

Cedyna Financial Corporation



Consolidated Financial Results for 3rd Quarter ended December 31, 2009

Cedyna Financial Corporation

January 28, 2010

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 January 28, 2010.

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.

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1. Consolidated operating results and financial condition for the third quarter (April 1, 2009 to December 31, 2009)

	(Amounts rounded off to million yen)			
	3rd Quarter ended December 31, 2009		3rd Quarter ended November 30, 2008	
	Millions of yen	% change	Millions of yen	% change
Operating revenues	176,634	-	99,470	-13.5
Operating income	-20,107	-	5,941	46.2
Ordinary income	-18,522	-	6,077	47.5
Net income	-36,545	-	4,972	-
Net income per share	¥-75.31		¥22.28	
Net income per share - fully diluted	-		¥21.37	

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

Note2: The figures for the previous third quarter are those of the surviving company, OMC Card, Inc. Additionally, the third quarter period of FY2008 covers 9 months between March 1, 2008 and November 30, 2008, 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 December 31, 2009	As of March 31, 2009
Total assets	2,304,310 million yen	619,652 million yen
Net asset value	71,723 million yen	70,506 million yen
Shareholders' equity ratio	3.1%	11.3%
Shareholders' equity per share	¥147.02	¥252.36

Reference:

Net asset value (excluded minority interest):	
Third quarter ended December 31, 2009:	71,377 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 third 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	-
Net income per share	¥-71.48	

※ Revisions made in the third quarter to consolidated earnings forecast figures: No

※ 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.

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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):

Third quarter ended December 31, 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:

Third quarter ended December 31, 2009: 2,118,614 shares

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

③ Number of average shares for the period:

Third quarter ended December 31, 2009: 485,281,450 shares

Third quarter ended November 30, 2008: 223,202,957 shares

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< Qualitative Information and Financial Statements >

[Financial position]

At the end of December 31, 2009, total assets were ¥2,304,310 million. Current assets amounted to ¥2,200,105 million, fixed assets amounted to ¥104,056 million.

On the Liabilities, it totaled ¥2,232,587 million. Current liabilities amounted to ¥1,774,538 million, long-term liabilities amounted to ¥458,048 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 December 31, 2009 amounted to ¥71,723 million.

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

There are no changes to the figures in the full year forecast published on November 13, 2009.

[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 third quarter 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

	<u>As of</u> December 31, 2009 Millions of yen	<u>As of</u> March 31, 2009 Millions of yen
Current Assets:		
Cash and Cash Equivalents	157,771	53,157
Installment Sales Receivables	853,309	182,173
Credit Guarantees Receivables	711,335	-
Operating Loans	499,322	349,345
Deferred Tax Assets	29,906	30,603
Other	84,217	28,137
Allowance for Doubtful Accounts	-135,755	-58,892
Total Current Assets:	2,200,105	584,525
Fixed Assets:		
Property and Equipment	4,617	1,064
Intangible Fixed Assets	33,086	7,076
Investment and Other Assets		
Deferred Tax Assets	22,136	20,728
Other	49,401	6,527
Allowance for Doubtful Accounts	-5,185	-407
Total Investment and Other Assets	66,353	26,848
Total Fixed Assets:	104,056	34,990
Deferred Assets	148	137
Total Assets	2,304,310	619,652

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Summary Consolidated Balance Sheets

LIABILITIES AND NET ASSET VALUE

	As of December 31, 2009 Millions of yen	As of March 31, 2009 Millions of yen
Current Liabilities:		
Notes and Accounts Payable	106,403	42,454
Credit Guarantees Payable	711,335	-
Short-term Borrowings	309,568	67,194
Current Portion of Long-term Debt	341,084	132,959
Commercial Paper	88,300	36,200
Deposits Received	147,526	49,372
Reserve for Bonuses	879	852
Deferred Revenue	44,086	1,215
Other	25,353	22,474
Total Current Liabilities	1,774,538	352,724
Long-term Liabilities:		
Long-term Debt	366,907	139,076
Allowance for Credit Card Points Redemption	6,158	5,827
Liability for Retirement Benefits	5,177	2,799
Allowance for Loss on Interest Refunds	61,887	42,714
Allowance for Losses on business transfer	8,700	-
Other	9,218	6,005
Total Long-term Liabilities	458,048	196,422
Total Liabilities	2,232,587	549,146
Net Asset Value:		
Stockholders' Equity:		
Common Stock	57,843	51,343
Capital Surplus	41,060	8,536
Retained Earnings	-21,266	15,280
Treasury Stock	-5,044	-5,044
Total Stockholders' Equity	72,593	70,116
Unrealized Gain:		
Unrealized Gain on Available-for-sale Securities	-1,312	98
Deferred Gains or Losses on Hedges	95	-
Total Unrealized Gain	-1,216	98
Minority Interest	345	292
Total Net Asset Value	71,723	70,506
Total Liabilities, Net Asset Value	2,304,310	619,652

Cedyna Financial Corporation
Summary Consolidated Statements of Income

	(Millions of yen)
	Nine Months
	ended December 31, 2009
	Millions of yen
Operating Revenues	
Credit Card Contracts	42,952
Personal Credit Contracts	26,226
Credit Guarantees	12,806
Loan Contracts	70,521
Other Revenues	23,581
Financial Transactions	546
Total Operating Revenues	176,634
Operating Expenses	
SG&A Expenses	
Provision for Operating Receivables	35,662
Provision for Bonuses	879
Provision for Credit Card Points Redemption	3,639
Provision for Retirement Benefits	1,032
Provision for Loss on Interest Refunds	25,294
Other	109,843
Total SG&A Expenses	176,351
Financial Expenses	15,739
Other	4,651
Total Operating Expenses	196,742
Operating Loss	-20,107
Non-operating Income	
Dividends Income	722
Investment Gains on Equity Method	71
Other	1,148
Total Non-operating Income	1,942
Non-operating Expenses	
Miscellaneous loss	357
Total Non-operating Expenses	357
Ordinary Loss	-18,522
Extraordinary Income	
Gains on Sales of Investment Securities	4,808
Gain on Negative Goodwill	7,062
Other	262
Total Extraordinary Income	12,133
Extraordinary Losses	
Provision for Operating Receivables	9,895
Extra Retirement Payments	12,058
Other	1,156
Total Extraordinary Losses	23,109
Loss before Income Taxes	-29,497
Income Taxes	
Income Taxes, Current	601
Income Taxes, Deferred	6,393
Total Income Taxes	6,994
Loss before Minority Interests	-36,492
Minority Interests	53
Net Loss	-36,545

Cedyna Financial Corporation
Summary Consolidated Statements of Income

	(Millions of yen)
	Three Months
	ended December 31, 2009
	Millions of yen
Operating Revenues	
Credit Card Contracts	15,227
Personal Credit Contracts	8,504
Credit Guarantees	4,210
Loan Contracts	22,597
Other Revenues	7,625
Financial Transactions	175
Total Operating Revenues	58,340
Operating Expenses	
SG&A Expenses	
Provision for Operating Receivables	12,210
Provision for Bonuses	879
Provision for Credit Card Points Redemption	1,049
Provision for Retirement Benefits	273
Other	33,851
Total SG&A Expenses	48,264
Financial Expenses	5,218
Other	1,509
Total Operating Expenses	54,992
Operating Income	3,348
Non-operating Income	
Dividends Income	316
Investment Gains on Equity Method	45
Other	48
Total Non-operating Income	409
Non-operating Expenses	
Miscellaneous Loss	25
Total Non-operating Expenses	25
Ordinary Income	3,732
Extraordinary Income	
Gain on Transfer of Business	191
Total Extraordinary Income	191
Extraordinary Losses	
Loss on Sales and Retirement of Fixed Assets	11
Loss on Devaluation of Investment Securities	142
Other	51
Total Extraordinary Losses	205
Income before Income Taxes	3,719
Income Taxes	
Income Taxes, Current	210
Income Taxes, Deferred	-15
Total Income Taxes	195
Income before Minority Interests	3,523
Minority Interests	18
Net Income	3,504

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[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.

[Significant subsequent events]

(Resolution to issue new shares by way of a third-party allotment)

At a board meeting held on January 6, 2010, Cedyna decided to issue new shares by way of a third-party allotment (the "Third-Party Allotment"), provided that the proposed issuance is subject to approval at an extraordinary general shareholders' meeting of Cedyna scheduled for March 12, 2010, and to filings with, and permissions and approvals of, the relevant authorities.

(1) Type and number of shares to be issued

Common stock: 324,675,300 shares

(2) Amount to be issued

¥154 per share

(3) Total amount to be issued

¥49,999,996,200

(4) Amount of capital increase

Capital will be increased by ¥77 per share (total ¥24,999,998,100)

(5) Subscriber and shares to be allocated

324,675,300 shares allocated to SMFG Card & Credit, Inc.

(6) Application date

May 31, 2010

(7) Payment date

May 31, 2010

(8) Purposes for which raised funds will be used

It is anticipated that the ¥49.5 billion estimated net receipt expected to be raised by the Third-Party Allotment will be appropriated as follows: approximately ¥5 billion will be invested in new business development, including the expansion of financial services overseas in regions such as South-East Asia; approximately ¥19 billion will be invested in development of next generation systems for credit card and other businesses in co-operation with Sumitomo Mitsui Card Company, Limited; and approximately ¥25.5 billion will be invested in business restructuring (including investments in integrating businesses within Cedyna after the Merger, realizing synergies through linkages within SMFG group, reforming cost structure, and upgrading infrastructure to respond to legislative changes such as the Installment Sales Act). The raised funds are scheduled to be used between June 2010 and March 2015.