolidated fiscal period - prior year (From January 1, 2007 to June 30, 2007)	1st half - Consolidated fiscal period - current year (From January 1, 2008 to June 30, 2008)	Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007)												
<p>1. On July 2, 2007, Xinhua Finance Media Limited, a subsidiary of the Company, has acquired control of Convey Advertising Company through the purchase of 100% of the shares of its holding company, namely, Good Speed Holdings Limited.</p> <p>(1) Purpose of the acquisition The acquisition expands Xinhua Finance Media Limited's outdoor advertising network to seven additional cities and includes significant high traffic and key transit routes linking mainland China with Hong Kong and Macau.</p> <p>(2) Outline of Convey Advertising Company Address: Hong Kong Sales of the group: USD 4,555 thousands (March 2007) Total assets of the group : USD 11,300 thousands (March 2007) Total net assets of the group : USD 5,500 thousands (March 2007) Business : outdoor advertising</p> <p>(3) Outline of the acquisition ① Method of acquisition Xinhua Finance Media Limited has acquired control of Convey Advertising Company through the purchase of 100% of the shares (50,000 shares) of its holding company Good Speed Holdings Limited.</p> <p>② Acquisition cost and payment term Xinhua Finance Media Limited has made an initial cash payment of USD 33 million, and may make further payments in cash and Class A common shares of Xinhua Finance Media Limited depending on Convey Advertising Company's financial performance in 2007 and 2008, with limits of USD 113 million of total acquisition costs.</p> <p>③ Name of Sellers Pariya Holding Limited</p> <p>④ Date of acquisition July 2, 2007</p>	<p>1. Disposal of Mergent and Kinetic</p> <p>On July 18, 2008, the Group has sold all equity stake (100.0%) in Mergent, Inc. ("Mergent") and Kinetic Information System Services Limited ("Kinetic").</p> <p>(1) Reason for the transfer of the subsidiary The Group has made a strategic decision to unlock shareholder value by focusing our resources on our core competency, which is providing valuable information to China's financial information sector.</p> <p>(2) Purchaser Carousel Capital Partners III, L.P (USA)</p> <p>(3) Outline of Mergent and Kinetic Mergent Address : Charlotte, NC, U.S.A. Business : Provision of business and financial data on global publicly listed companies Transactions with the Company : Not applicable</p> <p>Kinetic Address: London, UK Business: Provision of consultancy and facility managed hosting environment for the financial markets and the provision of index calculation and portfolio software for the professional and consumer market Transactions with the Company : Not applicable</p> <p>(4) Outline of the sale (1) Number of shares sold Mergent: 100 shares (100%) Kinetic: 106,383 shares (100%)</p> <p>(2) Total sale price: USD 93.5 million in cash</p>	<p>On February 19, 2008, Xinhua Finance Media Limited ("XFM"), a subsidiary of the Company, reached an agreement to issue USD30 million in convertible preferred shares to The Yucaipa Companies ("Yucaipa").</p> <p>Upon this issuance, Yucaipa's aggregate ownership in XFM's common shares would amount to 12% of total shares outstanding, assuming full conversion of the preferred shares and including Yucaipa's earlier purchase of USD25.7 million in common shares from existing shareholders in September 2007.</p> <p>The preferred shares will vote on an as-converted basis with the common shares.</p> <p>Yucaipa will be subject to a one year lock-up period before it can convert the preferred shares into common shares or American Depository Share ("ADS"). The preferred shares have an annual coupon of 8% payable in cash or stock at the Company's option.</p> <p>Yucaipa will be entitled to retain one board seat for so long as Yucaipa continues to hold at least 50% of the purchased shares.</p> <p>Outline of Convertible preferred shares</p> <table border="0"> <tr> <td>(1) Type of shares:</td> <td>Convertible preferred shares</td> </tr> <tr> <td>(2) Number of shares to be issued:</td> <td>300,000 shares</td> </tr> <tr> <td>(3) Stated value per share</td> <td>USD100.00</td> </tr> <tr> <td>(4) Total amount of issue</td> <td>USD30million</td> </tr> <tr> <td>(5) Closing date:</td> <td>29 February 2008</td> </tr> <tr> <td>(6) Conversion price</td> <td>USD 3.00 per common shares, subject to customary adjustment (Conversion price represents a 31% premium to the closing price on February 15, 2008.)</td> </tr> </table>	(1) Type of shares:	Convertible preferred shares	(2) Number of shares to be issued:	300,000 shares	(3) Stated value per share	USD100.00	(4) Total amount of issue	USD30million	(5) Closing date:	29 February 2008	(6) Conversion price	USD 3.00 per common shares, subject to customary adjustment (Conversion price represents a 31% premium to the closing price on February 15, 2008.)
(1) Type of shares:	Convertible preferred shares													
(2) Number of shares to be issued:	300,000 shares													
(3) Stated value per share	USD100.00													
(4) Total amount of issue	USD30million													
(5) Closing date:	29 February 2008													
(6) Conversion price	USD 3.00 per common shares, subject to customary adjustment (Conversion price represents a 31% premium to the closing price on February 15, 2008.)													

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1st half - Consolidated fiscal period - prior year (From January 1, 2007 to June 30, 2007)	1st half - Consolidated fiscal period - current year (From January 1, 2008 to June 30, 2008)	Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007)
<p>2. On August 23, 2007, Xinhua Finance Media Limited (“XFMedia”), a subsidiary of the Company, has acquired a 70% interest in Small World Television, Ltd. (“SWTL”) and Small World Television, LLC (“SWLLC”)</p> <p>(1) Purpose of the acquisition The acquisition strengthens XFMedia’s television programming and production consulting capabilities.</p> <p>(2) Outline of Small World Television, LLC Address: 1632 Pine Street, Philadelphia, PA 19103, USA Total assets: USD447,389 (unaudited as of December 31, 2006) Total net assets: USD447,389 (unaudited as of December 31, 2006) Business: Television programming and consulting company</p> <p>(3) Outline of the acquisition</p> <p>① Method of acquisition XFMedia has purchased 70% of the membership interests of SWLLC and contributed these interests to SWTL while the seller has contributed his 30% membership interest in SWLLC in exchange for 30% of the shares of SWTL, so that SWLLC has become a wholly-owned subsidiary of SWTL and XFMedia owns 70% of the total issued and outstanding shares of SWTL on the closing date.</p> <p>② Acquisition cost and payment term Cash payment of USD 5 million and 546,248 Class A common shares of XFMedia were issued to the seller within 5 days from the closing date.</p> <p>③ Name of Seller Jonathan Goodman</p> <p>④ Date of acquisition August 23, 2007</p>	<p>2. Redemption of Senior Guaranteed Notes</p> <p>On August 1, 2008, the Board of Directors resolved an early redemption for a portion of its Senior Guaranteed Notes (the “Notes”). Subsequently, on September 9, 2008, the Group completed a tender offer for a portion of the outstanding Notes.</p> <p>(1) Purpose of the redemption The Group plans to reduce the long term indebtedness through the redemption of bonds.</p> <p>(2) Payment Date September 9, 2008.</p> <p>(3) Redemption amount USD 48,739 thousand</p> <p>(4) Redemption price 100% of the face value</p> <p>(5) Outline of the Notes Original issue date : November 21, 2006 Original maturity date : November 20, 2011 Total amount of the Notes : USD 100,000 thousand Interest rate : 10% Amount outstanding as of June 30, 2008 : USD 100,000 thousand</p> <p>(6) Effect on interest expense saving per year USD 4,874 thousand</p> <p>The redemption consideration is the result of the cash proceeds from the sale of capital stock of certain subsidiaries of the Group.</p>	

1st half - Consolidated fiscal period - prior year (From January 1, 2007 to June 30, 2007)	1st half - Consolidated fiscal period - current year (From January 1, 2008 to June 30, 2008)	Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007)
<p>3. On August 31, 2007, the Board of Directors resolved that the Company would issue shares as follows:</p> <p>(1) Outline of issuance The Company determined to issue restricted shares to certain directors, officers and employees of the Group under the Company's Share Option Plan.</p> <p>(2) Class of share common stock</p> <p>(3) Number of shares Up to a maximum of 27,000 shares</p> <p>(4) Issue price per share Par value of HKD20. The shares will be issued as part of compensation to the entitled directors, officers and employees of the Group and the entitled directors, officers and employees will not pay the issue price of the granted shares in cash.</p> <p>(5) Issue price in total Up to a maximum of HKD 540,000.</p> <p>(6) Amount to be credited to share capital HKD 20 per share</p> <p>(7) Schedule of issuance Up to 10,753 shares will be issued in three separate tranches at the end of 2007, 2008 and 2009 and up to 16,247 shares have been set aside for issuance from time to time.</p>		

(2) 1st Half Financial Statements

① 1st half balance sheets

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

Item	Note	2nd quarter - prior year (As of June 30, 2007)		2nd quarter - current year (As of June 30, 2008)		Fiscal year - prior year (As of December 31, 2007)	
		Amount	(%)	Amount	(%)	Amount	(%)
(Assets)							
I Current assets							
Cash and bank balances		5,227		4,381		5,383	
		(556)		(466)		(573)	
Short term loan	※5	3,895		227		272	
		(414)		(24)		(29)	
Loan receivables from related companies		10,000		-		-	
		(1,064)		(-)		(-)	
Other receivables	※3	18		-		-	
		(2)		(-)		(-)	
Consideration receivable		-		4,600		4,600	
		(-)		(490)		(490)	
Others	※3	566		145		664	
		(60)		(15)		(71)	
Total current assets		19,707	4.1	9,352	2.0	10,919	2.3
		(2,097)		(995)		(1,162)	
II Non-current assets							
Investments and other assets							
Investment in subsidiaries	※2	450,349		450,481		450,276	
		(47,926)		(47,940)		(47,918)	
Loan receivables from related companies		2,414		2,414		10,789	
		(257)		(257)		(1,148)	
Others	※3	-		-		378	
		(-)		(-)		(40)	
Allowance for loss on investment in subsidiary		-		△ 7,641		△ 7,641	
		(-)		(△ 813)		(△ 813)	
Total investments and other assets		452,763	95.1	445,254	97.4	453,802	97.0
		(48,183)		(47,384)		(48,294)	
Total non-current assets		452,763	95.1	445,254	97.4	453,802	97.0
		(48,183)		(47,384)		(48,294)	
III Deferred assets							
Bond issuance cost		3,402		2,617		3,009	
		(362)		(278)		(320)	
Total deferred assets		3,402	0.8	2,617	0.6	3,009	0.7
		(362)		(278)		(320)	
Total assets		475,871	100.0	457,223	100.0	467,731	100.0
		(50,642)		(48,658)		(49,776)	

*Please note that this document is a translation of the document prepared in the Japanese language and filed with the Kanto Local Finance Bureau.

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

Item	Note	2nd quarter - prior year (As of June 30, 2007)		2nd quarter - current year (As of June 30, 2008)		Fiscal year - prior year (As of December 31, 2007)	
		Amount	(%)	Amount	(%)	Amount	(%)
(Liabilities)							
I Current liabilities							
Current portion of bond		-		48,799		-	
		(-)		(5,193)		(-)	
Other payables	※3	733		108,010		76,517	
		(78)		(11,494)		(8,143)	
Accrued expenses		777		1,114		809	
		(83)		(119)		(86)	
Payables to shareholders	※1	6,758		2,788		33,366	
		(719)		(297)		(3,551)	
Provision for directors' bonus		679		-		-	
		(72)		(-)		(-)	
Others		5,435		-		-	
		(578)		(-)		(-)	
Total current liabilities		14,382	3.0	160,711	35.1	110,692	23.7
		(1,530)		(17,103)		(11,780)	
II Non-current liabilities							
Bond		99,169		50,562		99,265	
		(10,554)		(5,381)		(10,564)	
Long term other payables	※1	39,885		-		-	
		(4,245)		(-)		(-)	
Derivative liabilities		-		-		16,729	
		(-)		(-)		(1,780)	
Total non-current liabilities		139,054	29.2	50,562	11.1	115,994	24.8
		(14,798)		(5,381)		(12,344)	
Total liabilities		153,435	32.2	211,273	46.2	226,686	48.5
		(16,329)		(22,484)		(24,124)	
(Net assets)							
I Shareholders' equity							
Share capital		2,602	0.6	3,184	0.7	2,649	0.6
		(277)		(339)		(282)	
Capital surplus							
Share premium		348,757		374,420		353,730	
		(37,115)		(39,846)		(37,644)	
Total capital surplus		348,757	73.3	374,420	81.9	353,730	75.6
		(37,115)		(39,846)		(37,644)	
Retained earnings							
Other retained earnings							
Retained earnings carried forward		△ 20,037		△ 98,024		△ 97,616	
		(△ 2,132)		(△ 10,432)		(△ 10,388)	
Total retained earnings		△ 20,037	△ 4.2	△ 98,024	△ 21.4	△ 97,616	△ 20.9
		(△ 2,132)		(△ 10,432)		(△ 10,388)	
Total shareholders' equity		331,323	69.6	279,580	61.2	258,762	55.3
		(35,259)		(29,753)		(27,537)	
II Valuation and translation adjustments							
Deferred gains / losses (△) on hedges		612		△ 10,098		△ 7,361	
		(65)		(△ 1,075)		(△ 783)	
Foreign currency translation adjustments	※4	△ 9,518		△ 25,594		△ 13,230	
		(△ 1,013)		(△ 2,724)		(△ 1,408)	
Total valuation and translation adjustments		△ 8,907	△ 1.8	△ 35,692	△ 7.8	△ 20,591	△ 4.4
		(△ 948)		(△ 3,798)		(△ 2,191)	
III Share subscription rights							
		20	0.0	2,062	0.4	2,874	0.6
		(2)		(219)		(306)	
Total net assets		322,436	67.8	245,951	53.8	241,045	51.5
		(34,314)		(26,174)		(25,652)	
Total liabilities and net assets		475,871	100.0	457,223	100.0	467,731	100.0
		(50,642)		(48,658)		(49,776)	

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②1st half income statements

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

Item	Note	2nd quarter -prior year (From January 1, 2007 to June 30, 2007)			2nd quarter -current year (From January 1, 2008 to June 30, 2008)			Fiscal year -prior year (From January 1, 2007 to December 31, 2007)		
		Amount		(%)	Amount		(%)	Amount		(%)
I Turnover	※1		2,330	100.0		1,424	100.0		4,288	100.0
			(248)			(152)			(456)	
II Cost of sales										
Group service expenses	※1	3,151	3,151	135.2	2,078	2,078	145.9	6,717	6,717	156.7
		(335)	(335)		(221)	(221)		(715)	(715)	
Gross loss			821	△ 35.2		654	△ 45.9		2,429	△ 56.7
			(87)			(70)			(259)	
III Selling, general and administrative expenses										
Directors' emoluments		942			706			1,709		
		(100)			(75)			(182)		
Salaries		402			1,368			4,478		
		(43)			(146)			(477)		
Commissions, fees and charges		1,070			2,483			3,079		
		(114)			(264)			(328)		
Provision for directors' bonus		679	3,093	132.8	-	4,557	320.1	-	9,267	216.1
		(72)	(329)		(-)	(485)		(-)	(986)	
Operating loss			3,914	△ 168.0		5,211	△ 366.0		11,696	△ 272.8
			(416)			(555)			(1,245)	
IV Non-operating income										
Interest income	※1	577			394			1,032		
		(61)			(42)			(110)		
Foreign exchange gains		3,472	4,049	173.8	8,121	8,516	598.1	3,844	4,876	113.7
		(369)	(431)		(864)	(906)		(409)	(519)	
V Non-operating expenses										
Interest expenses for bond		3,235			4,612			6,995		
		(344)			(491)			(744)		
Others		395	3,630	155.8	393	5,004	351.5	788	7,783	181.5
		(42)	(386)		(42)	(533)		(84)	(828)	
Ordinary loss			3,495	△ 150.0		1,699	△ 119.4		14,603	△ 340.6
			(372)			(181)			(1,554)	
VI Extraordinary gains										
Gain on termination of a derivative contract		-	-	-	4,297	4,297	301.8	-	-	-
		(-)	(-)		(457)	(457)		(-)	(-)	
VII Extraordinary losses										
Prior year adjustment	※3	-			855			-		
		(-)			(91)			(-)		
Loss on disposal of a non-deliverable option		-			2,150			-		
		(-)			(229)			(-)		
Provision for uncollectible account		-			-			3,765		
		(-)			(-)			(401)		
Loss on disposal of investment in subsidiary		-			-			8,305		
		(-)			(-)			(884)		
Write-down of investment in subsidiaries		-			-			46,761		
		(-)			(-)			(4,976)		
Provision for loss on investment in subsidiary	※2	-			-	3,005	211.1	7,641	66,472	1,550.2
		(-)	(-)		(-)	(320)		(813)	(7,074)	
Loss before income taxes			3,495	△ 150.0		408	△ 28.7		81,075	△ 1,890.8
			(372)			(43)			(8,628)	
Income taxes (current)		-			-			-		
		(-)			(-)			(-)		
Income taxes (deferred)		-			-			-		
		(-)			(-)			(-)		
Net loss for the period/ year			3,495	△ 150.0		408	△ 28.7		81,075	△ 1,890.8
			(372)			(43)			(8,628)	

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③1st half statements of changes in net assets
1st half - prior year (From January 1, 2007 to June 30, 2007)

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

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings		Total shareholders' equity
		Share premium	Total capital surplus	Other retained earnings	Total retained earnings	
				Retained earnings carried forward		
Balance at Dec 31, 2006	2,389 (254)	302,191 (32,159)	302,191 (32,159)	△ 16,542 (△ 1,760)	△ 16,542 (△ 1,760)	288,038 (30,653)
Changes of items during the period						
Issuance of new shares	3 (0)	556 (59)	556 (59)	- (-)	- (-)	559 (60)
Increased upon share exchange	210 (22)	46,010 (4,896)	46,010 (4,896)	- (-)	- (-)	46,221 (4,919)
Net loss for the period	- (-)	- (-)	- (-)	△ 3,495 (△ 372)	△ 3,495 (△ 372)	△ 3,495 (△ 372)
Net changes of items other than shareholders' equity	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Total changes during the period	214 (23)	46,566 (4,956)	46,566 (4,956)	△ 3,495 (△ 372)	△ 3,495 (△ 372)	43,285 (4,606)
Ending balance at Jun 30, 2007	2,602 (277)	348,757 (37,115)	348,757 (37,115)	△ 20,037 (△ 2,132)	△ 20,037 (△ 2,132)	331,323 (35,259)

	Valuation and translation adjustments			Share subscription rights	Total net assets
	Deferred gains / losses (△) on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance at Dec 31, 2006	- (-)	- (-)	- (-)	15 (2)	288,053 (30,655)
Changes of items during the period					
Issuance of new shares	- (-)	- (-)	- (-)	- (-)	559 (60)
Increased upon share exchange	- (-)	- (-)	- (-)	- (-)	46,221 (4,919)
Net loss for the period	- (-)	- (-)	- (-)	- (-)	△ 3,495 (△ 372)
Net changes of items other than shareholders' equity	612 (65)	△ 9,518 (△ 1,013)	△ 8,907 (△ 948)	5 (1)	△ 8,901 (△ 947)
Total changes during the period	612 (65)	△ 9,518 (△ 1,013)	△ 8,907 (△ 948)	5 (1)	34,384 (3,659)
Ending balance at Jun 30, 2007	612 (65)	△ 9,518 (△ 1,013)	△ 8,907 (△ 948)	20 (2)	322,436 (34,314)

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1st half -current year (From January 1, 2008 to June 30, 2008)

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

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings		Total shareholders' equity
		Share premium	Total capital surplus	Other retained earnings	Total retained earnings	
				Retained earnings carried forward		
Balance at Dec 31, 2007	2,649 (282)	353,730 (37,644)	353,730 (37,644)	△ 97,616 (△ 10,388)	△ 97,616 (△ 10,388)	258,762 (27,537)
Changes of items during the period						
Issuance of new shares	18 (2)	1,952 (208)	1,952 (208)	- (-)	- (-)	1,971 (210)
Increased upon share exchange	517 (55)	18,737 (1,994)	18,737 (1,994)	- (-)	- (-)	19,254 (2,049)
Net loss for the period	- (-)	- (-)	- (-)	△ 408 (△ 43)	△ 408 (△ 43)	△ 408 (△ 43)
Net changes of items other than shareholders' equity	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Total changes during the period	535 (57)	20,690 (2,202)	20,690 (2,202)	△ 408 (△ 43)	△ 408 (△ 43)	20,817 (2,215)
Ending balance at Jun 30, 2008	3,184 (339)	374,420 (39,846)	374,420 (39,846)	△ 98,024 (△ 10,432)	△ 98,024 (△ 10,432)	279,580 (29,753)

	Valuation and translation adjustments			Share subscription rights	Total net assets
	Deferred gains / losses (△) on hedges	Foreign currency translation adjustment	Total valuation and translation adjustments		
Balance at Dec 31, 2007	△ 7,361 (△ 783)	△ 13,230 (△ 1,408)	△ 20,591 (△ 2,191)	2,874 (306)	241,045 (25,652)
Changes of items during the period					
Issuance of new shares	- (-)	- (-)	- (-)	- (-)	1,971 (210)
Increased upon share exchange	- (-)	- (-)	- (-)	- (-)	19,254 (2,049)
Net loss for the period	- (-)	- (-)	- (-)	- (-)	△ 408 (△ 43)
Net changes of items other than shareholders' equity	△ 2,737 (△ 291)	△ 12,364 (△ 1,316)	△ 15,101 (△ 1,607)	△ 811 (△ 86)	△ 15,912 (△ 1,693)
Total changes during the period	△ 2,737 (△ 291)	△ 12,364 (△ 1,316)	△ 15,101 (△ 1,607)	△ 811 (△ 86)	4,905 (522)
Ending balance at Jun 30, 2008	△ 10,098 (△ 1,075)	△ 25,594 (△ 2,724)	△ 35,692 (△ 3,798)	2,062 (219)	245,951 (26,174)

*Please note that this document is a translation of the document prepared in the Japanese language and filed with the Kanto Local Finance Bureau.

Fiscal year - prior year (From January 1, 2007 to December 31, 2007)

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

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings		Total shareholders' equity
		Share premium	Total capital surplus	Other retained earnings	Total retained earnings	
				Retained earnings carried forward		
Balance at Dec 31, 2006	2,389 (254)	302,191 (32,159)	302,191 (32,159)	△ 16,542 (△ 1,760)	△ 16,542 (△ 1,760)	288,038 (30,653)
Changes of items during the year						
Issuance of new shares	14 (1)	1,386 (148)	1,386 (148)	- (-)	- (-)	1,400 (149)
Increased upon share exchange	246 (26)	50,152 (5,337)	50,152 (5,337)	- (-)	- (-)	50,398 (5,363)
Net loss for the year	- (-)	- (-)	- (-)	△ 81,075 (△ 8,628)	△ 81,075 (△ 8,628)	△ 81,075 (△ 8,628)
Net changes of items other than shareholders' equity	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Total changes during the year	260 (28)	51,538 (5,485)	51,538 (5,485)	△ 81,075 (△ 8,628)	△ 81,075 (△ 8,628)	△ 29,277 (△ 3,116)
Ending balance at Dec 31, 2007	2,649 (282)	353,730 (37,644)	353,730 (37,644)	△ 97,616 (△ 10,388)	△ 97,616 (△ 10,388)	258,762 (27,537)

	Valuation and translation adjustments			Share subscription rights	Total net assets
	Deferred gains / losses (△) on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance at Dec 31, 2006	- (-)	- (-)	- (-)	15 (2)	288,053 (30,655)
Changes of items during the year					
Issuance of new shares	- (-)	- (-)	- (-)	- (-)	1,400 (149)
Increased upon share exchange	- (-)	- (-)	- (-)	- (-)	50,398 (5,363)
Net loss for the year	- (-)	- (-)	- (-)	- (-)	△ 81,075 (△ 8,628)
Net changes of items other than shareholders' equity	△ 7,361 (△ 783)	△ 13,230 (△ 1,408)	△ 20,591 (△ 2,191)	2,859 (304)	△ 17,732 (△ 1,887)
Total changes during the year	△ 7,361 (△ 783)	△ 13,230 (△ 1,408)	△ 20,591 (△ 2,191)	2,859 (304)	△ 47,008 (△ 5,003)
Ending balance at Dec 31, 2007	△ 7,361 (△ 783)	△ 13,230 (△ 1,408)	△ 20,591 (△ 2,191)	2,874 (306)	241,045 (25,652)

*Please note that this document is a translation of the document prepared in the Japanese language and filed with the Kanto Local Finance Bureau.

Basis of presenting the 1st half financial statements

Item	1st half - prior year (From January 1, 2007 to June 30, 2007)	1st half - current year (From January 1, 2008 to June 30, 2008)	Fiscal year - prior year (From January 1, 2007 to December 31, 2007)
1 Valuation basis and method for assets	<p>(1) Securities</p> <p>(a) Investment in subsidiaries Cost method based on the moving-average cost method is applied.</p> <p>(b) Available-for sale securities -With fair value Fair value method based on the fair value information, such as market information, at the 1st half balance sheet date is applied. (Unrealized gain or loss is accounted for as a net asset item, and costs of sales are computed based on the moving-average method.) -With no fair value Cost method based on the moving-average method is applied.</p>	<p>(1) Securities</p> <p>(a) Investment in subsidiaries Same as on the left.</p> <p>(b) Available-for sale securities -With fair value Same as on the left.</p> <p>-With no fair value Same as on the left.</p>	<p>(1) Securities</p> <p>(a) Investment in subsidiaries Same as on the left.</p> <p>(b) Available-for sale securities -With fair value Fair value method based on the fair value information, such as market information, at the year end balance sheet date is applied. (Unrealized gain or loss is accounted for as a net asset item, and costs of sales are computed based on the moving-average method.) -With no fair value Same as on the left.</p>
2 Deferred assets	<p>(1) Bond issuance cost Bond issuance cost is amortized by the straight-line method over redemption period.</p>	<p>(1) Bond issuance cost Same as on the left.</p>	<p>(1) Bond issuance cost Same as on the left.</p>
3 Allowance, reserve and provision	<p>(1) Allowance for doubtful accounts The allowance has been determined by evaluation of respective potential losses in the receivables outstanding.</p> <p>(2) Provision for directors' bonus Provision for directors' bonus is provided for payment of bonuses to directors based on the estimated amount applicable to the fiscal period.</p> <p>(3) _____</p>	<p>(1) Allowance for doubtful accounts Same as on the left.</p> <p>(2) Provision for directors' bonus _____</p> <p>(3) Allowance for loss on investment in subsidiary The allowance is provided for potential losses in investment in subsidiaries. The allowance is determined by evaluation of financial condition and other factors of respective subsidiaries.</p>	<p>(1) Allowance for doubtful accounts Same as on the left.</p> <p>(2) Provision for directors' bonus _____</p> <p>(3) Allowance for loss on investment in subsidiary Same as on the left.</p>
4 Hedge accounting	<p>(1) Policy for hedge accounting -Deferral method is applied.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: -Cross currency swap Hedged items: -Corporate bonds denominated in foreign currencies</p> <p>(3) Hedging policy -In order to manage the interest risk and currency risk, debts are hedged to the extent of the amount of the items to be hedged.</p> <p>(4) Effectiveness testing of hedging -Effectiveness of the hedge should be demonstrated under an effectiveness test by comparing the volatility ratio of cumulative changes in fair value of the</p>	<p>(1) Policy for hedge accounting Same as on the left.</p> <p>(2) Hedging instruments and hedged items Same as on the left.</p> <p>(3) Hedging policy Same as on the left.</p> <p>(4) Effectiveness testing of hedging Same as on the left.</p>	<p>(1) Policy for hedge accounting Same as on the left.</p> <p>(2) Hedging instruments and hedged items Same as on the left.</p> <p>(3) Hedging policy Same as on the left.</p> <p>(4) Effectiveness testing of hedging Same as on the left.</p>

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	hedged item and the hedging instrument.		
Item	1st half - prior year (From January 1, 2007 to June 30, 2007)	1st half - current year (From January 1, 2008 to June 30, 2008)	Fiscal year - prior year (From January 1, 2007 to December 31, 2007)
5 Other significant items for the preparation of the (1st half) financial statements	<p>Conversion of dollars into yen In accordance with the Article 77 of the Interim Financial Statements rules, the amounts in Japanese yen are calculated by the foreign currency exchange rate (middle rate), being USD1.00=106.42, from the Tokyo Foreign Exchange Market as of June 30, 2008. The Japanese yen amounts are stated only for the 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.</p> <p>Translation of XFL's functional currency into reporting currency XFL, as a foreign company, adopts Chinese Yuan as functional currency while U.S. Dollar is adopted as reporting currency. Translation into reporting currency for preparation of financial statements is based on the Article 21 of International Accounting Standards. Monetary assets and liabilities are translated at the rate of the closing date while non-monetary assets and liabilities are translated at the rate of the transaction date. All revenue and expense accounts are translated at the rate of the transaction date, and differences arising from such translation are shown as "Foreign currency translation adjustments" in net assets.</p>	<p>Conversion of dollars into yen Same as on the left.</p> <p>Translation of XFL's functional currency into reporting currency Same as on the left.</p>	<p>Conversion of dollars into yen In accordance with the Article 130 of the Financial Statements rules, the amounts in Japanese yen are calculated by the foreign currency exchange rate (middle rate), being USD1.00=106.42, from the Tokyo Foreign Exchange Market as of June 30, 2008. The Japanese yen amounts are stated only for the 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.</p> <p>Translation of XFL's functional currency into reporting currency Same as on the left.</p>

Change in accounting policy

1st half - prior year (From January 1, 2007 to June 30, 2007)	1st half - current year (From January 1, 2008 to June 30, 2008)	Fiscal year - prior year (From January 1, 2007 to December 31, 2007)
<p>(Suspense account of share exchange)</p> <p>Until previous periods, the Company recognized the suspense account of share exchange in the net assets as share premium. In accordance with the ASBJ Guidance No.10 issued on October 31, 2003 Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures ("Business Combination Accounting Standards"), unissued shares for acquisition of its subsidiaries should be treated as liability at the point of determination of the quantity. The Company adopts this concept and recognized in the liabilities as other payables at the current period end.</p> <p>The suspense account of share exchange which had been included in other capital surplus in accordance with the accounting treatment under the International Financial Reporting Standards ("IFRS") is recognized as other payables in the liabilities due to change in the accounting treatment under IFRS.</p> <p>The effect of this change is to decrease other capital surplus by USD 29,929 thousand (JPY- 3,185 million) and to increase payable to shareholders and long-term other payable by USD 5,941 thousand (JPY 632 million) and USD23,988 thousand (JPY 2,553 million), respectively.</p>		

Additional information

1st half - prior year (From January 1, 2007 to June 30, 2007)	1st half - current year (From January 1, 2008 to June 30, 2008)	Fiscal year - prior year (From January 1, 2007 to December 31, 2007)
<p>(Change in functional currency)</p> <p>Effective January 1, 2007, XFL changes its functional currency from U.S. Dollar into Chinese Yuan due to a geographic change of the primary economic environment of the Company. Upon preparation of financial statements, XFL's accounts are translated into U.S. Dollar, the reporting currency.</p>		<p>(Change in functional currency)</p> <p>Effective from this year, XFL changes its functional currency from U.S. Dollar into Chinese Yuan due to a geographic change of the primary economic environment of the Company. Upon preparation of financial statements, XFL's accounts are translated into U.S. Dollar, the reporting currency.</p>

Footnote Information

(1st half balance sheets)

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

1st half - prior year (As of June 30, 2007)	1st half - current year (As of June 30, 2008)	Fiscal year - prior year (As of December 31, 2007)																														
<p>※1 Payables to shareholders and long-term other payables include part of the consideration for the acquisition of shares of certain subsidiaries. The consideration for the acquisition of shares of the companies includes the Company's shares to be issued to sellers and could fluctuate since the final payments are based on the future operating results of the respective company.</p>	<p>※1 Payables to shareholders include part of the consideration for the acquisition of shares of certain subsidiaries. The consideration for the acquisition of shares of the companies includes the Company's shares to be issued to sellers and could fluctuate since the final payments are based on the future operating results of the respective company.</p>	<p>※1 Same as on the left.</p>																														
<p>※2 The consideration for the acquisition of shares of some subsidiaries could fluctuate since the final payments are based on the future operating results of the respective company.</p>	<p>※2 Same as on the left.</p>	<p>※2 Same as on the left.</p>																														
<p>※3 Balances from/to related companies Receivables from and payables to related companies other than the accounts specifically stated are as follows:</p> <table> <tr> <td colspan="2">Current assets</td> </tr> <tr> <td>Other receivables</td> <td>18 (2)</td> </tr> <tr> <td>Others</td> <td>381 (41)</td> </tr> <tr> <td colspan="2">Current liabilities</td> </tr> <tr> <td>Other payables</td> <td>312 (33)</td> </tr> </table>	Current assets		Other receivables	18 (2)	Others	381 (41)	Current liabilities		Other payables	312 (33)	<p>※3 Balances from/to related companies Receivables from and payables to related companies other than the accounts specifically stated are as follows:</p> <table> <tr> <td colspan="2">Current assets</td> </tr> <tr> <td>Others</td> <td>145 (15)</td> </tr> <tr> <td colspan="2">Current liabilities</td> </tr> <tr> <td>Other payables</td> <td>106,223 (11,304)</td> </tr> </table>	Current assets		Others	145 (15)	Current liabilities		Other payables	106,223 (11,304)	<p>※3 Balances from/to related companies Receivables from and payables to related companies other than the accounts specifically stated are as follows:</p> <table> <tr> <td colspan="2">Current assets</td> </tr> <tr> <td>Others</td> <td>659 (70)</td> </tr> <tr> <td colspan="2">Non current assets</td> </tr> <tr> <td>Others</td> <td>378 (40)</td> </tr> <tr> <td colspan="2">Current liabilities</td> </tr> <tr> <td>Other payables</td> <td>76,021 (8,090)</td> </tr> </table>	Current assets		Others	659 (70)	Non current assets		Others	378 (40)	Current liabilities		Other payables	76,021 (8,090)
Current assets																																
Other receivables	18 (2)																															
Others	381 (41)																															
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Others	378 (40)																															
Current liabilities																																
Other payables	76,021 (8,090)																															
<p>※4 This account represents the difference arising on the translation of functional currency into reporting currency.</p>	<p>※4 Same as on the left.</p>	<p>※4 Same as on the left.</p>																														
<p>※5 _____</p>	<p>※5 Assets are presented after deduction of allowance for doubtful accounts. Amount deducted from current assets:</p> <table> <tr> <td></td> <td>3,765 (401)</td> </tr> </table>		3,765 (401)	<p>※5 Assets are presented after deduction of allowance for doubtful accounts. Amount deducted from current assets:</p> <table> <tr> <td></td> <td>3,765 (401)</td> </tr> </table>		3,765 (401)																										
	3,765 (401)																															
	3,765 (401)																															
<p>※1-5 notes correspond with ※1-5 as denoted in the balance sheets.</p>	<p>Same as on the left.</p>	<p>Same as on the left.</p>																														

(1st half income statements)

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

1st half - prior year (From January 1, 2007 to June 30, 2007)	1st half - current year (From January 1, 2008 to June 30, 2008)	Fiscal year - prior year (From January 1, 2007 to December 31, 2007)
※1 Transactions with related companies are as follows:	※1 Transactions with related companies are as follows:	※1 Transactions with related companies are as follows:
Turnover 2,330	Turnover 1,424	Turnover 4,288
(248)	(152)	(456)
Cost of sales 3,151	Cost of sales 2,078	Cost of sales 6,717
(335)	(221)	(715)
Interest income 333	Interest income 174	Interest income 659
(35)	(18)	(70)
※2 _____	※2 _____	※2 Though its substantial value of the investment in subsidiary has not significantly declined, provision for loss on investment is provided for financial soundness.
※3 _____	※3 Prior year adjustment Adjustment of turnover in prior year 855 (91)	※3 _____
※1-3 notes correspond with ※1-3 as denoted in the income statement.	Same as on the left.	Same as on the left.

(1st half statements of changes in net assets)

1st half - prior year (From January 1, 2007 to June 30, 2007)

Types and numbers of treasury shares

The Company did not repurchase or hold any treasury shares during the period.

1st half - current year (From January 1, 2008 to June 30, 2008)

Types and numbers of treasury shares

The Company did not repurchase or hold any treasury shares during the period.

Fiscal year - prior year (From January 1, 2007 to December 31, 2007)

Types and numbers of treasury shares

The Company did not repurchase or hold any treasury shares during the year.

(Lease transaction)

For the six months ended June 30, 2007 and 2008, and for the year ended December 31, 2007

The Company has no lease transactions, thus none applicable.

(Securities)

For the six months ended June 30, 2007 and 2008, and for the year ended December 31, 2007

For the periods, investment in subsidiaries held by the Company was unlisted and thus had no market value.

(Per Share Information)

For the six months ended June 30, 2007 and 2008, and for the year ended December 31, 2007

Since the Group prepares the 1st half consolidated financial statements, per share information of the Company is omitted.

(Significant subsequent events)

1st half -prior year (From January 1, 2007 to June 30, 2007)	1st half -current year (From January 1, 2008 to June 30, 2008)	Fiscal year -prior year (From January 1, 2007 to December 31, 2007)
<p>1. On August 31, 2007, the Board of Directors resolved that the Company would issue shares as follows:</p> <p>(1) Outline of issuance The Company determined to issue restricted shares to certain directors, officers and employees of the Group under the Company's Share Option Plan.</p> <p>(2) Class of share common stock</p> <p>(3) Number of shares Up to a maximum of 27,000 shares</p> <p>(4) Issue price per share Par value of HKD20. The shares will be issued as part of compensation to the entitled directors, officers and employees of the Group and the entitled directors, officers and employees will not pay the issue price of the granted shares in cash.</p> <p>(5) Issue price in total Up to a maximum of HKD 540,000.</p> <p>(6) Amount to be credited to share capital HKD 20 per share</p> <p>(7) Schedule of issuance Up to 10,753 shares will be issued in three separate tranches at the end of 2007, 2008 and 2009 and up to 16,247 shares have been set aside for issuance from time to time.</p>	<p>1. Redemption of Senior Guaranteed Notes</p> <p>On August 1, 2008, the Board of Directors resolved an early redemption for a portion of its Senior Guaranteed Notes (the "Notes"). Subsequently, on September 9, 2008, the Company announced that it had completed a tender offer for a portion of the outstanding Notes.</p> <p>(1) Purpose of the redemption The Company plans to reduce the long term indebtedness through the redemption of bonds.</p> <p>(2) Payment Date September 9, 2008.</p> <p>(3) Redemption amount USD 48,739 thousand</p> <p>(4) Redemption price 100% of the face value</p> <p>(5) Outline of the Notes Original issue date : November 21, 2006 Original maturity date : November 20, 2011 Total amount of the Notes : USD 100,000 thousand Interest rate : 10% Amount outstanding as of June 30, 2008 : USD 100,000 thousand</p> <p>(6) Effect on interest expense saving per year USD 4,874 thousand</p> <p>The redemption consideration is the result of the cash proceeds from the sale of capital stock of certain subsidiaries of the Company.</p>	

2 Other

Not applicable.

VII. TREND IN FOREIGN EXCHANGE RATES

Since the foreign exchange rate between JPY and USD is published in more than two Japanese daily newspapers, the information is omitted.

VIII. REFERENCE INFORMATION

Other Reference Information

We filed the following documents with the Kanto Local Finance Bureau during this semi-annual fiscal year of 2008 (from January 1, 2008 to the date of filing of this document).

(1) Extraordinary Report

Filed with the Director of the Kanto Local Finance Bureau on May 12, 2008 pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Law of Japan and Article 19, Paragraph 2, Subparagraph 2 of the Cabinet Ordinance Concerning Disclosure of Corporate Information, etc.

(2) Extraordinary Report

Filed with the Director of the Kanto Local Finance Bureau on May 12, 2008 pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Law of Japan and Article 19, Paragraph 2, Subparagraph 2 of the Cabinet Ordinance Concerning Disclosure of Corporate Information, etc.

(3) Extraordinary Report

Filed with the Director of the Kanto Local Finance Bureau on May 26, 2008 pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Law of Japan and Article 19, Paragraph 2, Subparagraph 2 of the Cabinet Ordinance Concerning Disclosure of Corporate Information, etc.

(4) Annual Securities Report

Filed with the Director of the Kanto Local Finance Bureau on June 24, 2008 pursuant to the first clause of Article 24 of the Financial Instruments and Exchange Law of Japan.

(5) Extraordinary Report

Filed with the Director of the Kanto Local Finance Bureau on July 24, 2008 pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Law of Japan and Article 19, Paragraph 2, Subparagraph 3 of the Cabinet Ordinance Concerning Disclosure of Corporate Information, etc.

(6) Extraordinary Report

Filed with the Director of the Kanto Local Finance Bureau on August 27, 2008 pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Law of Japan and Article 19, Paragraph 2, Subparagraph 2 of the Cabinet Ordinance Concerning Disclosure of Corporate Information, etc.

**Please note that this document is a translation of the document prepared in the Japanese language and filed with the Kanto Local Finance Bureau.*

(7) Extraordinary Report

Filed with the Director of the Kanto Local Finance Bureau on August 27, 2008 pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Law of Japan and Article 19, Paragraph 2, Subparagraph 2 of the Cabinet Ordinance Concerning Disclosure of Corporate Information, etc.

PART II. INFORMATION ON THE GUARANTOR, ETC.

I. INFORMATION ON THE GUARANTOR

Not Applicable.

II. INFORMATION ON THE COMPANIES OTHER THAN THE GUARANTOR

Not Applicable.

III. INFORMATION ON INDEX, ETC.

Not Applicable.