

Cedyna Financial Corporation



Consolidated Financial Results for the Nine Months ended December 31, 2010

Cedyna Financial Corporation

January 28, 2011

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, 2011.

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 third quarter (April 1, 2010 to December 31, 2010)

	Nine Months ended December 31, 2010		Nine Months ended December 31, 2009	
	Millions of yen	% change	Millions of yen	% change
Operating revenues	162,738	-7.9	176,634	-
Operating income	-1,418	-	-20,107	-
Ordinary income	-1,218	-	-18,522	-
Net income	-1,649	-	-36,545	-
Net income per share	¥-2.23		¥-75.31	
Net income per share - fully diluted	-		-	

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

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

(2) Consolidated Financial Condition

	As of December 31, 2010	As of March 31, 2010
Total assets	2,150,399 million yen	2,216,213 million yen
Net asset value	89,422 million yen	43,018 million yen
Shareholders' equity ratio	4.1%	1.9%
Shareholders' equity per share	¥110.10	¥87.83

Reference:

Net asset value (excluded minority interest):	
Nine Months ended December 31, 2010:	89,197 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 3rd quarter 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	
	Millions of yen	% change
Operating revenue	213,500	-8.3
Operating income	1,800	-
Ordinary income	2,000	-
Net income	1,600	-
Projected net income per share	¥2.11	

※ Revisions made in the 3rd quarter 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):

Nine Months ended December 31, 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:

Nine Months ended December 31, 2010: 2,120,212 shares

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

③ Number of average shares for the period:

Nine Months ended December 31, 2010: 739,313,906 shares

Nine Months ended December 31, 2009: 485,281,450 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	204,600	-8.6
Operating income	800	-
Ordinary income	800	-
Net income	1,200	-
Projected net income per share	¥1.59	

※ Revisions made in the 3rd quarter to consolidated earnings forecast figures: Yes

[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 the third quarter 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 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.

[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 loss and ordinary loss for the nine months ended December 31, 2010 have decreased by ¥23 million, and loss before income taxes for this period has increased 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 this term for the nine months ended December 31, 2010 and the previous term for the nine months ended December 31, 2009. 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 third quarter of the fiscal year 2009 had been prepared under the revised accounting method, operating revenues for the quarter would have increased by ¥153 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 nine months ended September 30, 2009 had been prepared under the revised accounting method, operating revenues for that period would have increased by ¥522 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 Dec 31, 2010 Millions of yen	As of Mar 31, 2010 Millions of yen
Current Assets:		
Cash and Cash Equivalents	155,409	138,588
Installment Sales Receivables	819,101	824,421
Loan Guarantee Receivables	664,443	699,461
Operating Loans	429,715	483,593
Deferred Tax Assets	24,708	25,303
Other	55,703	56,051
Allowance for Doubtful Accounts	-98,784	-111,987
Total Current Assets:	2,050,297	2,115,431
Fixed Assets:		
Property and Equipment	4,079	4,234
Intangible Fixed Assets	32,681	32,856
Investments and Other Assets:		
Deferred Tax Assets	18,451	17,776
Other	49,818	51,122
Allowance for Doubtful Accounts	-5,329	-5,335
Total Investments and Other Assets	62,940	63,562
Total Fixed Assets:	99,700	100,653
Deferred Assets	401	128
Total Assets	2,150,399	2,216,213

Cedyna Financial Corporation
Summary Consolidated Balance Sheets

LIABILITIES AND NET ASSET VALUE

	As of Dec 31, 2010 Millions of yen	As of Mar 31, 2010 Millions of yen
Current Liabilities:		
Notes and Accounts Payable	109,264	109,229
Loan Guarantee Payables	664,443	699,461
Short-term Borrowings	318,602	297,837
Current Portion of Long-term Debt	241,027	335,577
Commercial Paper	105,700	53,400
Deposits Received	20,510	22,916
Deposits Received of Collection Agency	104,695	88,812
Reserve for Bonuses	748	2,120
Deferred Revenue	41,240	42,671
Other	37,630	25,846
Total Current Liabilities	1,643,862	1,677,872
Long-term Liabilities:		
Long-term Debt	334,753	392,991
Allowance for Credit Card Points Redemption	6,609	5,885
Liability for Retirement Benefits	6,040	6,033
Allowance for Losses on Interest Refunds	59,014	78,093
Allowance for Losses on Business Transfer	7,900	8,500
Other	2,796	3,819
Total Long-term Liabilities	417,113	495,322
Total Liabilities	2,060,976	2,173,195
<u>Net Asset Value:</u>		
Stockholders' Equity:		
Common Stock	82,843	57,843
Capital Surplus	66,059	41,059
Retained Earnings	-54,298	-52,595
Treasury Stock	-5,044	-5,044
Total Stockholders' Equity	89,560	41,262
Unrealized Gain:		
Unrealized Gain on Available-for-sale Securities	-705	1,195
Deferred Gains or Losses on Hedges	342	182
Total Unrealized Gain	-362	1,377
Minority Interest	225	377
Total Net Asset Value	89,422	43,018
Total Liabilities, Net Asset Value	2,150,399	2,216,213

Cedyna Financial Corporation
Summary Consolidated Statements of Income

	Nine Months ended Dec 31, 2010 Millions of yen	Nine Months ended Dec 31, 2009 Millions of yen
Operating Revenues:		
Credit Card Contracts	48,804	42,952
Personal Credit Contracts	21,251	26,226
Guarantee Contracts	12,018	12,806
Loan Contracts	56,197	70,521
Other Revenues	23,966	23,581
Financial Transactions	499	546
Total Operating Revenues	162,738	176,634
Operating Expenses:		
SG&A Expenses:		
Provision for Operating Receivables	26,853	35,662
Provision for Bonuses	748	879
Provision for Credit Card Points Redemption	4,476	3,639
Provision for Retirement Benefits	684	1,032
Provision for Loss on Interest Refunds	13,004	25,294
Other	97,513	109,843
Total SG&A Expenses	143,279	176,351
Financial Expenses	16,367	15,739
Other	4,509	4,651
Total Operating Expenses	164,157	196,742
Operating Loss	-1,418	-20,107
Non-operating Income:		
Dividends Income	290	722
Gain on Equity Method	133	71
Other	187	1,148
Total Non-operating Income	611	1,942
Non-operating Expenses:		
Amortization of Stock Issuance Cost	153	-
Miscellaneous Loss	257	357
Total Non-operating Expenses	410	357
Ordinary Loss	-1,218	-18,522
Extraordinary Income:		
Gains on Sales of Investment Securities	469	4,808
Gain on Negative Goodwill	-	7,062
Other	45	262
Total Extraordinary Income	514	12,133
Extraordinary Losses:		
Provision for Operating Receivables	-	9,895
Loss on Adjustment for Changes of Accounting Standard for Asset Retirement Obligations	237	-
Extra Retirement Payments	-	12,058
Other	230	1,156
Total Extraordinary Losses	467	23,109
Loss before Income Taxes	-1,171	-29,497
Income Taxes:		
Income Taxes, Current	430	601
Income Taxes, Deferred	0	6,393
Total Income Taxes	431	6,994
Loss before Minority Interests	-1,602	-36,492
Minority Interests	46	53
Net Loss	-1,649	-36,545

Cedyna Financial Corporation
Summary Consolidated Statements of Income

	(Millions of yen)	
	Three Months ended Dec 31, 2010	Three Months ended Dec 31, 2009
	Millions of yen	
Operating Revenues:		
Credit Card Contracts	17,206	15,227
Personal Credit Contracts	7,195	8,504
Guarantee Contracts	3,954	4,210
Loan Contracts	17,404	22,597
Other Revenues	7,741	7,625
Financial Transactions	167	175
Total Operating Revenues	53,669	58,340
Operating Expenses:		
SG&A Expenses:		
Provision for Operating Receivables	8,736	12,210
Provision for Bonuses	748	879
Provision for Credit Card Points Redemption	895	1,049
Provision for Retirement Benefits	228	273
Provision for Loss on Interest Refunds	13,004	-
Other	31,767	33,851
Total SG&A Expenses	55,380	48,264
Financial Expenses	5,065	5,218
Other	1,515	1,509
Total Operating Expenses	61,961	54,992
Operating Income/Loss	-8,292	3,348
Non-operating Income:		
Dividends Income	63	316
Gain on Equity Method	43	45
Other	49	48
Total Non-operating Income	156	409
Non-operating Expenses:		
Amortization of Stock Issuance Cost	55	-
Miscellaneous Loss	-	25
Total Non-operating Expenses	55	25
Ordinary Income/Loss	-8,191	3,732
Extraordinary Income:		
Gains on Transfer of Business	-	191
Gains on Sales of Investment Securities	18	-
Other	0	-
Total Extraordinary Income	18	191
Extraordinary Loss:		
Loss on Sales and Retirement of Fixed Assets	14	11
Loss on Devaluation of Investment Securities	-	142
Other	2	51
Total Extraordinary Loss	16	205
Income/Loss before Income Taxes	-8,189	3,719
Income Taxes:		
Income Taxes, Current	117	210
Income Taxes, Deferred	22	-15
Total Income Taxes	140	195
Income/Loss before Minority Interests	-8,329	3,523
Minority Interests	20	18
Net Income/Loss	-8,350	3,504

[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 third quarter 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 third quarter of the period ending March 2011 increased by 2.2 points to 4.1%.

[Subsequent events]

At the meeting of board of directors held today, Cedyne Financial Corporation (the"Company") has resolved to exchange shares to make SMFG Card & Credit, Inc. a wholly-owning parent company of the Company and make the Company a wholly-owned subsidiary of SMFG Card & Credit, and to enter into a share exchange agreement. The details are as set forth in the press release titled "Cedyne Financial Corporation announces a Share Exchange to make Cedyne Financial Corporation a Wholly-Owned Subsidiary of SMFG Card & Credit, Inc.", which is to be posted today.