

Financial Summary for the First Quarter of Fiscal Year ending December 31, 2010

11 June, 2010

Listed Company Name: Xinhua Finance Limited
 Code No. : 9399
 Representative-Title: Chief Executive Officer;
 Inquiry-Title: Chief Financial Officer;
 Title: Manager, Investor Relations;
 Schedule of filing quarterly report: 11 June, 2010

Listed Section: Mothers
 URL: <http://www.xinhuafinance.com>

Name : Jae Lie
 Name : Yvonne Wang; Tel : Shanghai (86) 3865-4500
 Name : Takuo Hamada; Tel: Tokyo (81) 3 5403 4832
 Schedule of dividends: -

(Note: Figures are rounded to the nearest thousand of US dollar (US\$) or the nearest million of Japanese Yen (JP¥).

1. Consolidated results for the First Quarter (from January 1, 2010 to March 31, 2010) of Fiscal Year ending December 31, 2010 under Japan GAAP

(1) Consolidated Operating Results (Accumulated)

(Note: % represents increase or decrease compared to the corresponding period of a year earlier.)

	Net Sales		Operating Income / Δ Loss		Ordinary Income / Δ Loss	
	US\$ thousand (JP¥ million)	%	US\$ thousand (JP¥ million)	%	US\$ thousand (JP¥ million)	%
31 March, 2010	3,104	Δ 65.9	Δ 2,963	-	Δ 941	-
	(289)		(Δ 276)		(Δ 88)	
31 March, 2009	9,095	Δ 85.7	Δ 1,204	-	Δ 7,306	-
	(846)		(Δ 112)		(Δ 680)	

	Net Income / Δ Loss		Basic Earnings per share		Diluted Earnings per Share	
	US\$ thousand (JP¥ million)	%	US\$ (JP¥) 2 decimal places		US\$ (JP¥) 2 decimal places	
31 March, 2010	Δ 1,311	-	Δ 0.87		-	
	(Δ 122)		(Δ 80.54)		(-)	
31 March, 2009	Δ 11,511	-	Δ 7.73		-	
	(Δ 1,071)		(Δ 719.38)		(-)	

(Notes)

Exchange rate used US\$1 = JP¥93.04; the amounts in Japanese yen are calculated by the foreign currency exchange rate (middle rate), from the quotations by the Bank of Tokyo-Mitsubishi UFJ, Ltd. for buying and selling spot US\$ by telegraphic transfer against yen as of March 31, 2010.

(2) Consolidated Financial Status

	Total Assets	Total Net Assets	Adjusted Shareholders' Equity to Total Assets (%)	Net Assets per Share
	US\$ thousand (JP¥ million)	US\$ thousand (JP¥ million)	%	US\$ (JP¥) 2 decimal places
31 March, 2010	37,701	284	Δ 4.3	Δ 1.06
	(3,508)	(26)		(Δ 98.62)
31 December, 2009	39,434	1,742	Δ 0.2	Δ 0.05
	(3,669)	(162)		(Δ 4.65)

(Reference)

Adjusted shareholders' equity: March 31, 2010: US\$ Δ 1,609 thousand (JP¥ Δ 150 million)
 December 31, 2009: US\$ Δ 83 thousand (JP¥ Δ 8 million)

2. Condition of Dividends

(Recorded Date)	Dividend per Share				
	For the First Quarter	For the Second Quarter	For the Third Quarter	For the Fourth Quarter	For the year
	US\$ (JP¥) 2 decimal places	US\$ (JP¥) 2 decimal places	US\$ (JP¥) 2 decimal places	US\$ (JP¥) 2 decimal places	US\$ (JP¥) 2 decimal places
For the year of 2009	- (-)	- (-)	- (-)	- (-)	- (-)
For the year of 2010	- (-)				
For the year of 2010 (Forecast)		- (-)	- (-)	- (-)	- (-)

(Note)

Revisions to forecast on dividends in the first quarter: None

3. Forecast on Consolidated Results for Fiscal Year ending December 31, 2010 (from January 1, 2010 to December 31, 2010) under Japan GAAP

(Note: % represents increase or decrease compared to the corresponding period of a year earlier.)

	Net Sales		Operating Income /Δ Loss		Ordinary Income /Δ Loss	
	US\$ thousand (JP¥ million)	%	US\$ thousand (JP¥ million)	%	US\$ thousand (JP¥ million)	%
For first two quarters (accumulated)	9,400 (875)	Δ46.5	Δ5,676 (Δ528)	-	Δ2,143 (Δ199)	-
For the year	22,510 (2,094)	Δ31.2	Δ 8,688 (Δ808)	-	Δ1,610 (Δ150)	-

	Net Income /Δ Loss		Basic Earnings per share	
	US\$ thousand (JP¥ million)	%	US\$ (JP¥) 2 decimal places	
For first two quarters (accumulated)	Δ2,116 (Δ197)	-	Δ1.40 (Δ130.26)	
For the year	Δ1,676 (Δ156)	-	Δ1.11 (Δ103.27)	

(Notes)

- 1) Revisions to forecast on consolidated results in the first quarter: None
- 2) Exchange rate used: US\$1 = JP¥93.04. The amounts in Japanese yen are calculated by the foreign currency exchange rate (middle rate), from the quotations by the Bank of Tokyo – Mitsubishi UFJ, Ltd. for buying and selling spot US\$ by telegraphic transfer against yen as of March 31, 2010.

4. Miscellaneous

- (1) Changes of significant subsidiary during the period (with changes in scope of specified consolidated entities): None
Newly consolidated subsidiaries: 0, excluded: 0
- (2) Application of simplified accounting policies or accounting policies specific to the preparation of quarterly consolidated financial statements: not applied
- (3) Changes in basis, procedures or representing method of accounting treatments, for the consolidated financial statements (significant matters as basis for the quarterly consolidated financial statements)
 - 1) Changes associated with the revision of accounting principles, etc.: No

2) Changes other than 1): None

(4) Issued Shares (common stock)

1) Total issued shares at the end of the period (including treasury shares)

The first quarter of fiscal year ending December 31, 2010: 1,515,305.79 shares

The fiscal year ended December 31, 2009: 1,513,943.79 shares

2) Total treasury shares at the end of the period

The first quarter of fiscal year ending December 31, 2010: 0 shares

The fiscal year ended December 31, 2009: 0 shares

3) Average number of shares during the period (accumulative consolidated three month period)

The first quarter of fiscal year ending December 31, 2010: 1,514,473.46 shares

The first quarter of fiscal year ending December 31, 2009: 1,488,739.27 shares

***Cautionary Statement about the use of forecast information and other special information:**

<Concerning the forward-looking statements>

The forward-looking statements in this document (including but not limited to performance forecast) are based on the information currently available to the Company and the assumptions the Company believes reasonable and actual performance may significantly differ from estimates due to various unforeseen factors. Please see “3. Qualitative information about Forecast on Consolidated Results” on page 8 for the details of assumptions for the forecasts and the cautionary statements concerning the use of the forecasts.

(For reference only)
Consolidated Results under IFRS

1. Consolidated Operating Results for the First Quarter (from January 1, 2010 to March 31, 2010) of the Fiscal Year ending December 31, 2010 under IFRS

	Net Sales	Net Income / Δ Loss	Basic Earnings per share	Diluted earnings per share	EBITDA
	US\$ thousand (JP¥ million)	US\$ thousand (JP¥ million)	US\$ (JP¥) 2 decimal places	US\$ (JP¥) 2 decimal	US\$ thousand (JP¥ million)
31 March, 2010	3,104	Δ1,298	Δ0.86	-	Δ 2,423
	(289)	(Δ121)	(Δ79.74)	(-)	(Δ 225)
31 March, 2009	9,095	Δ 5,112	Δ 3.43	-	Δ 1,728
	(846)	(Δ 476)	(Δ 319.13)	(-)	(Δ 161)

(Notes)

- 1) Exchange rate used US\$1 = JP¥93.04.
- 2) We define EBITDA in relation to our IFRS financial statements as profit or loss before interest expense, tax, depreciation and amortization.

2. Forecast on Consolidated Results for the period ended December 31, 2010 (from January 1, 2010 to December 31, 2010) under IFRS

	Net Sales	Net Income / Δ Loss	EBITDA
	US\$ thousand (JP¥ million)	US\$ thousand (JP¥ million)	US\$ thousand (JP¥ million)
Interim	9,400	Δ2,138	Δ5,103
	(875)	(Δ199)	(Δ475)
For a year	22,510	Δ 1,721	Δ7,524
	(2,094)	(Δ 160)	(Δ700)

(Notes)

- 1) Exchange rate used: US\$1 = JP¥93.04
- 2) We define EBITDA in relation to our IFRS financial statements as profit or loss before interest expense, tax, depreciation and amortization.
- 3) Performance estimates are determined based on information currently available. Due to various unforeseen factors, actual performance may differ from estimates.

Difference in net results under IFRS and Japan GAAP

The material differences between IFRS and Japan GAAP when applied to us include:

1) Embedded Derivatives

Japanese GAAP does not require the early redemption option embedded in the bond to be measured at fair value. Under IFRS, the early redemption option is measured at fair value initially and remeasured at subsequent reporting dates.

2) Share Issuance Costs

Japanese GAAP requires share issuance costs to be charged to income when paid or deferred and amortized within a three-year period. Under IFRS, external costs directly attributable to the issue of new shares are shown as a deduction, net of tax, in equity from the proceeds.

3) Listing Related Costs

Japanese GAAP requires listing related costs to be charged to income when paid.
Under IFRS, external costs directly attributable to the listing are shown as a deduction, in equity from the proceeds.

1. Qualitative information about Consolidated Operating Results

Operating results analysis

In the Index service line, we continue to offer a broad series of benchmark and tradable indices, tracking the China equity and bond markets, through our partnerships with FTSE Group and Barclays Capital. At the end of March 2010, the AUM tracking Xinhua FTSE Index (“XFI”) indices or benchmarking against XFI products was US\$89 billion (JP¥8 trillion).

Our Solutions business line continues to provide comprehensive market data and research to institutions, funds, government units and individuals. We provide real time content to 115 top commodity brokers in China with approximately 80,000 terminals. Our financial terminals business provides another key medium for our financial information. We are currently focused on commodities and futures data and intend to expand into other key asset classes such as equities, fixed income and foreign exchange.

As well, through our Solutions business line we continue to expand our efforts into Financial Research, Consulting Services and Risk Analysis and Reporting. Our subsidiary, Beijing Orient Agribusiness Consultants Co., Ltd, provides in-depth consulting services and analysis on government policies, production, industrial chains and other industries impacted by Agriculture. We provide cash commodities pricing information via SMS and mobile applications to approximately 35,000 customers. Our Risk analysis and reporting division helps financial institutions to generate investment risk analysis reports for mainly stock markets and fund managers.

In 2010 while the Company continues its repositioning, it will leverage its presence in the fast growing China market. In light of the improving global financial markets and the rising influence of China, we expect to see more business opportunities locally. With its core competencies as a foundation, the Company seeks to expand into the areas of Fund Management, Private Equity and Financial Advisory to diversify its service line and its portfolio, and increase shareholder value. At the same time, through Special Purpose Funds, we also look to capture investment opportunities in the areas of high demand with great potential such as Education and Environmental Protection related opportunities in China.

Net Sales

Net Sales was US\$3,104 thousand (JP¥289 million) for the three months ended March 31, 2010, as compared to US\$9,095 thousand (JP¥846 million) for the three months ended March 31, 2009. Lower net sales in this Quarter are primarily due to the Company’s much reduced size as compared to the first consolidated quarter of the fiscal year 2009. This is the result of the deconsolidation of FTSE / Xinhua Index Limited (“FXI”) and sale of Market News International (“MNI”) in 2009.

Cost of sales

Cost of sales was US\$1,955 thousand (JP¥182 million) for the three months ended March 31, 2010, as compared to US\$3,396 thousand (JP¥316 million) for the three months ended March 31, 2009. Lower cost of sales in 2010 is primarily due to the Company’s much reduced size as compared to the first consolidated quarter of the fiscal year 2009. This is the result of the deconsolidation of FXI and sale of MNI in 2009.

Gross profit margin

Gross profit margin was 37.0% for the three months ended March 31, 2010 versus 62.7% for the three months ended March 31, 2009. The lower gross profit margin for this quarter compared to the first consolidated quarter of the fiscal year 2009 was mainly the result of the deconsolidation of FXI, as FXI has a higher gross profit margin.

Selling, general and administrative expenses

Selling, general, and administrative expenses were US\$4,112 thousand (JP¥383 million) for the three months ended March 31, 2010, versus US\$6,903 thousand (JP¥642 million) for the three months ended March 31, 2009.

Lower selling, general and administrative expenses is primarily due to the Company’s much reduced size and

cost-cutting effort as compared to the first consolidated quarter of the fiscal year 2009. Reducing the Company's size is the result of the deconsolidation of FXI and sale of MNI in 2009.

Operating income

Operating loss was US\$2,963 thousand (JP¥276 million) for the three months ended March 31, 2010, versus operating loss of US\$1,204 thousand (JP¥112 million) for the three months ended March 31, 2009.

The higher operating loss this Quarter compared to the first consolidated quarter of the fiscal year 2009 is primarily due to the deconsolidation of FXI.

Ordinary income

Ordinary loss was US\$941 thousand (JP¥88 million) for the three months ended March 31, 2010, versus ordinary loss of US\$7,306 thousand (JP¥680 million) for the three months ended March 31, 2009.

The lower ordinary loss this Quarter compared to the first consolidated quarter of the fiscal year 2009 is primarily due to the discontinuance of sharing of Xinhua Sports & Entertainment Limited ("XSEL") losses in 2010.

Net income for the period

Net loss was US\$1,311 thousand (JP¥122 million) for the three months ended March 31, 2010, versus net loss of US\$11,511 thousand (JP¥1,071 million) for the three months ended March 31, 2009.

The lower net loss this Quarter compared to the first consolidated quarter of the fiscal year 2009 is primarily due to the discontinuance of sharing of XSEL's losses in 2010.

The net loss for this Quarter includes:

- 1) Operating loss of US\$2,963 thousand (JP¥276 million); and
- 2) Sharing of profits of FXI of US\$1,834 thousand (JP¥171 million)
- 3) Impairment loss on property, plant and equipment of US\$1,035 thousand (JP¥96 million)

2. Qualitative information about Consolidated Financial Status

Total Assets, Net Assets and Liabilities Analysis

Total Assets

Total Assets as at March 31, 2010, was US\$37,701 thousand (JP¥3,508 million) compared to US\$39,434 thousand (JP¥3,669 million) as at December 31, 2009. Lower Total Assets as at March 31, 2010 compared to those as at December 31, 2009 is mainly due to the impairment loss of property, plant and equipment.

Total Net Assets

Total Net Assets as at March 31, 2010, was US\$284 thousand (JP¥26 million) compared to US\$1,742 thousand (JP¥162 million) as at December 31, 2009. Lower Net Assets as at March 31, 2010 compared to those as at December 31, 2009 is mainly due to the impairment loss of property, plant and equipment.

Total Liabilities

Total Liabilities as at March 31, 2010, was US\$37,417 thousand (JP¥3,481 million) compared to US\$37,692 thousand (JP¥3,507 million) as at December 31, 2009

Cashflow analysis

Operating activities

Net cash used in operating activities for the three months ended March 31, 2010 amounted to US\$2,335 thousand (JP¥ 217 million) as compared to US\$5,611 thousand (JP¥ 522 million) for the three months ended March 31, 2009. This decrease was primarily due to the Company's much reduced size as compared to the first consolidated quarter of the fiscal year 2009. This is the result of the deconsolidation of FXI and sale of MNI in 2009.

Investing activities

Net cash provided by investing activities for the three months ended March 31, 2010 amounted to US\$2,501 thousand (JP¥233 million) as compared to US\$1,148 thousand (JP¥107 million) for the three months ended March 31, 2009. Net cash provided by investing activities in this Quarter was primarily due to interests and dividends income received of US\$1,514 thousand (JP¥141 million) and proceeds from sales of stocks of subsidiaries and affiliates of US\$1,000 thousand (JP¥93 million).

Financing Activities

Net cash used in financing activities for the three months ended March 31, 2010 amounted to US\$487 thousand (JP¥ 45 million) as compared to US\$34,361 thousand (JP¥ 3,197 million) for the three months ended March 31, 2009. The cash outflow from financing activities in the first consolidated quarter of 2009 was mainly caused by the redemption of bonds of US\$38,943 thousand (JP¥ 3,623 million) which was not incurred in the current period. The cash used in financing activities in this Quarter is primarily due to interest expenses paid.

Cash Balance

As a result of the activities described in "Operating Activities", "Investing Activities" and "Financing Activities" above, the net cash and cash equivalents was US\$4,712 thousand (JP¥438 million) as at the end of the quarter. The ending cash and bank balance was US\$22,934 thousand (JP¥2,134 million) as at the end of the quarter, shown on the balance sheet. After taking into account of deposits pledged as collateral of US\$18,222 thousand (JP¥1,695 million) the net cash and cash equivalents was US\$4,712 thousand (JP¥438 million).

3. Qualitative information about Forecast on Consolidated Results

In 2010 we continue to streamline the Company and focus resources on our core competencies in China while we explore new local business opportunities.

With a cost cutting, restructuring and reorganizing strategy in place, the Company is expecting to reduce its overall corporate costs which are a part of sales, general and administrative costs from 2009 to 2010. The measures taken to reduce overall corporate costs included the closing of loss making operations, disposal of non-core businesses, cutting of travel and entertainment expenses, consolidation of office locations and negotiation for reduction of audit and professional fees.

Forecasted results are as follows:

(Units: US\$ thousand (JP¥ million))

	FY 2009	FY 2010	FY 2010
	Actual	First two quarter (accumulated) Forecast	Forecast
Net Sales	32,717	9,400	22,510

	(3,044)	(875)	(2,094)
Operating income / Δ loss	Δ4,173 (Δ388)	Δ5,676 (Δ528)	Δ8,688 (Δ808)
Ordinary income / Δ loss	Δ85,360 (Δ7,942)	Δ2,143 (Δ199)	Δ1,610 (Δ150)
Net Income / Δ loss	Δ113,454 (Δ10,556)	Δ2,116 (Δ197)	Δ1,676 (Δ156)

Exchange rate used: US\$1 = JP¥93.04

Net sales for the year ended December 31, 2010 are expected to be US\$22,510 thousand (JP¥2,094 million), as compared to US\$32,717 thousand (JP¥3,044 million) for the year ended December 31, 2009. The lower net sales are the net result of deconsolidation of FXI in late 2009, growth in the Solutions business line and inception of new business lines in 2010.

Operating loss for the year ended December 31, 2010 is expected to be US\$8,688 thousand (JP¥808 million), as compared to US\$4,173 thousand (JP¥388 million) for the year ended December 31, 2009. Higher forecasted operating loss is the net result of deconsolidation of FXI in late 2009, expansion of the Solutions business line, inception of new business lines and reductions in corporate costs in 2010.

Ordinary loss for the year ended December 31, 2010 is expected to be US\$1,610 thousand (JP¥150 million), as compared to US\$85,360 thousand (JP¥7,942 million) for the year ended December 31, 2009. The ordinary loss for 2009 is primarily due to the sharing of XSEL's losses in 2009. The forecast for ordinary loss is lower as there will be no foreseeable loss sharing of XSEL in 2010 since all the amount invested in XSEL has been recognized as a loss by the end of the year ended December 31, 2009.

Net loss for the year ended December 31, 2010 is expected to be US\$1,676 thousand (JP¥156 million), as compared to US\$113,454 thousand (JP¥10,556 million) for the year ended December 31, 2009. The lower forecasted net loss is mainly due to the lower forecasted ordinary loss and the exclusion of several extraordinary items that were factors in 2009 such as loss in change in equity of XSEL, provision of allowance for doubtful accounts, bad debt expense and impairment loss.

4. Miscellaneous

- (1) Changes of significant subsidiary during the period (with changes in scope of specified consolidated entities)
None
- (2) Application of simplified accounting policies or accounting policies specific to the preparation of quarterly consolidated financial statements
None
- (3) Changes in basis, procedures or representing method of accounting treatments, for the consolidated financial statements (significant matters as basis for the quarterly consolidated financial statements)
None
- (4) Material phenomena regarding its ability to continue as a going concern

The Group incurred operating loss of US\$ 4,173 thousand (JP¥ 388 million) and net loss of US\$ 113,454 thousand (JP¥ 10,556 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 (JP¥ 450 million). The Group also incurred operating loss of US\$ 2,963 thousand (JP¥ 276 million) and net loss of US\$ 1,311 thousand (JP¥ 122 million) for the first quarter consolidated fiscal period ended March 31, 2010. Net cash used in operating activities for the first quarter consolidated fiscal period ended

March 31, 2010 was US\$ 2,335 thousand (JP¥ 217 million). In addition, bonds payable (Principal) of US\$ 3,800 thousand (JP¥ 354 million) become due within one year after the end of this first quarter consolidated fiscal period.

This is primarily due to 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 the 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.

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 quarterly 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 quarterly consolidated financial statements.

Liabilities in excess of assets

Liabilities in excess of assets was US\$83 thousand (JP¥8 million) as at December 31, 2009 according to the Securities Listing Regulations of The Tokyo Stock Exchange ("the TSE regulations"). Liabilities in excess of assets were US\$1,609 thousand (JP¥150 million) as at March 31, 2010. The increase is primarily due to the impairment loss of property, plant and equipment of US\$1,035 thousand (JP¥96 million).

Mitigating factors:

- Reduce liabilities and associated finance cost.

The Group is seeking to raise funds by selling certain assets and provide the proceeds for the redemption of the bond and its associated financing cost.

- Improve profitability.

The Group will further streamline current operation and reduce overall corporate costs to improve profitability of the existing business. In addition, the Group will apply the proceeds from assets divestments towards investment in new ventures to diversify business portfolio. 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.

- No additional loss sharing from XSEL expected.

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 the last consolidated fiscal year.

- Divest in assets.

As many of the Group's assets have already been fully impaired per GAAP requirement, we intend to divest in them and expect to have gain to recover the negative excess of liabilities.

5. Consolidated financial statements

Please refer to separate documents.

6. Other information

Not applicable