

4. Consolidated Financial Information

① Consolidated balance sheets

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

| Item | Note | Consolidated fiscal year - prior year (As of December 31, 2007) | | Consolidated fiscal year - current year (As of December 31, 2008) | |
|------------------------------------|------|---|---------|---|-------|
| | | Amount | (%) | Amount | (%) |
| (Assets) | | | | | |
| I Current assets | | | | | |
| Cash and bank balances | ※2 | 194,784 | | 75,289 | |
| | | (17,731) | | (6,854) | |
| Trade receivables | ※4 | 70,286 | | 8,203 | |
| | | (6,398) | | (747) | |
| Marketable securities | | 4,793 | | 756 | |
| | | (436) | | (69) | |
| Other receivables | | 11,715 | | 5,014 | |
| | | (1,066) | | (456) | |
| Deferred tax assets | | 20 | | - | |
| | | (2) | | (-) | |
| Others | ※4 | 28,942 | | 14,337 | |
| | | (2,635) | | (1,305) | |
| Total current assets | | 310,540 | 32.1 | 103,600 | 47.9 |
| | | (28,268) | | (9,431) | |
| II Non-current assets | | | | | |
| Property and equipment | | | | | |
| Buildings and structures | | 8,269 | | 5,566 | |
| | | (753) | | (507) | |
| Less: accumulated depreciation | | △ 2,471 | 5,798 | △ 1,950 | 3,616 |
| | | (△ 225) | (528) | (△ 178) | (329) |
| Equipment | ※2 | 29,371 | | 8,095 | |
| | | (2,674) | | (737) | |
| Less: accumulated depreciation | | △ 11,151 | 18,220 | △ 5,940 | 2,155 |
| | | (△ 1,015) | (1,659) | (△ 541) | (196) |
| Total property and equipment | | 24,018 | 2.5 | 5,772 | 2.7 |
| | | (2,186) | | (525) | |
| Intangible assets | | | | | |
| Goodwill | ※5 | 320,481 | | 15,114 | |
| | | (29,173) | | (1,376) | |
| Trademark and distribution rights | ※1 | 12,419 | | 400 | |
| | | (1,130) | | (36) | |
| Contractual rights and other | ※7 | 223,537 | | 633 | |
| | | (20,349) | | (58) | |
| Others | | 8,856 | | - | |
| | | (806) | | (-) | |
| Total intangible assets | | 565,292 | 58.5 | 16,147 | 7.5 |
| | | (51,459) | | (1,470) | |
| Investments and other assets | | | | | |
| Securities assets | | 49,465 | | 205 | |
| | | (4,503) | | (19) | |
| Interest in an associate | | - | | 89,062 | |
| | | (-) | | (8,107) | |
| Investment in an associate | | 547 | | 188 | |
| | | (50) | | (17) | |
| Deferred tax assets | | 189 | | - | |
| | | (17) | | (-) | |
| Others | | 14,038 | | - | |
| | | (1,278) | | (-) | |
| Total investments and other assets | | 64,239 | 6.6 | 89,455 | 41.4 |
| | | (5,848) | | (8,143) | |
| Total non-current assets | | 653,549 | 67.6 | 111,373 | 51.6 |
| | | (59,493) | | (10,138) | |
| III Deferred assets | | | | | |
| Bond issuance costs | | 3,009 | | 1,140 | |
| | | (274) | | (104) | |
| Total deferred assets | | 3,009 | 0.3 | 1,140 | 0.5 |
| | | (274) | | (104) | |
| Total assets | | 967,099 | 100.0 | 216,113 | 100.0 |
| | | (88,035) | | (19,673) | |

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

| Item | Note | Consolidated fiscal year - prior year (As of December 31, 2007) | | Consolidated fiscal year - current year (As of December 31, 2008) | |
|---|------|---|-------|---|---------|
| | | Amount | (%) | Amount | (%) |
| (Liabilities) | | | | | |
| I Current liabilities | | | | | |
| Trade payables | | 12,415 | | 5,804 | |
| | | (1,130) | | (528) | |
| Current portion of bond | | - | | 41,474 | |
| | | (-) | | (3,775) | |
| Short term debt | ※2,6 | 50,130 | | 16,208 | |
| | | (4,563) | | (1,475) | |
| Current portion of long term debt | ※2,6 | 484 | | - | |
| | | (44) | | (-) | |
| Taxation payables | | 13,309 | | 2,372 | |
| | | (1,212) | | (216) | |
| Other payables | ※3 | 58,975 | | 1,971 | |
| | | (5,368) | | (179) | |
| Accrued expenses | | 12,836 | | 15,313 | |
| | | (1,168) | | (1,394) | |
| Deferred revenue | | 14,612 | | 1,685 | |
| | | (1,330) | | (153) | |
| Promissory notes (non-operating) | | 38 | | 44 | |
| | | (3) | | (4) | |
| Lease obligations | ※2 | 66 | | 9 | |
| | | (6) | | (1) | |
| Others | | 7,761 | | 452 | |
| | | (706) | | (41) | |
| Total current liabilities | | 170,625 | 17.6 | 85,333 | 39.5 |
| | | (15,532) | | (7,768) | |
| II Non-current liabilities | | | | | |
| Bond | | 99,265 | | 9,508 | |
| | | (9,036) | | (866) | |
| Long term debt | ※2,6 | 1,234 | | - | |
| | | (112) | | (-) | |
| Long term lease obligations | ※2 | 27 | | 4 | |
| | | (2) | | (0) | |
| Long term other payables | ※3 | 93,191 | | 400 | |
| | | (8,483) | | (36) | |
| Deferred tax liabilities | | 11,822 | | 202 | |
| | | (1,076) | | (18) | |
| Others | | 18,464 | | 1,074 | |
| | | (1,681) | | (98) | |
| Total non-current liabilities | | 224,001 | 23.2 | 11,188 | 5.2 |
| | | (20,391) | | (1,018) | |
| Total liabilities | | 394,627 | 40.8 | 96,521 | 44.7 |
| | | (35,923) | | (8,786) | |
| (Net Assets) | | | | | |
| I Shareholders' equity | | | | | |
| Share capital | | 2,649 | 0.3 | 3,810 | 1.7 |
| | | (241) | | (347) | |
| Share premium | | 377,646 | 39.1 | 401,693 | 185.9 |
| | | (34,377) | | (36,566) | |
| Retained earnings / Accumulated deficit (△) | | △ 1,227 | △ 0.1 | △ 269,549 | △ 124.7 |
| | | (△ 112) | | (△ 24,537) | |
| Total shareholders' equity | | 379,067 | 39.3 | 135,955 | 62.9 |
| | | (34,506) | | (12,376) | |
| II Valuation and translation adjustments | | | | | |
| Unrealized gains on available-for-sale securities | | 441 | | 40 | |
| | | (40) | | (4) | |
| Deferred gains / losses (△) on hedges | | △ 7,361 | | - | |
| | | (△ 670) | | (-) | |
| Foreign currency translation adjustments | ※8 | △ 12,396 | | △ 24,320 | |
| | | (△ 1,128) | | (△ 2,214) | |
| Total valuation and translation adjustments | | △ 19,316 | △ 2.0 | △ 24,280 | △ 11.2 |
| | | (△ 1,758) | | (△ 2,210) | |
| III Share subscription rights | | 8,966 | 0.9 | 1,797 | 0.8 |
| | | (816) | | (164) | |
| IV Minority interests | | 203,755 | 21.1 | 6,120 | 2.8 |
| | | (18,548) | | (557) | |
| Total net assets | | 572,472 | 59.2 | 119,592 | 55.3 |
| | | (52,112) | | (10,886) | |
| Total liabilities and net assets | | 967,099 | 100.0 | 216,113 | 100.0 |
| | | (88,035) | | (19,673) | |

② Consolidated income statements

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

| Item | Note | Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007) | | Consolidated fiscal year - current year (From January 1, 2008 to December 31, 2008) | | | |
|--|------|--|----------|--|---------|----------|--------|
| | | Amount | (%) | Amount | (%) | | |
| I Turnover | | | 257,676 | 100.0 | | 279,351 | 100.0 |
| | | | (23,456) | | | (25,429) | |
| II Cost of sales | | | 124,185 | 48.2 | | 150,522 | 53.9 |
| | | | (11,305) | | | (13,702) | |
| Gross profit | | | 133,491 | 51.8 | | 128,829 | 46.1 |
| | | | (12,152) | | | (11,727) | |
| III Selling, general and administrative expenses | | | | | | | |
| Directors' emoluments | | 4,056 | | | 10,290 | | |
| | | (369) | | | (937) | | |
| Salaries | | 36,013 | | | 48,169 | | |
| | | (3,278) | | | (4,385) | | |
| Marketing and promotional expenses | | 17,745 | | | 10,419 | | |
| | | (1,615) | | | (948) | | |
| Depreciation | | 5,865 | | | 4,304 | | |
| | | (534) | | | (392) | | |
| Amortization | | 15,417 | | | 7,635 | | |
| | | (1,403) | | | (695) | | |
| Amortization of goodwill | | 20,463 | | | 20,113 | | |
| | | (1,863) | | | (1,831) | | |
| Others | | 47,005 | 146,564 | 56.9 | 72,736 | 173,666 | 62.2 |
| | | (4,279) | (13,342) | | (6,621) | (15,809) | |
| Operating loss | | | 13,073 | △ 5.1 | | 44,838 | △ 16.1 |
| | | | (1,190) | | | (4,082) | |
| IV Non-operating income | | | | | | | |
| Interest and dividend income | | 10,153 | | | 4,590 | | |
| | | (924) | | | (418) | | |
| Unrealized gain on marketable securities | | 388 | | | - | | |
| | | (35) | | | (-) | | |
| Foreign exchange gain | | 3,110 | | | 8,226 | | |
| | | (283) | | | (749) | | |
| Others | | 5,468 | 19,118 | 7.4 | 3,865 | 16,681 | 6.0 |
| | | (498) | (1,740) | | (352) | (1,518) | |
| V Non-operating expenses | | | | | | | |
| Interest expenses | | 11,158 | | | 24,492 | | |
| | | (1,016) | | | (2,230) | | |
| Share issuance expenses | | 9,522 | | | 550 | | |
| | | (867) | | | (50) | | |
| Others | | 196 | 20,875 | 8.1 | 1,591 | 26,633 | 9.5 |
| | | (18) | (1,900) | | (145) | (2,424) | |
| Ordinary loss | | | 14,830 | △ 5.8 | | 54,789 | △ 19.6 |
| | | | (1,350) | | | (4,987) | |

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

| Item | Note | Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007) | | Consolidated fiscal year - current year (From January 1, 2008 to December 31, 2008) | | |
|--|------|--|---------|--|------------|---------|
| | | Amount | (%) | Amount | Amount | (%) |
| VI Extraordinary gains | | | | | | |
| Gain on disposal of fixed assets | ※4 | - | | 229 | | |
| | | (-) | | (21) | | |
| Gain on termination of a derivative contract | | - | | 4,297 | | |
| | | (-) | | (391) | | |
| Gain on forfeiture of share option | | - | | 876 | | |
| | | (-) | | (80) | | |
| Gain on sale of investment securities | | 57 | | - | | |
| | | (5) | | (-) | | |
| Gain on disposal of investment in a subsidiary | | - | | 17,635 | | |
| | | (-) | | (1,605) | | |
| Gain from changes in equity interest | ※1 | 99,192 | | - | | |
| | | (9,029) | | (-) | | |
| Gain on sale of a business | | - | 99,249 | 6,017 | 29,055 | 10.4 |
| | | (-) | (9,035) | (548) | (2,645) | |
| VII Extraordinary losses | | | | | | |
| Loss from changes in equity interest | | - | | 14,858 | | |
| | | (-) | | (1,353) | | |
| Loss on prior year adjustment | ※6 | - | | 3,692 | | |
| | | (-) | | (336) | | |
| Loss on disposal of a non-deliverable option | | - | | 2,150 | | |
| | | (-) | | (196) | | |
| Impairment loss on securities assets | | - | | 607 | | |
| | | (-) | | (55) | | |
| Provision for uncollectible accounts | ※7 | 5,546 | | 42,098 | | |
| | | (505) | | (3,832) | | |
| Loss on disposal of investment in subsidiaries | | 3,666 | | 4,159 | | |
| | | (334) | | (379) | | |
| Loss on disposal of fixed assets | ※5 | - | | 436 | | |
| | | (-) | | (40) | | |
| Loss on sale of business | | - | | 300 | | |
| | | (-) | | (27) | | |
| Amortization of goodwill | ※3 | 38,224 | | 95,054 | | |
| | | (3,480) | | (8,653) | | |
| Impairment loss | ※2 | 6,592 | | 203,703 | | |
| | | (600) | | (18,543) | | |
| Others | | - | 54,027 | 296 | 367,353 | 131.5 |
| | | (-) | (4,918) | (27) | (33,440) | |
| Income / loss (△) before income taxes and minority interests | | | 30,392 | | △ 393,088 | △ 140.7 |
| | | | (2,767) | | (△ 35,783) | |
| Income taxes (current) | | 7,243 | | 10,636 | | |
| | | (659) | | (968) | | |
| Income taxes (deferred) | | △ 2,674 | 4,569 | △ 3,296 | 7,340 | 2.6 |
| | | (△ 243) | (416) | (△ 300) | (668) | |
| Minority interests | | | 2,325 | | △ 132,106 | △ 47.3 |
| | | | (212) | | (△ 12,026) | |
| Net income / loss (△) for the year | | | 23,497 | 9.1 | △ 268,322 | △ 96.0 |
| | | | (2,139) | | (△ 24,425) | |

③ Consolidated statement of changes in net assets

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

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

| | Shareholders' equity | | | |
|--|----------------------|---------------------|-----------------------|----------------------------|
| | Share capital | Share premium | Retained earnings | Total shareholders' equity |
| Balance at Dec 31, 2006 | 2,389 (217) | 326,106 (29,685) | △ 24,724 (△ 2,251) | 303,771 (27,652) |
| Changes of items during the year | | | | |
| Issuance of new shares | 14 (1) | 1,386 (126) | - (-) | 1,400 (127) |
| Increased upon share exchange | 246 (22) | 50,152 (4,565) | - (-) | 50,398 (4,588) |
| Net income for the year | - (-) | - (-) | 23,497 (2,139) | 23,497 (2,139) |
| Net changes of items other than shareholders' equity | - (-) | - (-) | - (-) | - (-) |
| Total changes during the year | 260 (24) | 51,538 (4,692) | 23,497 (2,139) | 75,296 (6,854) |
| Ending balance at Dec 31, 2007 | 2,649 (241) | 377,646 (34,377) | △ 1,227 (△ 112) | 379,067 (34,506) |

| | Valuation and translation adjustments | | | | Share subscription rights | Minority interests | Total net assets |
|--|--|---------------------------------------|--|---|---------------------------|---------------------|---------------------|
| | Unrealized gains / losses (△) on available-for-sale securities | Deferred gains / losses (△) on hedges | Foreign currency translation adjustments | Total valuation and translation adjustments | | | |
| Balance at Dec 31, 2006 | - (-) | - (-) | 813 (74) | 813 (74) | 3,036 (276) | 75,138 (6,840) | 382,758 (34,842) |
| Changes of items during the year | | | | | | | |
| Issuance of new shares | - (-) | - (-) | - (-) | - (-) | - (-) | - (-) | 1,400 (127) |
| Increased upon share exchange | - (-) | - (-) | - (-) | - (-) | - (-) | - (-) | 50,398 (4,588) |
| Net income for the year | - (-) | - (-) | - (-) | - (-) | - (-) | - (-) | 23,497 (2,139) |
| Net changes of items other than shareholders' equity | 441 (40) | △ 7,361 (△ 670) | △ 13,210 (△ 1,202) | △ 20,130 (△ 1,832) | 5,930 (540) | 128,617 (11,708) | 114,418 (10,415) |
| Total changes during the year | 441 (40) | △ 7,361 (△ 670) | △ 13,210 (△ 1,202) | △ 20,130 (△ 1,832) | 5,930 (540) | 128,617 (11,708) | 189,713 (17,270) |
| Ending balance at Dec 31, 2007 | 441 (40) | △ 7,361 (△ 670) | △ 12,396 (△ 1,128) | △ 19,316 (△ 1,758) | 8,966 (816) | 203,755 (18,548) | 572,472 (52,112) |

Consolidated fiscal year – current year (From January 1, 2008 to December 31, 2008)

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

| | Shareholders' equity | | | |
|--|----------------------|---------------------|-------------------------|----------------------------|
| | Share capital | Share premium | Retained earnings | Total shareholders' equity |
| Balance at Dec 31, 2007 | 2,649 (241) | 377,646 (34,377) | △ 1,227 (△ 112) | 379,067 (34,506) |
| Changes of items during the year | | | | |
| Issuance of new shares | 18 (2) | 1,952 (178) | - (-) | 1,971 (179) |
| Increased upon share exchange | 1,143 (104) | 22,095 (2,011) | - (-) | 23,238 (2,115) |
| Net loss for the year | - (-) | - (-) | △ 268,322 (△ 24,425) | △ 268,322 (△ 24,425) |
| Net changes of items other than shareholders' equity | - (-) | - (-) | - (-) | - (-) |
| Total changes during the year | 1,162 (106) | 24,048 (2,189) | △ 268,322 (△ 24,425) | △ 243,113 (△ 22,131) |
| Ending balance at Dec 31, 2008 | 3,810 (347) | 401,693 (36,566) | △ 269,549 (△ 24,537) | 135,955 (12,376) |

| | Valuation and translation adjustments | | | | Share subscription rights | Minority interests | Total net assets |
|--|---|---------------------------------------|--|---|---------------------------|-------------------------|-------------------------|
| | Unrealized gains on available-for-sale securities | Deferred gains / losses (△) on hedges | Foreign currency translation adjustments | Total valuation and translation adjustments | | | |
| Balance at Dec 31, 2007 | 441 (40) | △ 7,361 (△ 670) | △ 12,396 (△ 1,128) | △ 19,316 (△ 1,758) | 8,966 (816) | 203,755 (18,548) | 572,472 (52,112) |
| Changes of items during the year | | | | | | | |
| Issuance of new shares | - (-) | - (-) | - (-) | - (-) | - (-) | - (-) | 1,971 (179) |
| Increased upon share exchange | - (-) | - (-) | - (-) | - (-) | - (-) | - (-) | 23,238 (2,115) |
| Net loss for the year | - (-) | - (-) | - (-) | - (-) | - (-) | - (-) | △ 268,322 (△ 24,425) |
| Net changes of items other than shareholders' equity | △ 401 (△ 36) | 7,361 (670) | △ 11,924 (△ 1,085) | △ 4,964 (△ 452) | △ 7,169 (△ 653) | △ 197,634 (△ 17,991) | △ 209,767 (△ 19,095) |
| Total changes during the year | △ 401 (△ 36) | 7,361 (670) | △ 11,924 (△ 1,085) | △ 4,964 (△ 452) | △ 7,169 (△ 653) | △ 197,634 (△ 17,991) | △ 452,880 (△ 41,226) |
| Ending balance at Dec 31, 2008 | 40 (4) | - (-) | △ 24,320 (△ 2,214) | △ 24,280 (△ 2,210) | 1,797 (164) | 6,120 (557) | 119,592 (10,886) |

④ Consolidated cashflow statements

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

| Item | Note | Consolidated fiscal year | Consolidated fiscal year |
|--|------|---|---|
| | | -prior year (From January 1, 2007 to December 31, 2007) | -current year (From January 1, 2008 to December 31, 2008) |
| | | Amount | Amount |
| I Operating activities | | | |
| Income (loss) before income taxes and minority interests | | 30,392 | △ 393,088 |
| (△: loss) | | (2,767) | (△ 35,783) |
| Depreciation | | 5,865 | 5,390 |
| | | (534) | (491) |
| Amortization | | 17,091 | 19,735 |
| | | (1,556) | (1,796) |
| Amortization of goodwill | | 58,686 | 118,298 |
| | | (5,342) | (10,769) |
| Share-based compensation | | 6,766 | 14,148 |
| | | (616) | (1,288) |
| Interest and dividend income | | △ 10,153 | △ 4,590 |
| | | (△ 924) | (△ 418) |
| Interest expenses | | 11,158 | 24,492 |
| | | (1,016) | (2,230) |
| Gain (loss) from changes in equity interest | | △ 99,192 | 14,858 |
| (△: gain) | | (△ 9,029) | (1,353) |
| Unrealized gain on marketable securities | | △ 388 | - |
| | | (△ 35) | (-) |
| Impairment loss on securities assets | | - | 607 |
| | | (-) | (55) |
| Share issuance expenses | | 9,522 | 550 |
| | | (867) | (50) |
| Foreign exchange gain | | △ 35 | - |
| | | (△ 3) | (-) |
| Gain on disposal of fixed assets | | - | △ 229 |
| | | (-) | (△ 21) |
| Loss on disposal of fixed assets | | - | 436 |
| | | (-) | (40) |
| Impairment loss | | 6,592 | 203,703 |
| | | (600) | (18,543) |
| Provision for uncollectible accounts | | 5,546 | 25,000 |
| | | (505) | (2,276) |
| Gain on sales of business | | - | △ 6,017 |
| | | (-) | (△ 548) |
| Loss on sales of business | | - | 300 |
| | | (-) | (27) |
| Gain on sale of investment in a subsidiary | | - | △ 17,635 |
| | | (-) | (△ 1,605) |
| Loss on sale of investment in subsidiaries | | 3,666 | 4,159 |
| | | (334) | (379) |
| Gain on sale of investment securities | | △ 57 | - |
| | | (△ 5) | (-) |
| Gain on termination of a derivative contract | | - | △ 4,297 |
| | | (-) | (△ 391) |
| Loss on disposal of a non-deliverable option | | - | 2,150 |
| | | (-) | (196) |
| Increase (decrease) in accounts receivable | | △ 25,540 | △ 18,587 |
| (△ : increase) | | (△ 2,325) | (△ 1,692) |
| Increase (decrease) in accounts payable | | 11,139 | 41,814 |
| (△ : decrease) | | (1,014) | (3,806) |
| Increase (decrease) in other current assets | | 655 | 16,550 |
| (△ : increase) | | (60) | (1,507) |
| Increase (decrease) in other current liabilities | | △ 2,888 | 8,028 |
| (△ : decrease) | | (△ 263) | (731) |
| Others | | △ 721 | 8,672 |
| | | (△ 66) | (789) |
| Subtotal | | 28,104 | 64,448 |
| | | (2,558) | (5,867) |
| Income taxes paid | | △ 4,064 | △ 6,957 |
| | | (△ 370) | (△ 633) |
| Net cash provided by (used in) operating activities | | 24,040 | 57,491 |
| (△: used in) | | (2,188) | (5,233) |

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

| Item | Note | Consolidated fiscal year | Consolidated fiscal year |
|--|------|---|---|
| | | -prior year (From January 1, 2007 to December 31, 2007) | -current year (From January 1, 2008 to December 31, 2008) |
| | | Amount | Amount |
| II Investing activities | | | |
| Payment into time deposit | | △ 4,606 | - |
| | | (△ 419) | (-) |
| Time deposit released | | - | 4,606 |
| | | (-) | (419) |
| Interest and dividend received | | 10,153 | 4,590 |
| | | (924) | (418) |
| Deposit paid for acquisition | | - | △ 14,175 |
| | | (-) | (△ 1,290) |
| Purchase of marketable securities | | △ 367 | - |
| | | (△ 33) | (-) |
| Proceeds from sale and redemption of marketable securities | | 142 | 3,669 |
| | | (13) | (334) |
| Purchase of property and equipment | | △ 11,056 | △ 5,500 |
| | | (△ 1,006) | (△ 501) |
| Proceeds from sale of property and equipment | | 482 | 415 |
| | | (44) | (38) |
| Purchase of intangible assets | | △ 6,317 | △ 11,483 |
| | | (△ 575) | (△ 1,045) |
| Purchase of securities assets | | △ 70,046 | △ 2,232 |
| | | (△ 6,376) | (△ 203) |
| Proceeds from sale and redemption of securities assets | | 41,099 | 1,335 |
| | | (3,741) | (122) |
| Payment for derivative transactions | | - | △ 24,050 |
| | | (-) | (△ 2,189) |
| Proceeds from disposal of derivative transactions | | - | 2,150 |
| | | (-) | (196) |
| Proceeds from sale of investment in subsidiaries | | 43,375 | - |
| | | (3,948) | (-) |
| Proceeds from sale of investment in subsidiaries resulting in a change in scope of consolidation | ※3 | - | 86,728 |
| | | (-) | (7,895) |
| Payment to acquire shares of subsidiaries resulting in a change in scope of consolidation | ※2 | △ 124,171 | - |
| | | (△ 11,303) | (-) |
| Payment to acquire shares of subsidiaries | | △ 10,524 | △ 5,630 |
| | | (△ 958) | (△ 513) |
| Proceeds from sale of a business | ※4 | - | 5,156 |
| | | (-) | (469) |
| Payment for conversion of classified shares issued by the subsidiary | ※5 | - | △ 57,029 |
| | | (-) | (△ 5,191) |
| Subsequent consideration paid | | △ 25,936 | △ 60,999 |
| | | (△ 2,361) | (△ 5,553) |
| Payment for short term loan receivable | | - | △ 8,755 |
| | | (-) | (△ 797) |
| Others | | - | △ 1,142 |
| | | (-) | (△ 104) |
| Net cash provided by (used in) investing activities | | △ 157,773 | △ 82,347 |
| (△: used in) | | (△ 14,362) | (△ 7,496) |
| III Financing activities | | | |
| Interest paid | | △ 9,722 | △ 17,039 |
| | | (△ 885) | (△ 1,551) |
| Increase (decrease) in deposit pledged | | △ 27,704 | 8,797 |
| (△: increase) | | (△ 2,522) | (801) |
| Increase in short term loans -net | | 24,152 | 155 |
| | | (2,199) | (14) |
| Repayments of long term debt | | - | △ 242 |
| | | (-) | (△ 22) |
| Repayments of senior notes | | - | △ 48,739 |
| | | (-) | (△ 4,437) |
| Proceeds from exercise of warrants | | 2,087 | - |
| | | (190) | (-) |
| Proceeds from issuance of shares to minority shareholders | | 198,307 | 27,381 |
| | | (18,052) | (2,492) |
| Dividends paid to minority shareholders | | △ 6,149 | △ 2,523 |
| | | (△ 560) | (△ 230) |
| Repayments of lease obligation | | △ 61 | △ 35 |
| | | (△ 6) | (△ 3) |
| Increase (decrease) in long term other payables | | △ 16,588 | 4,945 |
| (△: decrease) | | (△ 1,510) | (450) |
| Net cash provided by (used in) financing activities | | 164,322 | △ 27,302 |
| (△: used in) | | (14,958) | (△ 2,485) |
| IV Foreign currency translation adjustments on cash and cash equivalents | | | |
| | | △ 2,496 | △ 15,591 |
| | | (△ 227) | (△ 1,419) |
| V Net increase (decrease) in cash and cash equivalents | | | |
| (△: decrease) | | 28,094 | △ 67,748 |
| | | (2,557) | (△ 6,167) |
| VI Cash and cash equivalents, beginning of the year | | | |
| | | 97,279 | 125,373 |
| | | (8,855) | (11,413) |
| VII Cash and cash equivalents, end of the year | | | |
| | ※1 | 125,373 | 57,624 |
| | | (11,413) | (5,246) |

Substantial doubt about its ability to continue as a going concern

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

Not applicable.

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

Not applicable.

Basis of presenting consolidated financial statements

| Item | Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007) | Consolidated fiscal year - current year (From January 1, 2008 to December 31, 2008) |
|--------------------------|---|--|
| 1 Scope of consolidation | <p>(1) The number of consolidated subsidiaries: 116</p> <p>The name of major consolidated subsidiaries are as follows:</p> <p>Asia</p> <p>Xinhua Financial Network Ltd. EconWorld Media Ltd. Xinhua Financial Network (Beijing) Ltd Xinhua Financial Network Korea Company Limited Other subsidiaries in Asia: 80</p> <p>U.S.A.</p> <p>Taylor Rafferty Associates, Inc. Mergent, Inc Washington Analysis Corporation Market News International, Inc Other subsidiaries in U.S.A.: 11</p> <p>Other Locations: 17</p> <p>Glass, Lewis & Co., LLC, Singshine (Holdings) Hongkong Limited, Beijing Mobile Interactive Co., Ltd., Convey Advertising Company Limited, Profitown Development Limited, JCBN Company Limited and other 20 subsidiaries are consolidated because of new acquisition in this year. However Glass, Lewis & Co., LLC was excluded from the scope of consolidation due to subsequent sale of shares.</p> <p>Unconsolidated subsidiaries up to prior year such as Intelligence Asia Pty Ltd., and other 3 subsidiaries are consolidated from this year since materiality has increased.</p> | <p>(1) The number of consolidated subsidiaries: 37</p> <p>The name of major consolidated subsidiaries are as follows:</p> <p>Asia</p> <p>Xinhua Financial Network Ltd. Xinhua Financial Network (Beijing) Ltd Xinhua Financial Network (Shanghai) Limited Other subsidiaries in Asia: 23</p> <p>U.S.A.</p> <p>Taylor Rafferty Associates, Inc. Washington Analysis Corporation Market News International, Inc Other subsidiaries in U.S.A.: 4</p> <p>Other Locations: 4</p> <p>Intelligence Asia Pty Ltd., Xinhua Financial Network Inc. and Shanghai Netchina Limited are excluded from the scope of consolidation due to dissolution.</p> <p>Mergent, Inc. and its 7 subsidiaries, as well as Kinetic Information System Services Limited and Washington Analysis Corporation are excluded from the scope of consolidation due to subsequent sale of shares.</p> <p>Because the ratio of voting rights of the Company decreased, Xinhua Finance Media Limited ("XFM") and its 72 subsidiaries, which were previously consolidated, were excluded from the scope of consolidation. As a consequence, XFM is now held as an associate, which is accounted for under the equity method.</p> |

| Item | Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007) | Consolidated fiscal year - current year (From January 1, 2008 to December 31, 2008) |
|--|---|---|
| 2 Adoption of the equity method | <p>(1) Number of associated company accounted by the equity method : 2</p> <p>Name of the associated company Ning Bo Far East Credit Rating Co., Ltd. Best Independent Research LLC</p> | <p>(1) Number of associated company accounted by the equity method : 2</p> <p>Name of the associated company NingBo Far East Credit Rating Co., Ltd. Xinhua Finance Media Limited</p> <p>Best Independent Research, LLC (BIR), which had been accounted by the equity method, was excluded from the scope of the equity method application because the Company sold all shares of Mergent Inc. that had held equity interests in BIR.</p> <p>Because the ratio of voting rights of the Company decreased, Xinhua Finance Media Limited ("XFM") and its 72 subsidiaries, which were previously consolidated, were excluded from the scope of consolidation. As a consequence, XFM is now held as an associate, which is accounted for under the equity method.</p> |
| 3 Reconciliation of closing date for consolidation | There is no consolidated subsidiary whose closing date for the year is different from that of the Company. | Same as on the left. |
| 4 Significant accounting policies (1) Valuation basis and method for assets | <p>Securities</p> <p>(a) Trading securities -Fair value method (the cost of securities sold is determined based on the moving-average cost method)</p> <p>(b) Held-to-maturity securities -Amortized cost method</p> <p>(c) Available-for sale securities -With fair value Fair value method based on fair value information, such as market information, at the balance sheet date is applied. (Unrealized gain or loss is accounted for as a net asset item, and costs of sales are based on the moving-average method.) -With no fair value Cost method based on the moving-average method is applied</p> <p>Derivatives Fair value method</p> | <p>Securities</p> <p>(a) Trading securities Same as on the left.</p> <p>(b) Held-to-maturity securities</p> <hr/> <p>(c) Available-for sale securities -With fair value Same as on the left.</p> <p>-With no fair value Same as on the left.</p> <p>Derivatives Same as on the left.</p> |

| Item | Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007) | Consolidated fiscal year - current year (From January 1, 2008 to December 31, 2008) |
|--|---|---|
| (2) Depreciation or amortization method | <p>(a) Property and equipment Depreciation of property and equipment is computed substantially by the straight-line method. Estimated useful lives are the followings: Buildings and structures: 3 to 20 years Equipment: 1 to 10 years</p> <p>(b) Intangible assets Intangible assets are amortized by the straight-line method. Estimated useful lives are as follows: Trademark and distribution rights: 3 to 15 years Contractual rights and other: 3 to 50 years</p> | <p>(a) Property and equipment Same as on the left.</p> <p>(b) Intangible assets Intangible assets are amortized by the straight-line method. Estimated useful lives are as follows: Trademark and distribution rights: 11 years Contractual rights and other: 5 years</p> |
| (3) Deferred assets | <p>(a) Bond issuance cost Bond issuance cost is amortized by the straight-line method over maturity.</p> | <p>(a) Bond issuance cost Same as on the left.</p> |
| (4) Allowance, reserve and provision | <p>Allowance for doubtful accounts The allowance has been determined mainly by evaluation of respective potential losses in the receivables outstanding.</p> | <p>Allowance for doubtful accounts Same as on the left.</p> |

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

| Item | Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007) | Consolidated fiscal year - current year (From January 1, 2008 to December 31, 2008) |
|--|--|--|
| (8) Other significant items for the preparation of the consolidated financial statements | <p>Accounting policy of the consumption tax Tax-excluding method is applied.</p> <p>Conversion of dollars into yen In accordance with the Article 130 of the Financial Statements rules, the amounts in Japanese yen are calculated by the foreign currency exchange rate (middle rate), being US\$1.00=91.03, from the Tokyo Foreign Exchange Market as of December 30, 2008. The Japanese yen amounts are stated only for purpose of convenience. Therefore it is not assured that the amounts in U.S. Dollars could be exchanged to Japanese yen amounts calculated by the abovementioned exchange rate.</p> <p>Translation of XFL's functional currency into reporting currency XFL, as a foreign company, adopts Chinese Yuan for functional currency while U.S. Dollar is adopted as reporting currency. Translation into reporting currency for preparation of financial statements is based on the Article 21 of International Accounting Standards. Monetary assets and liabilities are translated at the rate of the closing date while non-monetary assets and liabilities are translated at the rate of the transaction date. All revenue and expense accounts are translated at the rate of the transaction date, and differences arising from such translation are included in the "Foreign currency translation adjustments" in net assets.</p> | <p>Accounting policy of the consumption tax Same as on the left.</p> <p>Conversion of dollars into yen Same as on the left.</p> <p>Translation of XFL's functional currency into reporting currency Same as on the left.</p> |
| 5 Valuation for assets and liabilities of consolidated subsidiaries | The assets and liabilities of the consolidated subsidiaries for not only the Company's interest but also minority interests are evaluated at fair value. | Same as on the left. |
| 6 Amortization of goodwill and negative goodwill | Goodwill is amortized by the straight-line method over 5 years and 20 years. Negative goodwill is amortized by the straight-line method over 20 years. | Same as on the left. |
| 7 Cash and cash equivalents in the consolidated cashflow statements | Cash equivalents in the consolidated cashflow statement are short-term investments that are readily convertible into cash and are not exposed to significant risk of changes in value. Cash equivalents mature or become due within three months of the date of investment. | Same as on the left. |

Additional information

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

Change in presentation

| Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007) | Consolidated fiscal year - current year (From January 1, 2008 to December 31, 2008) |
|--|--|
| <p>(Consolidated balance sheets)</p> <p>Goodwill on consolidation is changed to being represented as goodwill from this year.</p> <p>(Consolidated income statements)</p> <p>1. Amortization of goodwill and amortization of goodwill on consolidation are united to being represented as amortization of goodwill from this year.</p> <p>2. Share issuance related expenses is changed to being represented as share issuance expense from this year.</p> <p>(Consolidated cash flow statements)</p> <p>1. Amortization and amortization of goodwill on consolidation are united to being represented as amortization of goodwill from this year.</p> <p>2. Share issuance related expenses is changed to being represented as share issuance expense from this year.</p> | <hr/> |

Footnote Information
(Consolidated balance sheets)

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

| Consolidated fiscal year - prior year (As of December 31, 2007) | Consolidated fiscal year - current year (As of December 31, 2008) |
|--|--|
| <p>※1 Trade mark and distribution rights are combined together in one set of contracts and are therefore accounted for in a single account. Intangible assets that relate to a separate trademark and a distribution right are included in this account as well.</p> | <p>※1 Same as on the left.</p> |
| <p>※2 Assets collateralized and corresponding liabilities</p> <p>Assets collateralized</p> <p>Bank deposit</p> <p style="text-align: right;">64,149 (5,839)</p> <p>Equipment</p> <p style="text-align: right;">1,535 (140)</p> <p>Corresponding liabilities</p> <p>Short term debt</p> <p style="text-align: right;">48,897 (4,451)</p> <p>Lease obligations</p> <p style="text-align: right;">18 (2)</p> <p>Current portion of long term debt</p> <p style="text-align: right;">384 (35)</p> <p>Long term debt</p> <p style="text-align: right;">1,009 (92)</p> | <p>※2 Assets collateralized and corresponding liabilities</p> <p>Assets collateralized</p> <p>Bank deposit</p> <p style="text-align: right;">18,004 (1,639)</p> <p>Corresponding liabilities</p> <p>Short term debt</p> <p style="text-align: right;">15,969 (1,454)</p> <p>Lease obligations</p> <p style="text-align: right;">9 (1)</p> <p>Long term lease obligations</p> <p style="text-align: right;">4 (0)</p> |
| <p>※3 Other payables and long-term other payables include part of the consideration for the acquisition of shares of certain subsidiaries. The consideration for the acquisition of shares of those companies includes the Company's shares to be issued to sellers and could fluctuate since the final payments are based on the future operating results of the respective company.</p> | <p>※3 _____</p> |
| <p>※4 Assets are presented after deduction of allowance for doubtful accounts.</p> <p>Amounts deducted from current assets:</p> <p style="text-align: right;">6,837 (622)</p> | <p>※4 Assets are presented after deduction of allowance for doubtful accounts.</p> <p>Amounts deducted from current assets:</p> <p style="text-align: right;">7,581 (690)</p> |

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

| Consolidated fiscal year - prior year (As of December 31, 2007) | Consolidated fiscal year - current year (As of December 31, 2008) | | | | | | | | | | | | |
|--|---|-------------------|---------------------|-------------------|--|-------------------|---|------------------------------------|-------------------|---------------------|-------------------|--|-------------------|
| <p>※5 The consideration for the acquisition of shares of some subsidiaries could fluctuate since the final payments are based on the future operating results of the respective company.</p> <p>※6 Xinhua Financial Network (Shanghai) Ltd., Xinhua Financial Network Korea Company Limited, Shanghai Huacai Investment Advisory Company Limited, Zhongxi Taihe Culture Consultancy (Shanghai) Co. Ltd. Jia Luo Consulting (Shanghai) Co., Ltd., Accord Group Investments Limited, Xinhua Finance Media (Shanghai) Co., Ltd, Convey Advertising Company Limited and Mergent Inc. have line of credit agreements with banks. The amount of the line of credit and the balance outstanding under the agreements at December 31, 2007 are as follows:</p> <table data-bbox="159 712 791 896"> <tr> <td>Total amount of the line of credit</td> <td>72,319 (6,583)</td> </tr> <tr> <td>Outstanding balance</td> <td>51,738 (4,710)</td> </tr> <tr> <td>Remaining amount of the line of credit</td> <td>20,581 (1,873)</td> </tr> </table> <p>※7 This account represents contractual rights such as agency rights and publishing rights as well as intellectual properties such as data bases.</p> <p>※8 This account includes the difference arising on the translation of XFL's functional currency into reporting currency.</p> <p>※1-8 notes correspond with ※1-8 as denoted in the consolidated balance sheet.</p> | Total amount of the line of credit | 72,319 (6,583) | Outstanding balance | 51,738 (4,710) | Remaining amount of the line of credit | 20,581 (1,873) | <p>※5 _____</p> <p>※6 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 line of credit and the balance outstanding under the agreements at December 31, 2008 are as follows:</p> <table data-bbox="813 712 1430 896"> <tr> <td>Total amount of the line of credit</td> <td>30,308 (2,759)</td> </tr> <tr> <td>Outstanding balance</td> <td>16,071 (1,463)</td> </tr> <tr> <td>Remaining amount of the line of credit</td> <td>14,237 (1,296)</td> </tr> </table> <p>※7 Same as on the left.</p> <p>※8 Same as on the left.</p> <p>Same as on the left.</p> | Total amount of the line of credit | 30,308 (2,759) | Outstanding balance | 16,071 (1,463) | Remaining amount of the line of credit | 14,237 (1,296) |
| Total amount of the line of credit | 72,319 (6,583) | | | | | | | | | | | | |
| Outstanding balance | 51,738 (4,710) | | | | | | | | | | | | |
| Remaining amount of the line of credit | 20,581 (1,873) | | | | | | | | | | | | |
| Total amount of the line of credit | 30,308 (2,759) | | | | | | | | | | | | |
| Outstanding balance | 16,071 (1,463) | | | | | | | | | | | | |
| Remaining amount of the line of credit | 14,237 (1,296) | | | | | | | | | | | | |

(Consolidated income statements)

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

| Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007) | Consolidated fiscal year - current year (From January 1, 2008 to December 31, 2008) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|------------------|---------------------|-----------------|------|---------------------|-----------|-------------|------|-------|----------|----------------|---------------|-------|----------|----------------|-------|--|--|----------------|---|--------|------|---------|-----------------|------|---------------------|-----------|----------------|------|---------------------|------------------|-------------------|------|-------|----------|---------------------|---------------|-------|----------|-------------------|-------|--|--|---------------------|-----------|-----|--|------|
| <p>※1 Amount mainly includes gain related to the initial public offering of the Company's subsidiary, Xinhua Finance Media Limited on the Nasdaq Global Market in the United States.</p> <p>※2 Impairment loss The Group recognized impairment loss for asset groups presented below for the year ended December 31, 2007.</p> <table border="1"> <thead> <tr> <th>Region</th> <th>Type</th> <th>Account</th> <th>Impairment loss</th> </tr> </thead> <tbody> <tr> <td>Asia</td> <td>Asset for Operation</td> <td>Equipment</td> <td style="text-align: right;">234 (21)</td> </tr> <tr> <td>Asia</td> <td>Other</td> <td>Goodwill</td> <td style="text-align: right;">2,472 (225)</td> </tr> <tr> <td>North America</td> <td>Other</td> <td>Goodwill</td> <td style="text-align: right;">3,886 (354)</td> </tr> <tr> <td>Total</td> <td></td> <td></td> <td style="text-align: right;">6,592 (600)</td> </tr> </tbody> </table> <p>Grouping is basically implemented by each company unit. However, if it is possible to identify cashflows from an individual asset, recoverable amount is determined for each individual asset. Impairment loss for assets above were recognized as an extraordinary loss because the future cash flows from those assets expected to be generated in respective estimated periods were considered unrecoverable due to change in economic environment. The impairment loss was determined at amount by which the carrying amount of the asset exceeds its recoverable amount based on its value in use. The discount rate used for computation of present value of future cash flows was ranging from 9.0% to 11.0%.</p> <p>※3 Amortization of goodwill Amortization of goodwill in extraordinary loss represents a lump-sum amortization of goodwill in accordance with the Article 32-1 in the statement No.7, "Guideline for Consolidation Procedures" issued by the Accounting Standards Committee.</p> <p>※4 _____</p> | Region | Type | Account | Impairment loss | Asia | Asset for Operation | Equipment | 234 (21) | Asia | Other | Goodwill | 2,472 (225) | North America | Other | Goodwill | 3,886 (354) | Total | | | 6,592 (600) | <p>※1 _____</p> <p>※2 Impairment loss The Group recognized an impairment loss for asset groups presented below for the year ended December 31, 2008.</p> <table border="1"> <thead> <tr> <th>Region</th> <th>Type</th> <th>Account</th> <th>Impairment loss</th> </tr> </thead> <tbody> <tr> <td>Asia</td> <td>Asset for Operation</td> <td>Equipment</td> <td style="text-align: right;">2,188 (199)</td> </tr> <tr> <td>Asia</td> <td>Asset for Operation</td> <td>Intangible Asset</td> <td style="text-align: right;">28,908 (2,631)</td> </tr> <tr> <td>Asia</td> <td>Other</td> <td>Goodwill</td> <td style="text-align: right;">134,606 (12,253)</td> </tr> <tr> <td>North America</td> <td>Other</td> <td>Goodwill</td> <td style="text-align: right;">38,001 (3,459)</td> </tr> <tr> <td>Total</td> <td></td> <td></td> <td style="text-align: right;">203,703 (18,543)</td> </tr> </tbody> </table> <p>Impairment loss on equipment / intangible assets was recognized as an extraordinary loss because the future cash flows from those assets expected to be generated in respective estimated periods were considered unrecoverable due to change in economic environment. The impairment loss was determined at amount by which the carrying amount of the asset exceeds its recoverable amount based on its value in use. The discount rate used for computation of present value of future cash flows was ranging from 9.0% to 11.0%.</p> <p>As losses have been anticipated upon the sales of shares of Mergent Inc., Kinetic Information System Services Limited, Washington Analysis Corporation, Market News International Inc. and Shanghai Far East Credit Rating Co., Ltd., as well as assets of G7 Group, Inc. and Taylor Rafferty, the Group recognized such estimated loss as an impairment loss on goodwill.</p> <p>Besides, this account includes impairment losses on goodwill for subsidiaries of Xinhua Finance Media Limited, a former consolidated subsidiary of the Company which become an associate at this year end.</p> <p>※3 Amortization of goodwill Xinhua Finance Media Limited ("XFM"), a former subsidiary of the Company, was excluded from the scope of consolidation and now held as an associate, which is accounted for under the equity method, due to decrease in the Company's ratio of voting rights because all of XFM's series B ordinary shares attached with 10 voting rights for each share that were held by the Company were converted into series A ordinary shares of which voting right attached with was one for each share. Before the conversion of shares, a portion of XFM's net assets which the Company reclassified from receivable without new share issuance, had been regarded as interests which belonged to the Company. However, as the Company lost control over XFM due to decrease in the ratio of voting rights, a part of the said portion of XFM's net assets over which the Company lost control was reclassified into goodwill and immediately amortized.</p> <p>※4 Components of gain on disposal of fixed assets are as follows:</p> <table style="width: 100%;"> <tr> <td style="padding-left: 20px;">Equipment</td> <td style="text-align: right;">229</td> </tr> <tr> <td></td> <td style="text-align: right;">(21)</td> </tr> </table> | Region | Type | Account | Impairment loss | Asia | Asset for Operation | Equipment | 2,188 (199) | Asia | Asset for Operation | Intangible Asset | 28,908 (2,631) | Asia | Other | Goodwill | 134,606 (12,253) | North America | Other | Goodwill | 38,001 (3,459) | Total | | | 203,703 (18,543) | Equipment | 229 | | (21) |
| Region | Type | Account | Impairment loss | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Asia | Asset for Operation | Equipment | 234 (21) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Asia | Other | Goodwill | 2,472 (225) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| North America | Other | Goodwill | 3,886 (354) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | | | 6,592 (600) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Region | Type | Account | Impairment loss | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Asia | Asset for Operation | Equipment | 2,188 (199) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Asia | Asset for Operation | Intangible Asset | 28,908 (2,631) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Asia | Other | Goodwill | 134,606 (12,253) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| North America | Other | Goodwill | 38,001 (3,459) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | | | 203,703 (18,543) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equipment | 229 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (21) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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

| Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007) | Consolidated fiscal year - current year (From January 1, 2008 to December 31, 2008) |
|--|--|
| ※5 _____ | ※5 Components of loss on disposal of fixed assets are as follows: Equipment 436 (40) |
| ※6 _____ | ※6 Loss on prior year adjustment Subsequent consideration paid 3,359 (306) As the Group recognized additional goodwill based on the conditional acquisition cost set forth in the sale and purchase agreements of its subsidiaries' shares and equity interests, the Group recognized a loss on prior year adjustment arising from retroactive adjustments of goodwill and its amortization. Allocation of acquisition costs 333 (30) As the Group reviewed and fixed the allocation of acquisition costs of Kinetic Information System Services Limited, which had been open as of the previous year end, the Group recognized a loss on prior year adjustment arising from retroactive adjustments of goodwill and its amortization, and intangible assets and its amortization. |
| ※7 _____ | ※7 This account includes USD 25,000 thousand (JPY 2,276 million) of a provision for receivables from debtors in bankruptcy, rehabilitation or similar status. The allowance is provided for the entire amount of the uncollectible receivable which is a principal protected equity-linked note issued by Lehman Brothers Holdings Inc. that has filed for Chapter 11 protection under the Federal bankruptcy law. |
| ※1-7 notes correspond with ※1-7 as denoted in the consolidated income statement. | Same as on the left. |

(Consolidated statement of changes in net assets)

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

1. Number and class of issued shares

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

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

2. Share subscription rights

The ending balance of share subscription rights granted by the Company as share option rights is USD 2,874 thousand (JPY 262 million).

The ending balance of share subscription rights granted by a consolidated subsidiary as share option rights is USD 6,093 thousand (JPY 555 million).

3. Dividend

Not applicable.

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

1. Number and class of issued shares

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

(Note1) In the increase of ordinary shares indicated above, 445,797 shares are issued for acquisition of subsidiaries' shares by way of share exchange, and 7,201 shares are issued due to execution of share subscription rights.

2. Share subscription rights

The ending balance of share subscription rights granted by the Company as share option rights is USD 1,797 thousand (JPY 164 million).

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

3. Dividend

Not applicable.

(Consolidated cashflow statements)

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

| Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007) | Consolidated fiscal year - current year (From January 1, 2008 to December 31, 2008) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|---------|--|----------|-------------------------------|---------|--|----------|----------------|------|--|-------|---|--------|--|--------|-----------------------|-----|--|------|---------------------------|---------|--|----------|----------------|--------|--|---------|--------------------|--------|--|---------|---------------------|----------|--|----------|-------------------------|----------|--|-----------|----------|---------|--|----------|--------------------|-------|--|--------|--|---------|--|----------|------------------------------|----------|--|---------|-------------------------------------|----------|--|-----------|----------------|---------|--|--------|--|---------|--|---------|---|---------|--|----------|--|------------------------|--------|--|---------|-------------------------------|---------|--|----------|-----------------------|-----|--|------|---------------------------|--------|--|---------|
| <p>※1 Reconciliation between ending balance of cash and cash equivalents in consolidated cashflow statement and balance in the consolidated balance sheet:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash and bank balances</td> <td style="text-align: right;">194,784</td> </tr> <tr> <td></td> <td style="text-align: right;">(17,731)</td> </tr> <tr> <td>Deposit pledged as collateral</td> <td style="text-align: right;">△64,149</td> </tr> <tr> <td></td> <td style="text-align: right;">(△5,839)</td> </tr> <tr> <td>Bank overdraft</td> <td style="text-align: right;">△960</td> </tr> <tr> <td></td> <td style="text-align: right;">(△87)</td> </tr> <tr> <td>Deposits over three months of maturity from the date of deposit</td> <td style="text-align: right;">△4,606</td> </tr> <tr> <td></td> <td style="text-align: right;">(△419)</td> </tr> <tr> <td>Marketable securities</td> <td style="text-align: right;">303</td> </tr> <tr> <td></td> <td style="text-align: right;">(28)</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;">125,373</td> </tr> <tr> <td></td> <td style="text-align: right;">(11,413)</td> </tr> </table> <p>※2 Major component of subsidiaries' assets and liabilities newly consolidated through acquisition of its shares</p> <p>Major components of the newly consolidated subsidiaries' (Convey Advertising Co. Ltd and 24 other subsidiaries) assets and liabilities through acquisition of shares, cost of acquisition and net cash outflow are summarized as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Current assets</td> <td style="text-align: right;">19,667</td> </tr> <tr> <td></td> <td style="text-align: right;">(1,790)</td> </tr> <tr> <td>Non-current assets</td> <td style="text-align: right;">70,658</td> </tr> <tr> <td></td> <td style="text-align: right;">(6,432)</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">△ 16,830</td> </tr> <tr> <td></td> <td style="text-align: right;">(△1,532)</td> </tr> <tr> <td>Non-current liabilities</td> <td style="text-align: right;">△ 20,676</td> </tr> <tr> <td></td> <td style="text-align: right;">(△ 1,882)</td> </tr> <tr> <td>Goodwill</td> <td style="text-align: right;">113,720</td> </tr> <tr> <td></td> <td style="text-align: right;">(10,352)</td> </tr> <tr> <td>Minority interests</td> <td style="text-align: right;">△ 733</td> </tr> <tr> <td></td> <td style="text-align: right;">(△ 67)</td> </tr> <tr> <td style="border-top: 1px solid black;">Acquisition costs of newly acquired subsidiaries</td> <td style="text-align: right; border-top: 1px solid black;">165,805</td> </tr> <tr> <td></td> <td style="text-align: right;">(15,093)</td> </tr> <tr> <td>Deposit paid for acquisition</td> <td style="text-align: right;">△ 10,512</td> </tr> <tr> <td></td> <td style="text-align: right;">(△ 957)</td> </tr> <tr> <td>Stock issue price on share exchange</td> <td style="text-align: right;">△ 26,276</td> </tr> <tr> <td></td> <td style="text-align: right;">(△ 2,392)</td> </tr> <tr> <td>Other payables</td> <td style="text-align: right;">△ 1,081</td> </tr> <tr> <td></td> <td style="text-align: right;">(△ 98)</td> </tr> <tr> <td>Cash and cash equivalents of acquired subsidiaries</td> <td style="text-align: right;">△ 3,765</td> </tr> <tr> <td></td> <td style="text-align: right;">(△ 343)</td> </tr> <tr> <td style="border-top: 1px solid black;">Net cash outflow due to acquisition of subsidiaries</td> <td style="text-align: right; border-top: 1px solid black;">124,171</td> </tr> <tr> <td></td> <td style="text-align: right;">(11,303)</td> </tr> </table> | Cash and bank balances | 194,784 | | (17,731) | Deposit pledged as collateral | △64,149 | | (△5,839) | Bank overdraft | △960 | | (△87) | Deposits over three months of maturity from the date of deposit | △4,606 | | (△419) | Marketable securities | 303 | | (28) | Cash and cash equivalents | 125,373 | | (11,413) | Current assets | 19,667 | | (1,790) | Non-current assets | 70,658 | | (6,432) | Current liabilities | △ 16,830 | | (△1,532) | Non-current liabilities | △ 20,676 | | (△ 1,882) | Goodwill | 113,720 | | (10,352) | Minority interests | △ 733 | | (△ 67) | Acquisition costs of newly acquired subsidiaries | 165,805 | | (15,093) | Deposit paid for acquisition | △ 10,512 | | (△ 957) | Stock issue price on share exchange | △ 26,276 | | (△ 2,392) | Other payables | △ 1,081 | | (△ 98) | Cash and cash equivalents of acquired subsidiaries | △ 3,765 | | (△ 343) | Net cash outflow due to acquisition of subsidiaries | 124,171 | | (11,303) | <p>※1 Reconciliation between ending balance of cash and cash equivalents in consolidated cashflow statement and balance in the consolidated balance sheet:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash and bank balances</td> <td style="text-align: right;">75,289</td> </tr> <tr> <td></td> <td style="text-align: right;">(6,854)</td> </tr> <tr> <td>Deposit pledged as collateral</td> <td style="text-align: right;">△18,004</td> </tr> <tr> <td></td> <td style="text-align: right;">(△1,639)</td> </tr> <tr> <td>Marketable securities</td> <td style="text-align: right;">340</td> </tr> <tr> <td></td> <td style="text-align: right;">(31)</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">57,624</td> </tr> <tr> <td></td> <td style="text-align: right;">(5,246)</td> </tr> </table> <p>※2 _____</p> | Cash and bank balances | 75,289 | | (6,854) | Deposit pledged as collateral | △18,004 | | (△1,639) | Marketable securities | 340 | | (31) | Cash and cash equivalents | 57,624 | | (5,246) |
| Cash and bank balances | 194,784 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (17,731) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Deposit pledged as collateral | △64,149 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (△5,839) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bank overdraft | △960 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (△87) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Deposits over three months of maturity from the date of deposit | △4,606 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (△419) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Marketable securities | 303 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (28) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash and cash equivalents | 125,373 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (11,413) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current assets | 19,667 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (1,790) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-current assets | 70,658 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (6,432) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current liabilities | △ 16,830 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (△1,532) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-current liabilities | △ 20,676 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (△ 1,882) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Goodwill | 113,720 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (10,352) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Minority interests | △ 733 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (△ 67) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Acquisition costs of newly acquired subsidiaries | 165,805 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (15,093) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Deposit paid for acquisition | △ 10,512 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (△ 957) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Stock issue price on share exchange | △ 26,276 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (△ 2,392) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other payables | △ 1,081 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (△ 98) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash and cash equivalents of acquired subsidiaries | △ 3,765 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (△ 343) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net cash outflow due to acquisition of subsidiaries | 124,171 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (11,303) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash and bank balances | 75,289 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (6,854) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Deposit pledged as collateral | △18,004 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (△1,639) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Marketable securities | 340 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (31) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash and cash equivalents | 57,624 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (5,246) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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

| Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007) | Consolidated fiscal year - current year (From January 1, 2008 to December 31, 2008) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|-------|--|-------|--------------------|--------|--|---------|---------------------|---------|--|---------|-------------------------|---------|--|---------|--|---------|--|---------|---|--------|--|---------|--|-------|--|--------|---|--------|--|---------|---|----------------|--------|--|---------|--------------------|---------|--|----------|---------------------|----------|--|-----------|-------------------------|---------|--|---------|--|--------|--|---------|---|---------|--|----------|--|----------|--|-----------|---|--------|--|---------|----------------|-------|--|-------|--------------------|-----|--|------|---------------------|---------|--|---------|-------------------------|---------|--|---------|----------------------------|-------|--|-------|------------------------------------|-------|--|-------|
| <p>※3 Major component of subsidiaries' assets and liabilities newly excluded from consolidation through disposal of its shares</p> <p>Major components of the unconsolidated subsidiaries' (Glass, Lewis & Co., LLC) assets and liabilities through disposal of shares, proceeds from sale of investment in subsidiaries are summarized as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Current assets</td> <td style="text-align: right;">2,305</td> </tr> <tr> <td></td> <td style="text-align: right;">(210)</td> </tr> <tr> <td>Non-current assets</td> <td style="text-align: right;">52,815</td> </tr> <tr> <td></td> <td style="text-align: right;">(4,808)</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">△ 4,485</td> </tr> <tr> <td></td> <td style="text-align: right;">(△ 408)</td> </tr> <tr> <td>Non-current liabilities</td> <td style="text-align: right;">△ 3,469</td> </tr> <tr> <td></td> <td style="text-align: right;">(△ 316)</td> </tr> <tr> <td>Loss on sale of investment in subsidiaries</td> <td style="text-align: right;">△ 3,666</td> </tr> <tr> <td></td> <td style="text-align: right;">(△ 334)</td> </tr> <tr> <td>Net proceed on sale of investment in subsidiaries</td> <td style="text-align: right;">43,500</td> </tr> <tr> <td></td> <td style="text-align: right;">(3,960)</td> </tr> <tr> <td>Cash and cash equivalents of disposed subsidiaries</td> <td style="text-align: right;">△ 125</td> </tr> <tr> <td></td> <td style="text-align: right;">(△ 11)</td> </tr> <tr> <td>Net cash inflow due to sale of investment in subsidiaries</td> <td style="text-align: right;">43,375</td> </tr> <tr> <td></td> <td style="text-align: right;">(3,948)</td> </tr> </table> <p>※4 _____</p> | Current assets | 2,305 | | (210) | Non-current assets | 52,815 | | (4,808) | Current liabilities | △ 4,485 | | (△ 408) | Non-current liabilities | △ 3,469 | | (△ 316) | Loss on sale of investment in subsidiaries | △ 3,666 | | (△ 334) | Net proceed on sale of investment in subsidiaries | 43,500 | | (3,960) | Cash and cash equivalents of disposed subsidiaries | △ 125 | | (△ 11) | Net cash inflow due to sale of investment in subsidiaries | 43,375 | | (3,948) | <p>※3 Major component of subsidiaries' assets and liabilities newly excluded from consolidation through disposal of its shares</p> <p>Major components of the unconsolidated subsidiaries' (Mergent Inc., Washington Analysis Corporation and Convey Advertising Co., Limited) assets and liabilities through disposal of shares, proceeds from sale of investment in subsidiaries are summarized as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Current assets</td> <td style="text-align: right;">49,046</td> </tr> <tr> <td></td> <td style="text-align: right;">(4,465)</td> </tr> <tr> <td>Non-current assets</td> <td style="text-align: right;">133,842</td> </tr> <tr> <td></td> <td style="text-align: right;">(12,184)</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">△ 28,731</td> </tr> <tr> <td></td> <td style="text-align: right;">(△ 2,615)</td> </tr> <tr> <td>Non-current liabilities</td> <td style="text-align: right;">△ 6,261</td> </tr> <tr> <td></td> <td style="text-align: right;">(△ 570)</td> </tr> <tr> <td>Gain on sale of investment in subsidiaries</td> <td style="text-align: right;">13,477</td> </tr> <tr> <td></td> <td style="text-align: right;">(1,227)</td> </tr> <tr> <td>Net proceed on sale of investment in subsidiaries</td> <td style="text-align: right;">161,374</td> </tr> <tr> <td></td> <td style="text-align: right;">(14,690)</td> </tr> <tr> <td>Cash and cash equivalents of disposed subsidiaries</td> <td style="text-align: right;">△ 74,646</td> </tr> <tr> <td></td> <td style="text-align: right;">(△ 6,795)</td> </tr> <tr> <td>Net cash inflow due to sale of investment in subsidiaries</td> <td style="text-align: right;">86,728</td> </tr> <tr> <td></td> <td style="text-align: right;">(7,895)</td> </tr> </table> <p>※4 Major component of assets and liabilities decreased by sale of a business</p> <p>Major components of assets and liabilities decreased by disposal of operation of Xinhua PR News Wire, G7 and Taylor Rafferty and the proceeds from disposal are summarized as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Current assets</td> <td style="text-align: right;">3,572</td> </tr> <tr> <td></td> <td style="text-align: right;">(325)</td> </tr> <tr> <td>Non-current assets</td> <td style="text-align: right;">304</td> </tr> <tr> <td></td> <td style="text-align: right;">(28)</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">△ 3,171</td> </tr> <tr> <td></td> <td style="text-align: right;">(△ 289)</td> </tr> <tr> <td>Non-current liabilities</td> <td style="text-align: right;">△ 1,266</td> </tr> <tr> <td></td> <td style="text-align: right;">(△ 115)</td> </tr> <tr> <td>Gain on sale of a business</td> <td style="text-align: right;">5,717</td> </tr> <tr> <td></td> <td style="text-align: right;">(520)</td> </tr> <tr> <td>Net proceeds on sale of a business</td> <td style="text-align: right;">5,156</td> </tr> <tr> <td></td> <td style="text-align: right;">(469)</td> </tr> </table> | Current assets | 49,046 | | (4,465) | Non-current assets | 133,842 | | (12,184) | Current liabilities | △ 28,731 | | (△ 2,615) | Non-current liabilities | △ 6,261 | | (△ 570) | Gain on sale of investment in subsidiaries | 13,477 | | (1,227) | Net proceed on sale of investment in subsidiaries | 161,374 | | (14,690) | Cash and cash equivalents of disposed subsidiaries | △ 74,646 | | (△ 6,795) | Net cash inflow due to sale of investment in subsidiaries | 86,728 | | (7,895) | Current assets | 3,572 | | (325) | Non-current assets | 304 | | (28) | Current liabilities | △ 3,171 | | (△ 289) | Non-current liabilities | △ 1,266 | | (△ 115) | Gain on sale of a business | 5,717 | | (520) | Net proceeds on sale of a business | 5,156 | | (469) |
| Current assets | 2,305 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (210) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-current assets | 52,815 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (4,808) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current liabilities | △ 4,485 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (△ 408) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-current liabilities | △ 3,469 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (△ 316) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Loss on sale of investment in subsidiaries | △ 3,666 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (△ 334) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net proceed on sale of investment in subsidiaries | 43,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (3,960) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash and cash equivalents of disposed subsidiaries | △ 125 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (△ 11) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net cash inflow due to sale of investment in subsidiaries | 43,375 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (3,948) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current assets | 49,046 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (4,465) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-current assets | 133,842 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (12,184) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current liabilities | △ 28,731 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (△ 2,615) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-current liabilities | △ 6,261 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (△ 570) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gain on sale of investment in subsidiaries | 13,477 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (1,227) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net proceed on sale of investment in subsidiaries | 161,374 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (14,690) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash and cash equivalents of disposed subsidiaries | △ 74,646 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (△ 6,795) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net cash inflow due to sale of investment in subsidiaries | 86,728 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (7,895) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current assets | 3,572 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (325) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-current assets | 304 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (28) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current liabilities | △ 3,171 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (△ 289) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-current liabilities | △ 1,266 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (△ 115) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gain on sale of a business | 5,717 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (520) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net proceeds on sale of a business | 5,156 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | (469) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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

| Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007) | Consolidated fiscal year - current year (From January 1, 2008 to December 31, 2008) | | | | | | | | | | | | | | | | | | | | |
|---|---|------------------------|--------|--|---------|----------------------|---------|--|---------|--------------------|---------|--|----------|---------------------|-----------|--|------------|-------------------------|-----------|--|------------|
| <p>※5 _____</p> | <p>※5 Major component of subsidiary's assets and liabilities newly excluded from consolidation due to the conversion of classified shares issued by the subsidiary</p> <p>Major components of assets and liabilities of Xinhua Finance Media Limited at the time of exclusion from consolidation due to the conversion of classified shares of Xinhua Finance Media Limited held by the Company:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Cash and bank balances</td> <td style="text-align: right;">57,029</td> </tr> <tr> <td></td> <td style="text-align: right;">(5,191)</td> </tr> <tr> <td style="padding-left: 20px;">Other current assets</td> <td style="text-align: right;">106,885</td> </tr> <tr> <td></td> <td style="text-align: right;">(9,730)</td> </tr> <tr> <td style="padding-left: 20px;">Non-current assets</td> <td style="text-align: right;">315,823</td> </tr> <tr> <td></td> <td style="text-align: right;">(28,749)</td> </tr> <tr> <td style="padding-left: 20px;">Current liabilities</td> <td style="text-align: right;">△ 135,326</td> </tr> <tr> <td></td> <td style="text-align: right;">(△ 12,319)</td> </tr> <tr> <td style="padding-left: 20px;">Non-current liabilities</td> <td style="text-align: right;">△ 121,642</td> </tr> <tr> <td></td> <td style="text-align: right;">(△ 11,073)</td> </tr> </table> | Cash and bank balances | 57,029 | | (5,191) | Other current assets | 106,885 | | (9,730) | Non-current assets | 315,823 | | (28,749) | Current liabilities | △ 135,326 | | (△ 12,319) | Non-current liabilities | △ 121,642 | | (△ 11,073) |
| Cash and bank balances | 57,029 | | | | | | | | | | | | | | | | | | | | |
| | (5,191) | | | | | | | | | | | | | | | | | | | | |
| Other current assets | 106,885 | | | | | | | | | | | | | | | | | | | | |
| | (9,730) | | | | | | | | | | | | | | | | | | | | |
| Non-current assets | 315,823 | | | | | | | | | | | | | | | | | | | | |
| | (28,749) | | | | | | | | | | | | | | | | | | | | |
| Current liabilities | △ 135,326 | | | | | | | | | | | | | | | | | | | | |
| | (△ 12,319) | | | | | | | | | | | | | | | | | | | | |
| Non-current liabilities | △ 121,642 | | | | | | | | | | | | | | | | | | | | |
| | (△ 11,073) | | | | | | | | | | | | | | | | | | | | |
| <p>※6 Major non-cash transactions</p> <p>Share capital and share premium increased through share exchange were USD 246 thousand (JPY 22 million) and USD 50,152 thousand (JPY 4,565 million), respectively.</p> <p>※1-6 note corresponds with ※1-6 as denoted in the consolidated cashflow statement.</p> | <p>※6 Major non-cash transactions</p> <p>Share capital and share premium increased through share exchange were USD 1,143 thousand (JPY 104 million) and USD 22,095 thousand (JPY 2,011 million), respectively.</p> <p>Same as on the left.</p> | | | | | | | | | | | | | | | | | | | | |

(Lease transaction)

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

| Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007) | Consolidated fiscal year - current year (From January 1, 2008 to December 31, 2008) | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|-------|--|-------|----------------|--------|--|---------|-------|--------|--|---------|--|-----------------|-------|--|-------|----------------|--------|--|---------|-------|--------|--|---------|
| <p>Operating leases (Lessee)</p> <p>Unearned lease expenses</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Within one year</td> <td style="text-align: right;">7,994</td> </tr> <tr> <td></td> <td style="text-align: right;">(728)</td> </tr> <tr> <td style="padding-left: 20px;">After one year</td> <td style="text-align: right;">22,316</td> </tr> <tr> <td></td> <td style="text-align: right;">(2,031)</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">30,310</td> </tr> <tr> <td></td> <td style="text-align: right;">(2,759)</td> </tr> </table> | Within one year | 7,994 | | (728) | After one year | 22,316 | | (2,031) | Total | 30,310 | | (2,759) | <p>Operating leases (Lessee)</p> <p>Unearned lease expenses</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Within one year</td> <td style="text-align: right;">3,651</td> </tr> <tr> <td></td> <td style="text-align: right;">(332)</td> </tr> <tr> <td style="padding-left: 20px;">After one year</td> <td style="text-align: right;">16,664</td> </tr> <tr> <td></td> <td style="text-align: right;">(1,517)</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">20,315</td> </tr> <tr> <td></td> <td style="text-align: right;">(1,849)</td> </tr> </table> | Within one year | 3,651 | | (332) | After one year | 16,664 | | (1,517) | Total | 20,315 | | (1,849) |
| Within one year | 7,994 | | | | | | | | | | | | | | | | | | | | | | | | |
| | (728) | | | | | | | | | | | | | | | | | | | | | | | | |
| After one year | 22,316 | | | | | | | | | | | | | | | | | | | | | | | | |
| | (2,031) | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 30,310 | | | | | | | | | | | | | | | | | | | | | | | | |
| | (2,759) | | | | | | | | | | | | | | | | | | | | | | | | |
| Within one year | 3,651 | | | | | | | | | | | | | | | | | | | | | | | | |
| | (332) | | | | | | | | | | | | | | | | | | | | | | | | |
| After one year | 16,664 | | | | | | | | | | | | | | | | | | | | | | | | |
| | (1,517) | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 20,315 | | | | | | | | | | | | | | | | | | | | | | | | |
| | (1,849) | | | | | | | | | | | | | | | | | | | | | | | | |

(Securities)

As of December 31, 2007

1. Trading securities

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

| Amount on the consolidated balance sheet | Gain / loss included in the consolidated income statement |
|--|---|
| 787 | 388 |
| (72) | (35) |

2. Available-for-sale securities with fair value

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

| Category | Acquisition cost | Amount on the consolidated balance sheet | Difference |
|---|------------------|--|------------|
| Book value more than acquisition cost: | | | |
| 1) Equity securities | 344 | 399 | 55 |
| | (31) | (36) | (5) |
| 2) Debt securities | 4,198 | 4,377 | 178 |
| | (382) | (398) | (16) |
| 3) Other | 51 | 382 | 331 |
| | (5) | (35) | (30) |
| Subtotal | 4,593 | 5,158 | 564 |
| | (418) | (470) | (51) |
| Book value is less than acquisition cost: | | | |
| 1) Equity securities | 34 | 9 | △25 |
| | (3) | (1) | (△2) |
| 2) Debt securities | - | - | - |
| | (-) | (-) | (-) |
| 3) Other | - | - | - |
| | (-) | (-) | (-) |
| Subtotal | 34 | 9 | △25 |
| | (3) | (1) | (△2) |
| TOTAL | 4,627 | 5,167 | 539 |
| | (421) | (470) | (49) |

3. Available-for-sale securities sold in the current fiscal period

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

| Amount on sale | Gain on sale | Loss on sale |
|----------------|--------------|--------------|
| 431 | 53 | - |
| (39) | (5) | (-) |

4. Securities not stated at fair value

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

| Category | Amount on the consolidated balance sheet |
|-----------------------------------|--|
| (1) Held-to-maturity securities | |
| Unlisted bonds | 25,676 (2,337) |
| (2) Available-for-sale securities | |
| Unlisted securities | 22,326 (2,032) |
| Fund trust | 303 (28) |

5. Redemption schedule for held-to-maturity securities

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

| | Within 1 year | Over 1 year to 5 years | Over 5 years to 10 years | Over 10 years |
|-----------------|----------------|---------------------------|-----------------------------|---------------|
| Debt securities | | | | |
| Corporate bond | 3,703 (337) | 26,349 (2,399) | - (-) | - (-) |
| Total | 3,703 (337) | 26,349 (2,399) | - (-) | - (-) |

As of December 31, 2008

1. Trading securities

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

| Amount on the consolidated balance sheet | Gain / loss included in the consolidated income statement |
|--|---|
| 416 (38) | △462 (△42) |

2. Available-for-sale securities with fair value

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

| Category | Acquisition cost | Amount on the consolidated balance sheet | Difference |
|---|------------------|---|-------------|
| Book value more than acquisition cost: | | | |
| Other | 59 (5) | 184 (17) | 125 (11) |
| Subtotal | 59 (5) | 184 (17) | 125 (11) |
| Book value is less than acquisition cost: | | | |
| 1) Equity securities | 21 (2) | 21 (2) | - (-) |
| 2) Other | 29 (3) | - (-) | △29 (△3) |
| Subtotal | 50 (5) | 21 (2) | △29 (△3) |
| TOTAL | 109 (10) | 205 (19) | 96 (9) |

3. Securities not stated at fair value

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

| Category | Amount on the consolidated balance sheet |
|-----------------------------------|--|
| (1) Available-for-sale securities | |
| Other | 340 (31) |
| (2) Interest in associate | |
| Listing shares | 89,062 (8,107) |

(Derivative transactions)

1 Detail of transaction

| Consolidated fiscal year –prior year (From January 1, 2007 to December 31, 2007) | Consolidated fiscal year -current year (From January 1, 2008 to December 31, 2008) |
|---|---|
| <p>(1) Nature of transaction Cross currency swap</p> <p>(2) Management policy for derivative transaction The Group uses derivative financial instruments to reduce their risks of fluctuations in interest rates and foreign currency exchange. The Group does not enter into derivatives for trading or speculative purposes.</p> <p>(3) Purpose of the transaction The Group enters into a cross currency swap contract to hedge market interest rate risk and foreign exchange risk associated with interest exposures and principal of bonds denominated in foreign currencies. The Group applies hedge accounting for the derivative transaction.</p> <p>(a) Policy for hedge accounting Deferral method</p> <p>(b) Hedging instruments and hedged items -Hedging instruments: Cross currency swap -Hedged items: Corporate bonds denominated in foreign currencies</p> <p>(c) Hedging policy In order to manage the interest risk and currency risk, debts are hedged to the extent of the amount of the items to be hedged.</p> <p>(d) Effectiveness testing of hedging Effectiveness of the hedge should be demonstrated under effectiveness test by comparing the ratio of volatility of hedged item and cumulative change in fair value of the hedging instrument.</p> <p>(4) Nature and detail of the risk Cross currency swap contract is subject to foreign currency exchange risk and market interest rate risk. Because the counterparties to the derivative is limited to major financial institutions with high credit rate, the Group does not anticipate any losses caused by credit risk.</p> <p>(5) Risk management policy Derivative transactions entered into by the Group have been made and managed by the Financial Department in accordance with internal policies which regulate the authorization and credit limit amount.</p> | Same as on the left. |

2 Fair value information

Consolidated fiscal year - prior year (as of December 31, 2007)

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

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

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

(Employees' Retirement Benefits)

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

1. Retirement benefit scheme

Subsidiaries located in Hong Kong, PRC and U.S.A. apply defined-contribution retirement benefit plan.

2. Projected benefit obligation (as of December 31, 2007)

Not applicable.

3. Service cost and relative expenses

Not applicable.

4. Basis of calculation to determine projected benefit obligation

Not applicable.

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

1. Retirement benefit scheme

Subsidiaries located in Hong Kong, PRC and U.S.A. apply defined-contribution retirement benefit plan.

2. Projected benefit obligation (as of December 31, 2008)

Not applicable.

3. Service cost and relative expenses

Not applicable.

4. Basis of calculation to determine projected benefit obligation

Not applicable.

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

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

Expenses recognized

| | |
|---|--------------------------------------|
| Selling, general and administrative expenses – Directors' emolument | USD 2,013 thousand (JPY 183 million) |
|---|--------------------------------------|

| | |
|--|--------------------------------------|
| Selling, general and administrative expenses – Other | USD 4,753 thousand (JPY 433 million) |
|--|--------------------------------------|

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

Expenses recognized

| | |
|---|--------------------------------------|
| Selling, general and administrative expenses – Directors' emolument | USD 4,641 thousand (JPY 422 million) |
|---|--------------------------------------|

| | |
|--|--------------------------------------|
| Selling, general and administrative expenses – Other | USD 9,508 thousand (JPY 866 million) |
|--|--------------------------------------|

(Share option)

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

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

(1) Outline of share option

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

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

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

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

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

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

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

If employment is terminated voluntarily by the employee:

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

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

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

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

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

(i) Number of objective shares of share option

(Unit: share)

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

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

(ii) Unit price information

| Company Name | The Company | | | | |
|---|--------------|------------------|------------------|------------------|------------------|
| Year | 2005 | 2006 | | | |
| Type | Share Option | Share Option (1) | Share Option (2) | Share Option (3) | Share Option (4) |
| Exercise price | JPY 49,316 | JPY 74,247 | JPY 71,844 | JPY 71,844 | JPY 71,844 |
| Average price of shares upon exercise | JPY 77,520 | - | - | JPY 80,556 | - |
| Fair value of option at grant date per option | - | - | - | - | USD 252.92 |

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

2. Valuation Method for Share Option

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

(1) Valuation method used

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

(2) Factors and basis of estimation

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

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

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

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

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

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

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

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

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

(1) Outline of share option

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

| Company Name | The Company | |
|---|---|--|
| Year | 2006 | 2008 |
| Type | Share option (4) | Restricted shares (*5) |
| Category and number of person designated | 1 employee | 1 employee |
| Class and number of objective shares (*1) | 114 ordinary shares | 150 ordinary shares |
| Grant date | July 1, 2006 | January 15, 2008 |
| Terms and condition for vesting | 1/3 grant vested on Dec 31, 2006; 1/3 vested on Dec 31, 2007; 1/3 vested on Dec 31, 2008 (*2) | 1/3 vested on Jan 15, 2008, 1/3 vested on Dec 31, 2008 and 1/3 vested on Dec 31, 2009 (*6) |
| Service period required to be vested | From July 1, 2006 to Dec 31, 2008 | From Jan 15, 2008 to Dec 31, 2009 |
| Exercisable period | From Jan 1, 2007 to Apr 30, 2016 | From Jan 15, 2008 to Jan 14, 2018 |

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

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

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

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

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

If employment is terminated voluntarily by the employee:

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

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

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

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

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

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

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

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

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

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

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

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

(i) Number of objective shares of share option

(Unit: share)

| Company Name | The Company | | | | |
|--|--------------|------------------|------------------|------------------|------------------|
| Year | 2005 | 2006 | | | |
| Type | Share Option | Share Option (1) | Share Option (2) | Share Option (3) | Share Option (4) |
| Number of objective shares for unvested option | | | | | |
| Beginning balance of the period | - | - | - | 8,684 | 38 |
| Granted | - | - | - | - | - |
| Lapsed | - | - | - | 3,037 | 38 |
| Vested | - | - | - | 5,647 | - |
| Unvested balance | - | - | - | - | - |
| Number of objective shares for vested option | | | | | |
| Beginning balance of the period | 11,110 | 5,000 | 5,000 | 14,660 | 76 |
| Vested | - | - | - | 5,647 | - |
| Exercised | - | - | - | - | - |
| Lapsed | 1,536 | 2,500 | 2,500 | 1,662 | 76 |
| Unexercised balance | 9,574 | 2,500 | 2,500 | 18,645 | - |

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

| Company Name | Xinhua Finance Media Limited | | | | |
|--|------------------------------|--------------|------------------|------------------|------------------|
| Year | 2006 | | 2007 | | |
| Type | Restricted share | Share Option | Share option (1) | Share option (2) | Share option (3) |
| Number of objective shares for unvested option | | | | | |
| Beginning balance of the period | 9,550,000 | 5,001,171 | - | 90,000 | 120,000 |
| Granted | - | - | - | - | - |
| Lapsed | - | 680,059 | - | - | - |
| Vested | 9,550,000 | 3,580,254 | - | 30,000 | 40,000 |
| Unvested balance | - | 740,858 | - | 60,000 | 80,000 |
| Number of objective shares for vested option | | | | | |
| Beginning balance of the period | - | 2,467,556 | 221,280 | - | - |
| Vested | 9,550,000 | 3,580,254 | - | 30,000 | 40,000 |
| Exercised | 9,550,000 | 194,662 | - | - | - |
| Lapsed | - | 94,343 | 221,280 | - | - |
| Unexercised balance | - | 5,758,805 | - | 30,000 | 40,000 |

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

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

(ii) Unit price information

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

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

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

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

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

2. Valuation Method for Share Option

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

(1) Valuation method used

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

(2) Factors and basis of estimation

| Company Name | Xinhua Finance Media Limited | |
|---|------------------------------|------------------|
| | Share Option (1) | Share Option (2) |
| Type | | |
| Price volatility (*1) | 88% | 93% |
| Estimated remaining exercisable period (*2) | 10 years | 10 years |
| Estimated dividend (*3) | NIL | NIL |
| Free risk rate (*4) | 3.770% | 4.270% |

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

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

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

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

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

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

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

(Warrant and Share-based payment)

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

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

(1) Outline of warrant and share-based payment

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

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

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

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

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

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

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

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

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

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

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

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

(2) Size and change of the number of warrant

(i) Number of objective shares of warrant

(Unit: share)

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

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

(ii) Unit price information

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

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

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

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

(1) Outline of warrant and share-based payment

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

| Company Name | The Company | | | |
|---|-------------------------|-----------------------------|-------------------------|--|
| Year | 2006 | | | 2007 |
| Type | Share-based payment (2) | Share-based payment (3) | Share-based payment (4) | Share-based payment (1) |
| Category and number of person designated | 1 third party | 2 directors and 4 employees | 1 director | 145 Employees 1 Director |
| Class and number of objective shares (*2) | 1,500 ordinary shares | 18,107 ordinary shares | 800 ordinary shares | 10,591 Ordinary shares |
| Grant date (*1) | July 25, 2006 | September 6, 2006 | September 22, 2006 | August 31, 2007 |
| Terms and condition for vesting | - | - | - | 1/3 vested on Dec 31, 2007, 1/3 vested on Dec 31, 2008 and 1/3 vested on Dec 31, 2009 (*7) |

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

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

| Company Name | The Company | |
|---|---|---------------------|
| Year | 2007 | 2008 |
| Type | Share-based payment (10) | Share-based payment |
| Category and number of person designated | 5 Employees | 1 Ex-employee |
| Class and number of objective shares (*2) | 451 Ordinary shares | 116 Ordinary shares |
| Grant date (*1) | November 9, 2007 | May 14, 2008 |
| Terms and condition for vesting | 1/3 vested on Dec 31, 2007, 1/3 vested on Dec 31, 2008 and 1/3 vested on Dec 31, 2009 | - |

| Company Name | Xinhua Finance Media Limited | | |
|---|---|---|-----------------------------------|
| Year | 2006 | | 2008 |
| Type | Warrant(1) | Warrant(2) | Warrant |
| Category and number of person designated | 1 shareholder | 1 consultant | 1 consultant |
| Class and number of objective shares (*2) | 4,099,968 Class A Common Shares | 630,000 Class A Common Shares | 400,000 Class A Ordinary Shares |
| Grant date (*1) | September 22, 2006 | December 7, 2006 | April 1, 2008 |
| Exercisable period | From September 22, 2006 to September 22, 2011 | From December 7, 2006 to December 7, 2011 | From Dec 31, 2008 to Dec 31, 2011 |

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

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

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

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

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

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

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

(*7) On December 26, 2008, the Company has offered the grantee a cash payment of USD60.90 per share being settlement in full of

Restricted Shares grant which the grantee are entitled to. Unvested shares grant of 1,967 shares were settled under this arrangement.

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

(2) Size and change of the number of warrant

(i) Number of objective shares of warrant

(Unit: share)

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

| Company Name | Xinhua Finance Media Limited | | |
|--|------------------------------|------------|---------|
| Year | 2006 | | 2008 |
| Type | Warrant(1) | Warrant(2) | Warrant |
| Number of objective shares for vested option | | | |
| Beginning balance of the period | 4,099,968 | 630,000 | - |
| Vested | - | - | 140,000 |
| Exercised | - | - | - |
| Lapsed | - | - | - |
| Unexercised balance | 4,099,968 | 630,000 | 140,000 |

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

(ii) Unit price information

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

| Company Name | Xinhua Finance Media Limited | | |
|--|------------------------------|------------|------------|
| Year | 2006 | | 2008 |
| Type | Warrant(1) | Warrant(2) | Warrant |
| Exercise price | USD 3.659 | USD 3.659 | USD 1.3250 |
| Average price of shares upon exercise | - | - | - |
| Fair value of option at grant date per warrant | USD 0.15 | USD 0.18 | USD 0.9663 |

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

(Taxation)

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

| Consolidated fiscal year -prior year (As of December 31, 2007) | | Consolidated fiscal year -current year (As of December 31, 2008) | |
|--|-----------------------------------|--|--------------------------------|
| 1 Major components of deferred tax assets and liabilities | | 1 Major components of deferred tax assets and liabilities | |
| (Deferred tax assets) | | (Deferred tax assets) | |
| Unutilized tax losses | 1,867 | Unutilized tax losses | 9,405 |
| | (170) | | (856) |
| Allowance for doubtful accounts | 62 | Allowance for doubtful accounts | 65 |
| | (6) | | (6) |
| Accruals | 118 | Accruals | 446 |
| | (11) | | (41) |
| Other | 351 | Other | 327 |
| | (32) | | (30) |
| Subtotal | <u>2,397</u> | Subtotal | <u>10,243</u> |
| | (218) | | (932) |
| Valuation reserve | Δ 2,188 | Valuation reserve | Δ 10,239 |
| | (Δ 199) | | (Δ 932) |
| Total deferred tax assets | <u>209</u> | Total deferred tax assets | <u>3</u> |
| | (19) | | (0) |
| (Deferred tax liabilities) | | (Deferred tax liabilities) | |
| Revaluation of subsidiaries' assets and liabilities on consolidation | Δ 11,719 | Revaluation of subsidiaries' assets and liabilities on consolidation | Δ 158 |
| | (Δ 1,067) | | (Δ 14) |
| Other | Δ 103 | Other | Δ 47 |
| | (Δ 9) | | (Δ 4) |
| Total deferred tax liabilities | <u>Δ 11,822</u> | Total deferred tax liabilities | <u>Δ 206</u> |
| | (Δ 1,076) | | (Δ 19) |
| Net of deferred tax assets and deferred tax liabilities | <u>Δ11,613</u> | Net of deferred tax assets and deferred tax liabilities | <u>Δ 202</u> |
| | (Δ 1,057) | | (Δ 18) |

(Taxation)

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

| Consolidated fiscal year -prior year (As of December 31, 2007) | Consolidated fiscal year -current year (As of December 31, 2008) |
|---|---|
| Net of deferred tax assets and deferred tax liabilities appear on the Consolidated Balance Sheets as follows: | Net of deferred tax assets and deferred tax liabilities appear on the Consolidated Balance Sheets as follows: |
| Deferred tax assets – current | Deferred tax assets – current |
| 20 | - |
| (2) | (-) |
| Deferred tax assets – non-current | Deferred tax assets – non-current |
| 189 | - |
| (17) | (-) |
| Deferred tax liabilities – current | Deferred tax liabilities – current |
| - | - |
| (-) | (-) |
| Deferred tax liabilities – non-current | Deferred tax liabilities – non-current |
| △11,822 | △ 202 |
| (△1,076) | (△ 18) |
| 2 Reconciliation between the normal statutory tax rate and the actual effective tax rate | 2 Reconciliation between the normal statutory tax rate and the actual effective tax rate |
| Tax at the applicable income tax rate | Tax at the applicable income tax rate |
| 17.5% | 16.5% |
| (Reconciliation) | (Reconciliation) |
| Tax effect of expenses not deductible for tax purposes | Tax effect of expenses not deductible for tax purposes |
| 58.4% | △16.6% |
| Tax effect of income not taxable for tax purposes | Tax effect of income not taxable for tax purposes |
| △98.6% | 0.2% |
| Tax effect of unrecognized tax losses | Effect of different tax rates of subsidiaries operating in other jurisdictions |
| 1.9% | △2.0% |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | Other |
| 6.2% | △0.2% |
| Other | Tax effect and effective tax rate for the year |
| 29.7% | △2.1% |
| Tax effect and effective tax rate for the year | |
| 15.0% | |

(Business Combinations)

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

Purchase method

1. Outline

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

2. The legal form of business combination

Purchase of interests

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

a. Summary of subsequent consideration

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

b. Accounting Policy

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

4. Allocation of the acquisition cost

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

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

Purchase method

1. Significant adjustment on original allocations of acquisition costs

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

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

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

| Item | Adjustment made on goodwill |
|--------------------------|-----------------------------|
| Intangible assets | △5,548 (△505) |
| Deferred tax liabilities | 1,503 (137) |
| <hr/> Total | <hr/> △4,045 (△368) |

(Segment information)
【Business segmental information】

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

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

| | Financial information business | Media business | Total | Eliminated or unallocated | Consolidated |
|--|--------------------------------|----------------|----------------|---------------------------|-------------------|
| I Sales and operating income / loss | | | | | |
| Sales | | | | | |
| (1) Outside customer | 122,900 | 134,776 | 257,676 | - | 257,676 |
| | (11,188) | (12,269) | (23,456) | (-) | (23,456) |
| (2) Inter segment or transfer | 42 | 62 | 105 | △ 105 | - |
| | (4) | (6) | (10) | (△10) | (-) |
| Total | 122,942 | 134,839 | 257,781 | △ 105 | 257,676 |
| | (11,191) | (12,274) | (23,466) | (△10) | (23,456) |
| Operating expenses | 133,308 | 128,174 | 261,482 | 9,267 | 270,749 |
| | (12,135) | (11,668) | (23,803) | (844) | (24,646) |
| Operating income (△ loss) | △ 10,366 (△944) | 6,665 (607) | △ 3,701 (△337) | △ 9,372 (△853) | △ 13,073 (△1,190) |
| II Assets, depreciation and amortization, impairment loss and capital expenditures | | | | | |
| Assets | 328,201 | 638,897 | 967,099 | - | 967,099 |
| | (29,876) | (58,159) | (88,035) | (-) | (88,035) |
| Depreciation and amortization | 5,848 | 15,434 | 21,282 | - | 21,282 |
| | (532) | (1,405) | (1,937) | (-) | (1,937) |
| Impairment loss | 6,592 | - | 6,592 | - | 6,592 |
| | (600) | (-) | (600) | (-) | (600) |
| Capital expenditures | 22,562 | 107,666 | 130,227 | - | 130,227 |
| | (2,054) | (9,801) | (11,855) | (-) | (11,855) |

Note

- 1 Business segments are based on its nature and management classification of turnover.
- 2 Business segments comprise of the followings:
 - (1) Financial information businessFinancial information business includes the provision of indices, financial news feeds, credit ratings and investor relations services.
 - (2) Media business.....Media business includes publishing financial books and magazine, television consulting and distribution and other media and advertising related businesses.
- 3 Operating expenses classified as the Eliminated or unallocated are the unallocated expenses related to the managerial department of the Company.
- 4 Change in business segment
The Group had disclosed its operating results in one business segment as provision and distribution of financial information and relevant services, that consisted of market indices, financial news, credit ratings, investor relations and media and advertising related services. Effective from this second half disclosure, the segmentation of the Group has been divided into two segments, namely, Financial information business and Media business. Management believes that the new business segmentation more accurately reflects the Group's actual operations as the Media business of the Group was enhanced by the public offering of the consolidated subsidiary, Xinhua Finance Media Limited, and by the increase of acquisitions of media-related companies that occurred in the second half of this year.
Pro forma information of Media business assuming that the new segmentation were applied to prior year and semiannual of this year is as follows:

(Unit: Thousands of U.S. dollar (Millions of Japanese yen))

| | Consolidated fiscal year -prior year (From January 1, 2006 to December 31, 2006) | 1st half - Consolidated fiscal period-current year (From January 1, 2007 to June 30, 2007) |
|-------------------------------|---|---|
| Sales | | |
| (1) Outside customer | 59,573 | 45,639 |
| | (5,423) | (4,155) |
| (2) Inter segment or transfer | - | - |
| | (-) | (-) |
| Total | 59,573 | 45,639 |
| | (5,423) | (4,155) |
| Operating expenses | 56,976 | 46,291 |
| | (5,187) | (4,214) |
| | 2,597 | |
| | (236) | |
| Assets | 384,553 | - |
| | (35,006) | (-) |
| Depreciation and amortization | 5,950 | - |
| | (542) | (-) |
| Capital expenditures | 328,751 | - |
| | (29,926) | (-) |

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

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

| | Financial information business | Media business | Total | Eliminated or unallocated | Consolidated |
|--|--------------------------------|-------------------|-------------------|---------------------------|-------------------|
| I Sales and operating income / loss | | | | | |
| Sales | | | | | |
| (1) Outside customer | 93,320 | 186,031 | 279,351 | - | 279,351 |
| | (8,495) | (16,934) | (25,429) | (-) | (25,429) |
| (2) Inter segment or transfer | - | - | - | - | - |
| | (-) | (-) | (-) | (-) | (-) |
| Total | 93,320 | 186,031 | 279,351 | - | 279,351 |
| | (8,495) | (16,934) | (25,429) | (-) | (25,429) |
| Operating expenses | 100,788 | 212,012 | 312,799 | 11,389 | 324,188 |
| | (9,175) | (19,299) | (28,474) | (1,037) | (29,511) |
| Operating income (△ loss) | △ 7,468 (△680) | △ 25,981 (△2,365) | △ 33,449 (△3,045) | △ 11,389 (△1,037) | △ 44,838 (△4,082) |
| II Assets, depreciation and amortization, impairment loss and capital expenditures | | | | | |
| Assets | 216,113 | - | 216,113 | - | 216,113 |
| | (19,673) | (-) | (19,673) | (-) | (19,673) |
| Depreciation and amortization | 5,267 | 39,464 | 44,731 | - | 44,731 |
| | (479) | (3,592) | (4,072) | (-) | (4,072) |
| Impairment loss | 39,148 | 164,555 | 203,703 | - | 203,703 |
| | (3,564) | (14,979) | (18,543) | (-) | (18,543) |
| Capital expenditures | 5,188 | 19,640 | 24,828 | - | 24,828 |
| | (472) | (1,788) | (2,260) | (-) | (2,260) |

Note

- 1 Business segments are based on its nature and management classification of turnover.
- 2 Business segments comprise of the followings:
 - (1) Financial information businessFinancial information business includes the provision of indices, financial news feeds, credit ratings and investor relations services.
 - (2) Media business.....Media business includes publishing financial books and magazine, television consulting and distribution and other media and advertising related businesses.
- 3 Operating expenses of USD 11,389 thousand (JPY 1,037 million) classified as the Eliminated or unallocated are the unallocated expenses related to the managerial department of the Company.

【Regional segmental information】

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

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

| | Japan | Asia | North America | Others | Total | Eliminated or unallocated | Consolidated |
|-------------------------------------|-------|----------|---------------|----------|----------|---------------------------|--------------|
| I Sales and operating income / loss | | | | | | | |
| Sales | | | | | | | |
| (1) Outside customer | 637 | 162,202 | 94,689 | 148 | 257,676 | - | 257,676 |
| | (58) | (14,765) | (8,620) | (13) | (23,456) | (-) | (23,456) |
| (2) Inter segment or transfer | - | 11,048 | 1,618 | 4,840 | 17,506 | △ 17,506 | - |
| | (-) | (1,006) | (147) | (441) | (1,594) | (△1,594) | (-) |
| Total | 637 | 173,250 | 96,307 | 4,988 | 275,182 | △ 17,506 | 257,676 |
| | (58) | (15,771) | (8,767) | (454) | (25,050) | (△1,594) | (23,456) |
| Operating expenses | 1,133 | 163,672 | 104,611 | 18,046 | 287,463 | △ 16,715 | 270,749 |
| | (103) | (14,899) | (9,523) | (1,643) | (26,168) | (△1,522) | (24,646) |
| Operating income (△ loss) | △ 496 | 9,577 | △ 8,304 | △ 13,059 | △ 12,282 | △ 791 | △ 13,073 |
| | (△45) | (872) | (△756) | (△1,189) | (△1,118) | (△72) | (△1,190) |
| II Assets | 170 | 790,662 | 164,173 | 12,094 | 967,099 | - | 967,099 |
| | (15) | (71,974) | (14,945) | (1,101) | (88,035) | (-) | (88,035) |

Note

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

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

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

| | Japan | Asia | North America | Others | Total | Eliminated or unallocated | Consolidated |
|-----------------------------------|-------|----------|---------------|----------|----------|---------------------------|--------------|
| Sales and operating income / loss | | | | | | | |
| Sales | | | | | | | |
| (1) Outside customer | 468 | 220,151 | 58,693 | 39 | 279,351 | - | 279,351 |
| | (43) | (20,040) | (5,343) | (4) | (25,429) | (-) | (25,429) |
| (2) Inter segment or transfer | - | 7,582 | 1,222 | 2,238 | 11,042 | △ 11,042 | - |
| | (-) | (690) | (111) | (204) | (1,005) | (△1,005) | (-) |
| Total | 468 | 227,734 | 59,915 | 2,277 | 290,393 | △ 11,042 | 279,351 |
| | (43) | (20,731) | (5,454) | (207) | (26,434) | (△1,005) | (25,429) |
| Operating expenses | 843 | 253,559 | 65,431 | 15,839 | 335,672 | △ 11,483 | 324,188 |
| | (77) | (23,081) | (5,956) | (1,442) | (30,556) | (△1,045) | (29,511) |
| Operating income / loss (△) | △ 375 | △ 25,825 | △ 5,516 | △ 13,562 | △ 45,279 | 441 | △ 44,838 |
| | (△34) | (△2,351) | (△502) | (△1,235) | (△4,122) | (40) | (△4,082) |
| II Assets | 675 | 114,904 | 14,005 | 86,529 | 216,113 | - | 216,113 |
| | (61) | (10,460) | (1,275) | (7,877) | (19,673) | (-) | (19,673) |

Note

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

【Overseas sales】

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

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

| | Asia | North America | Europe | Others | Total |
|--|---------------------|-------------------|-------------------|----------------|---------------------|
| I Oversea sale | 157,154 (14,306) | 72,618 (6,610) | 20,935 (1,906) | 3,426 (312) | 254,133 (23,134) |
| II Consolidated sale | - (-) | - (-) | - (-) | - (-) | 257,676 (23,456) |
| III Ratio of overseas sales which accounts for consolidated sale (%) | 61.0% | 28.2% | 8.1% | 1.3% | 98.6% |

Note

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

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

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

| | Asia | North America | Europe | Others | Total |
|--|---------------------|-------------------|-------------------|----------------|---------------------|
| I Oversea sale | 215,566 (19,623) | 42,774 (3,894) | 16,057 (1,462) | 2,254 (205) | 276,651 (25,184) |
| II Consolidated sale | - (-) | - (-) | - (-) | - (-) | 279,351 (25,429) |
| III Ratio of overseas sales which accounts for consolidated sale (%) | 77.2% | 15.3% | 5.7% | 0.8% | 99.0% |

Note

- 1 Location segments are based on the geographical proximity.
- 2 Main countries or locations which do not belong to Japan.:
 - (1)Asia Hong Kong, China, Singapore and other locations.
 - (2)North AmericaU.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 Japan.

【Related party transactions】

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

Directors and major individual shareholders

- (1) Category
Directors and major individual shareholders
- (2) Name of the related party
SBI USA, LLC
- (3) Address
California, USA
- (4) Nature of business
Investment advisory
- (5) Ratio of voting right (held by the related party)
Not Applicable
- (6) Relationship
Concurrency of directors
One director
Business relationship
Financial advisor of the Company
- (7) Nature of transactions
Payment of management services fee
- (8) Amount
USD 60 thousand (JPY 5 million)
- (9) Name of account
Not Applicable
- (10) Remaining balance on balance sheet as of the year end
Not Applicable

Terms and condition of the agreement are determined at arms' length.

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

Directors and major individual shareholders

- (1) Category
Director
- (2) Name of the related party
Fredy Bush
- (3) Address
Shanghai, PRC
- (4) Occupation
Executive
- (5) Ratio of voting right (held by the related party)
Directly held: 0.03%
Indirectly held: 4.52%
- (6) Relationship
Concurrency of directors
Not applicable
Business relationship
Not applicable
- (7) Nature of transactions
Purchase of receivable by the Company
- (8) Amount
USD 3,300 thousand (JPY 300 million)
- (9) Name of account
Other payable
- (10) Remaining balance on balance sheet as of the year end
USD 3,300 thousand (JPY 300 million)

(Note) An allowance is provided for the receivable discussed in (7) at amount considered to be uncollectible.

(Per share information)

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

| Item | Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007) | Consolidated fiscal year - current year (From January 1, 2008 to December 31, 2008) |
|-----------------------------------|--|--|
| Net assets per Share | 348.24 (31,700.29) | 75.15 (6,840.90) |
| Net income/ loss (△) per share | 23.33 (2,123.73) | △212.89 (△19,379.08) |
| Diluted net income per share | 23.24 (2,115.54) | As the Group is in a loss position, diluted net loss per share information is not stated. |

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

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

| Item | Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007) | Consolidated fiscal year - current year (From January 1, 2008 to December 31, 2008) |
|--|--|--|
| Net income per share | | |
| Net income / loss (△) for the year | 23,497 (2,139) | △268,322 (△ 24,425) |
| Net income NOT attributed to ordinary shareholders | - (-) | - (-) |
| Net income / loss (△) attributed to ordinary shares | 23,497 (2,139) | △268,322 (△ 24,425) |
| Average number of ordinary shares during the period / year (shares) | 1,007,036.74 | 1,260,396.77 |
| Diluted net income per share | | |
| Adjustment on net income for the period / year | - (-) | - (-) |
| Number of ordinary shares to be increased (shares) | 3,857.94 | - |
| (increased by share subscription rights) | (3,857.94) | (-) |
| Overview of potential shares without dilutive effect excluded from the formula of diluted income per share for the period / year | 6 type of share subscription rights (Number of shares to be issued upon exercise: 12,649,956 shares), and 1 type of restricted share (Number of shares: 9,550,000 shares) issued by consolidated subsidiary, Xinhua Finance Media Limited. | 5 types of share subscription rights (Number of shares to be issued upon exercise: 36,217 shares), and 6 types of restricted share (Number of shares: 6,937 shares) issued by the Company. 8 types of share subscription rights (Number of shares to be issued upon exercise: 12,019,631 shares), and 2 types of restricted share (Number of shares: 4,957,200 shares) issued by associate, Xinhua Finance Media Limited. |

(Significant subsequent events)

| <p>Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007)</p> | <p>Consolidated fiscal year - current year (From January 1, 2008 to December 31, 2008)</p> |
|--|--|
| <p>On February 19, 2008, Xinhua Finance Media Limited (“XFM”), a subsidiary of the Company, reached an agreement to issue USD30 million in convertible preferred shares to The Yucaipa Companies (“Yucaipa”).</p> <p>Upon this issuance, Yucaipa’s aggregate ownership in XFM’s common shares would amount to 12% of total shares outstanding, assuming full conversion of the preferred shares and including Yucaipa’s earlier purchase of USD25.7 million in common shares from existing shareholders in September 2007.</p> <p>The preferred shares will vote on an as-converted basis with the common shares.</p> <p>Yucaipa will be subject to a one year lock-up period before it can convert the preferred shares into common shares or American Depository Share (“ADS”). The preferred shares have an annual coupon of 8% payable in cash or stock at the Company’s option.</p> <p>Yucaipa will be entitled to retain one board seat for so long as Yucaipa continues to hold at least 50% of the purchased shares.</p> <p>Outline of Convertible preferred shares</p> <p>(1) Type of shares: Convertible preferred shares</p> <p>(2) Number of shares to be issued: 300,000 shares</p> <p>(3) Stated value per share: USD100.00</p> <p>(4) Total amount of issue: USD30million</p> <p>(5) Closing date: 29 February 2008</p> <p>(6) Conversion price: USD 3.00 per common shares, subject to customary adjustment (Conversion price represents a 31% premium to the closing price on February 15, 2008.)</p> | <p>1. Disposal of Market News International Inc.</p> <p>On January 26, 2009, the Group has sold all equity stake (100.0%) in Market News International Inc. (“MNI”).</p> <p>(1) Reason for the transfer of the subsidiary The Group has made a strategic decision to unlock shareholder value by focusing our resources on our core competency, which is providing valuable information to China’s financial information sector.</p> <p>(2) Purchaser Jasmine Acquisition Co.</p> <p>(3) Outline of MNI Address : New York, U.S.A. Business : Production of financial news and information and served for the global fixed income and foreign exchange market. Transactions with the Company : Not applicable</p> <p>(4) Outline of the sale (1) Number of shares sold: 100,000 shares (100%)</p> <p>(2) Total sale price: USD10 million in cash</p> |

| <p>Consolidated fiscal year - prior year (From January 1, 2007 to December 31, 2007)</p> | <p>Consolidated fiscal year - current year (From January 1, 2008 to December 31, 2008)</p> |
|--|--|
| | <p>2. Disposal of Shanghai Far East Credit Rating Co., Ltd.</p> <p>On December 30, 2008, the Group has signed an agreement to dispose its entire equity stake (50.0%) in Shanghai Far East Credit Rating Co., Ltd. (“SFE”).</p> <p>(1) Reason for the transfer of the subsidiary Given the current economic environment and the still evolving ratings sector in China, the corporate bond market in China has not developed as quickly as we had expected. As a result, we decided to withdraw from the investment in SFE and focus on research areas.</p> <p>(2) Purchaser Shanghai Dongxing Investment Holding Development Company (上海东兴投资控股发展公司)</p> <p>(3) Outline of SFE Address : Shanghai, PRC. Business : Local ratings provider Transactions with the Company : Not applicable</p> <p>(4) Outline of the sale (1) Number of shares sold: 15,000,000 shares (50%)</p> <p>(2) Total sale price: USD5.9 million in cash</p> |