

Financial Summary for the First Six Months of Fiscal Year ending December 31, 2009

14 August, 2009

Listed Company Name: Xinhua Finance Limited
 Code No. : 9399
 Representative-Title: Chief Executive Officer;
 Inquiry-Title: Chief Financial Officer;
 Title: Director, Investor Relations;
 Schedule of filing quarterly report: 14 August, 2009

Listed Section: Mothers
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 Schedule of dividends: -

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

1. Consolidated results for the First Six Months (from January 1, 2009 to June 30, 2009) of Fiscal Year ending December 31, 2009 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 (JPY million)	%	US\$ thousand (JPY million)	%	US\$ thousand (JPY million)	%
30 June, 2009	17,555	-	Δ1,885	-	Δ12,053	-
	(1,685)		(Δ181)		(Δ1,157)	
30 June, 2008	142,412	30.1	Δ14,328	-	Δ11,822	-
	(13,673)		(Δ1,376)		(Δ1,135)	

	Net Income / Δ Loss		Basic Earnings per share		Diluted Earnings per Share	
	US\$ thousand (JPY million)	%	US\$ (JPY) 2 decimal places		US\$ (JPY) 2 decimal places	
30 June, 2009	Δ18,507	-	Δ12.43		-	
	(Δ1,777)		(Δ1,193.00)		(-)	
30 June, 2008	Δ38,157	-	Δ34.70		-	
	(Δ3,663)		(Δ3,331.55)		(-)	

(Notes)

- Exchange rate used US\$1 = ¥96.01; 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 June 30, 2009.

(2) Consolidated Financial Status

	Total Assets	Total Net Assets	Adjusted Shareholders' Equity to Total Assets (%)	Net Assets per Share
	US\$ thousand (JPY million)	US\$ thousand (JPY million)	%	US\$ (JPY) 2 decimal places
30 June, 2009	149,193	101,617	63.6	63.68
	(14,324)	(9,756)		(6,113.92)
31 December, 2008	216,113	119,592	51.7	75.15
	(20,749)	(11,482)		(7,215.15)

(Reference)

Adjusted shareholders' equity: June 30, 2009: US\$94,886 thousand (JPY9,110 million)
 December 31, 2008: US\$111,674 thousand (JPY 10,722 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\$ (JPY) 2 decimal places	US\$ (JPY) 2 decimal places	US\$ (JPY) 2 decimal places	US\$ (JPY) 2 decimal places	US\$ (JPY) 2 decimal places
For the year of 2008	- (-)	- (-)	- (-)	- (-)	- (-)
For the year of 2009	- (-)	- (-)			
For the year of 2009 (Forecast)			- (-)	- (-)	- (-)

(Note)

Revisions to forecast on dividends in the first six months: None

3. Forecast on Consolidated Results for Fiscal Year ending December 31, 2009 (from January 1, 2009 to December 31, 2009) 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 (JPY million)	%	US\$ thousand (JPY million)	%	US\$ thousand (JPY million)	%
For the year	33,292 (3,196)	Δ88.1	Δ1,307 (Δ125)	-	Δ18,008 (Δ1,729)	-

	Net Income /Δ Loss		Basic Earnings per share	
	US\$ thousand (JPY million)	%	US\$ (JPY) 2 decimal places	
For the year	Δ28,953 (Δ2,780)	-	Δ19.43 (Δ1,865.49)	

(Notes)

- 1) Revisions to forecast on consolidated results in the first six months: None
- 2) Exchange rate used: US\$1 = ¥96.01

4. Miscellaneous

- (1) Changes of significant subsidiary during the period (with changes in scope of specified consolidated entities): Yes

Newly consolidated subsidiaries: 0, excluded: 1 (Shanghai Far East Credit Rating Co., Ltd.)

(Note) For more details, please see "4. Miscellaneous" in "Qualitative information and financial statements, etc." on page 11.

- (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.: Yes
 - 2) Changes other than 1): None

(Note) For more details, please see “4. Miscellaneous” in “Qualitative information and financial statements, etc.” on Page 11

(4) Issued Shares (common stock)

- 1) Total issued shares at the end of the period (including treasury shares)
The first six months of fiscal year ending December 31, 2009: 1,490,105.79 shares
The fiscal year ended December 31, 2008: 1,486,051.79 shares
- 2) Total treasury shares at the end of the period
The first six months of fiscal year ending December 31, 2009: 0 shares
The fiscal year ended December 31, 2008: 0 shares
- 3) Average number of shares during the period (accumulative consolidated six month period)
The first six months of fiscal year ending December 31, 2009: 1,489,430.12 shares
The first six months of fiscal year ending December 31, 2008: 1,099,468.05 shares

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

From this fiscal year, the Company applies the “Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan (ASBJ) Statement No. 12) and the “Guidance on Accounting Standard for Quarterly Financial Statements” (ASBJ Guidance No. 14). The Company has prepared its quarterly consolidated financial statements pursuant to the “Rules for Quarterly Consolidated Financial Reporting.”

<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 10 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 Six Months (from January 1, 2009 to June 30, 2009) of the Fiscal Year ending December 31, 2009 under IFRS

	Net Sales	Net Income / Δ Loss	Basic Earnings per share	Diluted earnings per share	Proforma EBITDA	EBITDA	Proforma Net Income / Δ Loss
	US\$ thousand (JPY million)	US\$ thousand (JPY million)	US\$ (JPY) 2 decimal places	US\$ (JPY) 2 decimal	US\$ thousand (JPY million)	US\$ thousand (JPY million)	US\$ thousand (JPY million)
30 June, 2009	17,555	Δ 8,743	Δ 5.87	-	2,329	485	Δ3,543
	(1,685)	(Δ 839)	(Δ 563.33)	(-)	(224)	(47)	(Δ340)
30 June, 2008	142,412	Δ47,997	Δ43.70	-	28,511	Δ22,520	2,921
	(13,673)	(Δ4,608)	(Δ4,195.64)	(-)	(2,737)	(Δ2,162)	(280)

(Notes)

- 1) Exchange rate used US\$1 = ¥96.01. 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 June 30, 2009.
- 2) We define EBITDA in relation to our IFRS financial statements as profit (loss) before interest expense, tax, depreciation and amortization.
- 3) We define Proforma EBITDA in relation to our IFRS financial statements as EBITDA excluding non cash share based payments, one time items such as legal fees incurred outside the ordinary course of business and discontinued operations in 2009 such as MNI (defined below) and SFE (defined below).
- 4) We define Proforma Net Income in relation to our IFRS financial statements as Net Income excluding non cash share based payments, one time items such as legal fees incurred outside the ordinary course of business and discontinued operations in 2009 such as MNI and SFE, amortization arising from acquisitions and non cash imputed interest.

2. Forecast on Consolidated Results for the period ended December 31, 2009 (from January 1, 2009 to December 31, 2009) under IFRS

	Net Sales	Net Income / Δ Loss	EBITDA
	US\$ thousand (JPY million)	US\$ thousand (JPY million)	US\$ thousand (JPY million)
For a year	33,292	Δ17,878	1,323
	(3,196)	(Δ1,716)	(127)

(Notes)

- 1) Exchange rate used: US\$1 = ¥96.01
- 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) Recognition of earnout obligations
Under IFRS, earnout obligations arising from strategic acquisitions are required to be recognized. Under Japan GAAP, earnout obligations arising from strategic acquisitions are not required to be recognized until the considerations are highly probable and can be measured reasonably, which will result in later recognition of investment (hence goodwill) under Japan GAAP.
- 2) Amortization of goodwill on consolidation arising from strategic acquisitions (a consolidation adjustment which is a non-cash expense)
Japan GAAP requires goodwill arising from consolidation to be amortized within 20 years. The goodwill on consolidation of the Company has been and is projected to be amortized by the straight-line method over a period of 20 years. Under IAS 36, our goodwill on consolidation in connection with subsidiaries acquired on or after March 31, 2004 is not amortized but is assessed for impairment at least annually.
- 3) Goodwill Impairment
Under Japan GAAP, goodwill arising from consolidation is required to be amortized within 20 years, whereas under IFRS, such amortization is not required, as mentioned in point 1 above. As a result, the goodwill balance arising from consolidation under Japan GAAP is lower than the corresponding amount under IFRS. Thus when there is goodwill impairment for a certain asset, the amount of goodwill impairment under Japan GAAP will be lower than under IFRS.

1. Qualitative information about Consolidated Operating Results

Operating results analysis

In the Index service line, we 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. During the first six months ended June 30, 2009, we signed an Index Service Agreement with Dachang FMC, a local Chinese financial institution, to provide benchmarking services against our Chinese indices. Dachang FMC is a fund management company based in Shenzhen and is one of the ten largest fund management companies in China. At the end of June 2009, the AUM tracking Xinhua FTSE Index (“XFI”) indices or benchmarking against XFI products decreased to US\$110 billion, from US\$125 billion at the end of 2008 due mainly to the fall in stock market values.

In the Ratings service line, we publish Chinese company reports and industry studies on the China markets. During the first six months ended June 30, 2009, the ratings team published the “2009 Competition in the China Securities Industry” report. The team also designed judging criteria and nominated candidates to China’s Banking Industry Awards, organized by Economic Observer, a leading Chinese economic newspaper. Dr. Chung Hsing Chen, our Ratings head, was invited to speak at the 21st Century Capital Market 2009 Annual Conference which was attended by major institutional investors in China. Dr. Chen was also invited to speak at various investor conferences organized by Chinese and Taiwanese financial institutions. The team also published over 50 public information reports concerning the real estate, shipping & port, pharmaceuticals and energy sectors. These reports expanded our ratings coverage and provided insights and credit risk analysis in response to the global financial crisis and China’s economic stimulus plan.

In the Solutions service line, we provide comprehensive market data and research via financial terminals, reports, SMS and mobile applications. Our subsidiary providing consultancy services to businesses involved in agriculture, co-sponsored the International Summit for Food Safety Conference with American GIC Group. The conference was attended by government officials and over 100 top managers from local and international food related companies.

During the first six months ended June 30, 2009, the Company redeemed US\$41,854 thousand (¥4,018 million) principal amount of its 10% Senior Guaranteed Notes due 2011 (the “Notes”) by using the proceeds from the sale of non core businesses, leaving US\$9,407 thousand (¥903 million) principal amount of the Notes outstanding as at the end of June 2009.

(1) The sale of many of our non-core businesses, such as Mergent Inc (“Mergent”), Washington Analysis Corporation (“Washington Analysis”), Market News International Inc. (“MNI”) and Shanghai Far East Credit Rating Co., Ltd. (“SFE”), (2) the closure of our Asia news business, and (3) the deconsolidation of Xinhua Sports and Entertainment Limited (“XSEL”) (formerly known as Xinhua Finance Media Limited) in 2008, have resulted in significant differences between the results of FY2008 and FY2009.

To facilitate a more appropriate year on year comparison, the Company provides Continuing Operations which excludes (1) operations that have been disposed such as Mergent, Washington Analysis, MNI and SFE, and (2) discontinued operations such as the Company’s Asia news business. Results from Continuing Operations are unaudited and not reviewed by auditors and are management estimates only. The Continuing Operations figures enable investors to more appropriately compare our FY2009 results with the prior year.

(Note) Since the quarterly financial accounting standard from relevant quarter is applied to the Company from this fiscal year, the accounting standard for this fiscal year is different from the one for the last fiscal year. The percentage increase or decrease as compared against the corresponding period of the preceding fiscal year and the actual amounts of results in the corresponding period of the preceding fiscal year are included below for reference.

Net Sales

Net Sales was US\$17,555 thousand (¥1,685 million) for the six months ended June 30, 2009, as compared to US\$142,412 thousand (¥13,673 million) for the six months ended June 30, 2008.

Lower net sales in 2009 is primarily due to the Company's much reduced size in 2009 as compared to 2008. This is the result of the deconsolidation of XSEL and the sale of non core businesses such as Mergent and Washington Analysis in 2008, the sale of MNI and SFE in 2009, and the closure of the Company's Asia news business.

On a Continuing Operations basis, Net Sales for the six months ended June 30, 2009 was US\$16,194 thousand (¥1,555 million) compared to US\$14,365 thousand (¥1,379 million) for the six months ended June 30, 2008. The increase in Net Sales in 2009 was mainly due to the growth of the indices business.

Cost of sales

Cost of sales was US\$6,385 thousand (¥613 million) for the six months ended June 30, 2009, as compared to US\$74,821 thousand (¥7,184 million) for the six months ended June 30, 2008.

Lower cost of sales in 2009 is primarily due to the Company's much reduced size in 2009 as compared to 2008. This is the result of the deconsolidation of XSEL and the sale of non core businesses such as Mergent and Washington Analysis in 2008, the sale of MNI and SFE in 2009, and the closure of the Company's Asia news business.

Gross profit margin

Gross profit margin was 63.6% for the six months ended June 30, 2009 versus 47.5% for the six months ended June 30, 2008. The higher gross profit margin in 2009 was mainly the result of the deconsolidation of XSEL, as XSEL has a lower gross profit margin.

Selling, general and administrative expenses

Selling, general, and administrative expenses were US\$13,055 thousand (¥1,253 million) for the six months ended June 30, 2009, versus US\$81,919 thousand (¥7,865 million) for the six months ended June 30, 2008.

Lower selling, general and administrative expenses in 2009 is primarily due to the Company's much reduced size in 2009 as compared to 2008. This is the result of the deconsolidation of XSEL and the sale of non core businesses such as Mergent and Washington Analysis in 2008, the sale of MNI and SFE in 2009, and the closure of the Company's Asia news business. The reduction is also attributable to reductions in corporate costs from a year ago.

Operating income

Operating loss was US\$1,885 thousand (¥181 million) for the six months ended June 30, 2009, versus operating loss of US\$14,328 thousand (¥1,376 million) for the six months ended June 30, 2008.

The smaller operating loss in 2009 is primarily due to the Company's lower selling general and administrative expenses, and lower depreciation, as a result of the Company's much reduced size in 2009 as compared to 2008. This is the result of the deconsolidation of XSEL and the sale of non core businesses such as Mergent and Washington Analysis in 2008, the sale of MNI and SFE in 2009, and the closure of the Company's Asia news business. The improvement is also attributable to reductions in corporate costs from a year ago.

Ordinary income

Ordinary loss was US\$12,053 thousand (¥1,157 million) for the six months ended June 30, 2009, versus ordinary loss of US\$11,822 thousand (¥1,135 million) for the six months ended June 30, 2008.

The higher ordinary loss in 2009 is primarily due to the sharing of XSEL's losses in 2009. In 2009, XSEL is accounted for as an associated company instead of a consolidated subsidiary. In addition, a foreign exchange loss of US\$32 thousand (¥3 million) was recorded in the first half of 2009, whereas an exchange gain of US\$7,122 thousand (¥684 million) was recorded in the first half of 2008.

Net income for the period

Net loss was US\$18,507 thousand (¥1,777 million) for the six months ended June 30, 2009, versus net loss of US\$38,157 thousand (¥3,663 million) for the six months ended June 30, 2008.

The net loss for the six months ended June 30, 2009 includes:

- 1) gain on sales of stocks of subsidiaries and affiliates of US\$1,042 thousand (¥100 million);
- 2) loss on change in equity of US\$2,570 thousand (¥247 million) due to the Company's reduced shareholding in XSEL;
- 3) taxation charge of US\$1,231 thousand (¥118 million); and
- 4) minority interests in income of US\$3,082 thousand (¥296 million).

Non-Japan GAAP Financial Measures

To supplement XFL's consolidated financial results under Japan GAAP, XFL also provides the following non-Japan GAAP financial measures:

- 1) "EBITDA", defined as operating income or loss plus depreciation, amortization of goodwill and amortization of deferred long term contracts within cost of sales.
- 2) "Proforma EBITDA", defined as EBITDA excluding non cash share based payments, one time items such as legal fees incurred outside the ordinary course of business and discontinued operations in 2009 such as MNI and SFE and including recurring non operating income.
- 3) "Proforma Net Income", defined as net income (loss) excluding non cash share based payments, one time items such as legal fees incurred outside the ordinary course of business, and goodwill impairments, discontinued operations in 2009 such as MNI and SFE, and amortization arising from acquisition.

XFL believes that these non-Japan GAAP financial measures provide investors with another method for assessing XFL's underlying operational and financial performance. These non-Japan GAAP financial measures are not intended to be considered in isolation or as a substitute for the financial results under Japan GAAP.

	Proforma EBITDA		EBITDA		Proforma Net Income / Δ Loss	
	US\$ thousand (JPY million)	%	US\$ thousand (JPY million)	%	US\$ thousand (JPY million)	%
30 June, 2009	2,375 (228)	-	Δ 1,150 (Δ 110)	-	Δ 5,000 (Δ 480)	-
30 June, 2008	28,310 (2,718)	39.7	8,548 (821)	Δ 14.1	1,852 (178)	143.4

EBITDA

We define EBITDA in relation to our Japan GAAP financial statements as operating income or loss plus depreciation, amortization of goodwill and amortization of deferred long term contracts within cost of sales. For the six months ended June 30, 2009, EBITDA was a loss of US\$1,150 thousand (¥110 million), versus a profit of US\$8,548 thousand (¥821 million) for the six months ended June 30, 2008.

Proforma EBITDA

We define Proforma EBITDA in relation to our Japan GAAP financial statements as EBITDA excluding non cash share based payments, one time items such as legal fees incurred outside the ordinary course of business, discontinued operations in 2009 such as MNI and SFE and including recurring non operating income. For the six months ended June 30, 2009 Proforma EBITDA was US\$2,375 thousand (¥228 million) compared to US\$28,310 thousand (¥2,718 million) for the six months ended June 30, 2008.

Proforma Net Income

We define Proforma Net Income in relation to our Japan GAAP financial statements as net income excluding non cash share based payments, one time items such as legal fees incurred outside the ordinary course of business and goodwill impairments, discontinued operations in 2009 such as MNI and SFE, and amortization arising from acquisitions. For the six months ended June 30, 2009 Proforma Net Income was a loss of US\$5,000 thousand (¥480 million) compared to profit of US\$1,852 thousand (¥178 million) for the six months ended June 30, 2008.

2. Qualitative information about Consolidated Financial Status

Total Assets, Net Assets and Liabilities Analysis

Total Assets

Total Assets as at June 30, 2009, was US\$149,193 thousand (¥14,324 million) compared to US\$933,128 thousand (¥89,590 million) as at June 30, 2008. Lower Total Assets as at June 30, 2009 is mainly due to the reduced size of the Company in 2009. This is the result of the deconsolidation of XSEL and the sale of non core businesses such as Mergent and Washington Analysis in 2008, the sale of MNI and SFE in 2009, and the closure of the Company's Asia news business.

Total Net Assets

Total Net Assets as at June 30, 2009, was US\$101,617 thousand (¥9,756 million) compared to US\$577,251 thousand (¥55,422 million) as at June 30, 2008. Lower Total Net Assets as at June 30, 2009 is mainly due to the reduced size of the Company in 2009. This is the result of the deconsolidation of XSEL and the sale of non core businesses such as Mergent and Washington Analysis in 2008, the sale of MNI and SFE in 2009, and the closure of the Company's Asia news business.

Total Liabilities

Total Liabilities as at June 30, 2009, was US\$47,576 thousand (¥4,568 million) compared to US\$355,877 thousand (¥34,168 million) as at June 30, 2008. Lower Total Liabilities as at June 30, 2009 is mainly due to the reduced size of the Company in 2009. This is the result of the deconsolidation of XSEL and the sale of non core businesses such as Mergent and Washington Analysis in 2008, the sale of MNI and SFE in 2009, and the closure of the Company's Asia news business.

Cashflow analysis

Operating activities

Net cash used in operating activities amounted to US\$7,251 thousand (¥696 million) for the six months ended June 30, 2009 mainly due to working capital requirements.

Investing activities

Net cash obtained in investing activities amounted to US\$1,955 thousand (¥188 million) for the six months ended June 30, 2009 mainly due to proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation of US\$7,740 thousand (¥743 million) offset with payment of short term loan receivable of US\$6,531 thousand (¥627 million).

Financing Activities

Cashflow used in financing activities amounted to US\$37,676 thousand (¥3,617 million) for the six months ended June 30, 2009 which mainly consisted of redemption of bonds of US\$41,854 thousand (¥4,018 million) offset with net increase in short-term loans payable of US\$6,398 thousand (¥614 million).

Cash Balance

As a result of the activities described in “Operating Activities”, “Investing Activities” and “Financing Activities” above, the net cash and cash equivalents was US\$14,650 thousand (¥1,407 million) as at June 30, 2009. The ending cash and bank balance was US\$33,007 thousand (¥3,169 million) as at June 30, 2009, as shown on the balance sheet.

3. Qualitative information about Forecast on Consolidated Results

In 2009 we will continue to streamline the Company and focus resources on our core competency of providing valuable information on China’s financial information sector. We will focus on Indices, Ratings and Solutions. We will continue to diversify out of non core assets which no longer fit with the Company’s overall focus on China’s markets.

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 cost by 50% from 2008 to 2009. 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, office relocations and the negotiated reduction of audit and professional fees.

Forecasted results are as follows:

(Units: US\$ thousand (JPY million))

	FY 2008 Actual	FY 2008 Continuing Operations (note)	FY 2009 First two quarter (accumulated) Actual	FY 2009 Forecast
Net Sales	279,351 (26,820)	30,610 (2,939)	17,555 (1,685)	33,292 (3,196)
EBITDA	Δ160 (Δ15)	Δ7,110 (Δ683)	Δ1,150 (Δ110)	Δ158 (Δ15)
Operating income / Δ loss	Δ44,838 (Δ4,305)	NA NA	Δ1,885 (Δ181)	Δ1,307 (Δ125)
Ordinary income / Δ loss	Δ54,789 (Δ5,260)	NA NA	Δ12,053 (Δ1,157)	Δ18,008 (Δ1,729)
Net Income / Δ loss	Δ268,322 (Δ25,762)	NA NA	Δ18,507 (Δ1,777)	Δ28,953 (Δ2,780)

Exchange rate used: USD1 = ¥96.01

(Notes)

(1) The sale of many of our non-core businesses, such as Mergent, Washington Analysis, MNI and SFE, (2) the closure of our Asia news business, and (3) the deconsolidation of XSEL in 2008, have resulted in significant differences between the results of FY2008 and FY2009.

To facilitate a more appropriate year on year comparison, the Company provides Continuing Operations which excludes (1) operations that have been disposed such as Mergent, Washington Analysis, MNI and SFE, and (2) discontinued operations such as the Company's Asia news business. Results from Continuing Operations are unaudited and not reviewed by auditors and are management estimates only. The Continuing Operations figures enable investors to more appropriately compare our FY2009 results with the prior year.

Turnover for FY2009 is expected to be US\$33,292 thousand (¥3,196 million) compared to 2008 continuing operations Turnover of US\$30,610 thousand (¥2,939 million) as a result of organic growth in the business, especially due to the growth in the indices business.

EBITDA for FY2009 is expected to be minus US\$158 thousand (¥15 million) compared to 2008 continuing operations EBITDA of minus US\$7,110 thousand (¥683 million) as a result of the Company's cost cutting efforts as well as the growth in the business, especially in the indices business.

Operating Income for FY2009 is expected to be a loss of US\$1,307 thousand (¥125 million) as a result of the Company's cost cutting efforts as well as the growth in the business, especially the indices business.

Ordinary Income for FY2009 is expected to be loss of US\$18,008 thousand (¥1,729 million) mainly due to share of the results of XSEL for the year, which are expected to be negative. XSEL is no longer consolidated into the Company's accounts, and is accounted for as an associated company.

Net Income for FY2009 is expected to be loss of US\$28,953 thousand (¥2,780 million) mainly due to the Company's share of XSEL's loss and deemed disposal in XSEL as a result of the Company's decreased percentage shareholding in XSEL due to XSEL's issuance of shares for acquisition consideration and share based compensation.

4. Miscellaneous

- (1) Changes of significant subsidiary during the period (with changes in scope of specified consolidated entities)
Yes.

In January 2009, the Company sold its entire shareholding in Shanghai Far East to China Orient Asset Management Corporation and Shanghai Far East ceased to be a consolidated subsidiary of the Company.

- (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)

From this fiscal year, the Company applies the "Accounting Standard for Quarterly Financial Reporting" (Accounting Standards Board of Japan (ASBJ) Statement No. 12) and the "Guidance on Accounting Standard for Quarterly Financial Statements" (ASBJ Guidance No. 14). The Company also follows the "Rules for Quarterly Consolidated Financial Reporting" to prepare its quarterly consolidated financial statements.

5. Consolidated financial statements

Please refer to separate documents.

6. Other information

For presentation please visit: <http://www.xinhuafinance.com/en/for-investors/reporting/quarterly-results/>