

# FINANCIAL HIGHLIGHTS

## FINANCIAL HIGHLIGHTS UNDER JAPAN GAAP (GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN JAPAN)

Table 1	Fiscal Year Ended December 31, 2002*		Fiscal Year Ended December 31, 2003*		Fiscal Year Ended December 31, 2004	
	US\$'000	JAP¥'000	US\$'000	JAP¥'000	US\$'000	JAP¥'000
Turnover	3,078	329,792	16,148	1,729,909	59,689	6,220,187
Operating loss	6,651	712,472	1,453	155,649	4,134	430,815
Ordinary loss	6,897	738,838	4,367	467,808	9,100	948,311
Net loss for the year	7,553	809,162	4,353	466,375	9,305	969,712
EBITDA**	(6,238)	(668,325)	(932)	(99,725)	4,230	440,798

## FINANCIAL HIGHLIGHTS UNDER IFRS (INTERNATIONAL FINANCIAL REPORTING STANDARDS)

We also prepare financial statements in accordance with International Financial Reporting Standards (IFRS) to meet the needs of global investors. The following table sets forth certain line items of our results of operations under IFRS and has been included for reference only.

Table 2	Fiscal Year Ended December 31, 2002*		Fiscal Year Ended December 31, 2003*		Fiscal Year Ended December 31, 2004	
	US\$'000	JAP¥'000	US\$'000	JAP¥'000	US\$'000	JAP¥'000
Turnover	3,078	329,792	15,070	1,614,449	59,690	6,220,187
Gross Profit	934	100,059	7,896	845,898	30,002	3,126,508
Net loss (income) for the year	7,342	786,548	1,576	168,837	(1,420)	(147,958)
EBITDA***	(6,846)	(733,412)	(878)	(94,060)	4,577	476,969

\* Since the Company was established in January 2004, key financial data of Xinhua Financial Network Limited, which became a wholly owned subsidiary of the Company following a share swap transaction on March 4, 2004, has been provided for reference for fiscal years 2002 and 2003.

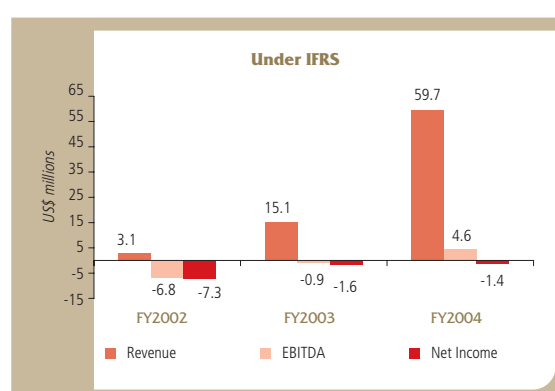
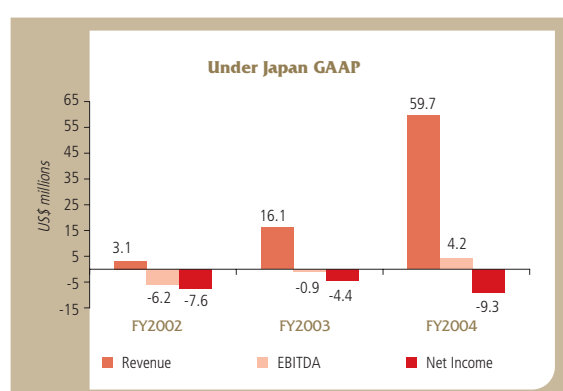
\*\* Defined as operating income or loss plus depreciation, amortization and amortization of goodwill under Japan GAAP.

\*\*\* Defined as net income before interest, tax, depreciation and amortization under IFRS.



## FINANCIAL HIGHLIGHTS

### FINANCIAL TRENDS UNDER JAPAN GAAP AND IFRS



### IMPACT OF SIGNIFICANT DIFFERENCES IN JAPAN GAAP AND IFRS

The table below (Table 3) illustrates the impact of significant differences in Japan GAAP and IFRS pertaining to the financial highlights presented above and has been provided for reference only.

Table 3	Fiscal Year Ended December 31, 2002		Fiscal Year Ended December 31, 2003		Fiscal Year Ended December 31, 2004	
	Japan GAAP	IFRS	Japan GAAP	IFRS	Japan GAAP	IFRS
US\$ in millions						
<b>EBITDA*</b>	<b>(6.2)</b>	<b>(6.8)</b>	<b>(0.9)</b>	<b>(0.9)</b>	<b>4.2</b>	<b>4.6</b>
Non-cash items:						
Amortization of intangibles **	(0.1)	(0.1)	(0.1)	(0.1)	(3.6)	(3.3)
Amortization of goodwill	(0.0)	(0.0)	(0.1)	(0.1)	(3.6)	(0.9)
Depreciation	(0.3)	(0.2)	(0.3)	(0.3)	(1.1)	(1.1)
Fund-raising expenses	(0.2)	–	(2.7)	–	(4.8)	–
Other	(0.8)	(0.2)	(0.3)	(0.2)	(0.4)	(0.7)
<b>Net loss for the year</b>	<b>7.6</b>	<b>7.3</b>	<b>4.4</b>	<b>1.6</b>	<b>9.3</b>	<b>1.4</b>

\* Please refer to Table 1 and Table 2 for definitions of EBITDA as defined under Japan GAAP and IFRS, respectively.

\*\* "Amortization" under Japan GAAP.



## FINANCIAL HIGHLIGHTS

### DISCUSSION ON FINANCIAL HIGHLIGHTS FOR FISCAL YEAR ENDED DECEMBER 31, 2004 UNDER JAPAN GAAP

Turnover of US\$59,689 thousand (¥6,220,187 thousand) for the twelve months ended December 31, 2004 was derived from existing revenue streams as well as new revenue streams from acquired subsidiaries in 2004. Additional business developments in 2004 include increasing demand for China focused financial information, product line extensions with existing clients and cross-selling efforts.

Operating expenses in 2004 encompassed the following:

- Enlarged operations and global distribution network given the inclusion of new subsidiaries
- Professional (such as auditing, legal and investor relations) and other fees related to our expanded operations and becoming a public company
- Non-cash items related to strategic acquisitions to extend our distribution network, expand our products and services and enhance our global capabilities, such as higher amortization of goodwill on consolidation and higher amortization expense for intangible assets

As a result, operating loss for the twelve months ended December 31, 2004 was US\$4,134 thousand (¥430,815 thousand).

Ordinary loss was US\$9,100 thousand (¥948,311 thousand) for the twelve months ended December 31, 2004. The change from operating loss to ordinary loss was mainly due to US\$4,778 thousand (¥497,915 thousand) of share issuance costs and non-recurrent listing related expenses incurred by the Company during the period.

As a result of the above, net loss for the twelve months ended December 31, 2004 was US\$9,305 thousand (¥969,712 thousand).

EBITDA was US\$4,230 thousand (¥440,798 thousand) for the twelve months ended December 31, 2004, representing 7.1% of sales for the same period. EBITDA is calculated by taking operating earnings or loss and adding back the following items in selling, general and administrative expenses: (1) depreciation; (2) amortization; and (3) amortization of goodwill.

EBITDA is presented because we believe it is an important measure of our financial performance. Due to the nature of our industry and extent of our acquisition activities, a large portion of our assets consists of purchase goodwill. Purchase goodwill represents the excess of the aggregate purchase price over the fair values of the net assets of the business acquired and is required to be amortized under Japan GAAP. Since amortization expense is a non-cash expense, we view EBITDA as an important measure of our cash flow and overall financial performance.

