

**1. Financial Information**  
**(1) Consolidated Financial Information**

① Consolidated balance sheets

		Consolidated fiscal year - prior year (As of December 31, 2008) (Unit: Thousands of U.S. Dollars)	Consolidated fiscal year - prior year (As of December 31, 2008) (Unit: Millions of Japanese Yen)	Consolidated fiscal year - current year (As of December 31, 2009) (Unit: Thousands of U.S. Dollars)	Consolidated fiscal year - current year (As of December 31, 2009) (Unit: Millions of Japanese Yen)
Assets					
Current assets					
Cash and deposits	※1	75,289	6,934	23,688	2,182
Accounts receivable-trade	※2	8,203	756	2,213	204
Short-term investment securities		756	70	-	-
Accounts receivable-other		5,014	462	2,095	193
Other	※2	14,337	1,320	1,562	144
Total current assets		103,600	9,542	29,558	2,722
Non-current assets					
Property, plant and equipment					
Buildings and structures		5,566	513	986	91
Accumulated depreciation		△ 1,950	△ 180	△ 445	△ 41
Buildings and structures, net		3,616	333	540	50
Tools, furniture and fixtures		8,095	746	3,028	279
Accumulated depreciation		△ 5,940	△ 547	△ 2,030	△ 187
Tools, furniture and fixtures, net		2,155	199	998	92
Total property, plant and equipment		5,772	532	1,538	142
Intangible assets					
Goodwill		15,114	1,392	-	-
Right of trademark		400	37	300	28
Contractual rights and other	※4	633	58	-	-
Total intangible assets		16,147	1,487	300	28
Investments and other assets					
Investment securities		205	19	65	6
Stocks of subsidiaries and affiliates		89,062	8,203	-	-
Investments in capital of subsidiaries and affiliates		188	17	7,840	722
Total investments and other assets	※2	89,455	8,239	7,906	728
Total non-current assets		111,373	10,257	9,744	897
Deferred assets					
Bond issuance costs		1,140	105	133	12
Total deferred assets		1,140	105	133	12
Total assets		216,113	19,904	39,434	3,632

		Consolidated fiscal year - prior year (As of December 31, 2008) (Unit: Thousands of U.S. Dollars)	Consolidated fiscal year - prior year (As of December 31, 2008) (Unit: Millions of Japanese Yen)	Consolidated fiscal year - current year (As of December 31, 2009) (Unit: Thousands of U.S. Dollars)	Consolidated fiscal year - current year (As of December 31, 2009) (Unit: Millions of Japanese Yen)
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable-trade		5,804	535	1,106	102
Current portion of bond		41,474	3,820	3,787	349
Short-term loans payable	※1,3	16,208	1,493	16,726	1,540
Income taxes payable		2,372	218	984	91
Accounts payable-other		1,971	182	1,401	129
Accrued expenses		15,313	1,410	6,664	614
Unearned revenue		1,685	155	-	-
Notes payable-non-operating		44	4	-	-
Lease obligations	※1	9	1	-	-
Other		452	42	552	51
<b>Total current liabilities</b>		<b>85,333</b>	<b>7,859</b>	<b>31,220</b>	<b>2,875</b>
<b>Non-current liabilities</b>					
Bonds payable		9,508	876	5,388	496
Lease obligations	※1	4	0	-	-
Long-term accounts payable-other		400	37	-	-
Deferred tax liabilities		202	19	42	4
Other		1,074	99	1,042	96
<b>Total non-current liabilities</b>		<b>11,188</b>	<b>1,030</b>	<b>6,472</b>	<b>596</b>
<b>Total liabilities</b>		<b>96,521</b>	<b>8,890</b>	<b>37,692</b>	<b>3,471</b>
<b>Net Assets</b>					
<b>Shareholders' equity</b>					
Capital stock		3,810	351	3,882	358
Capital surplus		401,693	36,996	403,856	37,195
Retained earnings		△ 269,549	△ 24,825	△ 383,004	△ 35,275
<b>Total shareholders' equity</b>		<b>135,955</b>	<b>12,521</b>	<b>24,734</b>	<b>2,278</b>
<b>Valuation and translation adjustments</b>					
Valuation differences on available-for-sale securities		40	4	36	3
Foreign currency translation adjustments	※5	△ 24,320	△ 2,240	△ 24,853	△ 2,289
<b>Total valuation and translation   adjustments</b>		<b>△ 24,280</b>	<b>△ 2,236</b>	<b>△ 24,817</b>	<b>△ 2,286</b>
Subscription rights to shares		1,797	166	1,659	153
Minority interests		6,120	564	166	15
<b>Total net assets</b>		<b>119,592</b>	<b>11,014</b>	<b>1,742</b>	<b>160</b>
<b>Total liabilities and net assets</b>		<b>216,113</b>	<b>19,904</b>	<b>39,434</b>	<b>3,632</b>

② Consolidated income statements

		Consolidated fiscal year - prior year (From January 1, 2008 to December 31, 2008) (Unit: Thousands of U.S. Dollars)	Consolidated fiscal year - prior year (From January 1, 2008 to December 31, 2008) (Unit: Millions of Japanese Yen)	Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009) (Unit: Thousands of U.S. Dollars)	Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009) (Unit: Millions of Japanese Yen)
Net sales		279,351	25,728	32,717	3,013
Cost of sales		150,522	13,863	10,949	1,008
Gross profit		128,829	11,865	21,768	2,005
Selling, general and administrative expenses					
Directors' compensations		10,290	948	1,451	134
Salaries and allowances		48,169	4,436	8,115	747
Advertising expenses		10,419	960	101	9
Depreciation		11,939	1,100	977	90
Amortization of goodwill		20,113	1,852	350	32
Commission fee		-	-	5,871	541
Others		72,736	6,699	9,076	836
Total selling, general and administrative expenses		173,666	15,995	25,941	2,389
Operating loss (△)		△ 44,838	△ 4,130	△ 4,173	△ 384
Non-operating income					
Interest and dividend income		4,590	423	1,154	106
Foreign exchange gain		8,226	758	357	33
Commission fee		-	-	1,578	145
Others		3,865	356	923	85
Total non-operating income		16,681	1,536	4,012	370
Non-operating expenses					
Interest expenses		24,492	2,256	3,996	368
Equity in loss of affiliates		-	-	80,448	7,409
Stock issuance cost		550	51	-	-
Others		1,591	147	755	70
Total non-operating expenses		26,633	2,453	85,199	7,847
Ordinary loss (△)		△ 54,789	△ 5,046	△ 85,360	△ 7,862
Extraordinary gains					
Gain on sales of noncurrent assets	※3	229	21	-	-
Gain on termination of a derivative contract		4,297	396	-	-
Gain on forfeiture of share option		876	81	-	-
Gain on sales of stocks of subsidiaries and affiliates		17,635	1,624	1,042	96
Gain on transfer of business		6,017	554	-	-
Total extraordinary gains		29,055	2,676	1,042	96
Extraordinary losses					
Loss on change in equity		14,858	1,368	7,941	731
Loss on prior periods adjustment	※5	3,692	340	-	-
Loss on sales of a non-deliverable option		2,150	198	-	-
Loss on valuations of investments securities		607	56	-	-
Provision of allowance for doubtful accounts	※6	42,098	3,877	2,196	202
Bad debt expense		-	-	4,263	393
Loss on sales of stocks of subsidiaries and affiliates		4,159	383	35	3
Loss on sales and retirement of noncurrent assets	※4	436	40	98	9
Loss on transfer of business		300	28	-	-
Amortization of goodwill	※2	95,054	8,754	-	-
Impairment loss	※1	203,703	18,761	5,433	500
Others		296	27	190	18
Total extraordinary losses		367,353	33,833	20,156	1,856
Loss before income taxes and minority interests (△)		△ 393,088	△ 36,203	△ 104,474	△ 9,622
Income taxes (current)		10,636	980	2,480	228
Income taxes (deferred)		△ 3,296	△ 304	△ 156	△ 14
Total income tax		7,340	676	2,324	214
Minority interests in income		△ 132,106	△ 12,167	6,656	613
Net loss (△)		△ 268,322	△ 24,712	△ 113,454	△ 10,449

③ Consolidated statement of changes in net assets

	Consolidated fiscal year - prior year (From January 1, 2008 to December 31, 2008) (Unit: Thousands of U.S. Dollars)	Consolidated fiscal year - prior year (From January 1, 2008 to December 31, 2008) (Unit: Millions of Japanese Yen)	Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009) (Unit: Thousands of U.S. Dollars)	Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009) (Unit: Millions of Japanese Yen)
Shareholders' equity				
Capital stock				
Beginning balance	2,649	244	3,810	351
Change of items during the year				
Issuance of new shares	18	2	72	7
Increase by share exchanges	1,143	105	-	-
Total changes of items during the year	1,162	107	72	7
Ending balance	3,810	351	3,882	358
Capital surplus				
Beginning balance	377,646	34,781	401,693	36,996
Change of items during the year				
Issuance of new shares	1,952	180	2,162	199
Increase by share exchanges	22,095	2,035	-	-
Total changes of items during the year	24,048	2,215	2,162	199
Ending balance	401,693	36,996	403,856	37,195
Retained earnings				
Beginning balance	△ 1,227	△ 113	△ 269,549	△ 24,825
Change of items during the year				
Net loss	△ 268,322	△ 24,712	△ 113,454	△ 10,449
Total changes of items during the year	△ 268,322	△ 24,712	△ 113,454	△ 10,449
Ending balance	△ 269,549	△ 24,825	△ 383,004	△ 35,275
Total shareholders' equity				
Beginning balance	379,067	34,912	135,955	12,521
Change of items during the year				
Issuance of new shares	1,971	181	2,234	206
Net loss	△ 268,322	△ 24,712	△ 113,454	△ 10,449
Increase by share exchanges	23,238	2,140	-	-
Total changes of items during the year	△ 243,113	△ 22,391	△ 111,221	△ 10,243
Ending balance	135,955	12,521	24,734	2,278
Valuation and translation adjustments				
Valuation difference on available-for-sale securities				
Beginning balance	441	41	40	4
Change of items during the year				
Net changes of items other than shareholders' equity	△ 401	△ 37	△ 4	△ 0
Total changes of items during the year	△ 401	△ 37	△ 4	△ 0
Ending balance	40	4	36	3

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Deferred gains or losses on hedges				
Beginning balance	△ 7,361	△ 678	-	-
Change of items during the year				
Net changes of items other than shareholders' equity	7,361	678	-	-
Total changes of items during the year	7,361	678	-	-
Ending balance	-	-	-	-
Foreign currency translation adjustment				
Beginning balance	△ 12,396	△ 1,142	△ 24,320	△ 2,240
Change of items during the year				
Net changes of items other than shareholders' equity	△ 11,924	△ 1,098	△ 533	△ 49
Total changes of items during the year	△ 11,924	△ 1,098	△ 533	△ 49
Ending balance	△ 24,320	△ 2,240	△ 24,853	△ 2,289
Total valuation and translation adjustments				
Beginning balance	△ 19,316	△ 1,779	△ 24,280	△ 2,236
Change of items during the year				
Net changes of items other than shareholders' equity	△ 4,964	△ 457	△ 536	△ 49
Total changes of items during the year	△ 4,964	△ 457	△ 536	△ 49
Ending balance	△ 24,280	△ 2,236	△ 24,817	△ 2,286
Subscription rights to shares				
Beginning balance	8,966	826	1,797	166
Change of items during the year				
Net changes of items other than shareholders' equity	△ 7,169	△ 660	△ 139	△ 13
Total changes of items during the year	△ 7,169	△ 660	△ 139	△ 13
Ending balance	1,797	166	1,659	153
Minority interests				
Beginning balance	203,755	18,766	6,120	564
Change of items during the year				
Net changes of items other than shareholders' equity	△ 197,634	△ 18,202	△ 5,955	△ 548
Total changes of items during the year	△ 197,634	△ 18,202	△ 5,955	△ 548
Ending balance	6,120	564	166	15
Net assets				
Beginning balance	572,472	52,725	119,592	11,014
Change of items during the year				
Issuance of new shares	1,971	181	2,234	206
Net loss	△ 268,322	△ 24,712	△ 113,454	△ 10,449
Increase by share exchanges	23,238	2,140	-	-
Net changes of items other than shareholders' equity	△ 209,767	△ 19,320	△ 6,630	△ 611
Total changes of items during the year	△ 452,880	△ 41,710	△ 117,850	△ 10,854
Ending balance	119,592	11,014	1,742	160

④ Consolidated cashflow statements

	Consolidated fiscal year -prior year (From January 1, 2008 to December 31, 2008) (Unit: Thousands of US dollars)	Consolidated fiscal year -prior year (From January 1, 2008 to December 31, 2008) (Unit: Millions of Japanese Yen)	Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009) (Unit: Thousands of US dollars)	Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009) (Unit: Millions of Japanese Yen)
Net cash provided by (used in) operating activities				
Loss before income taxes and minority interests (△)	△ 393,088	△ 36,203	△ 104,474	△ 9,622
Depreciation and amortization	5,390	496	977	90
Impairment loss	203,703	18,761	5,433	500
Amortization	19,735	1,818	-	-
Amortization of goodwill	118,298	10,895	350	32
Share-based compensation	14,148	1,303	2,095	193
Interest and dividends income	△ 4,590	△ 423	△ 1,154	△ 106
Interest expenses	24,492	2,256	3,996	368
Gain (loss) on change in equity (△ : gain)	14,858	1,368	7,941	731
Equity in gain (loss) of affiliates (△ : gain)	-	-	80,448	7,409
Gain (loss) on valuation of investment securities (△ : gain)	607	56	-	-
Stock issuance cost	550	51	-	-
Gain (loss) on sales and retirement of noncurrent assets (△ : gain)	207	19	98	9
Increase (decrease) in allowance for doubtful accounts	42,098	3,877	2,196	202
Bad debt expense	-	-	4,263	393
Gain (loss) on transfer of business (△ : gain)	△ 5,717	△ 527	-	-
Gain (loss) on sales of stocks of subsidiaries and affiliates (△ : gain)	△ 13,477	△ 1,241	△ 1,006	△ 93
Gain (loss) on termination of a derivative contract (△ : gain)	△ 4,297	△ 396	-	-
Gain (loss) on disposal of a non-deliverable option (△ : gain)	2,150	198	-	-
Increase (decrease) in accounts receivable (△ : increase)	△ 35,686	△ 3,287	1,784	164
Increase (decrease) in accounts payable (△ : decrease)	41,814	3,851	△ 905	△ 83
Increase (decrease) in other current assets (△ : increase)	16,550	1,524	3,885	358
Increase (decrease) in other current liabilities (△ : decrease)	8,028	739	△ 8,847	△ 815
Other, net	8,672	799	704	65
Subtotal	64,448	5,936	△ 2,217	△ 204
Income taxes paid	△ 6,957	△ 641	△ 2,617	△ 241
Net cash provided by (used in) operating activities (△ : used in)	57,491	5,295	△ 4,834	△ 445
Net cash provided by (used in) investment activities				
Proceeds from withdrawal of time deposits	4,606	424	-	-
Interest and dividends income received	4,590	423	1,154	106
Deposit paid for acquisition	△ 14,175	△ 1,305	-	-
Proceeds from sales and redemption of securities	3,669	338	-	-
Purchase of property, plant and equipment	△ 5,500	△ 507	△ 420	△ 39
Proceeds from sales of property, plant and equipment	415	38	89	8
Purchase of intangible assets	△ 11,483	△ 1,058	-	-
Purchase of investment securities	△ 2,232	△ 206	-	-
Proceeds from sales and redemption of investment securities	1,335	123	-	-
Purchase of derivative transactions	△ 24,050	△ 2,215	-	-
Proceeds from sales of derivative transactions	2,150	198	-	-
Decrease (increase) in short-term loans receivable	△ 8,755	△ 806	-	-
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	※2 86,728	7,988	7,740	713
Purchase of investments in subsidiaries	△ 5,630	△ 519	-	-
Proceeds from transfer of business	※3 5,156	475	-	-
Payment for conversion of classified shares issued by the subsidiary	※4 △ 57,029	△ 5,252	-	-
Subsequent consideration paid for the acquisition of shares of certain subsidiaries	△ 60,999	△ 5,618	-	-
Other, net	△ 1,142	△ 105	1,422	131
Net cash provided by (used in) investing activities (△ : used in)	△ 82,347	△ 7,584	9,984	920

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Net cash provided by (used in) financing activities					
Interest expenses paid		△ 17,039	△ 1,569	△ 2,950	△ 272
Increase (decrease) in deposit pledged (△: increase)		8,797	810	△ 218	△ 20
Repayments of long-term loans payable		△ 242	△ 22	-	-
Redemption of bonds		△ 48,739	△ 4,489	△ 42,054	△ 3,873
Net increase (decrease) in short-term loans payable (△: decrease)		155	14	413	38
Proceeds from stock issuance to minority shareholders		27,381	2,522	-	0
Cash dividends paid to minority shareholders		△ 2,523	△ 232	△ 2,500	△ 230
Repayments of finance lease obligations		△ 35	△ 3	-	-
Increase (decrease) in long term other payables (△: decrease)		4,945	455	-	-
Net cash provided by (used in) financing activities (△: used in)		△ 27,302	△ 2,514	△ 47,308	△ 4,357
Effect of exchange rate change on cash and cash equivalents		△ 15,591	△ 1,436	△ 359	△ 33
Net increase (decrease) in cash and cash equivalents (△: decrease)		△ 67,748	△ 6,240	△ 42,517	△ 3,916
Cash and cash equivalents at beginning of year		125,373	11,547	57,624	5,307
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	※5	-	-	△ 9,679	△ 891
Cash and cash equivalents at end of year	※1	57,624	5,307	5,428	500

Substantial doubt about its ability to continue as a going concern

Consolidated fiscal year - prior year (From January 1, 2008 to December 31, 2008)

Not applicable.

Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009)

The Group incurred operating loss of USD 44,838 thousand (JPY 4,130 million) and net loss of USD 268,322 thousand (JPY 24,712 million) for the consolidated fiscal year ended December 31, 2008, and operating loss of USD 4,173 thousand (JPY 384 million) and net loss of USD 113,454 thousand (JPY 10,449 million) for the consolidated fiscal year ended December 31, 2009. Net cash used in operating activities for the consolidated fiscal year ended December 31, 2009 was US\$ 4,834 thousand (JPY 445 million). In addition, bonds payable (Principal) of USD 3,800 thousand (JPY 350 million) become due within one year after the end of this fiscal year.

This is primarily due to the equity loss of affiliates as a result of Xinhua Sports and Entertainment Limited (“XSEL”) incurred huge amount of loss, and worldwide economic downturn after the subprime financial crisis hit the profitability of the Group’s existing business.

These conditions raise substantial doubt about the Group’s ability to continue as a going concern.

The Group is continuing the repositioning of its business and moving ahead. At same time, the management team is taking a number of actions. Going forward, the Group will be seeking to raise funds by selling certain assets and provide the proceeds for the redemption of the bond and making investments in the new ventures to diversify the business portfolio. In parallel, the Group will further cut overall corporate costs to improve profitability of the existing business and cut finance cost by the redemption of bond for the future sustainable growth. In addition, the Group will take advantage of its presence in the fast growing Chinese market, especially in light of the improving conditions in the global financial markets, and leverage its unique core competencies in China to capture local opportunities. There will be no additional loss expected with regards to the equity loss of XSEL since all the amount invested in XSEL has been recognized as a loss by the end of this consolidated fiscal year.

However, as the Group’s ability to continue as a going concern is heavily pending on the success of divestment of certain assets to raise funds, and the growth of its existing business and new ventures, there exist material uncertainties related to the substantial doubt about the Group’s ability to continue as a going concern. The accompanying consolidated financial statements have been prepared assuming that the Group will continue as going concern, and the effect of the material uncertainties is not reflected in the consolidated financial statements.

### Basis of presenting consolidated financial statements

Item	Consolidated fiscal year - prior year (From January 1, 2008 to December 31, 2008)	Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009)
1 Scope of consolidation	<p>(1) The number of consolidated subsidiaries: 35</p> <p>The name of major consolidated subsidiaries are as follows:</p> <p>Asia</p> <p>Xinhua Financial Network Ltd. Xinhua Financial Network (Beijing) Ltd Xinhua Financial Network (Shanghai) Limited Other subsidiaries in Asia: 22</p> <p>U.S.A.</p> <p>Taylor Rafferty Associates, Inc. Market News International, Inc Other subsidiaries in U.S.A.: 4</p> <p>Other Locations: 4 Intelligence Asia Pty Ltd., Xinhua Financial Network Inc. and Shanghai Netchina Limited are excluded from the scope of consolidation due to dissolution.</p> <p>Mergent, Inc. and its 7 subsidiaries, as well as Kinetic Information System Services Limited and Washington Analysis Corporation are excluded from the scope of consolidation due to subsequent sale of shares.</p> <p>Because the ratio of voting rights of the Company decreased, Xinhua Finance Media Limited ("XFM") and its 72 subsidiaries, which were previously consolidated, were excluded from the scope of consolidation. As a consequence, XFM is now held as an associate, which is accounted for under the equity method. As the control of XFM by the Company was dissolved on December 31, 2008, the financial results of XFM are consolidated only in the consolidated income statements and consolidated cashflow statements.</p>	<p>(1) The number of consolidated subsidiaries: 24</p> <p>The name of major consolidated subsidiaries are as follows:</p> <p>Asia</p> <p>Xinhua Financial Network Ltd. Xinhua Financial Network (Beijing) Ltd Xinhua Financial Network (Shanghai) Limited Other subsidiaries in Asia: 13</p> <p>U.S.A.</p> <p>Taylor Rafferty Associates, Inc. Other subsidiaries in U.S.A.: 3</p> <p>Other Locations: 4 Market News International Inc. and its subsidiary and Shanghai Far East Credit Rating Co. Ltd. and its 6 subsidiaries, are excluded from the scope of consolidation due to sale of shares.</p> <p>Xinhua Investment Group Hong Kong Limited is excluded from the scope of consolidation due to dissolution.</p> <p>FTSE/Xinhua Index Ltd ("FXI") and its subsidiaries were excluded from the scope of consolidation due to cease of power to cast the majority votes at the meeting of board of directors. As a consequence, FXI is now held as an associate, which is accounted for under the equity method. The control of FXI by the Company was dissolved on November 30, 2009, the financial results of FXI are consolidated only for the period in the consolidated income statements and consolidated cashflow statements.</p> <p>Fortune China Public Relations (Beijing) Limited is consolidated because of newly setup.</p>

Item	Consolidated fiscal year - prior year (From January 1, 2008 to December 31, 2008)	Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009)
2 Adoption of the equity method	<p>(1) Number of associated company accounted by the equity method : 2</p> <p>Name of the associated company NingBo Far East Credit Rating Co., Ltd. Xinhua Finance Media Limited</p> <p>Best Independent Research, LLC (BIR), which had been accounted by the equity method, was excluded from the scope of the equity method application because the Company sold all shares of Mergent Inc. that had held equity interests in BIR.</p> <p>Because the ratio of voting rights of the Company decreased, Xinhua Finance Media Limited (“XFM”) and its 72 subsidiaries, which were previously consolidated, were excluded from the scope of consolidation. As a consequence, XFM is now held as an associate, which is accounted for under the equity method.</p>	<p>(2) Number of associated company accounted by the equity method : 2</p> <p>Name of the associated company Xinhua Sports &amp; Entertainment Limited (formerly known as Xinhua Finance Media Limited) FTSE/Xinhua Index Ltd</p> <p>NingBo Far East Credit Rating Co. Ltd (NingBo), which had been accounted by the equity method, was excluded from the scope of the equity method application because the Company sold shares of Shanghai Far East Credit Rating Co. that had held equity interest in NingBo.</p> <p>FTSE/Xinhua Index Ltd (“FXI”) and its subsidiaries were excluded from the scope of consolidation due to cease of power to cast the majority votes at the meeting of board of directors. As a consequence, FXI is now held as an associate, which is accounted for under the equity method.</p>
3 Reconciliation of closing date for consolidation	There is no consolidated subsidiary whose closing date for the year is different from that of the Company.	Same as on the left.
<p>4 Significant accounting policies</p> <p>(1) Valuation basis and method for assets</p> <p>(2) Depreciation or amortization method</p>	<p>Securities</p> <p>(a) Trading securities -Fair value method (the cost of securities sold is determined based on the moving-average cost method) (b) 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 Cost method based on the moving-average method is applied</p> <p>Derivatives Fair value method</p> <p>(a) Property, plant and equipment Depreciation of property, plant and equipment is computed substantially by the straight-line method. Estimated useful lives are the followings: Buildings and structures: 3 to 20 years Tools, furniture and fixtures: 1 to 10 years</p> <p>(b) Intangible assets Intangible assets are amortized by the straight-line method. Estimated useful lives are as follows: Right of trademark: 11 years Contractual rights and other: 3 to 50 years</p>	<p>Securities</p> <p>(a) Trading securities</p> <hr/> <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>Derivatives</p> <hr/> <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: Right of trademark: 11 years</p>

Item	Consolidated fiscal year - prior year (From January 1, 2008 to December 31, 2008)	Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009)
(3) Deferred assets	(a) Bond issuance cost Bond issuance cost is amortized by the straight-line method over maturity.	(a) Bond issuance cost Same as on the left.
(4) Allowance, reserve and provision	Allowance for doubtful accounts The allowance has been determined mainly by evaluation of respective potential losses in the receivables outstanding.	Allowance for doubtful accounts Same as on the left.
(5) Conversion of significant items in foreign currencies	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. 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.	Same as on the left.
(6) Leases	For finance leases deemed not to transfer ownership of the leased property to the lessee, leased properties are capitalized.	<hr/>
(7) Hedge accounting	(a) Policy for hedge accounting -Deferral method is applied.  (b) Hedging instruments and hedged items Hedging instruments: -Cross currency swap Hedged items: -Corporate bonds denominated in foreign currencies  (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.  (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.	(a) Policy for hedge accounting <hr/> (b) Hedging instruments and hedged items <hr/> (c) Hedging policy <hr/> (d) Effectiveness testing of hedging <hr/>

Item	Consolidated fiscal year - prior year (From January 1, 2008 to December 31, 2008)	Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009)
(8) Other significant items for the preparation of the 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 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=92.10, from the Tokyo Foreign Exchange Market as of December 30, 2009. The Japanese yen amounts are stated only for purpose of convenience. Therefore it is not assured that the amounts in U.S. Dollars could be exchanged to Japanese yen amounts calculated by the abovementioned exchange rate.</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>
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.
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.
7 Cash and cash equivalents in the consolidated cashflow statements	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.	Same as on the left.

#### Change in basis of presenting consolidation financial statements

Consolidated fiscal year - prior year (From January 1, 2008 to December 31, 2008)	Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009)
	<p>(Accounting Standards for Lease Transactions) Effective from this year, the Company adopted "Accounting Standards for Lease Transactions" (Corporate Accounting Standards No. 13 revised on March 30, 2007) and the "Guide for Adopting the Accounting Standards for Lease Transactions" (Corporate Accounting Standards Adoption Guide No. 16 revised on March 30, 2007).</p> <p>The effect of this change is to decrease ordinary income and income before income taxes, minority interests and distribution of profits from joint alliances by USD 2,827 thousand (JPY 260 million) for the period ended December 31, 2009, respectively.</p>

## Change in presentation

Consolidated fiscal year - prior year (From January 1, 2008 to December 31, 2008)	Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009)
<hr/>	<p>(Consolidated balance sheets)</p> <p>"Unearned revenue" (378 thousand USD dollars (35 million Japanese yen)) , "Notes payable-non-operating" (49 thousand USD dollars (5 million Japanese yen)) and "Lease obligations " (4 thousand USD dollars (0 million Japanese yen)), which were represented separately in previous years, are included in "others" in Current liabilities as their amount fell below 5% of the total Liabilities and net assets.</p> <p>"Long-term account payable-other" (300 thousand USD dollars (28 million Japanese yen)) and " Long – term lease obligation" ( 0 thousand USD dollars (0 million Japanese yen)) , which were represented separately in previous years, are included in "others" in Non -current liabilities as their amount fell below 5% of the total Liabilities and net assets.</p> <p>(Consolidated income statements)</p> <p>"Commission fee" (USD 16,314 thousand (JPY 1,503 million) for the period ended December 31, 2008), which was included in "others" in Selling, general and administrative expenses in previous years, is represented separately as their amount exceeded 10% of the total Selling, general and administrative expenses.</p> <p>(Consolidated cash flow statements)</p> <p>Conform to the Financial Instruments and Exchange Act, the Entity is required to unify the disclosure name for "amortization" into "depreciation and amortization" under operating cash flow, in order to have better representation and comparison of the financial statements upon the updates of XBRL in EDINET. Accordingly, "depreciation and amortization" will be used in the presentation of the financial statements from current year. The amortization included in current year's "depreciation and amortization" is 295 thousand USD dollars (27 million Japanese yen).</p>

Footnote Information  
(Consolidated balance sheets)

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

Consolidated fiscal year - prior year (As of December 31, 2008)	Consolidated fiscal year - current year (As of December 31, 2009)
<p>※1 Assets collateralized and corresponding liabilities</p> <p>Assets collateralized</p> <p>Bank deposit</p> <p style="text-align: right;">18,004 (1,658)</p> <p>Corresponding liabilities</p> <p>Short-term loan payable</p> <p style="text-align: right;">15,969 (1,471)</p> <p>Lease obligations</p> <p style="text-align: right;">9 (1)</p> <p>Long term lease obligations</p> <p style="text-align: right;">4 (0)</p> <p>※2 Assets are presented after deduction of allowance for doubtful accounts.</p> <p style="padding-left: 20px;">Amounts deducted from current assets:</p> <p style="text-align: right;">7,581 (698)</p> <p>※3 Xinhua Financial Network (Shanghai) Ltd., Xinhua Financial Network Korea Company Limited, and Shanghai Huacai Investment Advisory Company Limited have line of credit agreements with banks. The amount of the lines of credit and the balance outstanding under the agreements at December 31, 2008 are as follows:</p> <p>Total amount of the line of credit</p> <p style="text-align: right;">30,308 (2,791)</p> <p>Outstanding balance</p> <p style="text-align: right;">16,071 (1,480)</p> <hr/> <p>Remaining amount of the line of credit</p> <p style="text-align: right;">14,237 (1,311)</p>	<p>※1 Assets collateralized and corresponding liabilities</p> <p>Assets collateralized</p> <p>Bank deposit</p> <p style="text-align: right;">18,222 (1,678)</p> <p>Corresponding liabilities</p> <p>Short-term loan payable</p> <p style="text-align: right;">16,184 (1,491)</p> <p>Lease obligations</p> <p style="text-align: right;">9 (1)</p> <p>Long term lease obligations</p> <p style="text-align: right;">4 (0)</p> <p>※2 Assets are presented after deduction of allowance for doubtful accounts.</p> <p style="padding-left: 20px;">Amounts deducted from current assets:</p> <p style="text-align: right;">967 (89)</p> <p style="padding-left: 20px;">Amounts deducted from investment and other assets:</p> <p style="text-align: right;">5,904 (544)</p> <p>※3 Xinhua Financial Network (Shanghai) Ltd., Xinhua Financial Network Korea Company Limited, and Shanghai Huacai Investment Advisory Company Limited have line of credit agreements with banks. The amount of the lines of credit and the balance outstanding under the agreements at December 31, 2009 are as follows:</p> <p>Total amount of the line of credit</p> <p style="text-align: right;">30,925 (2,848)</p> <p>Outstanding balance</p> <p style="text-align: right;">16,692 (1,537)</p> <hr/> <p>Remaining amount of the line of credit</p> <p style="text-align: right;">14,234 (1,311)</p>

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

Consolidated fiscal year - prior year (As of December 31, 2008)	Consolidated fiscal year - current year (As of December 31, 2009)
<p>※4 This account represents contractual rights such as agency rights and publishing rights as well as intellectual properties such as data bases.</p> <p>※5 This account includes the difference arising on the translation of XFL's functional currency into reporting currency.</p> <p>※1-5 notes correspond with ※1-5 as denoted in the consolidated balance sheet.</p>	<p>※4 _____</p> <p>※5 Same as on the left.</p> <p>Same as on the left.</p>

## (Consolidated income statements)

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

Consolidated fiscal year - prior year (From January 1, 2008 to December 31, 2008)	Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009)																																								
<p>※1 Impairment loss</p> <p>The Group recognized an impairment loss for asset groups presented below for the year ended December 31, 2008.</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 style="text-align: right;">2,188 (202)</td> </tr> <tr> <td>Asia</td> <td>Asset for Operation</td> <td>Intangible Asset</td> <td style="text-align: right;">28,908 (2,662)</td> </tr> <tr> <td>Asia</td> <td>Other</td> <td>Goodwill</td> <td style="text-align: right;">134,606 (12,397)</td> </tr> <tr> <td>North America</td> <td>Other</td> <td>Goodwill</td> <td style="text-align: right;">38,001 (3,500)</td> </tr> <tr> <td>Total</td> <td></td> <td></td> <td style="text-align: right;">203,703 (18,761)</td> </tr> </tbody> </table> <p>Impairment loss on equipment / intangible assets was recognized as an 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 at 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 flows was ranging from 9.0% to 11.0%.</p> <p>As losses have been anticipated upon the sales of shares of Mergent Inc., Kinetic Information System Services Limited, Washington Analysis Corporation, Market News International Inc. and Shanghai Far East Credit Rating Co., Ltd., as well as assets of G7 Group, Inc. and Taylor Rafferty, the Group recognized such estimated loss as an impairment loss on goodwill.</p> <p>Additionally, this account includes impairment losses on goodwill for subsidiaries of Xinhua Finance Media Limited, a former consolidated subsidiary of the Company which become an associate at this year end.</p> <p>※2 Amortization of goodwill</p> <p>Xinhua Finance Media Limited ("XFM"), a former subsidiary of the Company, was excluded from the scope of consolidation and is now held as an associate, which is accounted for under the equity method, due to a decrease in the Company's ratio of voting rights because all of XFM's series B ordinary shares attached with 10 voting rights for each share that were held by the Company were converted into series A ordinary shares of which voting right attached with was one for each share. Before the conversion of shares, a portion of XFM's net assets which the Company reclassified from receivable without new share issuance, had been regarded as interests which belonged to the Company. However, as the Company lost control over XFM due to the decrease in the ratio of voting rights, the amount of difference between the part of the said portion of XFM's net assets over which the Company lost control was reclassified into goodwill net assets of XFM shared by the Company based on the decreased voting right ratio and the cost of investment in XFM was recognized as goodwill, and immediately amortized at one time in accordance with the Article 32-1 in the statement No.7, "Guideline for Consolidation Procedures" issued by the Accounting Standards Committee.</p>	Region	Type	Account	Impairment loss	Asia	Asset for Operation	Equipment	2,188 (202)	Asia	Asset for Operation	Intangible Asset	28,908 (2,662)	Asia	Other	Goodwill	134,606 (12,397)	North America	Other	Goodwill	38,001 (3,500)	Total			203,703 (18,761)	<p>※1 Impairment loss</p> <p>The Group recognized an impairment loss for asset groups presented below for the year ended December 31, 2009.</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>Others</td> <td>Goodwill</td> <td style="text-align: right;">4,995 (460)</td> </tr> <tr> <td>Asia</td> <td>Others</td> <td>Other Intangible Assets</td> <td style="text-align: right;">438 (40)</td> </tr> <tr> <td>Total</td> <td></td> <td></td> <td style="text-align: right;">5,433 (500)</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 an 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 at 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 flows was ranging from 9.0% to 10.0%.</p> <p>※2 _____</p>	Region	Type	Account	Impairment loss	Asia	Others	Goodwill	4,995 (460)	Asia	Others	Other Intangible Assets	438 (40)	Total			5,433 (500)
Region	Type	Account	Impairment loss																																						
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(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Consolidated fiscal year - prior year (From January 1, 2008 to December 31, 2008)	Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009)																								
<p>※3 Components of gain on sales of noncurrent assets are as follows:</p> <table data-bbox="196 309 778 365"> <tr> <td>Tools, furniture and fixtures</td> <td>229</td> </tr> <tr> <td></td> <td>(21)</td> </tr> </table> <p>※4 Components of loss on sales and retirement of noncurrent assets are as follows:</p> <table data-bbox="196 454 778 510"> <tr> <td>Tools, furniture and fixtures</td> <td>436</td> </tr> <tr> <td></td> <td>(40)</td> </tr> </table> <p>※5 Loss on prior periods adjustment</p> <p>Subsequent consideration paid</p> <table data-bbox="196 663 778 719"> <tr> <td></td> <td>3,359</td> </tr> <tr> <td></td> <td>(309)</td> </tr> </table> <p>As the Group recognized additional goodwill based on the conditional acquisition cost set forth in the sale and purchase agreements of its subsidiaries' shares and equity interests, the Group recognized a loss on prior year adjustment arising from retroactive adjustments of goodwill and its amortization.</p> <p>Allocation of acquisition costs</p> <table data-bbox="196 898 778 954"> <tr> <td></td> <td>333</td> </tr> <tr> <td></td> <td>(31)</td> </tr> </table> <p>As the Group reviewed and fixed the allocation of acquisition costs of Kinetic Information System Services Limited, which had been open as of the previous year end, the Group recognized a loss on prior year adjustment arising from retroactive adjustments of goodwill and its amortization, and intangible assets and its amortization.</p> <p>※6 This account includes USD 25,000 thousand (JPY 2,303 million) of a provision for receivables from debtors in bankruptcy, rehabilitation or similar status.</p> <p>The allowance is provided for the entire amount of the uncollectible receivable which is a principal protected equity-linked note issued by Lehman Brothers Holdings Inc. that has filed for Chapter 11 protection under the Federal bankruptcy law.</p> <p>※1-6 notes correspond with ※1-6 as denoted in the consolidated income statement.</p>	Tools, furniture and fixtures	229		(21)	Tools, furniture and fixtures	436		(40)		3,359		(309)		333		(31)	<p>※3 _____</p> <p>※4 Components of loss on sales and retirement of noncurrent assets are as follows:</p> <table data-bbox="863 454 1445 566"> <tr> <td>Buildings and structures</td> <td>53</td> </tr> <tr> <td></td> <td>(5)</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td>45</td> </tr> <tr> <td></td> <td>(4)</td> </tr> </table> <p>※5 _____</p> <p>※6 _____</p> <p>Same as on the left.</p>	Buildings and structures	53		(5)	Tools, furniture and fixtures	45		(4)
Tools, furniture and fixtures	229																								
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(Consolidated statement of changes in net assets)

Consolidated fiscal year - prior year (From January 1, 2008 to December 31, 2008)

1. Number and class of issued shares

	Beginning balance	Increase	Decrease	Ending balance
Issued shares				
Ordinary share (shares)	1,033,054	452,998	-	1,486,052

(Note1) In the increase of ordinary shares indicated above, 445,797 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 1,797 thousand (JPY 166 million).

There is no ending balance of share subscription rights granted by consolidated subsidiaries.

3. Dividend

Not applicable.

Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009)

1. Number and class of issued shares

	Beginning balance	Increase	Decrease	Ending balance
Issued shares				
Ordinary share (shares)	1,486,052	27,892	-	1,513,944

(Note1) In the increase of ordinary shares indicated above, all 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 1,659 thousand (JPY 153 million).

There is no ending balance of share subscription rights granted by consolidated subsidiaries.

3. Dividend

Not applicable.

## (Consolidated cashflow statements)

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

Consolidated fiscal year - prior year (From January 1, 2008 to December 31, 2008)	Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009)																																																																								
<p>※1 Reconciliation between ending balance of cash and cash equivalents in consolidated cashflow statement and balance in the consolidated balance sheet:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash and bank balances</td> <td style="text-align: right;">75,289</td> </tr> <tr> <td></td> <td style="text-align: right;">(6,934)</td> </tr> <tr> <td>Deposit pledged as collateral</td> <td style="text-align: right;">△18,004</td> </tr> <tr> <td></td> <td style="text-align: right;">(△1,658)</td> </tr> <tr> <td>Marketable securities</td> <td style="text-align: right;">340</td> </tr> <tr> <td></td> <td style="text-align: right;">(31)</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">57,624</td> </tr> <tr> <td></td> <td style="text-align: right;">(5,307)</td> </tr> </table>	Cash and bank balances	75,289		(6,934)	Deposit pledged as collateral	△18,004		(△1,658)	Marketable securities	340		(31)	Cash and cash equivalents	57,624		(5,307)	<p>※1 Reconciliation between ending balance of cash and cash equivalents in consolidated cashflow statement and balance in the consolidated balance sheet:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash and bank balances</td> <td style="text-align: right;">23,688</td> </tr> <tr> <td></td> <td style="text-align: right;">(2,182)</td> </tr> <tr> <td>Deposit pledged as collateral</td> <td style="text-align: right;">△18,222</td> </tr> <tr> <td></td> <td style="text-align: right;">(△1,678)</td> </tr> <tr> <td>Bank Overdraft</td> <td style="text-align: right;">△38</td> </tr> <tr> <td></td> <td style="text-align: right;">(△3)</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">5,428</td> </tr> <tr> <td></td> <td style="text-align: right;">(500)</td> </tr> </table>	Cash and bank balances	23,688		(2,182)	Deposit pledged as collateral	△18,222		(△1,678)	Bank Overdraft	△38		(△3)	Cash and cash equivalents	5,428		(500)																																								
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Marketable securities	340																																																																								
	(31)																																																																								
Cash and cash equivalents	57,624																																																																								
	(5,307)																																																																								
Cash and bank balances	23,688																																																																								
	(2,182)																																																																								
Deposit pledged as collateral	△18,222																																																																								
	(△1,678)																																																																								
Bank Overdraft	△38																																																																								
	(△3)																																																																								
Cash and cash equivalents	5,428																																																																								
	(500)																																																																								
<p>※2 Major component of subsidiaries' assets and liabilities newly excluded from consolidation through disposal of its shares</p> <p>Major components of the unconsolidated subsidiaries' (Mergent Inc., Washington Analysis Corporation and Convey Advertising Co., Limited) assets and liabilities through disposal of shares, proceeds from sale of investment in subsidiaries are summarized as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Current assets</td> <td style="text-align: right;">49,046</td> </tr> <tr> <td></td> <td style="text-align: right;">(4,517)</td> </tr> <tr> <td>Non-current assets</td> <td style="text-align: right;">133,842</td> </tr> <tr> <td></td> <td style="text-align: right;">(12,327)</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">△ 28,731</td> </tr> <tr> <td></td> <td style="text-align: right;">(△ 2,646)</td> </tr> <tr> <td>Non-current liabilities</td> <td style="text-align: right;">△ 6,261</td> </tr> <tr> <td></td> <td style="text-align: right;">(△ 577)</td> </tr> <tr> <td>Gain on sale of investment in subsidiaries</td> <td style="text-align: right;">13,477</td> </tr> <tr> <td></td> <td style="text-align: right;">(1,241)</td> </tr> <tr> <td style="border-top: 1px solid black;">Net proceed on sale of investment in subsidiaries</td> <td style="text-align: right; border-top: 1px solid black;">161,374</td> </tr> <tr> <td></td> <td style="text-align: right;">(14,863)</td> </tr> <tr> <td>Cash and cash equivalents of disposed subsidiaries</td> <td style="text-align: right;">△74,646</td> </tr> <tr> <td></td> <td style="text-align: right;">(△6,875)</td> </tr> <tr> <td style="border-top: 1px solid black;">Net cash inflow due to sales of investment in subsidiaries</td> <td style="text-align: right; border-top: 1px solid black;">86,728</td> </tr> <tr> <td></td> <td style="text-align: right;">(7,988)</td> </tr> </table>	Current assets	49,046		(4,517)	Non-current assets	133,842		(12,327)	Current liabilities	△ 28,731		(△ 2,646)	Non-current liabilities	△ 6,261		(△ 577)	Gain on sale of investment in subsidiaries	13,477		(1,241)	Net proceed on sale of investment in subsidiaries	161,374		(14,863)	Cash and cash equivalents of disposed subsidiaries	△74,646		(△6,875)	Net cash inflow due to sales of investment in subsidiaries	86,728		(7,988)	<p>※2 Major component of subsidiaries' assets and liabilities newly excluded from consolidation through disposal of its shares</p> <p>Major components of the unconsolidated subsidiaries' (Market News International Inc. and Shanghai Far East Credit Rating Co. Ltd.) assets and liabilities through disposal of shares, proceeds from sale of investment in subsidiaries are summarized as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Current assets</td> <td style="text-align: right;">8,716</td> </tr> <tr> <td></td> <td style="text-align: right;">(803)</td> </tr> <tr> <td>Non-current assets</td> <td style="text-align: right;">14,727</td> </tr> <tr> <td></td> <td style="text-align: right;">(1,356)</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">△6,123</td> </tr> <tr> <td></td> <td style="text-align: right;">(△564)</td> </tr> <tr> <td>Non-current liabilities</td> <td style="text-align: right;">-</td> </tr> <tr> <td></td> <td style="text-align: right;">(-)</td> </tr> <tr> <td>Minority interests</td> <td style="text-align: right;">△2,975</td> </tr> <tr> <td></td> <td style="text-align: right;">(△274)</td> </tr> <tr> <td>Reserve released</td> <td style="text-align: right;">△242</td> </tr> <tr> <td></td> <td style="text-align: right;">(△22)</td> </tr> <tr> <td>Loss on sale of investment in subsidiaries</td> <td style="text-align: right;">306</td> </tr> <tr> <td></td> <td style="text-align: right;">28</td> </tr> <tr> <td style="border-top: 1px solid black;">Net proceed on sale of investment in subsidiaries</td> <td style="text-align: right; border-top: 1px solid black;">14,410</td> </tr> <tr> <td></td> <td style="text-align: right;">(1,327)</td> </tr> <tr> <td>Cash and cash equivalents of disposed subsidiaries</td> <td style="text-align: right;">△6,670</td> </tr> <tr> <td></td> <td style="text-align: right;">(△614)</td> </tr> <tr> <td style="border-top: 1px solid black;">Net cash inflow due to sale of investment in subsidiaries</td> <td style="text-align: right; border-top: 1px solid black;">7,740</td> </tr> <tr> <td></td> <td style="text-align: right;">(713)</td> </tr> </table>	Current assets	8,716		(803)	Non-current assets	14,727		(1,356)	Current liabilities	△6,123		(△564)	Non-current liabilities	-		(-)	Minority interests	△2,975		(△274)	Reserve released	△242		(△22)	Loss on sale of investment in subsidiaries	306		28	Net proceed on sale of investment in subsidiaries	14,410		(1,327)	Cash and cash equivalents of disposed subsidiaries	△6,670		(△614)	Net cash inflow due to sale of investment in subsidiaries	7,740		(713)
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(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Consolidated fiscal year - prior year (From January 1, 2008 to December 31, 2008)	Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009)																																																																
<p>※3 Major component of assets and liabilities decreased by transfer of business</p> <p>Major components of assets and liabilities decreased by disposal of operation of Xinhua PR News Wire, G7 and Taylor Rafferty and the proceeds from disposal are summarized as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Current assets</td> <td style="text-align: right;">3,572</td> </tr> <tr> <td></td> <td style="text-align: right;">(329)</td> </tr> <tr> <td>Non-current assets</td> <td style="text-align: right;">304</td> </tr> <tr> <td></td> <td style="text-align: right;">(28)</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">△ 3,171</td> </tr> <tr> <td></td> <td style="text-align: right;">(△ 292)</td> </tr> <tr> <td>Non-current liabilities</td> <td style="text-align: right;">△ 1,266</td> </tr> <tr> <td></td> <td style="text-align: right;">(△ 117)</td> </tr> <tr> <td>Gain on sale of a business</td> <td style="text-align: right;">5,717</td> </tr> <tr> <td></td> <td style="text-align: right;">(527)</td> </tr> <tr> <td>Net proceeds on sale of a business</td> <td style="text-align: right;">5,156</td> </tr> <tr> <td></td> <td style="text-align: right;">(475)</td> </tr> </table> <p>※4 Major component of subsidiary's assets and liabilities newly excluded from consolidation due to the conversion of classified shares issued by the subsidiary</p> <p>Major components of assets and liabilities of Xinhua Finance Media Limited at the time of exclusion from consolidation due to the conversion of classified shares of Xinhua Finance Media Limited held by the Company:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Cash and bank balances</td> <td style="text-align: right;">57,029</td> </tr> <tr> <td></td> <td style="text-align: right;">(5,252)</td> </tr> <tr> <td>Other current assets</td> <td style="text-align: right;">106,885</td> </tr> <tr> <td></td> <td style="text-align: right;">(9,844)</td> </tr> <tr> <td>Non-current assets</td> <td style="text-align: right;">315,823</td> </tr> <tr> <td></td> <td style="text-align: right;">(29,087)</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">△ 135,326</td> </tr> <tr> <td></td> <td style="text-align: right;">(△ 12,464)</td> </tr> <tr> <td>Non-current liabilities</td> <td style="text-align: right;">△ 121,642</td> </tr> <tr> <td></td> <td style="text-align: right;">(△ 11,203)</td> </tr> </table> <p>※5 _____</p>	Current assets	3,572		(329)	Non-current assets	304		(28)	Current liabilities	△ 3,171		(△ 292)	Non-current liabilities	△ 1,266		(△ 117)	Gain on sale of a business	5,717		(527)	Net proceeds on sale of a business	5,156		(475)	Cash and bank balances	57,029		(5,252)	Other current assets	106,885		(9,844)	Non-current assets	315,823		(29,087)	Current liabilities	△ 135,326		(△ 12,464)	Non-current liabilities	△ 121,642		(△ 11,203)	<p>※3 _____</p> <p>※4 _____</p> <p>※5 Major component of subsidiaries' assets and liabilities newly excluded from consolidation.</p> <p>Major components of the unconsolidated subsidiary's (FTSE/Xinhua Index Limited) assets and liabilities through loss of control due to the retirement of a director sent from the Company are summarized as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Cash and bank balances</td> <td style="text-align: right;">9,679</td> </tr> <tr> <td></td> <td style="text-align: right;">(891)</td> </tr> <tr> <td>Other current assets</td> <td style="text-align: right;">8,428</td> </tr> <tr> <td></td> <td style="text-align: right;">(776)</td> </tr> <tr> <td>Non-current assets</td> <td style="text-align: right;">1</td> </tr> <tr> <td></td> <td style="text-align: right;">(0)</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">△3,809</td> </tr> <tr> <td></td> <td style="text-align: right;">(△350)</td> </tr> <tr> <td>Non-current liabilities</td> <td style="text-align: right;">0</td> </tr> <tr> <td></td> <td style="text-align: right;">(0)</td> </tr> </table>	Cash and bank balances	9,679		(891)	Other current assets	8,428		(776)	Non-current assets	1		(0)	Current liabilities	△3,809		(△350)	Non-current liabilities	0		(0)
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(Securities)

As of December 31, 2008

1. Trading securities

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

Amount on the consolidated balance sheet	Gain / loss included in the consolidated income statement
416	△462
(38)	(△43)

2. 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
Book value more than acquisition cost:			
Other	59	184	125
	(5)	(17)	(11)
Subtotal	59	184	125
	(5)	(17)	(11)
Book value is less than acquisition cost:			
1) Equity securities	21	21	-
	(2)	(2)	(-)
2) Other	29	-	△29
	(3)	(-)	(△3)
Subtotal	50	21	△29
	(5)	(2)	(△3)
TOTAL	109	205	96
	(10)	(19)	(9)

3. Securities not stated at fair value

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

Category	Amount on the consolidated balance sheet
(1) Available-for-sale securities	
Other	340
	(31)
(2) Interest in associate	
Listed shares	89,062
	(8,203)

As of December 31, 2009

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
Book value more than acquisition cost:			
1) Equity securities	21 (2)	65 (6)	44 (4)
TOTAL	21 (2)	65 (6)	44 (4)

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) Interest in associate Listed shares	- (-)
(2) Investment in capital of subsidiaries and affiliates	7,840 (722)

(Derivative transactions)

1 Detail of transaction

Consolidated fiscal year - prior year (From January 1, 2008 to December 31, 2008)	Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009)
<p>(1) Nature of transaction Cross currency swap</p> <p>(2) Management policy for derivative transaction The Group uses derivative financial instruments to reduce their risks of fluctuations in interest rates and foreign currency exchange. The Group does not enter into derivatives for trading or speculative purposes.</p> <p>(3) Purpose of the transaction The Group enters into a cross currency swap contract to hedge market interest rate risk and foreign exchange risk associated with interest exposures and principal of bonds denominated in foreign currencies. The Group applies hedge accounting for the derivative transaction.</p> <p>(a) Policy for hedge accounting Deferral method</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 effectiveness test by comparing the ratio of volatility of hedged item and cumulative change in fair value of the hedging instrument.</p> <p>(4) Nature and detail of the risk Cross currency swap contract is subject to foreign currency exchange risk and market interest rate risk. Because the counterparties to the derivative is limited to major financial institutions with high credit rate, the Group does not anticipate any losses caused by credit risk.</p> <p>(5) Risk management policy Derivative transactions entered into by the Group have been made and managed by the Financial Department in accordance with internal policies which regulate the authorization and credit limit amount.</p>	

2 Fair value information

Consolidated fiscal year - prior year (as of December 31, 2008)

There is no relevant item since no balance outstanding as at December 31, 2008.

Consolidated fiscal year - current year (as of December 31, 2009)

Not applicable.

(Employees' Retirement Benefits)

Consolidated fiscal year - prior year (From January 1, 2008 to December 31, 2008)

1. Retirement benefit scheme  
Subsidiaries located in Hong Kong, PRC and U.S.A. apply defined-contribution retirement benefit plan.
2. Projected benefit obligation (as of December 31, 2008)  
Not applicable.
3. Service cost and relative expenses  
Not applicable.
4. Basis of calculation to determine projected benefit obligation  
Not applicable.

Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009)

1. Retirement benefit scheme  
Subsidiaries located in Hong Kong, PRC and U.S.A. apply defined-contribution retirement benefit plan.
2. Projected benefit obligation (as of December 31, 2009)  
Not applicable.
3. Service cost and relative expenses  
Not applicable.
4. Basis of calculation to determine projected benefit obligation  
Not applicable.

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

Consolidated fiscal year - prior year (From January 1, 2008 to December 31, 2008)

Expenses recognized

Selling, general and administrative expenses – Directors' emolument	USD 4,641 thousand (JPY 427 million)
Selling, general and administrative expenses – Other	USD 9,508 thousand (JPY 876 million)

Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009)

Expenses recognized

Selling, general and administrative expenses – Directors' emolument	USD 522 thousand (JPY 48 million)
Selling, general and administrative expenses – Other	USD 1,573 thousand (JPY 145 million)

(Share option)

Consolidated fiscal year - prior year (From January 1, 2008 to December 31, 2008)

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	2008
Type	Share option (4)	Restricted shares (*5)
Category and number of person designated	1 employee	1 employee
Class and number of objective shares (*1)	114 ordinary shares	150 ordinary shares
Grant date	July 1, 2006	January 15, 2008
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)	1/3 vested on Jan 15, 2008, 1/3 vested on Dec 31, 2008 and 1/3 vested on Dec 31, 2009 (*6)
Service period required to be vested	From July 1, 2006 to Dec 31, 2008	From Jan 15, 2008 to Dec 31, 2009
Exercisable period	From Jan 1, 2007 to Apr 30, 2016	From Jan 15, 2008 to Jan 14, 2018

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

Company Name	Xinhua Finance Media Limited			
Year	2007	2008		
Type	Share option (3)	Restricted shares (*5)	Share option (1)	Share option (2)
Category and number of person designated	4 independent directors	4 directors and 94 employees	2 directors	6 directors
Class and number of objective shares (*1)	120,000 Class A Common Shares	5,576,000 Class A Ordinary Shares	60,000 Class A Ordinary Shares	120,000 Class A Ordinary Shares
Grant date	September 26, 2007	February 19, 2008	April 30, 2008	June 13, 2008
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	1/3 vested on Mar 31, 2008, 1/3 vested on Mar 31, 2009 and 1/3 vested on Mar 31, 2010 (*6)	1/3 vested on Apr 30, 2009, 1/3 vested on Apr 30, 2010 and 1/3 vested on Apr 30, 2011 (*7)	1/3 vested on June 13, 2008, 1/3 vested on June 13, 2009 and 1/3 vested on June 13, 2010 (*7)
Service period required to be vested	From Sep 26, 2007 to Sep 26, 2010	From Feb 19, 2008 to Mar 31, 2010	From Apr 30, 2008 to Apr 30, 2011	From June 13, 2008 to June 13, 2010
Exercisable period	From Sep 26, 2008 to Sep 25, 2017	From Mar 31, 2008 to Feb 18, 2018	From Apr 30, 2009 to Apr 29, 2018	From June 13, 2008 to June 12, 2018

(\*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

(\*5) 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.

(\*6) 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.

(\*7) 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.

(\*8) Xinhua Finance Media Limited has been transferred from a consolidated subsidiary to an associate from December 31, 2008.

## (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	-	-	-	8,684	38
Granted	-	-	-	-	-
Lapsed	-	-	-	3,037	38
Vested	-	-	-	5,647	-
Unvested balance	-	-	-	-	-
Number of objective shares for vested option					
Beginning balance of the period	11,110	5,000	5,000	14,660	76
Vested	-	-	-	5,647	-
Exercised	-	-	-	-	-
Lapsed	1,536	-	2,500	1,662	76
Unexercised balance	9,574	5,000	2,500	18,645	-

Company Name	The Company
Year	2008
Type	Restricted shares
Number of objective shares for unvested option	
Beginning balance of the period	-
Granted	150
Lapsed	100
Vested	50
Unvested balance	-
Number of objective shares for vested option	
Beginning balance of the period	-
Vested	50
Derestricted	50
Lapsed	-
Unexercised balance	-

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	9,550,000	5,001,171	-	90,000	120,000
Granted	-	-	-	-	-
Lapsed	-	664,081	-	-	-
Vested	9,550,000	3,580,254	-	30,000	40,000
Unvested balance	-	756,836	-	60,000	80,000
Number of objective shares for vested option					
Beginning balance of the period	-	2,467,556	221,280	-	-
Vested	9,550,000	3,580,254	-	30,000	40,000
Exercised (or derestricted)	9,550,000	194,662	-	-	-
Lapsed	-	94,343	221,280	-	-
Unexercised balance	-	5,758,805	-	30,000	40,000

Company Name	Xinhua Finance Media Limited		
Year	2008		
Type	Restricted shares	Share option (1)	Share option (2)
Number of objective shares for unvested option			
Beginning balance of the period	-	-	-
Granted	5,576,000	60,000	120,000
Lapsed	612,800	-	-
Vested	2,952,400	-	40,008
Unvested balance	2,010,800	60,000	79,992
Number of objective shares for vested option			
Beginning balance of the period	-	-	-
Vested	2,952,400	-	40,008
Exercised	-	-	-
Lapsed	6,000	-	-
Unexercised balance	2,946,400	-	40,008

Note: Xinhua Finance Media Limited has been transferred from a consolidated subsidiary to an associate from December 31, 2008.

(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	The Company
Year	2008
Type	Restricted Share
Exercise price	-
Average price of shares upon exercise	-
Fair value of option at grant date per option	JPY 16,900

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

Company Name	Xinhua Finance Media Limited		
Year	2008		
Type	Restricted Share	Share option (1)	Share option (2)
Exercise price	-	USD 1.640	USD 1.265
Average price of shares upon exercise	-	-	-
Fair value of option at grant date per option	USD 4.48	USD 1.3930	USD 1.5467

Note: Xinhua Finance Media Limited has been transferred from a consolidated subsidiary to an associate from December 31, 2008.

## 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)
Price volatility (*1)	88%	93%
Estimated remaining exercisable period (*2)	10 years	10 years
Estimated dividend (*3)	NIL	NIL
Free risk rate (*4)	3.770%	4.270%

(\*1) It calculates based on the stock prices results of one year.

(\*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.

(\*5) Xinhua Finance Media Limited has been transferred from a consolidated subsidiary to an associate from December 31, 2008.

## 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.

Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009)

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	2008	2009
Type	Share option (4)	Restricted shares (*3)	Share option
Category and number of person designated	1 employee	1 employee	4 independent directors, 1 director and 17 employees
Class and number of objective shares (*1)	114 ordinary shares	150 ordinary shares	157,830 ordinary shares
Grant date	July 1, 2006	January 15, 2008	May 22, 2009
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)	1/3 vested on Jan 15, 2008, 1/3 vested on Dec 31, 2008 and 1/3 vested on Dec 31, 2009 (*4)	1/3 grant vested on Dec 31, 2009; 1/3 vested on Dec 31, 2010; 1/3 vested on Dec 31, 2011 (*5)
Service period required to be vested	From July 1, 2006 to Dec 31, 2008	From Jan 15, 2008 to Dec 31, 2009	From May 22, 2009 to Dec 31, 2011
Exercisable period	From Jan 1, 2007 to Apr 30, 2016	From Jan 15, 2008 to Jan 14, 2018	From Dec 31, 2009 to Dec 31, 2019

(\*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) 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.

(\*4) 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.

(\*5) 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 may be exercised until expiration of the twelve-month period following the termination, or if earlier, the expiration of the term of the Option.

## (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)
Number of objective shares for unvested option				
Beginning balance of the period	-	-	-	-
Granted	-	-	-	-
Lapsed	-	-	-	-
Vested	-	-	-	-
Unvested balance	-	-	-	-
Number of objective shares for vested option				
Beginning balance of the period	9,574	5,000	2,500	18,645
Vested	-	-	-	-
Exercised	-	-	-	-
Lapsed	3,994	5,000	1,500	7,855
Unexercised balance	5,580	-	1,000	10,790

Company Name	The Company
Year	2009
Type	Share Option
Number of objective shares for unvested option	
Beginning balance of the period	-
Granted	157,830
Lapsed	6,667
Vested	52,610
Unvested balance	98,553
Number of objective shares for vested option	
Beginning balance of the period	-
Vested	52,610
Derestricted	-
Lapsed	-
Unexercised balance	52,610

## (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	The Company	
Year	2008	2009
Type	Restricted Share	Share Option
Exercise price	-	JPY 1,703
Average price of shares upon exercise	-	-
Fair value of option at grant date per option	JPY 16,900	USD 1,816

## 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	The Company			
Type	Share Option			
	Directors	Key Executives	Important Executives	Important Management
Price volatility (*1)	85%			
Estimated dividend (*2)	NIL			
Risk free rate (*3)	1.441%			
Exit Rate (*4)	36%	12%	27%	20%
Trigger Price Multiple (*5)	2x	1.9x	1.5x	1.6x

(\*1) The annualized volatility of the daily share prices of the Company prior to the issuance of share option was considered.

(\*2) With reference to the track record, it is assumed the dividend is zero during the estimated option life attributable to ordinary shares.

(\*3) The risk free rate has made reference to the yield of Japanese government bond as at the grant date. The year of maturity of the Bond being referred is determined in accordance with the life of the option.

(\*4) With reference to the track record of staff turnover rate.

(\*5) With reference to the past exercise record.

## 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)

Consolidated fiscal year - prior year (From January 1, 2008 to December 31, 2008)

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

(1) Outline of warrant and share-based payment

Company Name	The Company			
Year	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			
Year	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 (*7)

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 (*8)

Company Name	The Company	
Year	2007	2008
Type	Share-based payment (10)	Share-based payment
Category and number of person designated	5 Employees	1 Ex-employee
Class and number of objective shares (*2)	451 Ordinary shares	116 Ordinary shares
Grant date (*1)	November 9, 2007	May 14, 2008
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		2008
Type	Warrant(1)	Warrant(2)	Warrant
Category and number of person designated	1 shareholder	1 consultant	1 consultant
Class and number of objective shares (*2)	4,099,968 Class A Common Shares	630,000 Class A Common Shares	400,000 Class A Ordinary Shares
Grant date (*1)	September 22, 2006	December 7, 2006	April 1, 2008
Exercisable period	From September 22, 2006 to September 22, 2011	From December 7, 2006 to December 7, 2011	From Dec 31, 2008 to Dec 31, 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.

(\*6) Xinhua Finance Media Limited has been transferred from a consolidated subsidiary to an associate from December 31, 2008.

(\*7) On December 26, 2008, the Company has offered the grantee a cash payment of USD60.90 per share being settlement in full of Restricted Shares grant which the grantee are entitled to. Unvested shares grant of 1,967 shares were settled under this arrangement.

(\*8) The 2,000 shares to be vested on December 31, 2009 have been early vested on December 31, 2008.

Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009)

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

(1) Outline of warrant and share-based payment

Company Name	The Company			
Year	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			
Year	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 (*6)

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 (*7)

Company Name	The Company			
	Year	2007	2008	2009
Type	Share-based payment (10)	Share-based payment	Share-based payment (1)	Share-based payment (2)
Category and number of person designated	5 Employees	1 Ex-employee	1 Director 1 ex-executive	4 independent Directors
Class and number of objective shares (*2)	451 Ordinary shares	116 Ordinary shares	20,000 Ordinary shares	1,450 Ordinary shares
Grant date (*1)	November 9, 2007	May 14, 2008	May 31, 2009	May 31, 2009
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	-	-	1/2 to be issued on or about May 31, 2009 and 1/2 to be issued on or about Dec 31, 2009

(\*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.

(\*6) On December 26, 2008, the Company has offered the grantee a cash payment of USD60.90 per share being settlement in full of Restricted Shares grant which the grantee are entitled to. Unvested shares grant of 1,967 shares were settled under this arrangement.

(\*7) The 2,000 shares to be vested on December 31, 2009 have been early vested on December 31, 2008.

## (2) Size and change of the number of warrant

### (i) 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

## (Taxation)

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

Consolidated fiscal year - prior year (As of December 31, 2008)		Consolidated fiscal year - current year (As of December 31, 2009)	
1 Major components of deferred tax assets and liabilities		1 Major components of deferred tax assets and liabilities	
(Deferred tax assets)		(Deferred tax assets)	
Unutilized tax losses	9,405	Unutilized tax losses	13,605
	(866)		(1,253)
Allowance for doubtful accounts	65	Accruals	460
	(6)		(42)
Accruals	446	Other	114
	(41)		(10)
Other	327	Subtotal	14,179
	(30)		(1,306)
Subtotal	10,243	Valuation reserve	△14,179
	(943)		(△ 1,306)
Valuation reserve	△10,239	Total deferred tax assets	-
	(△ 943)		(-)
Total deferred tax assets	3	(Deferred tax liabilities)	
	(0)	Accelerated depreciation	△ 34
(Deferred tax liabilities)			(△ 3)
Revaluation of subsidiaries' assets and liabilities on consolidation	△ 158	Other	△ 8
	(△ 15)		(△ 1)
Other	△ 47	Total deferred tax liabilities	△ 42
	(△ 4)		(△ 4)
Total deferred tax liabilities	△ 206	Net of deferred tax assets and deferred tax liabilities	△ 42
	(△ 19)		(△ 4)
Net of deferred tax assets and deferred tax liabilities	△ 202		
	(△ 19)		
Net of deferred tax assets and deferred tax liabilities appear on the Consolidated Balance Sheets as follows:		Net of deferred tax assets and deferred tax liabilities appear on the Consolidated Balance Sheets as follows:	
Deferred tax assets – current	-	Deferred tax assets – current	-
	(-)		(-)
Deferred tax assets – non-current	-	Deferred tax assets – non-current	-
	(-)		(-)
Deferred tax liabilities – current	-	Deferred tax liabilities – current	-
	(-)		(-)
Deferred tax liabilities – non-current	△ 202	Deferred tax liabilities – non-current	△ 42
	(△ 19)		(△ 4)

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

Consolidated fiscal year - prior year (As of December 31, 2008)		Consolidated fiscal year - current year (As of December 31, 2009)	
2 Reconciliation between the normal statutory tax rate and the actual effective tax rate		2 Reconciliation between the normal statutory tax rate and the actual effective tax rate	
Tax at the applicable income tax rate	16.5%	Tax at the applicable income tax rate	16.5%
(Reconciliation)		(Reconciliation)	
Tax effect of expenses not deductible for tax purposes	△16.6%	Tax effect of expenses not deductible for tax purposes	△16.2%
Tax effect of income not taxable for tax purposes	0.2%	Tax effect of income not taxable for tax purposes	0.6%
Effect of different tax rates of subsidiaries operating in other jurisdictions	△2.0%	Effect of different tax rates of subsidiaries operating in other jurisdictions	0.9%
Other	△0.2%	Effect of charges in valuation reserve	△4.1%
Tax effect and effective tax rate for the year	<u>△2.1%</u>	Other	0.1%
		Tax effect and effective tax rate for the year	<u>△2.2%</u>

(Business Combinations)

Consolidated fiscal year - prior year (From January 1, 2008 to December 31, 2008)

Purchase method

1. Significant adjustment on original allocations of acquisition costs

The allocation of acquisition costs of Kinetic Information System Services Limited, 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 an 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 fiscal year is as follows:

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

Item	Adjustment made on goodwill
Intangible assets	△5,548 (△511)
Deferred tax liabilities	1,503 (138)
<u>Total</u>	<u>△4,045</u> (△373)

Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009)

Not applicable.

(Segment information)

**【Business segmental information】**

Consolidated fiscal year - prior year (From January 1, 2008 to December 31, 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	93,320	186,031	279,351	-	279,351
	(8,595)	(17,133)	(25,728)	(-)	(25,728)
(2) Inter segment or transfer	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Total	93,320	186,031	279,351	-	279,351
	(8,595)	(17,133)	(25,728)	(-)	(25,728)
Operating expenses	100,788	212,012	312,799	11,389	324,188
	(9,283)	(19,526)	(28,809)	(1,049)	(29,858)
Operating income (△ loss)	△ 7,468 (△688)	△ 25,981 (△2,393)	△ 33,449 (△3,081)	△ 11,389 (△1,049)	△ 44,838 (△4,130)
II Assets, depreciation and amortization, impairment loss and capital expenditures					
Assets	216,113	-	216,113	-	216,113
	(19,904)	(-)	(19,904)	(-)	(19,904)
Depreciation and amortization	3,384	21,235	24,619	-	24,619
	(312)	(1,956)	(2,267)	(-)	(2,267)
Impairment loss	39,148	164,555	203,703	-	203,703
	(3,606)	(15,156)	(18,761)	(-)	(18,761)
Capital expenditures	5,188	19,640	24,828	-	24,828
	(478)	(1,809)	(2,287)	(-)	(2,287)

Note

- 1 Business segments are based on its nature and management classification of turnover.
- 2 Business segments comprise of the followings:
  - (1) Financial information business .....Financial information business includes the provision of indices, financial news feeds, credit ratings and investor relations services.
  - (2) Media business.....Media business includes publishing financial books and magazine, television consulting and distribution and other media and advertising related businesses.
- 3 Operating expenses of USD 11,389 thousand (JPY 1,049 million) classified as the Eliminated or unallocated are the unallocated expenses related to the managerial department of the Company.
- 4 XFM and its subsidiaries, which were in Media business in the current year, were excluded from the scope of consolidation in the current year. As a consequence, XFM is now held as an associate, which is accounted for under the equity method. As the control on XFM by the Company was dissolved on December 31, 2008, only the assets related to the media business is excluded.

Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009)

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

**【Regional segmental information】**

Consolidated fiscal year - prior year (From January 1, 2008 to December 31, 2008)

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

	Japan	Asia	North America	Others	Total	Eliminated or unallocated	Consolidated
I Sales and operating income / loss							
Sales							
(1) Outside customer	468 (43)	220,151 (20,276)	58,693 (5,406)	39 (4)	279,351 (25,728)	- (-)	279,351 (25,728)
(2) Inter segment or transfer	- (-)	7,582 (698)	1,222 (113)	2,238 (206)	11,042 (1,017)	△ 11,042 (△ 1,017)	- (-)
Total	468 (43)	227,734 (20,974)	59,915 (5,518)	2,277 (210)	290,393 (26,745)	△ 11,042 (△ 1,017)	279,351 (25,728)
Operating expenses	843 (78)	253,559 (23,353)	65,431 (6,026)	15,839 (1,459)	335,672 (30,915)	△ 11,483 (△ 1,058)	324,188 (29,858)
Operating income / loss (△)	△ 375 (△ 35)	△ 25,825 (△ 2,379)	△ 5,516 (△ 508)	△ 13,562 (△ 1,249)	△ 45,279 (△ 4,170)	441 (41)	△ 44,838 (△ 4,130)
II Assets	675 (62)	114,904 (10,583)	14,005 (1,290)	86,529 (7,969)	216,113 (19,904)	- (-)	216,113 (19,904)

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 operating expenses included in the eliminated or unallocated column above.

Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009)

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

	Japan	Asia	North America	Others	Total	Eliminated or unallocated	Consolidated
I Sales and operating income / loss							
Sales							
(1) Outside customer	383 (35)	27,342 (2,518)	4,966 (457)	26 (2)	32,717 (3,013)	- (-)	32,717 (3,013)
(2) Inter segment or transfer	- (-)	6,248 (575)	47 (4)	982 (90)	7,276 (670)	△ 7,276 (△ 670)	- (-)
Total	383 (35)	33,590 (3,094)	5,012 (462)	1,007 (93)	39,993 (3,683)	△ 7,276 (△ 670)	32,717 (3,013)
Operating expenses	554 (51)	21,608 (1,990)	7,738 (716)	14,263 (1,314)	44,163 (4,067)	△ 7,273 (△ 670)	36,890 (3,398)
Operating income / loss (△)	△ 170 (△ 16)	11,982 (1,104)	△ 2,726 (△ 251)	△ 13,256 (△ 1,221)	△ 4,170 (△ 384)	△ 3 (△ 0)	△ 4,173 (△ 384)
II Assets	77 (7)	29,646 (2,730)	599 (55)	9,112 (889)	39,434 (3,632)	- (-)	39,434 (3,632)

Note

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

**【Overseas sales】**

Consolidated fiscal year - prior year (From January 1, 2008 to December 31, 2008)

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

	Asia	North America	Europe	Others	Total
I Oversea sale	215,566 (19,854)	42,774 (3,940)	16,057 (1,479)	2,254 (208)	276,651 (25,480)
II Consolidated sale	- (-)	- (-)	- (-)	- (-)	279,351 (25,728)
III Ratio of overseas sales which accounts for consolidated sale (%)	77.2%	15.3%	5.7%	0.8%	99.0%

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 America .....U.S.A. and Canada
  - (3)Europe.....U.K., Germany, France and other locations.
  - (4)Others.....Australia, South America and other locations.
- 3 Overseas sales are sales of the Group recognized in countries or locations other than Japan.

Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009)

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

	Asia	North America	Europe	Others	Total
I Oversea sale	18,184 (1,675)	2,355 (217)	11,386 (1,049)	10 (1)	31,935 (2,941)
II Consolidated sale	- (-)	- (-)	- (-)	- (-)	32,717 (3,013)
III Ratio of overseas sales which accounts for consolidated sale (%)	55.6%	7.2%	34.8%	0.0%	97.6%

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 America .....U.S.A. and Canada
  - (3)Europe.....U.K., Germany, France and other locations.
  - (4)Others.....Australia, South America and other locations.
- 3 Overseas sales are sales of the Group recognized in countries or locations other than Japan.

**【Related party transactions】**

Consolidated fiscal year - prior year (From January 1, 2008 to December 31, 2008)

Directors and major individual shareholders

Category	Name of the related party	Address	Occupation/ Nature of business	Ratio of voting right (held by the related party) Directly/ Indirectly held (%)	Relationship		Nature of transactions	Amount USD (in thousands) / JPY (in millions)	Name of account	Remaining balance on balance sheet as of the year end USD (in thousands) / JPY (in millions)
					Concurrency of directors	Business relationship				
Directors and major individual shareholders	Fredy Bush	Shanghai, PRC	Executive	Directly held: 0.03% Indirectly held: 4.52%	-	-	Purchase of receivable by the Company	USD 3,300 (JPY 304)	Other payable	USD 3,300 (JPY 304)

(Note) An allowance is provided for the receivable discussed in “Nature of transaction” at amount considered to be uncollectible.

Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009)

(Additional Information)

From this fiscal year, the Company and its subsidiaries have applied “Accounting Standard for Related Party Disclosures” (ASBJ statement No. 11, issued on October 17, 2006) and “Guidance on Accounting Standard for Related Party 2006). The adoption of them requires the Company no further disclosure of objects compared with the previous method.

1 Related party transactions

(1) Related party transactions with the reporting company

A) Nonconsolidated subsidiaries and associates

Category	Name of the related party	Address	Capital stock USD (in thousands)/ JPY (in millions)	Occupation/ Nature of business	Ratio of voting right (held by the related party)	Relationship with Related party	Nature of transactions	Amount USD (in thousands)/ JPY (in millions)	Name of account	Remaining balance on balance sheet as of the year end USD (in thousands)/ JPY (in millions)
					Directly/ Indirectly held (%)					
Associates	Xinhua Sports & Entertainment Limited	Beijing, PRC	USD 176 (JPY16)	Investment management	Directly: 28.37%	-Borrowing of loan payable	Borrowing of loan payable	USD 6,230 (JPY 574)	-	-
							Payment of interest	USD 232 (JPY 21)		

(Terms and conditions and their making policy)

The conditions of loan payable take market interest rate into consideration.

(2) Related party transactions with the consolidated subsidiaries of the reporting company

Category	Name of the related party	Address	Capital stock USD (in thousands)/ JPY (in millions)	Occupation/ Nature of business	Ratio of voting right (held by the related party)	Relationship with Related party	Nature of transactions	Amount USD (in thousands)/ JPY (in millions)	Name of account	Remaining balance on balance sheet as of the year end USD (in thousands)/ JPY (in millions)
					Directly/ Indirectly held (%)					
Subsidiaries of Affiliates	Xinhua Finance Media (Shanghai) Co., Ltd.	Shanghai, PRC	USD 6,800 (JPY626)	Investment management	Indirectly: 28.37%	-Lending of loan receivable	Lending of loan receivable	USD 6,220 (JPY 573)	-	-
							Receipt of interest	USD 208 (JPY 19)		

(Terms and conditions and their making policy)

The conditions of loan payable take market interest rate into consideration.

2 Parents or Material associates

(1) Summary financial statements

Material associates are Xinhua Sports & Entertainment Limited and FTSE/Xinhua Index Ltd as of December 31, 2009 and their summary financial statements are as follows;

	Xinhua Sports & Entertainment Limited		FTSE/Xinhua Index Ltd	
	(Unit: Thousands of U.S. Dollars)	(Unit: Millions of Japanese Yen)	(Unit: Thousands of U.S. Dollars)	(Unit: Millions of Japanese Yen)
Total current assets	150,860	(13,894)	20,012	(1,843)
Total non-current assets	54,648	(5,033)	19	(2)
Total current liabilities	197,634	(18,202)	4,351	(401)
Total non-current liabilities	67,154	(6,185)	0	(0)
Total net assets	△59,280	(△5,460)	15,681	(1,444)
Net sales	99,231	(9,139)	2,009	(185)
Income / Loss (△) before income taxes and minority interests	△382,019	(△35,184)	1,719	(158)
Net Income / loss (△)	△392,088	(△36,111)	1,382	(127)

(Note) Summary financial statements of Xinhua Sports & Entertainment Limited are subject to change since the audit has not completed. However, its impact to the consolidated financial statements of the Group is considered to be minor.

Summary financial statements of FTSE/Xinhua Index Ltd are as from December 1, 2009 to December 31, 2009 since it became an equity method affiliate as of November 30, 2009.

## (Per share information)

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

Item	Consolidated fiscal year - prior year (From January 1, 2008 to December 31, 2008)	Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009)
Net assets per Share	75.15 (6,921.32)	△0.05 (△4.61)
Net income/ loss (△) per share	△212.89 (△19,606.87)	△75.56 (△6,958.75)
Diluted net income per share	As the Group is in a loss position, diluted net loss per share information is not stated.	As the Group is in a loss position, diluted net loss per share information is not stated.

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

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

Item	Consolidated fiscal year - prior year (From January 1, 2008 to December 31, 2008)	Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009)
Net income per share		
Net income / loss (△) for the year	△268,322 (△ 24,712)	△113,454 (△ 10,449)
Net income NOT attributed to ordinary shareholders	- (-)	- (-)
Net income / loss (△) attributed to ordinary shares	△268,322 (△ 24,712)	△113,454 (△ 10,449)
Average number of ordinary shares during the period / year (shares)	1,260,396.77	1,501,582.51
Diluted net income per share		
Adjustment on net income for the period / year	- (-)	- (-)
Number of ordinary shares to be increased (shares) (increased by share subscription rights)	- (-)	- (-)
Overview of potential shares without dilutive effect excluded from the formula of diluted income per share for the period / year	5 types of share subscription rights (Number of shares to be issued upon exercise: 36,217 shares), and 6 types of restricted share (Number of shares: 6,937 shares) issued by the Company.  8 types of share subscription rights (Number of shares to be issued upon exercise: 12,019,631 shares), and 2 types of restricted share (Number of shares: 4,957,200 shares) issued by associate, Xinhua Finance Media Limited.	Share of subscription rights (Number of shares to be issued upon exercise: 98,553 shares) issued by the Company.

(Significant subsequent events)

Consolidated fiscal year - prior year (From January 1, 2008 to December 31, 2008)	Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009)
<p>1. Sale of Market News International Inc.</p> <p>On January 26, 2009, the Group sold all its equity stake (100.0%) in Market News International Inc. ("MNI").</p> <p>(1) Reason for the sale 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 Jasmine Acquisition Co.</p> <p>(3) Outline of MNI Address : New York, U.S.A. Business : Production of financial news and information and served the global fixed income and foreign exchange market. Transactions with the Company : Not applicable</p> <p>(4) Outline of the sale (a) Number of shares sold: 100,000 shares (100%)</p> <p>(b) Total sale price: USD10 million in cash</p>	<p>1. _____</p>

<p style="text-align: center;">Consolidated fiscal year - prior year (From January 1, 2008 to December 31, 2008)</p>	<p style="text-align: center;">Consolidated fiscal year - current year (From January 1, 2009 to December 31, 2009)</p>
<p>2. Sale of Shanghai Far East Credit Rating Co., Ltd.</p> <p>On January 23, 2009, the Group sold its entire equity stake (50.0%) in Shanghai Far East Credit Rating Co., Ltd. ("SFE").</p> <p>(1) Reason for the sale of the subsidiary Given the current economic environment and the still evolving ratings sector in China, the corporate bond market in China has not developed as quickly as we had expected. As a result, we decided to withdraw from the investment in SFE and focus on research areas.</p> <p>(2) Purchaser Shanghai Dongxing Investment Holding Development Company (上海东兴投资控股发展公司)</p> <p>(3) Outline of SFE Address : Shanghai, PRC. Business : Local ratings provider Transactions with the Company : Not applicable</p> <p>(4) Outline of the sale (a) Number of shares sold: 15,000,000 shares (50%)  (b) Total sale price: USD5.9 million in cash</p> <p>3. Redemption of Senior Guaranteed Notes</p> <p>On February 6, 2009, the Board of Directors resolved an early redemption for a portion of its Senior Guaranteed Notes (the "Notes") and the Group announced that it has commenced a tender offer for the Notes. Subsequently, the Group completed the tender offer on March 11, 2009.</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 March 11, 2009</p> <p>(3) Redemption amount USD 38,943 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 December 31, 2008 : USD 51,261 thousand</p> <p>(6) Effect on interest expense saving per year USD 3,894 thousand</p> <p>The tender offer consideration is the result of the cash proceeds from the sale of capital stock of certain subsidiaries of the Group.</p>	<p>2. _____</p> <p>3. _____</p>