

# 1. Quarterly Consolidated Financial Information

## ① Quarterly consolidated balance sheets

		3rd quarter Consolidated fiscal period - current year (As of September 30, 2010) (Unit: Thousands of U.S. Dollars)	3rd quarter Consolidated fiscal period - current year (As of September 30, 2010) (Unit: Millions of Japanese Yen)	Consolidated fiscal year - prior year (As of December 31, 2009) (Unit: Thousands of U.S. Dollars)	Consolidated fiscal year - prior year (As of December 31, 2009) (Unit: Millions of Japanese Yen)
Assets					
Current assets					
Cash and deposits	※1	54,434	4,563	23,688	1,986
Accounts receivable-trade	※2	2,375	199	2,213	186
Accounts receivable-other		11,705	981	2,095	176
Other	※2	2,012	169	1,562	131
Total current assets		70,527	5,912	29,558	2,478
Non-current assets					
Property, plant and equipment					
Buildings and structures		512	43	986	83
Accumulated depreciation		227	19	445	37
Buildings and structures, net		285	24	540	45
Tools, furniture and fixtures		2,275	191	3,028	254
Accumulated depreciation		2,098	176	2,030	170
Tools, furniture and fixtures, net		178	15	998	84
Total property, plant and equipment		463	39	1,538	129
Intangible assets					
Goodwill		163	14	-	-
Right of trademark		225	19	300	25
Total intangible assets		388	32	300	25
Investments and other assets					
Investment securities		21	2	65	5
Investments in capital of subsidiaries and affiliates		-	-	7,840	657
Other		4	0	-	-
Total investments and other assets	※2	25	2	7,906	663
Total non-current assets		875	73	9,744	817
Deferred assets					
Bond issuance costs		78	7	133	11
Total deferred assets		78	7	133	11
Total assets		71,480	5,991	39,434	3,305

		3rd quarter Consolidated fiscal period - current year (As of September 30, 2010) (Unit: Thousands of U.S. Dollars)	3rd quarter Consolidated fiscal period - current year (As of September 30, 2010) (Unit: Millions of Japanese Yen)	Consolidated fiscal year - prior year (As of December 31, 2009) (Unit: Thousands of U.S. Dollars)	Consolidated fiscal year - prior year (As of December 31, 2009) (Unit: Millions of Japanese Yen)
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable-trade		1,625	136	1,106	93
Current portion of bond		9,188	770	3,787	317
Short-term loans payable	※1,3	15,044	1,261	16,726	1,402
Income taxes payable		928	78	984	83
Accounts payable-other		3,399	285	1,401	117
Accrued expenses		6,552	549	6,664	559
Other		1,006	84	552	46
<b>Total current liabilities</b>		<b>37,741</b>	<b>3,163</b>	<b>31,220</b>	<b>2,617</b>
<b>Non-current liabilities</b>					
Bonds payable		-	-	5,388	452
Deferred tax liabilities		34	3	42	3
Other		606	51	1,042	87
<b>Total non-current liabilities</b>		<b>640</b>	<b>54</b>	<b>6,472</b>	<b>542</b>
<b>Total liabilities</b>		<b>38,381</b>	<b>3,217</b>	<b>37,692</b>	<b>3,159</b>
<b>Net Assets</b>					
<b>Shareholders' equity</b>					
Capital stock		3,885	326	3,882	325
Capital surplus		Δ 404,034	Δ 33,866	Δ 403,856	Δ 33,851
Retained earnings		350,564	29,384	383,004	32,103
<b>Total shareholders' equity</b>		<b>57,356</b>	<b>4,808</b>	<b>24,734</b>	<b>2,073</b>
<b>Valuation and translation adjustments</b>					
Valuation differences on available-for-sale securities		Δ -	Δ -	Δ 36	Δ 3
Foreign currency translation adjustments	※4	26,534	2,224	24,853	2,083
<b>Total valuation and translation   adjustments</b>		<b>26,534</b>	<b>2,224</b>	<b>24,817</b>	<b>2,080</b>
Subscription rights to shares		2,179	183	1,659	139
Minority interests		99	8	166	14
<b>Total net assets</b>		<b>33,100</b>	<b>2,774</b>	<b>1,742</b>	<b>146</b>
<b>Total liabilities and net assets</b>		<b>71,480</b>	<b>5,991</b>	<b>39,434</b>	<b>3,305</b>

② Quarterly consolidated income statements

Third quarter consolidated income statements (For the nine months ended September 30, 2010)

		3rd quarter Consolidated fiscal period - prior year (From January 1, 2009 to September 30, 2009) (Unit: Thousands of U.S. Dollars)	3rd Consolidated fiscal period - prior year (From January 1, 2009 to September 30, 2009) (Unit: Millions of Japanese Yen)	3rd quarter Consolidated fiscal period - current year (From January 1, 2010 to September 30, 2010) (Unit: Thousands of U.S. Dollars)	3rd quarter Consolidated fiscal period - current year (From January 1, 2010 to September 30, 2010) (Unit: Millions of Japanese Yen)
Net sales		26,111	2,189	12,052	1,010
Cost of sales		8,777	736	8,383	703
Gross profit		17,334	1,453	3,669	308
Selling, general and administrative expenses					
Directors' compensations		1,165	98	581	49
Salaries and allowances		6,685	560	5,051	423
Advertising expenses		93	8	84	7
Depreciation		673	56	301	25
Amortization of goodwill		278	23	3	0
Commission fee		-	-	2,377	199
Others		10,645	892	5,259	441
Total selling, general and administrative expenses		△ 19,539	△ 1,638	△ 13,656	△ 1,145
Operating loss ( )		2,205	185	9,987	837
Non-operating income					
Interest and dividend income		931	78	121	10
Equity in earnings of affiliates		-	-	5,291	443
Foreign exchange gain		-	-	1,668	140
Commission fee		1,437	120	362	30
Others		593	50	708	59
Total non-operating income		2,962	248	8,150	683
Non-operating expenses					
Interest expenses		3,431	288	1,838	154
Foreign exchange loss		78	7	-	-
Equity in loss of affiliates		14,341	1,202	-	-
Total non-operating expenses		△ 17,850	△ 1,496	△ 1,838	△ 154
Ordinary loss ( )		17,094	1,433	3,675	308
Extraordinary gains					
Gain on sales of stocks of subsidiaries and affiliates	※2	1,042	87	37,134	3,113
Total extraordinary gains		1,042	87	37,134	3,113
Extraordinary losses					
Loss on change in equity		5,368	450	-	-
Loss on sales of stocks of subsidiaries and affiliates	※2	35	3	-	-
Loss on sales and retirement of noncurrent assets	※1	92	8	-	-
Impairment loss	※3	-	-	1,034	87
Others		438	37	-	-
Total extraordinary losses		△ 5,933	△ 497	1,034	87
Income (loss△) before income taxes and minority interests		21,985	1,843	32,425	2,718
Income taxes (current)		2,660	223	△ 3	△ 1
Income taxes (deferred)		35	3	4	0
Total income tax		2,626	220	10	1
Minority interests in income (loss△)		4,789	401	25	2
Net income (loss△) for the period		29,399	2,464	32,440	2,719

Third quarter consolidated income statements (For the three months ended September 30, 2010)

		3rd quarter	3rd quarter	3rd quarter	3rd quarter
		Consolidated fiscal period - prior year (From July 1, 2009 to September 30, 2009) (Unit: Thousands of U.S. Dollars)	Consolidated fiscal period - prior year (From July 1, 2009 to September 30, 2009) (Unit: Millions of Japanese Yen)	Consolidated fiscal period - current year (From July 1, 2010 to September 30, 2010) (Unit: Thousands of U.S. Dollars)	Consolidated fiscal period - current year (From July 1, 2010 to September 30, 2010) (Unit: Millions of Japanese Yen)
Net sales		8,556	717	4,807	403
Cost of sales		2,392	200	3,535	296
Gross profit		6,164	517	1,272	107
Selling, general and administrative expenses					
Directors' compensations		520	44	195	16
Salaries and allowances		1,756	147	1,595	134
Advertising expenses		37	3	15	1
Depreciation		188	16	59	5
Amortization of goodwill		72	6	3	0
Commission fee		-	-	1,194	100
Others		3,913	328	1,977	166
Total selling, general and administrative		△ 6,485	△ 544	△ 5,039	△ 422
Operating loss ( )		321	27	3,766	316
Non-operating income				△	△
Interest and dividend income		145	12	( 8)	( 1)
Equity in earnings of affiliates		-	-	1,608	135
Foreign exchange gain		-	-	424	36
Commission fee		273	23	94	8
Others		76	6	220	18
Total non-operating income		494	41	2,338	196
Non-operating expenses					
Interest expenses		566	47	572	48
Foreign exchange loss		45	4	-	-
Equity in loss of affiliates		4,603	386	-	-
Total non-operating expenses		△ 5,214	△ 437	△ 572	△ 48
Ordinary loss ( )		5,041	423	2,000	168
Extraordinary gains					
Gain on sales of stocks of subsidiaries and affiliates	※1	-	-	36,465	3,056
Gain on redemption of bonds		48	4	-	-
Total extraordinary gains		48	4	36,465	3,056
Extraordinary losses					
Loss on change in equity		2,798	235	-	-
Total extraordinary losses		△ 2,798	△ 235	-	-
Income (loss△) before income taxes and minority interests		7,790	653	34,465	2,889
Income taxes (current)		1,409	118	17	1
Income taxes (deferred)		14	1	-	0
Total income tax		1,395	117	17	1
Minority interests in income		1,707	143	14	1
Net income (loss△) for the period		10,892	913	34,434	2,886

### ③ Quarterly consolidated cashflow statements

		3rd quarter Consolidated fiscal period -prior year (From January 1, 2009 to September 30, 2009) (Unit: Thousands of US dollars)	3rd quarter Consolidated fiscal period -prior year (From January 1, 2009 to September 30, 2009) (Unit: Millions of Japanese Yen)	3rd quarter Consolidated fiscal period - current year (From January 1, 2010 to September 30, 2010) (Unit: Thousands of US dollars)	3rd quarter Consolidated fiscal period - current year (From January 1, 2010 to September 30, 2010) (Unit: Millions of Japanese Yen)
Net cash provided by (used in) operating activities					
Income (loss $\Delta$ ) before income taxes and minority interests		21,985	1,843	32,425	2,718
Depreciation and amortization		755	63	301	25
Impairment loss		-	-	1,034	87
Amortization of goodwill		525	44	3	0
Share-based compensation		-	-	702	59
Interest and dividends income		931	78	121	10
Interest expenses		3,431	288	1,838	154
Gain (loss) on change in equity ( : gain)		5,368	450	-	-
Equity in earnings (loss) of affiliates ( : earnings)		14,341	1,202	5,291	443
Gain (loss) on sales and retirement of noncurrent assets ( : gain)		$\Delta$ 92	$\Delta$ 8	$\Delta$ -	$\Delta$ -
Gain (loss) on sales of stocks of subsidiaries and affiliates ( $\Delta$ : gain)		1,006	84	37,134	3,113
Increase (decrease) in accounts receivable ( $\Delta$ : increase)		4,340	364	162	14
Increase (decrease) in accounts payable ( $\Delta$ : decrease)		192	16	518	43
Other, net		790	66	292	24
Subtotal		4,731	397	5,595	469
Income taxes (paid) refund ( : paid)		$\Delta$ 322	$\Delta$ 27	$\Delta$ 9	$\Delta$ 1
Net cash provided by (used in) operating activities ( : used in)		5,053	424	5,603	470
Interest and dividends income received		931	78	10,384	870
Purchase of property, plant and equipment		188	16	260	22
Proceeds from sales of property, plant and equipment		97	8	1	0
Payments of short-term loans receivable		6,576	551	-	-
Proceeds from sales of stocks of subsidiaries and affiliates	※1	-	-	30,956	2,595
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation		7,740	649	487	41
Payment to acquire shares of subsidiaries resulting in a change in scope of consolidation		-	-	59	5
Net cash provided by (used in) investing activities ( : used in)		2,004	168	41,626	3,489
Net cash provided by (used in) financing activities					
Interest expenses paid		2,407	202	1,771	148
Increase (decrease) in deposit pledged ( : increase)		218	18	1,469	123
Redemption of bonds		42,054	3,525	$\Delta$ -	$\Delta$ -
Net increase (decrease) in short-term loans payable ( : decrease)		6,258	525	1,671	140
Cash dividends paid to minority shareholders		$\Delta$ 2,500	$\Delta$ 210	$\Delta$ -	$\Delta$ -
Net cash provided by (used in) financing activities ( : used in)		40,921	3,430	1,973	165
Effect of exchange rate change on cash and cash equivalents		$\Delta$ 28	$\Delta$ 2	1,835	154
Net increase (decrease) in cash and cash equivalents ( : decrease)		43,941	3,683	32,215	2,700
Cash and cash equivalents at beginning of period		57,624	4,830	5,428	455
Cash and cash equivalents at end of period	※2	13,683	1,147	37,644	3,155

## Substantial doubt about its ability to continue as a going concern

3rd quarter - consolidated fiscal period - (From January 1, 2010 to September 30, 2010)

The Group year to date incurred operating loss of USD 9,987 thousand (JPY 837 million) and net cash used in operating activities was USD 5,603 thousand (JPY 470 million) for the third consolidated cumulative quarter of fiscal period ending December 31, 2010. In the third consolidated cumulative quarter of fiscal period ending December 31, 2010, because the Group sold shares of FTSE/Xinhua Index Limited (“FXI”) in the third consolidated quarter of fiscal period ending December 31, 2010, and recorded a gain on sale of USD 35,519 thousand (JPY 2,977 million) as extraordinary gain, the year to date net income became USD 32,440 thousand (JPY 2,719 million). In addition, due to the sale of such shares, bonds payable which will be due in 2011, as described in subsequent events, was redeemed in full on October 18, 2010. As a result, the Group’s overall financial position was significantly improved by eliminating excessive debt in the third consolidated quarter ending December 31, 2010. However, due to continuing net operating loss and cash used in operating activities in the third consolidated quarter ending December 31, 2010, there is substantial doubt about the group’s ability to continue as a going concern.

In order to resolve the going concern, the Group continues to review its business positioning and new business opportunities in China. The Group plans to secure new revenue base by investing in new businesses with the proceeds received from the sale of shares of FXI. In addition, the Group is improving the profitability of existing businesses by further cost reductions. Furthermore, as there are signs of improvement in global financial markets, the Group would like to, while taking advantage of its presence in the rapidly growing Chinese market and leveraging its own core competencies, seize growth opportunities in China.

However, the Group’s ability to continue as a going concern is greatly depended on the growth of existing businesses and new businesses. At the moment, there are significant uncertainties about it.

The quarterly consolidated financial statements have been prepared as a going concern assumption. The impact of significant uncertainties about the Group’s continuity is not reflected in the quarterly consolidated financial statements.

## Change in basis of presenting quarterly consolidated financial statements

3rd quarter - Consolidated fiscal period - current year  
(From January 1, 2010 to September 30, 2010)

### 1 Change in scope of consolidation

#### (1) Change in scope of consolidation

In the 1st quarter consolidated fiscal period, Taylor Rafferty KK is excluded from the scope of consolidation due to dissolution.

In the 2nd quarter consolidation fiscal period, The Mia K Institute Limited and Shanghai Xinhua-TZYD Media Co. Ltd. are consolidated because of newly setup.

In the 3rd quarter consolidation fiscal period, Shanghai Pobo Data and Information Network Consulting Co., Ltd. and FXI are excluded due to disposed and Beijing Hua Xia Feng Xing Advertising Co., Ltd. is consolidated because of newly acquired.

#### (2) The number of consolidated subsidiaries after the change: 25

### 2 Changes related to matters under the equity method

#### (1) Unconsolidated subsidiaries

No Change

#### (2) Affiliated companies

##### (a) Change of the application of equity method for affiliated company

In the third quarter, FXI was excluded from the scope of the equity method, since the shares of which had been sold.

##### (b) The number of affiliated companies after the change: 0

## Additional information

3rd quarter - Consolidated fiscal period - current year  
(From January 1, 2010 to September 30, 2010)

### Conversion of dollars into yen

In accordance with the Article 88 of the Quarterly Financial Statements rules, the amounts in Japanese yen are calculated by the foreign currency exchange rate (middle rate), being US\$1.00=83.82, from the Bank of Tokyo-Mitsubishi UFJ, Ltd. for buying and selling spot US\$ by telegraphic transfer against yen as of September 30, 2010. 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.

## Change in presentation

3rd quarter - Consolidated fiscal period - current year  
(From January 1, 2010 to September 30, 2010)

(Quarterly Consolidated income statements)

"Commission fee" (USD 3,958 thousand (JPY 332 million) for the quarterly period ended September 30, 2009), which was included in "others" in selling, general and administrative expenses in previous years, is represented separately as materiality has increased.

(Quarterly consolidated cashflow statements)

"Share based compensation" (USD 1,525 thousand (JPY 128 million) for the quarterly period ended September 30, 2009), which was included in "other, net" in net cash provided by (used in) operating activities in previous years, is represented separately as materiality has increased.

3rd quarter - Consolidated fiscal period - current year  
(From July 1, 2010 to September 30, 2010)

(Quarterly Consolidated balance sheets)

"Unearned revenue" (USD 789 thousand (JPY 66 million)), "Notes payable-non-operating" (USD 21 thousand (JPY 2 million)) and "Lease obligations" (USD 0 thousand (JPY 0 million)), which were represented separately in previous years, are included in "others" in current liabilities as their amount fell below 10% of the total liabilities and net assets.

"Long-term account payable-other" (USD 200 thousand (JPY 17 million)) and "Lease obligation" (USD 0 thousand (JPY 0 million)), which were represented separately in previous years, are included in "others" in non-current liabilities as their amount fell below 10% of the total liabilities and net assets.

(Quarterly Consolidated income statements)

"Commission fee" (USD 1,865 thousand (JPY 156 million) for the quarterly period ended September 30, 2009), which was included in "others" in selling, general and administrative expenses in previous years, is represented separately as materiality has increased.

Footnote Information

(Quarterly consolidated balance sheets)

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

3rd quarter - Consolidated fiscal period - current year (As of September 30, 2010)	Consolidated fiscal year - prior 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;">16,753 (1,404)</p> <p>Corresponding liabilities</p> <p>Short-term loan payable</p> <p style="text-align: right;">14,506 (1,216)</p>	<p>※1 Assets collateralized and corresponding liabilities</p> <p>Assets collateralized</p> <p>Bank deposit</p> <p style="text-align: right;">18,222 (1,527)</p> <p>Corresponding liabilities</p> <p>Short-term loan payable</p> <p style="text-align: right;">16,184 (1,357)</p>
<p>※2 Assets are presented after deduction of allowance for doubtful accounts.</p> <p>Amounts deducted from current assets:</p> <p style="text-align: right;">516 (43)</p> <p>Amounts deducted from investment and other assets:</p> <p style="text-align: right;">5,904 (495)</p>	<p>※2 Assets are presented after deduction of allowance for doubtful accounts.</p> <p>Amounts deducted from current assets:</p> <p style="text-align: right;">967 (81)</p> <p>Amounts deducted from investment and other assets:</p> <p style="text-align: right;">5,904 (495)</p>
<p>※3 Xinhua Financial Network (Shanghai) Ltd., Xinhua Financial Network Korea Company Limited, Xinhua Financial Network (Beijing) Ltd., and Shanghai Huacai Investment Advisory Company Limited have line of credit agreements with banks. The amount of the lines of credit and the balance outstanding under the agreements at September 30, 2010 are as follows:</p> <p>Total amount of the line of credit</p> <p style="text-align: right;">34,197 (2,866)</p> <p>Outstanding balance</p> <p style="text-align: right;">15,002 (1,257)</p> <hr/> <p>Remaining amount of the line of credit</p> <p style="text-align: right;">19,195 (1,609)</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 lines of credit</p> <p style="text-align: right;">30,925 (2,592)</p> <p>Outstanding balance</p> <p style="text-align: right;">16,692 (1,399)</p> <hr/> <p>Remaining amount of the lines of credit</p> <p style="text-align: right;">14,234 (1,193)</p>
<p>※4 This account includes the difference arising on the translation of Xinhua Finance Limited's functional currency into reporting currency.</p>	<p>※4 Same as on the left.</p>
<p>※1-4 notes correspond with ※1-4 as denoted in the consolidated balance sheet.</p>	<p>Same as on the left.</p>

(Quarterly consolidated income statements)

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

3rd quarter - Consolidated fiscal period - prior year (From January 1, 2009 to September 30, 2009)	3rd quarter - Consolidated fiscal period - current year (From January 1, 2010 to September 30, 2010)																												
<p>※1 Components of loss on sales and retirement of noncurrent assets are follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Buildings and structures</td> <td style="text-align: right;">53</td> </tr> <tr> <td></td> <td style="text-align: right;">(4)</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td style="text-align: right;">39</td> </tr> <tr> <td></td> <td style="text-align: right;">(3)</td> </tr> </table> <p>※2 Gain(Loss) on sales of stocks of subsidiaries and affiliates Gain (Loss) on sales of stocks of subsidiaries and affiliates is the reduced (increased) amount of expenses related to the sale, respectively, due to the adjustments of expenses. The adjustments were made in the 2nd quarter because the expenses were estimated amounts in the 1st quarter and they were fixed in the 2nd quarter. Therefore, aggregate amounts of Gain (Loss) on sales of stocks of subsidiaries and affiliates, respectively, for the three months period of 1st quarter and for the three months period of 2nd quarter does not tie to those amounts in the six months period of 2nd quarter.</p> <p>※3 _____</p>	Buildings and structures	53		(4)	Tools, furniture and fixtures	39		(3)	<p>※1 _____</p> <p>※2 Gain on sales of stocks of subsidiaries and affiliates Gain on sale of affiliated companies was primarily pertaining to the sale of shares in FXI.</p> <p>※3 Impairment loss The Group recognized an impairment loss for asset groups presented below for the 3rd quarter consolidated fiscal period ended September 30, 2010.</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 20%;">Region</th> <th style="width: 20%;">Type</th> <th style="width: 30%;">Account</th> <th style="width: 30%;">Impairment loss</th> </tr> </thead> <tbody> <tr> <td>Asia</td> <td>Asset for operation</td> <td>Buildings and structures</td> <td>303 (25)</td> </tr> <tr> <td>Asia</td> <td>Asset for operation</td> <td>Tools, furniture and fixture</td> <td>680 (57)</td> </tr> <tr> <td>North America</td> <td>Asset for operation</td> <td>Tools, furniture and fixture</td> <td>52 (4)</td> </tr> <tr> <td>Total</td> <td></td> <td></td> <td>1,034 (87)</td> </tr> </tbody> </table> <p>Grouping is basically implemented by each company unit. However, if it is possible to identify cash flows 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 omitted, because future cash flows are negative.</p> <p>※1-3 notes correspond with ※1-3 as denoted in the consolidated income statements.</p> <p>Same as on the left.</p>	Region	Type	Account	Impairment loss	Asia	Asset for operation	Buildings and structures	303 (25)	Asia	Asset for operation	Tools, furniture and fixture	680 (57)	North America	Asset for operation	Tools, furniture and fixture	52 (4)	Total			1,034 (87)
Buildings and structures	53																												
	(4)																												
Tools, furniture and fixtures	39																												
	(3)																												
Region	Type	Account	Impairment loss																										
Asia	Asset for operation	Buildings and structures	303 (25)																										
Asia	Asset for operation	Tools, furniture and fixture	680 (57)																										
North America	Asset for operation	Tools, furniture and fixture	52 (4)																										
Total			1,034 (87)																										

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

3rd quarter - Consolidated fiscal period - prior year (From July 1, 2009 to September 30, 2009)	3rd quarter - Consolidated fiscal period - current year (From July 1, 2010 to September 30, 2010)
※1 _____	※1 Gain on sales of stocks of subsidiaries and affiliates Gain on sale of affiliated companies was primarily pertaining to the sale of shares in FXI.

## (Quarterly Consolidated cashflow statements)

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

3rd quarter - Consolidated fiscal period - prior year (From January 1, 2009 to September 30, 2009)	3rd quarter - Consolidated fiscal period - current year (From January 1, 2010 to September 30, 2010)																												
※1 _____  ※2 Reconciliation between ending balance of cash and cash equivalents in the 3rd quarter consolidated cashflow statement and balance in the consolidated balance sheet:  <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash and deposits</td> <td style="text-align: right;">31,905</td> </tr> <tr> <td></td> <td style="text-align: right;">(2,674)</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;">(△1,527)</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;">13,683</td> </tr> <tr> <td></td> <td style="text-align: right;">(1,147)</td> </tr> </table> ※1-2 note corresponds with ※1-2 as denoted in the consolidated cashflow statement.	Cash and deposits	31,905		(2,674)	Deposit pledged as collateral	△18,222		(△1,527)	Cash and cash equivalents	13,683		(1,147)	※1 Proceeds from sales of stocks of subsidiaries and affiliates Proceeds from sale of shares in affiliates were primarily pertaining to the sale of stocks of FXI.  ※2 Reconciliation between ending balance of cash and cash equivalents in the 3rd quarter consolidated cashflow statement and balance in the consolidated balance sheet:  <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash and deposit</td> <td style="text-align: right;">54,434</td> </tr> <tr> <td></td> <td style="text-align: right;">(4,563)</td> </tr> <tr> <td>Deposit pledged as collateral</td> <td style="text-align: right;">△16,753</td> </tr> <tr> <td></td> <td style="text-align: right;">(△1,404)</td> </tr> <tr> <td>Bank overdraft</td> <td style="text-align: right;">△37</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;">37,644</td> </tr> <tr> <td></td> <td style="text-align: right;">(3,155)</td> </tr> </table> Same as on the left.	Cash and deposit	54,434		(4,563)	Deposit pledged as collateral	△16,753		(△1,404)	Bank overdraft	△37		(△3)	Cash and cash equivalents	37,644		(3,155)
Cash and deposits	31,905																												
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Bank overdraft	△37																												
	(△3)																												
Cash and cash equivalents	37,644																												
	(3,155)																												

## (Shareholders' equity)

3rd quarter - Consolidated fiscal period - current year (As of September 30, 2010 and from January 1, 2010 to September 30, 2010)

1. Number and class of issued shares
 

Ordinary share	1,515,306 shares
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2. Number and class of repurchased shares
 

Not applicable.
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3. Share subscription rights
 

The ending balance of share subscription rights granted by the Company as share option rights is USD 2,179 thousand (JPY 183 million).
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4. Dividend
 

Not applicable.
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5. Material change in Shareholders' equity
 

Not applicable.
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(Segment information)

**【Business segmental information】**

3rd quarter - Consolidated fiscal period - prior year (From July 1, 2009 to September 30, 2009 and From January 1, 2009 to September 30, 2009) and current year (From July 1, 2010 to September 30, 2010 and From January 1, 2010 to September, 2010)

The Group operates in one business segment thus information on business segment is omitted.

**【Regional segmental information】**

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

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

	Japan	Asia	North America	Others	Total	Eliminated or unallocated	Consolidated
Sales							
(1) Outside customer	79	7,576	901	-	8,556	-	8,556
	(7)	(635)	(76)	(-)	(717)	(-)	(717)
(2) Inter segment or transfer	-	927	-	78	1,005	△ 1005	-
	(-)	(78)	(-)	(7)	(84)	(△84)	(-)
Total	79	8,502	901	78	9,561	△ 1,005	8,556
	(7)	(713)	(76)	(7)	(801)	(△84)	(717)
Operating income / loss	△ 39	3,876	△ 980	△ 3,187	△ 330	9	△ 321
(△)	(△3)	(325)	(△82)	(△267)	(△28)	(1)	(△27)

3rd quarter - Consolidated fiscal period - current year (From July 1, 2010 to September 30, 2010)

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

	Japan	Asia	North America	Others	Total	Eliminated or unallocated	Consolidated
Sales							
(1) Outside customer	79	3,946	782	-	4,807	-	4,807
	(7)	(331)	(66)	(-)	(403)	(-)	(403)
(2) Inter segment or transfer	-	652	-	108	760	△760	-
	(-)	(55)	(-)	(9)	(64)	(△64)	(-)
Total	79	4,598	782	108	5,567	△ 760	4,807
	(7)	(385)	(66)	(9)	(467)	(△64)	(403)
Operating income / loss	△ 54	△ 1,240	△ 198	△ 1,394	△ 2,886	△ 880	△ 3,766
(△)	(△5)	(△104)	(△17)	(△117)	(△242)	(△74)	(△316)

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

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

	Japan	Asia	North America	Others	Total	Eliminated or unallocated	Consolidated
Sales							
(1) Outside customer	326	21,604	4,155	26	26,111	-	26,111
	(27)	(1,811)	(348)	(2)	(2,189)	(-)	(2,189)
(2) Inter segment or transfer	-	5,520	47	788	6,354	△ 6,354	-
	(-)	(463)	(4)	(66)	(533)	(△533)	(-)
Total	326	27,124	4,202	813	32,466	△ 6,354	26,111
	(27)	(2,274)	(352)	(68)	(2,721)	(△533)	(2,189)
Operating income / loss	△ 86	10,630	△ 2,559	△ 10,240	△ 2,255	50	△ 2,205
(△)	(△7)	(891)	(△214)	(△858)	(△189)	(4)	(△185)

3rd quarter - Consolidated fiscal period - current year (From January 1, 2010 to September 30, 2010)

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

	Japan	Asia	North America	Others	Total	Eliminated or unallocated	Consolidated
Sales							
(1) Outside customer	231 (19)	9,392 (787)	2,429 (204)	- (-)	12,052 (1,010)	- (-)	12,052 (1,010)
(2) Inter segment or transfer	- (-)	2,533 (212)	- (-)	499 (42)	3,032 (254)	△ 3,032 (△254)	- (-)
Total	231 (19)	11,925 (1,000)	2,429 (204)	499 (42)	15,084 (1,264)	△ 3,032 (△254)	12,052 (1,010)
Operating income / loss (△)	△ 172 (△14)	△ 3,724 (△312)	△ 893 (△75)	△ 4,321 (△362)	△ 9,110 (△764)	△ 876 (△73)	△ 9,987 (△837)

Note

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

【Overseas sales】

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

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

	Asia	North America	Europe	Others	Total
I Overseas sales	4,605 (386)	356 (30)	3,409 (286)	- (-)	8,371 (702)
II Consolidated sales					8,556 (717)
III Ratio of overseas sales which accounts for consolidated sale (%)	53.8%	4.2%	39.8%	-%	97.8%

3rd quarter - Consolidated fiscal period - current year (From July 1, 2010 to September 30, 2010)

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

	Asia	North America	Europe	Others	Total
I Overseas sales	4,102 (344)	393 (33)	175 (15)	- (-)	4,670 (391)
II Consolidated sales					4,807 (403)
III Ratio of overseas sales which accounts for consolidated sale (%)	85.3%	8.2%	3.6%	-%	97.1%

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

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

	Asia	North America	Europe	Others	Total
I Overseas sales	14,178 (1,188)	1,953 (164)	9,291 (779)	10 (1)	25,431 (2,132)
II Consolidated sales					26,111 (2,189)
III Ratio of overseas sales which accounts for consolidated sale (%)	54.3%	7.5%	35.6%	0.0%	97.4%

3rd quarter - Consolidated fiscal period - current year (From January 1, 2010 to September 30, 2010)

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

	Asia	North America	Europe	Others	Total
I Overseas sales	9,856 (826)	1,204 (101)	579 (48)	- (-)	11,638 (975)
II Consolidated sales					12,052 (1,010)
III Ratio of overseas sales which accounts for consolidated sale (%)	81.8%	10.0%	4.8%	-%	96.6%

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.

(Share option)

3rd quarter - Consolidated fiscal period - current year (From July 1, 2010 to September 30, 2010)

Expenses recognized

Selling, general and administrative expenses – Directors’ compensations	USD 124 thousand (JPY 10 million)
Selling, general and administrative expenses – Other	USD 110 thousand (JPY 9 million)

## (Per share information)

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

3rd quarter - Consolidated fiscal period - current year (As of September 30, 2010)	Consolidated fiscal year - prior year (As of December 31, 2009)
Net assets per Share 20.34 (1,704.90)	Net assets per Share △0.05 (△4.19)

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

3rd quarter - Consolidated fiscal period - prior year (From January 1, 2009 to September 30, 2009)	3rd quarter - Consolidated fiscal period - current year (From January 1, 2010 to September 30, 2010)
Net loss per share △19.63 (△1,645.62)	Net profits per share 21.41 (1,794.78)
As the Group is in a loss position, diluted net loss per share information is not stated.	As the potential shares to be issued are anti-dilutive, diluted net profits per share information is not stated.

(Note) Basis of calculation for the net income (loss)

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

Item	3rd quarter - Consolidated fiscal period - prior year (From January 1, 2009 to September 30, 2009)	3rd quarter - Consolidated fiscal period - current year (From January 1, 2010 to September 30, 2010)
Net income (loss△) for the period	△29,399 (△2,464)	32,440 (2,719)
Net income NOT attributed to ordinary shareholders	- (-)	- (-)
Net income (loss△) attributed to ordinary shares	△29,399 (△2,464)	32,440 (2,719)
Average number of ordinary shares during the period (shares)	1,497,458.59	1,515,031.39
Overview of potential shares without dilutive effect excluded from the formula of diluted income per share for the period and changed significantly from consolidated fiscal period – prior period	Share of subscription rights (Number of shares to be issued upon exercise: 157,830 shares) issued by the Company. The overview is stated in V. CONDITION OF THE REPORTING COMPANY, (1) Condition of shares, etc, (2) Total number of shares issued and changes in capital stock.	No material changes from prior fiscal period.

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

3rd quarter - Consolidated fiscal period - prior year (From July 1, 2009 to September 30, 2009)	3rd quarter - Consolidated fiscal period - current year (From July 1, 2010 to September 30, 2010)
Net loss per share As the Group is in a loss position, diluted net loss per share information is not stated.	Net profits per share As the potential shares to be issued are anti-dilutive, diluted net profits per share information is not stated.
△7.20 (△603.30)	22.72 (1,904.73)

(Note) Basis of calculation for the net income (loss)

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

Item	3rd quarter - Consolidated fiscal period - prior year (From July 1, 2009 to September 30, 2009)	3rd quarter - Consolidated fiscal period - current year (From July 1, 2010 to September 30, 2010)
Net income (loss△) for the period	△10,892 (△913)	34,434 (2,886)
Net income NOT attributed to ordinary shareholders	-	-
Net income (loss△) attributed to ordinary shares	△10,892 (△913)	34,434 (2,886)
Average number of ordinary shares during the period (shares)	1,513,419.88	1,515,305.79
Overview of potential shares without dilutive effect excluded from the formula of diluted income per share for the period and changed significantly from consolidated fiscal period – prior period	Share of subscription rights (Number of shares to be issued upon exercise: 157,830 shares) issued by the Company. The overview is stated in V. CONDITION OF THE REPORTING COMPANY, (1) Condition of shares, etc, (2) Total number of shares issued and changes in capital stock.	No material changes from prior fiscal period.

(Significant subsequent events)

3rd quarter - Consolidated fiscal period - current year (From July 1, 2010 to September 30, 2010)								
<p><b>Redemption of Senior Guaranteed Notes</b></p> <p>① Effect and Purpose On October 18, 2010, the Company fully repaid the 10% interest rate senior guaranteed notes (“Bonds”) due in 2011. The purpose of this early redemption is to eliminate excessive debt hence reduce the financing cost.</p> <p>② Types, and Amount of bonds to be redeemed</p> <table border="1"> <tr> <td>Types</td> <td>Senior guaranteed notes</td> </tr> <tr> <td>Amount of Redemption</td> <td>USD9,188 thousand (JPY 770 million)</td> </tr> </table> <p>③ The Way of Redemption and Redemption Date</p> <table border="1"> <tr> <td>Way of Redemption</td> <td>Early redemption</td> </tr> <tr> <td>Redemption Date</td> <td>October 18, 2010</td> </tr> </table> <p>④ Method of Fund Raising for Redemption Funds from sale of shares in affiliated company</p> <p>⑤ Estimated Amount of Reduction in Interest Expense due to early redemption of Bonds The estimated decrease in interest expense due to early redemption of bonds is USD 604 thousand (JPY 51 million).</p>	Types	Senior guaranteed notes	Amount of Redemption	USD9,188 thousand (JPY 770 million)	Way of Redemption	Early redemption	Redemption Date	October 18, 2010
Types	Senior guaranteed notes							
Amount of Redemption	USD9,188 thousand (JPY 770 million)							
Way of Redemption	Early redemption							
Redemption Date	October 18, 2010							

## 2. Others

Not applicable.