

QUARTERLY REPORT

Xinhua Finance Limited

Type of Document: QUARTERLY REPORT

Applicable Clause: First clause of Article 24-4-7, Financial Instruments and Exchange Law

To: The Director of Kanto Local Finance Bureau

Filing Date: May 15, 2009

Quarterly Fiscal Year: The First Quarter of the Sixth Fiscal Year of 2009
(From January 1, 2009 to March 31, 2009)

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Name and Official Title of Representative of Company: Jae Lie
Chief Executive Officer

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Notes:

1. As used in this document, and unless otherwise described or the context otherwise requires, references are as follows:
 - “**Company**” or “**XFL**” or “**Xinhua Finance**” refers to Xinhua Finance Limited
 - “**GAAP**” refers to Generally Accepted Accounting Principles
 - “**Hong Kong**” refers to the Hong Kong Special Administrative Region
 - “**IFRS**” refers to International Financial Reporting Standards issued by the International Financial Reporting Standards Committee
 - “**RMB**” refers to Renminbi
 - “**US\$**” refers to United States Dollars, the lawful currency of United States of America
 - “**We**” or the “**Group**” refers to the Company and its consolidated subsidiaries
 - “**¥**” refers to Japanese Yen, the lawful currency of Japan

2. For convenience, conversion of U.S. dollars from our financial statements into Japanese yen is calculated by the foreign currency exchange rate (middle rate at US \$1.00 = ¥98.23 as of March 31, 2009) from the Tokyo Foreign Exchange Market, in accordance with Article 86 of the Rules Governing Term, Form and Preparation of Quarterly Financial Statements. U.S. dollar amounts are presented in thousands (rounded), and Japanese yen amounts are stated in millions (rounded). Please note that these Japanese yen amounts are stated only for the 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. Conversion of U.S. dollars from our financial statements into Hong Kong dollars is calculated using the foreign currency exchange rate of US \$1.00 = HK \$7.80.

3. Where figures in tables in this document have been rounded, the totals may not necessarily agree to the sum of the figures.

PART I CORPORATE INFORMATION

I. OUTLINE OF LEGAL AND OTHER SYSTEMS IN THE HOME COUNTRY

There have been no material changes in the Corporate System of the Country and State, the Corporate System as provided for in the Memorandum of Association and Articles of Association of the Company, foreign exchange control system and tax treatment during the first quarter of the financial year 2009 (this "Quarter").

II. OUTLINE OF THE GROUP

1. Trends in Key Financial Data

Consolidated key financial data

Term		The 1st consolidated (and accumulated) quarter of the 6th fiscal year	The 5 th consolidated fiscal year
Fiscal period		From January 1, 2009 to March 31, 2009	From January 1, 2008 to December 31, 2008
Turnover	US\$'000 JP¥'m	9,095 (893)	279,351 (27,441)
Ordinary income / loss (△)	US\$'000 JP¥'m	△7,306 (△718)	△54,789 (△5,382)
Net income / loss of the relevant quarter period (the year) (△)	US\$'000 JP¥'m	△11,511 (△1,131)	△268,322 (△26,357)
Net assets	US\$'000 JP¥'m	107,450 (10,555)	119,592 (11,748)
Total assets	US\$'000 JP¥'m	158,393 (15,559)	216,113 (21,229)
Net assets per share	US\$ JP¥	68.28 (6,707.14)	75.15 (7,381.98)
Net income / loss (△) per share	US\$ JP¥	△7.73 (△759.50)	△212.89 (△20,912.18)
Diluted EPS	US\$ JP¥	- (-)	- (-)
Capital adequacy ratio	(%)	64.2	51.7
Cashflow provided from (△used in) operating activities	US\$'000 JP¥'m	△5,611 (△551)	57,491 (5,647)
Cashflow provided from (△used in) Investing activities	US\$'000 JP¥'m	1,148 (113)	△82,347 (△8,089)
Cashflow from (△used in) financing activities	US\$'000 JP¥'m	△34,361 (△3,375)	△27,302 (△2,682)
Cash and cash equivalents, end of the quarter (the year)	US\$'000 JP¥'m	19,238 (1,890)	57,624 (5,660)
Number of employees		321	465
EBITDA	US\$'000 JP¥'m	△783 (△77)	△160 (△16)

Notes :

DOCS #278669 v3---*Please note that this document is a translation of the document prepared in the Japanese language and filed with the Kanto Local Finance Bureau.

1. Consumption tax is not included in turnover.
2. Regarding information on diluted net profits per share, as XFL is in a loss position such information is not stated herein, even if XFL has shares with dilutive effect.
3. The consolidated financial statements of the Group are stated in U.S. dollars. In accordance with Article 86 of the Rules Governing Term, Form and Preparation of Quarterly Financial Statements, the amounts in Japanese yen are calculated by the foreign currency exchange rate (middle rate), being US\$1.00=¥98.23, from the Tokyo Foreign Exchange Market as of March 31, 2009. U.S. dollar amounts are presented in thousands (rounded), and Japanese yen amounts are stated in millions (rounded). Please note that these Japanese yen amounts are stated only for the 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 above-mentioned exchange rate.
4. We define EBITDA in relation to our Japanese GAAP financial statements as operating income or loss plus depreciation, amortization of goodwill and amortization of deferred long term contracts within cost of sales. EBITDA is presented because we believe that it is an important measure of our financial performance. EBITDA is not a Japanese GAAP measurement and should not be considered in isolation or as a substitute for income or cash flow statement data prepared in accordance with applicable generally accepted accounting principles. It should be understood that items excluded in calculating EBITDA, such as depreciation and amortization, are significant components in understanding and assessing the Company's performance.
5. The disclosure documents of the Group included in this document have been prepared in accordance with Disclosure Rules for Financial Statements and in conformity with generally accepted accounting principles in Japan (Japanese GAAP). Additionally, financial statements in accordance with International Financial Reporting Standards (IFRS) have been prepared for global investors in accordance with the Company's past practice. Significant differences between Japanese GAAP and IFRS as applied to us include those relating to share issuance costs, listing related costs, amortization of goodwill and share based payments.

2. Business Overview

There have been no material changes in the business in this Quarter.

3. Related Companies

Changes in major related companies in this Quarter are as follows:

(1) Consolidated Subsidiaries

In this Quarter, the Group did not acquire any new consolidated subsidiaries.

In this Quarter, the Group sold all of its equity shares in Market News International and Shanghai Far East Credit Rating Co., Ltd, and as a result, they ceased to be consolidated subsidiaries of the Group in January 2009.

(2) Equity Method Affiliates

The Group sold shares of Shanghai Far East Credit Rating Co., Ltd that had held equity interest in Ningbo Far East Credit Rating Co., Ltd. (Ningbo), which had been accounted for by the equity method, and as a result, Ningbo was excluded from the scope of the equity method application.

4. Employees

(1) The Group:

As of March 31, 2009

	Headcount
TOTAL	321

Note: The decrease in headcount during this Quarter was 144, due mainly to the sale of Market News International and Shanghai Far East Credit Rating Co., Ltd. and the closure of the Asia news operations.

(2) The Company:

As of March 31, 2009

Number of Employees 3

III. CONDITION OF BUSINESS OF THE GROUP

1. Condition of Production, Order Acceptance and Sales

(1) Condition of Production and Order Acceptance:

As we are a services company, this is not applicable.

(2) Condition of Sales:

Please see “3 Analysis of financial condition and operating results”

2. Material Contracts Relating to Business

MARKET NEWS INTERNATIONAL INC

In January 2009, the Company completed the sale of its US-based news subsidiary Market News International Inc to Deutsche Bourse AG at a cash consideration of US\$10,000 thousand (¥982 million).

SHANGHAI FAR EAST CREDIT RATING CO. LTD.

In January 2009, the Company completed the sale of its credit ratings subsidiary Shanghai Far East Credit Rating Co., Ltd. to China Orient Asset Management Corporation at a cash consideration of US\$5,900 thousand (¥580 million).

REDEMPTION OF US\$38,943 THOUSAND OF 10% SENIOR GUARANTEED NOTES (“NOTES”)

In March 2009, the Company redeemed US\$38,943 thousand (¥3,825 million) of its Notes by using the proceeds from the sale of non core businesses.

3. Analysis of Financial Condition and Operating Results

(1) Operating results analysis

In the Index service line, we offer a broad series of benchmark and tradable indices, tracking the China equity and bond markets, through our partnerships with FTSE Group and Barclays Capital. During the quarter, we signed an Index Service Agreement with Dachang FMC, a local Chinese financial institution, to provide benchmarking services against our Chinese indices. Dachang FMC is a fund management company based in Shenzhen and is one of the ten largest fund management companies in China. At the end of the first quarter, the AUM tracking Xinhua FTSE index (“XFI”) indices or benchmarking against XFI products decreased to US\$110 billion, from US\$125 billion at the end of 2008 due mainly to the fall in stock market values.

In the Ratings service line, we publish Chinese company reports and industry studies on the China markets. During the quarter, the ratings team published the “2009 Competition in the China Securities Industry” report. Dr. Chung Hsing Chen, our Ratings head, was invited to speak at the 21st Century Capital Market 2009 Annual Conference which was attended by major institutional investors in China. The team also published 26 public information reports concerning the real estate and shipping/port sectors. These reports expanded our ratings coverage and provided insights and credit risk analysis in response to the global financial crisis with major emphasis on the potential impact on China’s real estate and infrastructure sectors.

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

*DOCS #278669 v3---*Please note that this document is a translation of the document prepared in the Japanese language and filed with the Kanto Local Finance Bureau.*

During the first three months of 2009, the Company redeemed US\$38,943 thousand (¥3,825 million) of its 10% Senior Guaranteed Notes due 2011 (the "Notes") by using the proceeds from the sale of non core businesses, leaving US\$12,318 thousand (¥1,210 million) of the Notes outstanding as at the end of March 2009.

Due to the sale of many of our non-core businesses, such as Mergent Inc and Washington Analysis, and the deconsolidation of Xinhua Sports and Entertainment Limited ("XSEL") (formerly known as Xinhua Finance Media Limited) in 2008, which constituted a large part of our business, it results in the significant difference in the FY2008 numbers and the FY2009 numbers.

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

Net Sales

Net Sales was US\$9,095 thousand (¥893 million) for the three months ended March 31, 2009, as compared to US\$63,491 thousand (¥6,237 million) for the three months ended March 31, 2008.

Lower net sales in 2009 is primarily due to the Company's much reduced size in 2009 as compared to 2008. This is the result of the deconsolidation of XSEL and the sale of non core businesses such as Mergent Inc and Washington Analysis in 2008, and the sale of Market News International Inc. ("Market News International") and Shanghai Far East Credit Rating Co., Ltd. ("Shanghai Far East") in 2009.

Cost of sales

Cost of sales was US\$ 3,396 thousand (¥334 million) for the three months ended March 31, 2009, as compared to US\$33,769 thousand (¥3,317 million) for the three months ended March 31, 2008.

Lower cost of sales in 2009 is primarily due to the Company's much reduced size in 2009 as compared to 2008. This is the result of the deconsolidation of XSEL and the sale of non core businesses such as Mergent Inc and Washington Analysis in 2008, and the sale of Market News International and Shanghai Far East in 2009.

Gross profit margin

Gross profit margin was 62.7% for the three months ended March 31, 2009 versus 46.8% for the three months ended March 31, 2008. The higher gross profit margin in 2009 was mainly the result of the deconsolidation of XSEL, as XSEL has a lower gross profit margin.

Selling, general and administrative expenses

Selling, general, and administrative expenses were US\$6,903 thousand (¥678 million) for the three months ended March 31, 2009, versus US\$42,156 thousand (¥4,141 million) for the three months ended March 31, 2008.

Lower selling, general and administrative expenses in 2009 is primarily due to the Company's much reduced size in 2009 as compared to 2008. This is the result of the deconsolidation of XSEL and the sale of non core businesses such as Mergent Inc and Washington Analysis in 2008, and the sale of Market News International and Shanghai Far East in 2009. The reduction is also attributable to reductions in corporate costs from a year ago.

Operating income

Operating loss was US\$1,204 thousand (¥118 million) for the three months ended March 31, 2009, versus operating loss of US\$12,435 thousand (¥1,221 million) for the three months ended March 31, 2008.

The smaller operating loss in 2009 is primarily due to the Company's lower selling general and administrative expenses, and lower depreciation, as a result of the Company's much reduced size in 2009 as compared to 2008. The improvement is also attributable to reductions in corporate costs from a year ago.

Ordinary income

Ordinary loss was US\$7,306 thousand (¥718 million) for the three months ended March 31, 2009, versus ordinary loss of US\$11,223 thousand (¥1,102 million) for the three months ended March 31, 2008.

The smaller ordinary loss in 2009 is primarily due to the Company's lower operating loss, as described above. Other major variances in ordinary loss include the sharing of the results of XSEL in 2009 as it is accounted for as an associated company instead of a consolidated subsidiary. In addition, a foreign exchange loss of US\$414 thousand (¥41 million) was recorded in the first quarter of 2009, whereas an exchange gain of US\$3,234 thousand (¥318 million) was recorded in the first quarter of 2008.

Net income for the period

Net loss was US\$11,511 thousand (¥1,131 million) for the three months ended March 31, 2009, versus net loss of US\$12,423 thousand (¥1,220 million) for the three months ended March 31, 2008.

EBITDA

EBITDA was a loss of US\$783 thousand (¥77 million) for the three months ended March 31, 2009, versus a loss of US\$715 thousand (¥70 million) for the three months ended March 31, 2008.

(2) Total Assets, Net Assets and Liabilities Analysis

Total Assets

Total Assets as at March 31, 2009, was US\$158,393 thousand (¥15,559 million) compared to US\$1,025,081 thousand (¥100,694 million) as at March 31, 2008. Lower Total Assets as at March 31, 2009 is mainly due to the reduced size of the Company in 2009. This is the result of the deconsolidation of XSEL and the sale of non core businesses such as Mergent Inc and Washington Analysis in 2008, and the sale of Market News International and Shanghai Far East in 2009.

Total Net Assets

Total Net Assets as at March 31, 2009, was US\$107,450 thousand (¥10,555 million) compared to US\$577,794 thousand (¥56,757 million) as at March 31, 2008. Lower Total Net Assets as at March 31, 2009 is mainly due to the reduced size of the Company in 2009. This is the result of the deconsolidation of XSEL and the sale of non core businesses such as Mergent Inc and Washington Analysis in 2008, and the sale of Market News International and Shanghai Far East in 2009.

Total Liabilities

Total Liabilities as at March 31, 2009, was US\$50,943 thousand (¥5,004 million) compared to US\$447,287 thousand (¥43,937 million) as at March 31, 2008. Lower Total Liabilities as at March 31, 2009 is mainly due to the reduced size of the Company in 2009. This is the result of the deconsolidation of XSEL and the sale of non core businesses such as Mergent Inc and Washington Analysis in 2008, and the sale of Market News International and Shanghai Far East in 2009.

(3) Cash Flow Analysis

Operating activities

Net cash used in operating activities amounted to US\$5,611 thousand (¥551 million) for the quarter ended March 31, 2009.

Investing activities

Net cash obtained in investing activities amounted to US\$1,148 thousand (¥113 million) for the quarter ended March 31, 2009.

Financing Activities

Cashflow used in financing activities amounted to US\$34,361 thousand (¥3,375 million) for the quarter ended March 31, 2009.

Cash Balance

As a result of the activities described in "Operating Activities", "Investing Activities" and "Financing Activities" above, the net cash and cash equivalents was US\$19,238 thousand (¥1,890 million) as at the end of the quarter. The ending

cash and bank balance was US\$37,395 thousand (¥3,673 million) as at the end of the quarter, shown on the balance sheet.

(4) Operational or Financial Issues to be dealt with

The Company did not have any material change in, or any material new occurrence of, operational or financial issues to be dealt with during the period of the first quarter of FY2009.

(5) Research and Development

The Company did not have any research and development during the period of the first quarter of FY2009.

IV. CONDITION OF FACILITIES

1. Relocation of major facilities

There was no material change to major facilities during this Quarter.

2. Plans for new creation and disposal of facilities

There was no material change or new fixed plan for the new creation, expansion, renovation, disposal or sale of facilities as at the end of the previous consolidated fiscal year, during this Quarter.

V. CONDITION OF THE REPORTING COMPANY

1. Condition of Shares, etc. (As of March 31, 2009)

(1) Total number of shares, etc.

Number of Authorized Shares:	2,500,000
Total Number of Shares Outstanding:	1,490,105.79
Number of Shares Unissued:	1,009,894.21
Warrants and Options to Subscribe For the Equivalent Number of Ordinary Shares*:	3,100
Number of options to subscribe for equivalent number of ordinary shares committed to be issued pursuant to an Employee Stock Compensation Plan**:	28,018

FULLY DILUTED SHARES: 1,521,223.79

Notes :

* The following table sets forth certain information regarding grants of options and warrants (save and except share options granted to employees under the Employee Stock Compensation Plan) to acquire our shares:

** The Company has established an employee stock compensation plan, which is administered by the compensation committee. It provides for coverage to include employees, directors, consultants and/or advisors and any others as determined by the board. The share price or option price (as the case may be) is determined by the committee but may not be below par value. The share pool is subject to adjustment but may not exceed 20% of the Enlarged Share Capital of the Company. Enlarged Share Capital is defined as the fully-diluted total outstanding share capital of the Company.

Date of Grant	# of warrants/options	Class	# of shares	Amount to be paid (per share)	Amount to Share Capital (per share)	Exercise Period	Transferable	Other material terms
9-Feb-05	Options to subscribe for 600 ordinary shares	Ordinary	600	US\$666.67	HK\$20	9 February 2005 to 9 February 2015	Option shall not be assignable	--
31-Jan-06	Options to subscribe for 2,500 ordinary shares	Ordinary	2,500*	JPY71,844	HK\$20	30 April 2006 to 1 February 2016	Option shall not be assignable	--

* The options to subscribe for 1,500 shares lapsed on 2 April, 2009.

The following table sets forth certain information as of March 31, 2009 regarding the options granted pursuant to the Employee Stock Compensation Plan.

	Number of Options	Issue Price of the Shares to be Issued upon the Exercise of the Options (per share)	Amount of Increase in the Share Capital Amount of the Shares to be Issued upon the Exercise of Options (per share)
Options granted pursuant to the Employee Stock Compensation Plan for 2005	9,601	JPY49,316	HK\$20
Options granted pursuant to the Employee Stock Compensation Plan for 2006	18,417	JPY71,844	HK\$20

Details of Shares Outstanding

Registered / bearer shares And Par value or no-par-value	Registered shares with par value of HK\$20.00 per share
Class:	Ordinary
Number of shares outstanding:	1,490,105.79 (as of March 31, 2009)
Name of financial instruments exchange or authorized financial instruments firms association in which shares are listed or registered	Tokyo Stock Exchange (Mothers Section)
Content:	Ordinary share of the Company with full voting right

(2) Total number of shares issued and changes in capital stock

Date	Remarks	Number of Shares Increased	Cumulative Number of Shares Issued*	Increase in Total Capital US\$*	Cumulative Total Capital US\$ (JPY)*
As of 1-Jan-09			1,486,051.79		381,588,526 (34,736,003,538)
19-Jan-09	Share issuance to a consultant	4,000	1,490,051.79	16,610.79	381,605,137 (34,737,635,216)
19-Jan-09	Share issuance related to employee compensation	54	1,490,105.79	1,063,088.18	382,668,225 (34,842,062,368)
As of 31-Mar-09			1,490,105.79		382,668,225 (34,842,062,368)

Notes : * "Total Capital" includes share capital and share premium.

No option was exercised in this Quarter.

(3) Major Shareholders

To the knowledge of the Company, there was no change in major shareholders in this Quarter.

2. Trend in Share Prices

The following table provides the highest and lowest share prices for each month during this Quarter on The Tokyo Stock Exchange.

Month	Share Price High (Yen)	Share Price Low (Yen)
January 2009	2,595	1,232
February 2009	1,645	1,036
March 2009	1,480	1,130

3. Director and Officers

The change in director during this Quarter was the resignation of Fredy Bush on January 23, 2009. Ms. Bush resigned as a director, member of the Investment Committee and Executive Vice Chairman of the Company with effect from 23 January 2009.

There is no change in directors and executive officers since the annual securities report for the fiscal year 2008 was filed on May 11, 2009.

VI. FINANCIAL CONDITION

1. Basis of presenting quarterly consolidated financial statements

- (1) The quarterly consolidated financial statements of the Company were prepared in accordance with “Rules Governing Term, Form and Preparation of Quarterly Consolidated Financial Statements” (Cabinet Office Regulations the 64th, 2007, which is hereinafter referred to as “Quarterly Consolidated Financial Statements Rule”).
- (2) The third clause of Article 83 of the Quarterly Consolidated Financial Statements Rule is applied to the financial information of the Company.
- (3) The quarterly consolidated financial statements of the Company are stated in U.S. dollars. The amounts in Japanese yen are calculated by the foreign currency exchange rate (mean of the buying and selling rates) in the Tokyo Foreign Exchange Market as of March 31, 2009, which is calculated as US\$1 = 98.23 Japanese yen, in accordance with Article 86 of the Quarterly Financial Statements Rules. U.S. dollar amounts are presented in thousands (rounded), and Japanese yen amounts are stated in millions (rounded). Please note that the Japanese yen amounts are stated for convenience only. The amounts in U.S. dollar may not have been or may not be exchanged to Japanese yen amounts calculated by the abovementioned exchange rate.

2. Audit certification

Pursuant to Article 193-2, term 1 of the Financial Instruments and Exchange Law, Deloitte Touche Tohmatsu has performed a quarterly review on the quarterly consolidated financial statements of the Company for the period from January 1, 2009 to March 31, 2009.

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1. Quarterly Consolidated Financial Information

① Quarterly consolidated balance sheets

		1st quarter Consolidated fiscal period - current year (As of March 31, 2009) (Unit: Thousands of U.S. Dollars)	1st quarter Consolidated fiscal period - current year (As of March 31, 2009) (Unit: Millions of Japanese Yen)	Consolidated fiscal year - prior year (As of December 31, 2008) (Unit: Thousands of U.S. Dollars)	Consolidated fiscal year - prior year (As of December 31, 2008) (Unit: Millions of Japanese Yen)
Assets					
Current assets					
Cash and deposits	※1	37,395	3,673	75,289	7,396
Accounts receivable-trade	※2	6,333	622	8,203	806
Short-term investment securities		-	-	756	74
Accounts receivable-other		6,112	600	5,014	493
Short-term loans receivable		6,420	631	-	-
Other	※2	3,999	393	14,337	1,408
Total current assets		60,260	5,919	103,600	10,177
Non-current assets					
Property, plant and equipment					
Buildings and structures		1,075	106	5,566	547
Accumulated depreciation		△ 514	△ 51	△ 1,950	△ 192
Buildings and structures, net		561	55	3,616	355
Tools, furniture and fixtures		3,565	350	8,095	795
Accumulated depreciation		△ 2,278	△ 224	△ 5,940	△ 583
Tools, furniture and fixtures, net		1,287	126	2,155	212
Total property, plant and equipment		1,848	182	5,772	567
Intangible assets					
Goodwill		5,216	512	15,114	1,485
Others		959	94	1,033	101
Total intangible assets		6,175	607	16,147	1,586
Investments and other assets					
Investment securities		21	2	205	20
Stocks of subsidiaries and affiliates		81,959	8,051	89,062	8,749
Investments in capital of subsidiaries and affiliates		-	-	188	18
Other	※2	7,880	774	-	-
Total investments and other assets		89,861	8,827	89,455	8,787
Total non-current assets		97,884	9,615	111,373	10,940
Deferred assets					
Bond issuance costs		250	25	1,140	112
Total deferred assets		250	25	1,140	112
Total assets		158,393	15,559	216,113	21,229

		1st quarter Consolidated fiscal period - current year (As of March 31, 2009) (Unit: Thousands of U.S. Dollars)	1st quarter Consolidated fiscal period - current year (As of March 31, 2009) (Unit: Millions of Japanese Yen)	Consolidated fiscal year - prior year (As of December 31, 2008) (Unit: Thousands of U.S. Dollars)	Consolidated fiscal year - prior year (As of December 31, 2008) (Unit: Millions of Japanese Yen)
Liabilities					
Current liabilities					
Accounts payable-trade		1,631	160	5,804	570
Current portion of bond		2,897	285	41,474	4,074
Short-term loans payable	※1,3	22,211	2,182	16,208	1,592
Income taxes payable		1,555	153	2,372	233
Accounts payable-other		1,272	125	1,971	194
Accrued expenses		9,021	886	15,313	1,504
Unearned revenue		1,700	167	1,685	166
Notes payable-non-operating		22	2	44	4
Lease obligations	※1	9	1	9	1
Other		319	31	452	44
Total current liabilities		40,636	3,992	85,333	8,382
Non-current liabilities					
Bonds payable		9,360	919	9,508	934
Lease obligations	※1	2	0	4	0
Long-term accounts payable-other		400	39	400	39
Deferred tax liabilities		182	18	202	20
Others		363	36	1,074	105
Total non-current liabilities		10,307	1,012	11,188	1,099
Total liabilities		50,943	5,004	96,521	9,481
Net Assets					
Shareholders' equity					
Capital stock		3,821	375	3,810	374
Capital surplus		402,763	39,563	401,693	39,458
Retained earnings		△ 281,060	△ 27,609	△ 269,549	△ 26,478
Total shareholders' equity		125,524	12,330	135,955	13,355
Valuation and translation adjustments					
Valuation differences on available-for-sale securities		-	-	40	4
Foreign currency translation adjustments	※4	△ 23,774	△ 2,335	△ 24,320	△ 2,389
Total valuation and translation adjustments		△ 23,774	△ 2,335	△ 24,280	△ 2,385
Subscription rights to shares		798	78	1,797	177
Minority interests		4,904	482	6,120	601
Total net assets		107,450	10,555	119,592	11,748
Total liabilities and net assets		158,393	15,559	216,113	21,229

② Quarterly consolidated income statements

First quarter consolidated income statements

	1st quarter Consolidated fiscal period - current year (From January 1, 2009 to March 31, 2009) (Unit: Thousands of U.S. Dollars)	1st quarter Consolidated fiscal period - current year (From January 1, 2009 to March 31, 2009) (Unit: Millions of Japanese Yen)
Net sales	9,095	893
Cost of sales	3,396	334
Gross profit	5,699	560
Selling, general and administrative expenses		
Directors' compensations	158	16
Salaries and allowances	2,922	287
Advertising expenses	36	4
Depreciation	271	27
Amortization of goodwill	129	13
Others	3,387	333
Total selling, general and administrative	6,903	678
Operating loss (△)	△ 1,204	△ 118
Non-operating income		
Interest and dividend income	527	52
Commission fee	256	25
Others	246	24
Total non-operating income	1,028	101
Non-operating expenses		
Interest expenses	2,251	221
Foreign exchange loss	414	41
Equity in loss of affiliates	4,465	439
Total non-operating expenses	7,130	700
Ordinary loss (△)	△ 7,306	△ 718
Extraordinary gains		
Gain on sales of stocks of subsidiaries and affiliates	827	81
Total extraordinary gains	827	81
Extraordinary losses		
Loss on change in equity	2,555	251
Loss on sales of stocks of subsidiaries and affiliates	553	54
Others	193	19
Total extraordinary losses	3,301	324
Loss before income taxes and minority interests (△)	△ 9,781	△ 961
Income taxes (current)	△ 4	△ 0
Income taxes (deferred)	△ 9	△ 1
Total income tax	△ 13	△ 1
Minority interests in income	1,743	171
Net loss for the period (△)	△ 11,511	△ 1,131

③ Quarterly consolidated cashflow statements

		1st quarter Consolidated fiscal period (From January 1, 2009 to March 31, 2009) (Unit: Thousands of US dollars)	1st quarter Consolidated fiscal period (From January 1, 2009 to March 31, 2009) (Unit: Millions of Japanese Yen)
Net cash provided by (used in) operating activities			
Loss before income taxes and minority interests (△)		△ 9,781	△ 961
Depreciation		292	29
Amortization of goodwill		129	13
Interest and dividends income		△ 527	△ 52
Interest expenses		2,251	221
Gain (loss) on change in equity (△ : gain)		2,555	251
Equity in gain (loss) of affiliates (△ : gain)		4,465	439
Gain (loss) on sales of stocks of subsidiaries and affiliates (△ : gain)		△ 273	△ 27
Increase (decrease) in accounts receivable (△ : increase)		607	60
Increase (decrease) in accounts payable (△ : decrease)		△ 380	△ 37
Other, net		△ 4,771	△ 469
Subtotal		△ 5,433	△ 534
Income taxes paid		△ 178	△ 18
Net cash provided by (used in) operating activities (△: used in)		△ 5,611	△ 551
Net cash provided by (used in) investment activities			
Interest and dividends income received		527	52
Purchase of property, plant and equipment		△ 86	△ 8
Payments of short-term loans receivable		△ 6,420	△ 631
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation		7,128	700
Net cash provided by (used in) investing activities (△: used in)		1,148	113
Net cash provided by (used in) financing activities			
Interest expenses paid		△ 1,336	△ 131
Increase (decrease) in deposit pledged (△: increase)		△ 152	△ 15
Redemption of bonds		△ 38,943	△ 3,825
Net increase (decrease) in short-term loans payable (△: decrease)		6,071	596
Net cash provided by (used in) financing activities (△: used in)		△ 34,361	△ 3,375
Effect of exchange rate change on cash and cash equivalents		437	43
Net increase (decrease) in cash and cash equivalents (△ : decrease)		△ 38,387	△ 3,771
Cash and cash equivalents at beginning of period		57,624	5,660
Cash and cash equivalents at end of period	※	19,238	1,890

Substantial doubt about its ability to continue as a going concern

1st quarter - consolidated fiscal period - current year (From January 1, 2009 to March 31, 2009)

Not applicable.

Change in basis of presenting quarterly consolidated financial statements

1st quarter - Consolidated fiscal period - current year (From January 1, 2009 to March 31, 2009)
1 Change in scope of consolidation
(1) Change in scope of consolidation Market News International Inc. and its subsidiary and Shanghai Far East Credit Rating Co. Ltd. and its 6 subsidiaries, are excluded from the scope of consolidation due to sale of shares.
(2) The number of consolidated subsidiaries after the change: 26
2 Change in scope of equity method
(1) Change in scope of company accounted by the equity method NingBo Far East Credit Rating Co. Ltd (NingBo), which had been accounted by the equity method, was excluded from the scope of the equity method application because the Company sold shares of Shanghai Far East Credit Rating Co. that had held equity interest in NingBo.
(2) The number of associated companies after the change: 1
3 Change in accounting policies Not applicable.

Adoption of simplified accounting methods

1st quarter - Consolidated fiscal period - current year (From January 1, 2009 to March 31, 2009)
Not applicable.

Additional information

1st quarter - Consolidated fiscal period - current year (From January 1, 2009 to March 31, 2009)
Conversion of dollars into yen In accordance with the Article 86 of the Quarterly Financial Statements rules, the amounts in Japanese yen are calculated by the foreign currency exchange rate (middle rate), being US\$1.00=98.23, from the Tokyo Foreign Exchange Market as of March 31, 2009. The Japanese yen amounts are stated only for purpose of convenience. Therefore it is not assured that the amounts in U.S. Dollars could be exchanged to Japanese yen amounts calculated by the abovementioned exchange rate.

Footnote Information

(Quarterly consolidated balance sheets)

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

1st quarter - Consolidated fiscal period - current year (As of March 31, 2009)	Consolidated fiscal year - prior year (As of December 31, 2008)
<p>※1 Assets collateralized and corresponding liabilities</p> <p>Assets collateralized</p> <p>Bank deposit</p> <p style="text-align: right;">18,157 (1,784)</p> <p>Corresponding liabilities</p> <p>Short-term loan payable</p> <p style="text-align: right;">15,944 (1,566)</p>	<p>※1 Assets collateralized and corresponding liabilities</p> <p>Assets collateralized</p> <p>Bank deposit</p> <p style="text-align: right;">18,004 (1,769)</p> <p>Corresponding liabilities</p> <p>Short-term loan payable</p> <p style="text-align: right;">15,969 (1,569)</p> <p>Lease obligations</p> <p style="text-align: right;">9 (1)</p> <p>Lease obligations</p> <p style="text-align: right;">4 (0)</p>
<p>※2 Assets are presented after deduction of allowance for doubtful accounts.</p> <p>Amounts deducted from current assets:</p> <p style="text-align: right;">380 (37)</p> <p>Amounts deducted from investment and other assets:</p> <p style="text-align: right;">7,417 (729)</p>	<p>※2 Assets are presented after deduction of allowance for doubtful accounts.</p> <p>Amounts deducted from current assets:</p> <p style="text-align: right;">7,581 (745)</p>
<p>※3 Xinhua Financial Network (Shanghai) Ltd., Xinhua Financial Network Korea Company Limited, and Shanghai Huacai Investment Advisory Company Limited have line of credit agreements with banks. The amount of the lines of credit and the balance outstanding under the agreements at March 31, 2009 are as follows:</p> <p>Total amount of the line of credit</p> <p style="text-align: right;">30,255 (2,972)</p> <p>Outstanding balance</p> <p style="text-align: right;">16,041 (1,576)</p> <hr/> <p>Remaining amount of the line of credit</p> <p style="text-align: right;">14,214 (1,396)</p>	<p>※3 Xinhua Financial Network (Shanghai) Ltd., Xinhua Financial Network Korea Company Limited, and Shanghai Huacai Investment Advisory Company Limited have line of credit agreements with banks. The amount of the lines of credit and the balance outstanding under the agreements at December 31, 2008 are as follows:</p> <p>Total amount of the lines of credit</p> <p style="text-align: right;">30,308 (2,977)</p> <p>Outstanding balance</p> <p style="text-align: right;">16,071 (1,579)</p> <hr/> <p>Remaining amount of the lines of credit</p> <p style="text-align: right;">14,237 (1,398)</p>
<p>※4 This account includes the difference arising on the translation of Xinhua Finance Limited's functional currency into reporting currency.</p>	<p>※4 Same as on the left.</p>
<p>※1-4 notes correspond with ※1-4 as denoted in the consolidated balance sheet.</p>	<p>Same as on the left.</p>

(Quarterly consolidated income statements)

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

1st quarter - Consolidated fiscal period - current year (From January 1, 2009 to March 31, 2009)
Not applicable.

(Consolidated cashflow statements)

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

1st quarter - Consolidated fiscal period - current year (From January 1, 2009 to March 31, 2009)	
※ Reconciliation between ending balance of cash and cash equivalents in the 1st quarter consolidated cashflow statement and balance in the consolidated balance sheet:	
Cash and deposits	37,395
	(3,673)
Deposit pledged as collateral	△18,157
	(△1,784)
Cash and cash equivalents	19,238
	(1,890)

(Shareholders' equity)

1st quarter - Consolidated fiscal period - current year (As of March 31, 2009 and from January 1, 2009 to March 31, 2009)

1. Number and class of issued shares
Ordinary share 1,490,106 shares
2. Number and class of repurchased shares
Not applicable.
3. Share subscription rights
The ending balance of share subscription rights granted by the Company as share option rights is USD 798 thousand (JPY 78 million).
4. Dividend
Not applicable.

(Segment information)

【Business segmental information】

1st quarter - Consolidated fiscal period - current year (From January 1, 2009 to March 31, 2009)

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

【Regional segmental information】

1st quarter - Consolidated fiscal period - current year (From January 1, 2009 to March 31, 2009)

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

	Japan	Asia	North America	Others	Total	Eliminated or unallocated	Consolidated
Sales							
(1) Outside customer	133 (13)	6,657 (654)	2,279 (224)	26 (3)	9,095 (893)	- (-)	9,095 (893)
(2) Inter segment or transfer	- (-)	2,887 (284)	47 (5)	2,051 (201)	4,984 (490)	△ 4,984 (△490)	- (-)
Total	133 (13)	9,543 (937)	2,326 (228)	2,077 (204)	14,079 (1,383)	△ 4,984 (△490)	9,095 (893)
Operating income / loss (△)	△ 31 (△3)	3,788 (372)	△ 1,029 (△101)	△ 3,929 (△386)	△ 1,202 (△118)	△ 2 (△0)	△ 1,204 (△118)

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.

【Overseas sales】

1st quarter - Consolidated fiscal period - current year (From January 1, 2009 to March 31, 2009)

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

	Asia	North America	Europe	Others	Total
I Oversea sale	4,782 (470)	1,107 (109)	2,919 (287)	2 (0)	8,809 (865)
II Consolidated sale	- (-)	- (-)	- (-)	- (-)	9,095 (893)
III Ratio of overseas sales which accounts for consolidated sale (%)	52.6%	12.2%	32.1%	0.0%	96.9%

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 than Japan.

(Per share information)

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

1st quarter - Consolidated fiscal period - current year (As of March 31, 2009)	Consolidated fiscal year - prior year (As of December 31, 2008)
Net assets per Share 68.28 (6,707.14)	Net assets per Share 75.15 (7,381.98)

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

1st quarter - Consolidated fiscal period - current year (From January 1, 2009 to March 31, 2009)
Net loss per share 7.73 (759.50)
As the Group is in a loss position, diluted net loss per share information is not stated.

(Note) Basis of calculation for the net loss

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

Item	1st quarter - Consolidated fiscal period - current year (From January 1, 2009 to March 31, 2009)
Net loss for the period	11,511 (1,131)
Net income NOT attributed to ordinary shareholders	- (-)
Net loss attributed to ordinary shares	11,511 (1,131)
Average number of ordinary shares during the period (shares)	1,488,739.27
Overview of potential shares without dilutive effect excluded from the formula of diluted income per share for the period and changed significantly from consolidated fiscal year – prior year	-

(Significant subsequent events)

Not applicable.

2 Other

Not Applicable.

VII. TREND IN FOREIGN EXCHANGE RATES

Since the foreign exchange rate between JPY and USD is published in more than two Japanese daily newspapers, the information is omitted.

PART II. INFORMATION ON THE GUARANTOR, ETC.

I. INFORMATION ON THE GUARANTOR

Not Applicable.

II. INFORMATION ON THE COMPANIES OTHER THAN THE GUARANTOR

Not Applicable.

III. INFORMATION ON INDEX, ETC.

Not Applicable.