

Cedyna Financial Corporation



Consolidated Financial Results for the Six Months ended September 30, 2010

Cedyna Financial Corporation

November 12, 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 November 12, 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.

Cedyna Financial Corporation

1. Consolidated operating results and financial condition for the first half (April 1, 2010 to September 30, 2010)

	(Amounts rounded off to million yen)			
	Six Months ended September 30, 2010		Six Months ended September 30, 2009	
	Millions of yen	% change	Millions of yen	% change
Operating revenues	109,069	-7.8	118,294	-
Operating income	6,873	-	-23,455	-
Ordinary income	6,972	-	-22,255	-
Net income	6,700	-	-40,050	-
Net income per share	¥9.52		¥-82.55	
Net income per share - fully diluted	-		-	

Note: We have not reported diluted earnings per share for this first half, as there is no potential shareholders.

We have not reported diluted earnings per share for the previous first half, despite the existence of potential shareholders, as we incurred a net loss for the half.

(2) Consolidated Financial Condition

	As of September 30, 2010	As of March 31, 2010
Total assets	2,152,342 million yen	2,216,213 million yen
Net asset value	97,098 million yen	43,018 million yen
Shareholders' equity ratio	4.5%	1.9%
Shareholders' equity per share	¥119.36	¥87.83

Reference:

Net asset value (excluded minority interest):

1st half ended September 30, 2010:	96,703 million yen
Year ended March 31, 2010:	42,640 million yen

2. Dividend

	Year ending March 31, 2011	Year ending March 31, 2011 (projected)	Year ended March 31, 2010
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 half to dividends forecast: No

3. Consolidated projection for the year ending March 31, 2011 (April 1, 2010 to March 31, 2011)

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

	Year ending March 31, 2011	
	Full year	
	Millions of yen	% change
Operating revenue	217,300	-6.6
Operating income	18,600	-
Ordinary income	19,000	-
Net income	18,200	-
Projected net income per share	¥24.05	

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

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: Yes

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

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

first half ended September 30, 2010: 812,271,779 shares

Year ended March 31, 2010: 487,596,479 shares

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

first half ended September 30, 2010: 2,119,907 shares

Year ended March 31, 2010: 2,119,108 shares

③ Number of average shares for the period:

first half ended September 30, 2010: 703,701,415 shares

first half ended September 30, 2009: 485,182,656 shares

[Reference]

Non-consolidated projection for the year ending March 31, 2011 (April 1, 2010 to March 31, 2011)

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

	Year ending March 31, 2011	
	Full year	
	Millions of yen	% change
Operating revenue	207,600	-7.3
Operating income	17,300	-
Ordinary income	17,500	-
Net income	17,300	-
Projected net income per share	¥22.86	

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

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<Reference>

[Notes on significant changes to equity]

Due to the share issue by way of a third-party allotment to SMFG Card & Credit, Inc. on May 31, 2010, common stock increased by ¥24,999 million and capital surplus also increased by ¥24,999 million. As a result, common stock at the end of the first half of this accounting period stood at ¥82,843 million, and capital surplus stood at ¥66,059 million. As a result, shareholders' equity ratio in the first half of the period ending March 2011 increased by 2.6 points to 4.5%.

[Basic accounting methods and special accounting methods used]

1. Valuation of estimated doubtful accounts within receivables
There was deemed to be no material difference between figures such as the proportion of doubtful accounts at the end of this first half and at the end of the previous consolidated accounting period. Accordingly, the balance of estimated doubtful accounts within receivables has been calculated on a rational basis taking into account figures such as the proportion of doubtful accounts at the end of the previous accounting period.
2. Calculation of the depreciation charge for fixed assets
For assets depreciated under the declining-balance method, the charge has been calculated by pro-rating the annual depreciation charge for the first half of the period.
3. Calculation of income taxes and deferred tax assets and liabilities
Income taxes paid have been calculated taking into account only those major items that increase or decrease the liability or are a credit against the liability. As there was deemed to be no material difference in the business environment since the end of the previous accounting period or in temporary differences that might affect the collectability of deferred tax assets, the balance of deferred tax assets has been calculated with reference to the same future earnings projections and tax planning as were used in the previous accounting period.

[Changes in accounting principles and procedures and presentation methods]

1. Accounting standard for asset retirement obligations
With effect from this first quarter, the Company applies the "Accounting Standards for Asset Retirement Obligations" (ASBJ Statement No. 18, issued on March 31, 2008) and the "Guidance on Accounting Standards for Asset Retirement Obligations" (ASBJ Guidance No. 21, also issued on March 31, 2008).
As a result, operating income and ordinary income for this first half have increased by ¥21 million, and income before income taxes for the first half has decreased by ¥217 million. The movement in asset retirement obligations due to applying these standards for the first time was ¥463 million.
2. Change in classification in the accounts of dividends received
Dividends received had previously been classified as non-operating revenues, but from the fourth quarter of the previous accounting period have been included in "Financial transactions" under operating revenues. The classification of dividends received therefore differs between the first half of this fiscal year and the first half of the previous fiscal year.
The change was debated in the course of discussions on accounting treatments after the merger, and its financial materiality increased; because of this, the old treatment was revised and the change has been accounted for according to the principles of "Standardizing Accounting Standards in the Credit Industry" (MITI Circular Notice, Industry Bureau 60 No. 291) and "Presentation of Financial Expenses on the Income Statement for Consumer Credit Companies" (report by the Head of the Credit and Consumer Credit Industry Committee at JICPA).

If the consolidated financial statements for the second quarter of the fiscal year 2009 had been prepared under the revised accounting method, operating revenues for the quarter would have increased by ¥42 million and operating income would have increased by the same amount, but there would have been no effect on either ordinary income or income before income taxes for the period.

Further, if the consolidated financial statements for the six months ended September 30, 2009 had been prepared under the revised accounting method, operating revenues for that period would have increased by ¥368 million and the operating loss would have decreased by the same amount, but there would have been no effect on either ordinary loss or loss before income taxes for the period.

Cedyna Financial Corporation
Summary Consolidated Balance Sheets

ASSETS

	As of Sep 30, 2010 Millions of yen	As of Mar 31, 2010 Millions of yen
Current Assets:		
Cash and Cash Equivalents	144,043	138,588
Installment Sales Receivables	796,177	824,421
Credit Guarantee Receivables	677,892	699,461
Operating Loans	459,971	483,593
Deferred Tax Assets	26,294	25,303
Other	52,698	56,051
Allowance for Doubtful Accounts	-101,230	-111,987
Total Current Assets:	2,055,848	2,115,431
Fixed Assets:		
Property and Equipment	4,158	4,234
Intangible Fixed Assets	32,919	32,856
Investments and Other Assets:		
Deferred Tax Assets	17,204	17,776
Other	48,057	51,122
Allowance for Doubtful Accounts	-6,302	-5,335
Total Investments and Other Assets	58,959	63,562
Total Fixed Assets:	96,037	100,653
Deferred Assets	456	128
Total Assets	2,152,342	2,216,213

Cedyna Financial Corporation
Summary Consolidated Balance Sheets

LIABILITIES AND NET ASSET VALUE

	As of Sep 30, 2010 Millions of yen	As of Mar 31, 2010 Millions of yen
Current Liabilities:		
Notes and Accounts Payable	100,163	109,229
Credit Guarantee Payables	677,892	699,461
Short-term Borrowings	312,416	297,837
Current Portion of Long-term Debt	301,349	335,577
Commercial Paper	49,900	53,400
Deposits Received	18,924	22,916
Deposits Received of Collection Agency	88,663	88,812
Reserve for Bonuses	1,893	2,120
Deferred Revenue	41,617	42,671
Other	23,559	25,846
Total Current Liabilities	1,616,381	1,677,872
Long-term Liabilities:		
Long-term Debt	359,492	392,991
Allowance for Credit Card Points Redemption	6,546	5,885
Liability for Retirement Benefits	6,037	6,033
Allowance for Losses on Interest Refunds	55,846	78,093
Allowance for Losses on Business Transfer	8,100	8,500
Other	2,840	3,819
Total Long-term Liabilities	438,862	495,322
Total Liabilities	2,055,244	2,173,195
<u>Net Asset Value:</u>		
Stockholders' Equity:		
Common Stock	82,843	57,843
Capital Surplus	66,059	41,059
Retained Earnings	-45,948	-52,595
Treasury Stock	-5,044	-5,044
Total Stockholders' Equity	97,910	41,262
Unrealized Gain:		
Unrealized Gain on Available-for-sale Securities	-1,499	1,195
Deferred Gains or Losses on Hedges	292	182
Total Unrealized Gain	-1,207	1,377
Minority Interest	395	377
Total Net Asset Value	97,098	43,018
Total Liabilities, Net Asset Value	2,152,342	2,216,213

Cedyna Financial Corporation
Summary Consolidated Statements of Income

	Six Months ended Sep 30, 2010	Six Months ended Sep 30, 2009
	Millions of yen	Millions of yen
Operating Revenues:		
Credit Card Contracts	31,598	27,725
Personal Credit Contracts	14,055	17,722
Guarantee Contracts	8,064	8,595
Loan Contracts	38,792	47,924
Other Revenues	16,225	15,956
Financial Transactions	332	370
Total Operating Revenues	109,069	118,294
Operating Expenses:		
SG&A Expenses:		
Provision for Operating Receivables	18,116	23,451
Provision for Bonuses	1,893	1,964
Provision for Credit Card Points Redemption	3,581	2,589
Provision for Retirement Benefits	456	759
Provision for Loss on Interest Refunds	-	25,294
Other	63,852	74,027
Total SG&A Expenses	87,899	128,086
Financial Expenses	11,301	10,520
Other	2,993	3,142
Total Operating Expenses	102,195	141,750
Operating Income/Loss	6,873	-23,455
Non-operating Income:		
Dividends Income	227	406
Gain on Equity Method	90	26
Other	150	1,099
Total Non-operating Income	468	1,532
Non-operating Expenses:		
Amortization of Stock Issuance Cost	98	-
Miscellaneous Loss	270	332
Total Non-operating Expenses	368	332
Ordinary Income/Loss	6,972	-22,255
Extraordinary Income:		
Gains on Sales of Investment Securities	451	4,808
Gain on Negative Goodwill	-	7,062
Other	44	70
Total Extraordinary Income	496	11,941
Extraordinary Losses:		
Provision for Operating Receivables	-	9,895
Loss on adjustment for accounting standard for asset retirement obligations	237	-
Extra Retirement Payments	-	12,058
Other	214	950
Total Extraordinary Losses	451	22,903
Income/Loss before Income Taxes	7,017	-33,216
Income Taxes:		
Income Taxes, Current	312	390
Income Taxes, Deferred	-21	6,408
Total Income Taxes	290	6,798
Income/Loss before Minority Interests	6,726	-40,015
Minority Interests	25	34
Net Income/Loss	6,700	-40,050

Cedyna Financial Corporation
Summary Consolidated Statements of Income

	Three Months ended Sep 30, 2010	(Millions of yen) Three Months ended Sept 30, 2009 Millions of yen
Operating Revenues:		
Credit Card Contracts	16,201	14,086
Personal Credit Contracts	6,880	8,716
Guarantee Contracts	3,937	4,320
Loan Contracts	18,664	23,435
Other Revenues	7,807	7,932
Financial Transactions	18	183
Total Operating Revenues	53,509	58,674
Operating Expenses:		
SG&A Expenses:		
Provision for Operating Receivables	8,969	10,242
Provision for Bonuses	1,062	1,009
Provision for Credit Card Points Redemption	1,458	1,736
Provision for Retirement Benefits	220	364
Other	31,161	35,525
Total SG&A Expenses	42,872	48,878
Financial Expenses	5,534	5,441
Other	1,544	1,497
Total Operating Expenses	49,951	55,817
Operating Income	3,557	2,857
Non-operating Income:		
Dividends Income	3	56
Gain on Equity Method	48	34
Other	45	672
Total Non-operating Income	97	764
Non-operating Expenses:		
Amortization of Stock Issuance Cost	55	-
Miscellaneous Loss	50	181
Total Non-operating Expenses	105	181
Ordinary Income	3,549	3,440
Extraordinary Income:		
Gains on Sales of Investment Securities	0	4,807
Other	26	70
Total Extraordinary Income	27	4,878
Extraordinary Losses:		
Loss on Sales and Retirement of Fixed Assets	-	22
Other	-	6
Total Extraordinary Losses	-	28
Income before Income Taxes	3,576	8,290
Income Taxes:		
Income Taxes, Current	207	232
Income Taxes, Deferred	-135	1,439
Total Income Taxes	71	1,672
Income before Minority Interests	3,504	6,618
Minority Interests	6	22
Net Income	3,497	6,595