

Cedyna Financial Corporation



Consolidated Financial Results for the Six Months ended September 30, 2009

Cedyna Financial Corporation

November 13, 2009

Code Number:	8258
Shares Listed on:	First Section of The Tokyo Stock Exchange First Section of The Nagoya Stock Exchange (URL: http://www.cedyna.co.jp)
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【Disclaimer】

This is an English translation of the original Japanese document extracted from the Japanese Financial Statements (Kessan Tanshin) filed with the Tokyo Stock Exchange on November 13, 2009.

All the financial information has been prepared in accordance with the Japanese generally accepted accounting principles. The document herein contains forward-looking statements based upon the judgment of Cedyna's management in view of the information currently available.

Actual results may be significantly affected by various factors, including but not limited to, changes in the Japanese economy and the business environment surrounding Cedyna Financial Corp.

Cedyna Financial Corporation

1. Consolidated operating results and financial condition for the first half (April 1, 2009 to September 30, 2009)

(1) Consolidated Operating Results	(Amounts rounded off to million yen)			
	Six Months ended September 30, 2009		Six Months ended August 31, 2008	
	Millions of yen	% change	Millions of yen	% change
Operating revenues	118,294	-	68,039	-12.6
Operating income	-23,455	-	4,245	160.7
Ordinary income	-22,255	-	4,403	162.2
Net income	-40,050	-	4,027	-
Net income per share	¥-82.55		¥19.04	
Net income per share - fully diluted	-		-	

Note1: We have not reported diluted net income per share for the first half, despite the existence of potential shareholders, as we incurred a net loss in this first half.

Note2: The figures for the previous first half of FY2008 are those of the surviving company, OMC Card, Inc. Additionally, the first half period of FY2008 covers 6 months between March 1, 2008 and August 31, 2009, as the fiscal year ended March 2009 was an irregular 13-month term due to a change in the accounting period.

(2) Consolidated Financial Condition

	As of September 30, 2009	As of March 31, 2009
Total assets	2,354,783 million yen	619,652 million yen
Net asset value	68,690 million yen	70,506 million yen
Shareholders' equity ratio	2.9%	11.3%
Shareholders' equity per share	¥140.82	¥252.36

Reference:

Net asset value (excluded minority interest):	
1st half ended September 30, 2009:	68,364 million yen
Year ended March 31, 2009:	70,214 million yen

2. Dividend

	Year ending March 31, 2010	Year ending March 31, 2010 (projected)	Year ended March 31, 2009
Dividend per share for the year			
End of the first quarter	-	-	-
End of the first half	¥0.00		¥0.00
End of the third quarter		-	-
End of term		¥0.00	¥0.00
Total amount (full year)		¥0.00	¥0.00

Note: Revisions made in the first quarter to dividends forecast: No

3. Consolidated projection for the year ending March 31, 2010 (April 1, 2009 to March 31, 2010)

(The percentage figures shown in operating revenue, operating income, ordinary income and net income columns represent year-on-year changes.)

	Year ending March 31, 2010	
	Full year	
	Millions of yen	% change
Operating revenue	232,000	-
Operating income	-17,800	-
Ordinary income	-16,600	-
Net income	-34,700	-
Projected net income per share	¥-71.48	

※ Revisions made in the first half to consolidated earnings forecast figures: Yes

※ The company merged with Central Finance Co., Ltd. and QUOQ Inc. as of April 1, 2009. As the fiscal year ended March 2009 was an irregular 13-month term due to a change in the accounting period, year-on-year changes are not presented.

4. Other

(1) Significant changes in subsidiaries during the term

(Changes to specific subsidiaries accompanying changes in the scope of consolidation) : None

(2) Use of simplified accounting method : Used

(3) Changes in accounting principles, procedures or methods of presentation for preparing consolidated financial statements.
(Those to be described in the section of significant accounting policies for preparing consolidated financial statements):

- ① Changes due to revision of accounting principles: Yes
② Changes other than ①: None

(4) Shares issued and outstanding (common stock):

① Number of shares issued and outstanding at the end of the period (including treasury stock):

1st half ended September 30, 2009: 487,596,479 shares

Year ended March 31, 2009: 280,348,682 shares

② Number of treasury stock at the end of the period:

1st half ended September 30, 2009: 2,118,345 shares

Year ended March 31, 2009: 2,116,000 shares

③ Number of average shares for the period:

1st half ended September 30, 2009: 485,182,656 shares

1st half ended August 31, 2008: 211,566,699 shares

[Reference]

Non-consolidated projection for the year ending March 31, 2010 (April 1, 2009 to March 31, 2010)

(The percentage figures shown in operating revenue, operating income, ordinary income and net income columns represent year-on-year changes.)

	Year ending	
	March 31, 2010	
	Full year	
	Millions of yen	% change
Operating revenue	221,500	-
Operating income	-19,300	-
Ordinary income	-18,100	-
Net income	-35,600	-
Projected net income per share	¥-73.33	

※ The company merged with Central Finance Co., Ltd. and QUOQ Inc. as of April 1, 2009.

As the fiscal year ended March 2009 was an irregular 13-month term due to a change in the accounting period, year-on-year changes are not presented.

Cedyna Financial Corporation

< Qualitative Information and Financial Statements >

[Financial position]

At the end of September 30, 2009, total assets were ¥2,354,783 million. Current assets amounted to ¥2,247,197 million, fixed assets amounted to ¥107,418 million.

On the Liabilities, it totaled ¥2,286,092 million. Current liabilities amounted to ¥1,731,596 million, long-term liabilities amounted to ¥554,496 million.

As the Company merged with Central Finance Co., Ltd, and QUOQ Inc. with effect from April 1, 2009, it assumed assets and liabilities of Central Finance of ¥1,071,510 million and ¥1,062,145 million respectively and assets and liabilities of QUOQ of ¥727,976 million and ¥712,556 million respectively.

Net assets at the end of September 30, 2009 amounted to ¥68,690 million.

[Projection of consolidated earnings for the year ending March 31, 2010]

In the consolidated accounting period for the first half (between April 1, 2009 and September 30, 2009), as operating revenues and operating expenses amounted to ¥118,294 million and ¥141,750 million, we incurred ordinary loss of ¥-22,255 million. This figure is, however, better than had been originally expected.

In the second quarter (between July 1, 2009 and September 30, 2009), we reported ordinary income of ¥3,440 million and net income of ¥6,595 million, mainly as we vigorously promoted drastic structure reforms such as a voluntary retirement scheme. As we confirmed that we would be able to benefit from the positive effect of such reforms in the third quarter and thereafter, we have revised up our consolidated earnings forecast previously announced. Although consolidated operating revenues are forecast to be ¥232,000 million, slightly lower than the previous forecast, operating loss, ordinary loss and net loss are forecast to be ¥-17,800 million, ¥-16,600 million and ¥-34,700 million, which are all better than the previous forecasts.

Non-consolidated operating revenues, operating loss, ordinary loss and net loss are expected to be ¥221,500 million, ¥-19,300 million, ¥-18,100 million and ¥-35,600 million respectively.

[Other]

1. Significant changes in subsidiaries during the term

(Changes to specific subsidiaries accompanying changes in the scope of consolidation) : None

2. Use of simplified accounting method and special accounting methods for the preparation of quarterly consolidated financial statements

(1) Calculation method for depreciation expense of fixed assets

For assets to which the declining-balance method is applied, the Company has adopted a calculation method by which the amount of depreciation expense for the consolidated accounting period is time-apportioned over the quarterly periods.

(2) Calculation method for income taxes

In calculating income taxes payable, the Company has adopted a basis by which only significant items decreasing or increasing tax liabilities or giving rise to a tax credit are included in the calculation.

3. Revisions in accounting principles, procedures and presentations used for quarterly consolidated financial statements

(1) Accounting standard for quarterly consolidated financial statements

Beginning with the current fiscal year, Cedyna is using the "Accounting Standards for Quarterly Financial Statements" (Accounting Standards Board of Japan Statement No. 12) and "Implementation Guidance for Accounting Standards for Quarterly Financial Statements" (Accounting Standards Board of Japan Implementation Guidance No. 14). In addition, the quarterly financial statements have been prepared in accordance with "Rules for Quarterly Consolidated Financial Statements."

(2) Adoption of accounting standards for the valuation of inventories

To date, we have employed a cost basis valuation based on the specific cost method in our valuation of inventories. Following the adoption of the Accounting Standard for the Valuation of Inventories (ASBJ Statement No. 9, issued on July 5, 2006) with effect from the first quarter of the current consolidated accounting period, we have made an additional reduction to book values due to lower profitability on the cost basis valuation based on the specific cost method.

This had a minor impact on our consolidated operating loss, ordinary loss and loss before income taxes in the consolidated accounting period for the first half period.

(3) Accounting standard for lease transactions

Finance lease transactions without title transfer were formerly accounted for as operating leases.

However, it was permitted that the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, revised on March 30, 2007) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, revised on March 30, 2007) be applied to the quarterly financial statements relevant to the consolidated fiscal year beginning on. As a result, the Company adopted the aforementioned standard and guidance from the first quarter of the current consolidated fiscal year, capitalizing all finance lease transactions.

In addition, leased assets related to finance lease transactions without title transfer are depreciated on a straight-line basis, with the lease periods counted as their useful lives and no residual value.

The impact of this change on operating loss, ordinary loss and loss before income taxes is slight.

(4) Adoption of accounting standard for business combinations and other standards

As the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22, December 26, 2008), "Partial Amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23, December 26, 2008), "Revised Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16, December 26, 2008) and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008) may be applied to business combinations and divestitures first occurring during consolidated accounting periods starting on or after April 1 2009, the Company has adopted these standards from the first quarter of the current accounting period.

(5) Adoption of accounting standards for allowances for losses on business transfer

In the second quarter period of the current consolidated accounting period, taking into consideration changes in the current business environment and expecting potential market recovery over the longer term, we have carried out business transfers for our mortgage loan business in which the nature of business initially held for a shorter-term was revised in order to be maintained for the longer-term.

We have made allowances for losses on the business transfers reflecting likely losses on the holdings, and the allowances are now presented as fixed liabilities instead of current liabilities.

Cedyna Financial Corporation
Summary Consolidated Balance Sheets

ASSETS

	As of	As of
	Sept 30, 2009	Mar 31, 2009
	Millions of yen	Millions of yen
Current Assets:		
Cash and Cash Equivalents	203,989	53,157
Installment Sales Receivables	829,788	182,173
Credit Guarantees Receivables	730,075	-
Operating Loans	507,078	349,345
Deferred Tax Assets	28,281	30,603
Other	77,839	28,137
Allowance for Doubtful Accounts	-129,855	-58,892
Total Current Assets:	2,247,197	584,525
Fixed Assets:		
Property and Equipment	4,656	1,064
Intangible Fixed Assets	33,996	7,076
Investment and Other Assets		
Deferred Tax Assets	23,686	20,728
Other	50,104	6,527
Allowance for Doubtful Accounts	-5,025	-407
Total Investment and Other Assets	68,765	26,848
Total Fixed Assets:	107,418	34,990
Deferred Assets	167	137
Total Assets	2,354,783	619,652

Cedyna Financial Corporation
Summary Consolidated Balance Sheets

LIABILITIES AND NET ASSET VALUE

	As of Sept 30, 2009 Millions of yen	As of Mar 31, 2009 Millions of yen
Current Liabilities:		
Notes and Accounts Payable	81,343	42,454
Credit Guarantees Payable	730,075	-
Short-term Borrowings	315,968	67,194
Current Portion of Long-term Debt	307,576	132,959
Commercial Paper	68,400	36,200
Deposits Received	153,324	49,372
Reserve for Bonuses	1,964	852
Deferred Revenue	46,151	1,215
Other	26,790	22,474
Total Current Liabilities	1,726,185	352,724
Long-term Liabilities:		
Long-term Debt	455,326	139,076
Allowance for Credit Card Points Redemption	6,153	5,827
Liability for Retirement Benefits	5,160	2,799
Allowance for Loss on Interest Refunds	69,399	42,714
Allowance for Losses on business transfer	8,900	-
Other	9,557	6,005
Total Long-term Liabilities	554,496	196,422
Total Liabilities	2,286,092	549,146
<u>Net Asset Value:</u>		
Stockholders' Equity:		
Common Stock	57,843	51,343
Capital Surplus	41,060	8,536
Retained Earnings	-24,770	15,280
Treasury Stock	-5,044	-5,044
Total Stockholders' Equity	69,089	70,116
Unrealized Gain:		
Unrealized Gain on Available-for-sale Securities	-791	98
Deferred Gains or Losses on Hedges	66	-
Total Unrealized Gain	-724	98
Minority Interest	326	292
Total Net Asset Value	68,690	70,506
Total Liabilities, Net Asset Value	2,354,783	619,652

Cedyna Financial Corporation
Summary Consolidated Statements of Income

	(Millions of yen)
	Six Months ended Sept 30, 2009
	Millions of yen
Operating Revenues	
Credit Card Contracts	27,725
Personal Credit Contracts	17,722
Credit Guarantees	8,595
Loan Contracts	47,924
Other Revenues	15,956
Financial Transactions	370
Total Operating Revenues	118,294
Operating Expenses	
SG&A Expenses	
Provision for Operating Receivables	23,451
Provision for Bonuses	1,964
Provision for Credit Card Points Redemption	2,589
Provision for Retirement Benefits	759
Provision for Loss on Interest Refunds	25,294
Other	74,027
Total SG&A Expenses	128,086
Financial Expenses	10,520
Other	3,142
Total Operating Expenses	141,750
Operating Loss	-23,455
Non-operating Income	
Dividends Income	406
Investment Gains on Equity Method	26
Other	1,099
Total Non-operating Income	1,532
Non-operating Expenses	
Miscellaneous loss	332
Total Non-operating Expenses	332
Ordinary Loss	-22,255
Extraordinary Income	
Gains on Sales of Investment Securities	4,808
Gain on Negative Goodwill	7,062
Other	70
Total Extraordinary Income	11,941
Extraordinary Losses	
Provision for Operating Receivables	9,895
Extra Retirement Payments	12,058
Other	950
Total Extraordinary Losses	22,903
Loss before Income Taxes	-33,216
Income Taxes	
Income Taxes, Current	390
Income Taxes, Deferred	6,408
Total Income Taxes	6,798
Loss before Minority Interests	-40,015
Minority Interests	34
Net Loss	-40,050

Cedyna Financial Corporation
Summary Consolidated Statements of Income

	(Millions of yen)
	Three Months ended Sept 30, 2009
	Millions of yen
Operating Revenues	
Credit Card Contracts	14,086
Personal Credit Contracts	8,716
Credit Guarantees	4,320
Loan Contracts	23,435
Other Revenues	7,932
Financial Transactions	183
Total Operating Revenues	58,674
Operating Expenses	
SG&A Expenses	
Provision for Operating Receivables	10,242
Provision for Bonuses	1,009
Provision for Credit Card Points Redemption	1,736
Provision for Retirement Benefits	364
Other	35,525
Total SG&A Expenses	48,878
Financial Expenses	5,441
Other	1,497
Total Operating Expenses	55,817
Operating Income	2,857
Non-operating Income	
Dividends Income	56
Investment Gains on Equity Method	34
Other	672
Total Non-operating Income	764
Non-operating Expenses	
Miscellaneous Loss	181
Total Non-operating Expenses	181
Ordinary Income	3,440
Extraordinary Income	
Gains on Sales of Investment Securities	4,807
Other	70
Total Extraordinary Income	4,878
Extraordinary Losses	
Loss on Sales and Retirement of Fixed Assets	22
Other	6
Total Extraordinary Losses	28
Income before Income Taxes	8,290
Income Taxes	
Income Taxes, Current	232
Income Taxes, Deferred	1,439
Total Income Taxes	1,672
Income before Minority Interests	6,618
Minority Interests	22
Net Income	6,595

Cedyna Financial Corporation

[Notes to the occurrence of significant changes in equity]

As a result of the merger with Central Finance Co., Ltd. and QUOQ Inc. on April 1, 2009, 0.85 shares of the Company's common stock were allocated for delivery to 1 share of Central Finance's common stock and 20 shares of the Company's common stock were allocated for delivery to 1 share of QUOQ's common stock, leading to the ¥26,023 million increase in the valuation of the amount of capital surplus.

Additionally, the Company issued new shares in exchange for the acquisition of unsecured convertible bonds held by SMFG Card & Credit, Inc. on April 2, 2009.

As a result, the balances of common stock and capital surplus increased by ¥6,500 million each.

The balance of common stock is ¥57,843 million and capital surplus is ¥41,060 million as of this term.