



Report and Financial Statements Under Japan GAAP

(Generally Accepted Accounting Principles in Japan)

For the Year Ended December 31, 2006



(TRANSLATION)

INDEPENDENT AUDITORS' REPORT

April 6, 2007

To the Board of Directors of
Xinhua Finance Limited:

Deloitte Touche Tohmatsu — Japan

Designated Partner,
Engagement Partner,
Certified Public Accountant: Yoshitaka Asaeda

Engagement Partner,
Certified Public Accountant: Eiji Yoshida

We have audited the consolidated financial statements, namely, the consolidated balance sheet and the related statement of consolidated income, consolidated statement of changes in net assets, and statement of consolidated cash flows, and consolidated supplementary schedules of Xinhua Finance Limited and consolidated subsidiaries for the fiscal year from January 1, 2006 to December 31, 2006. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Xinhua Finance Limited and consolidated subsidiaries as of December 31, 2006, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Our firm and the engagement partners do not have any financial interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Law.

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

CONSOLIDATED BALANCE SHEETS

(Unit: Thousands of U.S. Dollars (Thousands of Japanese Yen))

Item	Note	Consolidated fiscal year — current year (As of December 31, 2006)		Consolidated fiscal year — prior year (As of December 31, 2005)	
		Amount	(%)	Amount	(%)
(Assets)					
I					
Current assets					
Cash and bank balances	※3	132,140		88,118	
		(15,739,223)		(10,495,714)	
Trade receivables	※3, 5	35,330		19,048	
		(4,208,211)		(2,268,756)	
Marketable securities		343		145	
		(40,849)		(17,282)	
Other receivables		5,678		1,467	
		(676,261)		(174,779)	
Deferred tax assets		340		571	
		(40,468)		(68,068)	
Other current assets	※3	48,417		7,655	
		(5,766,945)		(911,752)	
Total current assets		222,248	29.0	117,004	31.7
		(26,471,957)		(13,936,352)	
II					
Non-current assets					
Property and equipment					
Buildings and structures		5,252		1,546	
		(625,577)		(184,114)	
Less: accumulated depreciation		△ 964	4,288	△ 639	907
		(△ 114,775)	(510,801)	(△ 76,109)	(108,005)
Equipment	※3	15,888		9,323	
		(1,892,391)		(1,110,439)	
Less: accumulated depreciation	※3	△ 5,040	10,848	△ 3,960	5,363
		(△ 600,340)	(1,292,052)	(△ 471,639)	(638,800)
Total property and equipment		15,136	2.0	6,270	1.7
		(1,802,853)		(746,805)	
Intangible assets					
Goodwill		2,009		2,784	
		(239,315)		(331,633)	
Goodwill on consolidation	※6	291,999		185,934	
		(34,779,962)		(22,146,642)	
Trade mark and distribution rights	※2	1,843		700	
		(219,559)		(83,377)	
Contractual rights and other	※9	185,352		—	
		(22,077,294)		(—)	
Other		8,416		—	
		(1,002,372)		(—)	
Total intangible assets		489,619	63.9	189,419	51.4
		(58,318,503)		(22,561,652)	
Investments and other assets					
Securities assets	※3	33,493		23,367	
		(3,989,362)		(2,783,281)	
Investment in associates		535		223	
		(63,667)		(26,553)	
Investment in progress	※1	—		29,000	
		(—)		(3,454,190)	
Deferred tax assets		225		204	
		(26,826)		(24,302)	
Others		965		3,330	
		(114,924)		(396,612)	
Total investments and other assets		35,218	4.6	56,124	15.2
		(4,194,779)		(6,684,937)	
Total non-current assets		539,973	70.5	251,813	68.3
		(64,316,134)		(29,993,394)	
III					
Deferred assets					
Bond issuance costs		3,721		—	
		(443,176)		(—)	
Total deferred assets		3,721	0.4	—	—
		(443,176)		(—)	
Total assets		765,941	100.0	368,817	100.0
		(91,231,267)		(43,929,746)	

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

CONSOLIDATED BALANCE SHEETS (continued)

(Unit: Thousands of U.S. Dollars (Thousands of Japanese Yen))

Item	Note	Consolidated fiscal year — current year (As of December 31, 2006)		Consolidated fiscal year — prior year (As of December 31, 2005)	
		Amount	(%)	Amount	(%)
(Liabilities)					
I	Current liabilities				
	Trade payables	6,413		2,969	
		(763,850)		(353,687)	
	Short-term loans	19,056		7,608	
		(2,269,721)		(906,147)	
	Current portion of long-term debt	6,403		21,341	
		(762,675)		(2,541,940)	
	Taxation payables	6,097		2,802	
		(726,240)		(333,695)	
	Other payables	57,928		17,355	
		(6,899,751)		(2,067,212)	
	Accrued expenses	10,129		6,779	
		(1,206,471)		(807,442)	
	Deferred revenue	16,727		15,576	
		(1,992,380)		(1,855,282)	
	Promissory notes (non-operating)	199		1,250	
		(23,703)		(148,888)	
	Lease obligations	63		29	
		(7,548)		(3,423)	
	Others	205		—	
		(24,438)		(—)	
	Total current liabilities	123,220	16.1	75,709	20.5
		(14,676,778)		(9,017,716)	
II	Non-current liabilities				
	Bond	99,073		—	
		(11,800,581)		(—)	
	Long-term debt	10,000		16	
		(1,191,100)		(1,959)	
	Long-term lease obligations	90		25	
		(10,691)		(3,002)	
	Long-term other payables	146,800		10,998	
		(17,485,311)		(1,309,978)	
	Deferred tax liabilities	4,001		—	
		(476,506)		(—)	
	Total non-current liabilities	259,963	33.9	11,040	3.0
		(30,964,189)		(1,314,939)	
	Total liabilities	383,183	49.9	86,749	23.5
		(45,640,967)		(10,332,655)	
(Minority interests)					
	Minority interests			2,626	0.7
				(312,788)	
(Capital and reserves)					
I	Share capital			2,091	0.6
				(249,055)	
II	Share premium			312,966	84.9
				(37,277,410)	
III	Accumulated deficit			△ 35,485	△ 9.6
				(△ 4,226,571)	
IV	Foreign currency translation adjustment			△ 131	△ 0.1
				(△ 15,591)	
	Total shareholders' equity			279,442	75.8
				(33,284,304)	
	Total liabilities, minority interests and shareholders' equity			368,817	100.0
				(43,929,746)	

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

CONSOLIDATED BALANCE SHEETS (continued)

(Unit: Thousands of U.S. Dollars (Thousands of Japanese Yen))

Item	Note	Consolidated fiscal year — current year (As of December 31, 2006)		Consolidated fiscal year — prior year (As of December 31, 2005)	
		Amount	(%)	Amount	(%)
(Net Assets)					
I	Shareholders' equity				
	Share capital		2,389 (284,532)	0.3	
	Share premium		326,106 (38,842,534)	42.6	
	Accumulated deficit		△ 24,724 (△ 2,944,909)	△ 3.2	
	Total shareholders' equity		303,771 (36,182,157)	39.7	
II	Valuation and translation adjustments				
	Foreign currency translation adjustment		813 (96,888)		
	Total valuation and translation adjustments		813 (96,888)	0.1	
III	Share subscription rights		3,036 (361,610)	0.4	
IV	Minority interests		75,138 (8,949,646)	9.8	
	Total net assets		382,758 (45,590,300)	50.1	
	Total liabilities and net assets		765,941 (91,231,267)	100.0	

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

CONSOLIDATED INCOME STATEMENTS

(Unit: Thousands of U.S. Dollars (Thousands of Japanese Yen))

Item	Note	Consolidated fiscal year — current year (From January 1, 2006 to December 31, 2006)		Consolidated fiscal year — prior year (From January 1, 2005 to December 31, 2005)		
		Amount	(%)	Amount	(%)	
I Turnover			174,963	100.0	110,010	100.0
II Cost of sales			(20,839,820)	43.3	(13,103,296)	41.3
			75,823		45,455	
			(9,031,221)		(5,414,134)	
Gross profit			99,140	56.7	64,555	58.7
			(11,808,599)		(7,689,162)	
III Selling, general and administrative expenses						
Directors' emoluments		4,001			900	
		(476,554)			(107,199)	
Salaries		31,365			19,544	
		(3,735,851)			(2,327,862)	
Marketing and promotional expenses		8,239			4,190	
		(981,317)			(499,015)	
Depreciation		3,046			1,937	
		(362,796)			(230,745)	
Amortization		4,811			5,467	
		(573,038)			(651,166)	
Amortization of goodwill on consolidation		15,681			7,912	
		(1,867,749)			(942,351)	
Other		30,864	98,006	56.0	21,134	61,084
		(3,676,195)	(11,673,500)		(2,517,321)	(7,275,659)
Operating income			1,134	0.7	3,472	3.2
			(135,099)		(413,503)	
IV Non-operating income						
Interest and dividend income		3,396			893	
		(404,512)			(106,341)	
Unrealized gain on marketable securities		44			—	
		(5,262)			(—)	
Foreign exchange gains		59			1,061	
		(6,983)			(126,386)	
Other		894	4,393	2.5	297	2,251
		(106,438)	(523,194)		(35,340)	(268,067)
V Non-operating expenses						
Interest expense		5,361			742	
		(638,549)			(88,385)	
Share issuance related expenses	※ 1	103			4,443	
		(12,296)			(529,183)	
Others		—	5,464	3.2	14	5,199
		(—)	(650,845)		(1,658)	(619,225)
Ordinary income			63	0.0	523	0.5
			(7,448)		(62,345)	

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

CONSOLIDATED INCOME STATEMENTS (continued)

(Unit: Thousands of U.S. Dollars (Thousands of Japanese Yen))

Item	Note	Consolidated fiscal year — current year (From January 1, 2006 to December 31, 2006)			Consolidated fiscal year — prior year (From January 1, 2005 to December 31, 2005)		
		Amount		(%)	Amount		(%)
VI Extraordinary gains							
Gain on sale of fixed assets	※4	— (—)			453 (54,010)		
Gain on disposal of investment in subsidiaries		650 (77,446)			— (—)		
Gain from redemption of minority interest	※5	3,000 (357,330)			— (—)		
Gain from changes in equity interest		16,027 (1,908,960)	19,677 (2,343,736)	11.3	— (—)	453 (54,010)	0.4
VII Extraordinary losses							
Loss on sale and disposal of fixed assets	※2	10 (1,235)			45 (5,376)		
Loss on sale of securities assets		— (—)			44 (5,270)		
Loss on impairment	※3	— (—)	10 (1,235)	0.0	83 (9,849)	172 (20,496)	0.2
Income before income taxes, minority interests and distribution of profits (allocation of losses) from joint alliances			19,729 (2,349,950)	11.3		805 (95,859)	0.7
VIII Distribution of profits (allocation of losses) from joint alliance							
Distribution of profits			△ 2	△ 0.0		△ 287	△ 0.2
(allocation of losses) from joint alliance			(△ 251)			(△ 34,161)	
Income/loss (△) before income taxes and minority interests			19,727 (2,349,699)	11.3		518 (61,698)	0.5
Income taxes (current)		3,424 (407,786)			3,210 (382,324)		
Prior year adjustment on tax charges		901 (107,270)			— (—)		
Reversal of over-accrued tax for the past year		— (—)			△ 7 (△ 886)		
Income taxes (deferred)		△ 568 (△ 67,709)	3,756 (447,346)	2.1	△ 260 (△ 30,965)	2,942 (350,472)	2.7
Minority interests			5,211 (620,961)	3.0		390 (46,452)	0.4
Net income/loss (△) for the year			10,760 (1,281,662)	6.2		△ 2,814 (△ 335,226)	△ 2.6

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

CONSOLIDATED SURPLUS STATEMENT AND CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

CONSOLIDATED SURPLUS STATEMENT

(Unit: Thousands of U.S. Dollars (Thousands of Japanese Yen))

Item	Note	Consolidated fiscal year — prior year (From January 1, 2005 to December 31, 2005)	
		Amount	
(Share premium)			
I			181,543
			(21,623,644)
II			
		99,739	
		(11,879,949)	
	※1	27,828	
		(3,314,565)	
		4,982	132,549
		(593,429)	(15,787,942)
III			
		1,126	1,126
		(134,176)	(134,176)
IV			
			312,966
			(37,277,410)
(Accumulated deficit)			
I			△ 32,670
			(△ 3,891,345)
II			
		2,814	2,814
		(335,226)	(335,226)
III			
			△ 35,485
			(△ 4,226,571)

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

CONSOLIDATED SURPLUS STATEMENT AND CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (continued)

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(Unit: Thousands of U.S. Dollars (Thousands of Japanese Yen))

	Consolidated fiscal period — current year (From January 1, 2006 to December 31, 2006)			
	Shareholders' equity			Total shareholders' equity
	Share capital	Share premium	Retained earnings	
Beginning balance	2,091 (249,055)	312,966 (37,277,410)	△ 35,485 (△ 4,226,571)	279,573 (33,299,894)
Changes of items during the year				
Issuance of new shares	82 (9,785)	2,267 (269,979)	— (—)	2,349 (279,765)
Share-based payment	48 (5,774)	6,312 (751,826)	— (—)	6,361 (757,600)
Increase upon share exchange	167 (19,917)	48,088 (5,727,797)	— (—)	48,256 (5,747,714)
Effect of change in accounting policy	— (—)	△ 43,527 (△ 5,184,478)	— (—)	△ 43,527 (△ 5,184,478)
Net income	— (—)	— (—)	10,760 (1,281,662)	10,760 (1,281,662)
Net changes of items other than shareholders' equity	— (—)	— (—)	— (—)	— (—)
Total changes during the year	298 (35,476)	13,140 (1,565,124)	10,760 (1,281,662)	24,198 (2,882,262)
Ending balance	2,389 (284,532)	326,106 (38,842,534)	△ 24,724 (△ 2,944,909)	303,771 (36,182,157)

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

CONSOLIDATED SURPLUS STATEMENT AND CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (continued)

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (continued)

(Unit: Thousands of U.S. Dollars (Thousands of Japanese Yen))

	Valuation and translation adjustments		Share subscription rights	Minority interests	Total net assets
	Foreign currency translation adjustments	Total valuation and translation adjustments			
Beginning balance	△ 131 (△ 15,591)	△ 131 (△ 15,591)	— (—)	2,626 (312,788)	282,068 (33,597,091)
Changes of items during the year					
Issuance of new shares	— (—)	— (—)	— (—)	— (—)	2,349 (279,765)
Share-based payment	— (—)	— (—)	— (—)	— (—)	6,361 (757,600)
Increase upon share exchange	— (—)	— (—)	— (—)	— (—)	48,256 (5,747,714)
Effect of change in accounting policy	— (—)	— (—)	— (—)	— (—)	△ 43,527 (△ 5,184,478)
Net income	— (—)	— (—)	— (—)	— (—)	10,760 (1,281,662)
Net changes of items other than shareholders' equity	944 (112,478)	944 (112,478)	3,036 (361,610)	72,512 (8,636,858)	76,492 (9,110,946)
Total changes during the year	944 (112,478)	944 (112,478)	3,036 (361,610)	72,512 (8,636,858)	100,690 (11,993,209)
Ending balance	813 (96,888)	813 (96,888)	3,036 (361,610)	75,138 (8,949,646)	382,758 (45,590,300)

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

CONSOLIDATED CASHFLOW STATEMENTS

(Unit: Thousands of US dollars (Thousands of Japanese Yen))

Item	Note	Consolidated fiscal year – current year (From January 1, 2006 to December 31, 2006)	Consolidated fiscal year – prior year (From January 1, 2005 to December 31, 2005)
		Amount	Amount
I Operating activities			
Income before income taxes and minority interests		19,727	518
		(2,349,699)	(61,698)
Depreciation		3,046	1,937
		(362,796)	(230,745)
Amortization		6,365	5,467
		(758,177)	(651,166)
Amortization of goodwill		15,681	7,912
		(1,867,749)	(942,351)
Share-based compensation		2,297	—
		(273,588)	(—)
Interest and dividend income		△ 3,396	△ 893
		(△ 404,512)	(△ 106,341)
Interest expense		5,361	742
		(638,549)	(88,385)
Gain from the redemption of minority interest		△ 3,000	—
		(△ 357,330)	(—)
Gain from changes in equity interest		△ 16,027	—
		(△ 1,908,960)	(—)
Unrealized gain on marketable securities		(△ 44)	—
		(△ 5,262)	(—)
Share issuance related expenses		103	4,443
		(12,296)	(529,183)
Foreign exchange gain/loss (△ : gain)		720	100
		(85,721)	(11,853)
Gain on sale of fixed assets		—	△ 453
		(—)	(△ 54,010)
Loss on sale and disposal of fixed assets		10	45
		(1,235)	(5,376)
Loss on impairment		—	83
		(—)	(9,849)
Gain on disposal of investment in subsidiaries		△ 650	—
		(△ 77,446)	(—)
Loss on sale of securities assets		—	44
		(—)	(5,270)
Distribution of profits (allocation of losses) from joint alliances		2	287
		(251)	(34,161)
Assets received for services		△ 10,565	△ 11,531
		(△ 1,258,344)	(△ 1,373,414)
Increase (decrease) in accounts receivable (△ : increase)		△ 16,283	△ 6,235
		(△ 1,939,455)	(△ 742,696)
Increase (decrease) in accounts payable (△ : decrease)		3,444	△ 44
		(410,164)	(△ 5,286)
Increase (decrease) in other current assets (△ : increase)		△ 11,446	△ 251
		(△ 1,363,355)	(△ 29,889)
Increase (decrease) in other current liabilities (△ : decrease)		△ 5,876	△ 7,529
		(△ 699,947)	(△ 896,752)
Others		△ 374	—
		(△ 44,555)	(—)
Subtotal		△ 10,905	△ 5,359
		(△ 1,298,941)	(△ 638,349)
Income taxes paid		△ 2,064	△ 1,794
		(△ 245,889)	(△ 213,716)
Net cash provided by (used in) operating activities		△ 12,970	△ 7,154
		(△ 1,544,830)	(△ 852,065)

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

CONSOLIDATED CASHFLOW STATEMENTS (continued)

(Unit: Thousands of US dollars (Thousands of Japanese Yen))

Item	Note	Consolidated fiscal year – current year (From January 1, 2006 to December 31, 2006)	Consolidated fiscal year – prior year (From January 1, 2005 to December 31, 2005)
		Amount	Amount
II Investing activities			
Interest and dividend received		3,396	893
		(404,512)	(106,341)
Deposit for security released		—	306
		(—)	(42,880)
Purchase of markertable securities		—	△ 4
		(—)	(△ 477)
Purchase of property and equipment		△ 6,095	△ 3,566
		(△ 726,010)	(△ 424,697)
Proceeds from sale of property and equipment		38	37
		(4,561)	(4,454)
Purchase of intangible assets		△ 15,478	—
		(△ 1,843,644)	(—)
Proceeds from sale of intangible assets		—	6,514
		(—)	(775,936)
Purchase of securities assets		△ 11,155	—
		(△ 1,328,656)	(—)
Deposits paid for purchase of securities assets		—	△ 29,000
		(—)	(△ 3,454,190)
Proceeds from sale of securities assets		1,153	25
		(137,336)	(2,941)
Proceeds from sale of shares of subsidiaries		1,000	—
		(119,110)	(—)
Payment to acquire shares of subsidiaries resulting in a change in scope of consolidation	※2	△ 43,687	△ 11,030
		(△ 5,203,559)	(△ 1,313,792)
Payment to acquire shares of subsidiary		△ 7,112	—
		(△ 847,129)	(—)
Subsequent consideration paid		△ 9,914	△ 19,528
		(△ 1,180,831)	(△ 2,326,015)
Payment for loan receivable		△ 7,900	—
		(△ 940,969)	(—)
Others		—	△ 133
		(—)	(△ 15,816)
Net cash provided by (used in) investing activities		△ 95,754	△ 55,431
		(△ 11,405,279)	(△ 6,602,435)

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

CONSOLIDATED CASHFLOW STATEMENTS (continued)

(Unit: Thousands of US dollars (Thousands of Japanese Yen))

Item	Note	Consolidated fiscal year – current year (From January 1, 2006 to December 31, 2006)	Consolidated fiscal year – prior year (From January 1, 2005 to December 31, 2005)
		Amount	Amount
III Financing activities			
Interest paid		△ 6,558 (△ 781,103)	△ 742 (△ 88,385)
Increase in deposit pledged		△ 24,937 (△ 2,970,235)	△ 7,448 (△ 887,174)
Decrease in deposit pledged		298 (35,537)	— (—)
Increase (decrease) in short-term loans — net (△ : decrease)		6,633 (790,042)	6,405 (762,938)
Proceeds from long-term debt		51,351 (6,116,438)	22,300 (2,656,153)
Repayments of long-term debt		△ 56,992 (△ 6,788,328)	△ 133 (△ 15,829)
Proceeds from issuance of bond		95,192 (11,338,316)	— (—)
Proceeds from issuance of shares		26 (3,067)	78,749 (9,379,852)
Proceeds from exercise of warrants		1,378 (164,077)	5,000 (595,550)
Proceeds from issuance of shares to minority shareholders		61,401 (7,313,451)	— (—)
Dividends paid to minority shareholders		△ 1,918 (△ 228,467)	— (—)
Repayments of lease obligations		△ 73 (△ 8,678)	△ 41 (△ 4,874)
Increase (decrease) in long-term other payables (△ : decrease)		△ 679 (△ 80,822)	△ 836 (△ 99,558)
Net cash provided by (used in) financing activities		125,122 (14,903,295)	103,255 (12,298,674)
IV Foreign currency translation adjustments on cash and cash equivalents		211 (25,188)	△ 89 (△ 10,603)
V Net increase in cash and cash equivalents		16,610 (1,978,373)	40,581 (4,833,570)
VI Cash and cash equivalents, beginning of the year		80,669 (9,608,540)	40,089 (4,774,970)
VII Cash and cash equivalents, end of the year	※1	97,279 (11,586,914)	80,669 (9,608,540)

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

Item	Consolidated fiscal year — current year (From January 1, 2006 to December 31, 2006)	Consolidated fiscal year — prior year (From January 1, 2005 to December 31, 2005)
1 Scope of consolidation	<p>(1) The number of consolidated subsidiaries: 82</p> <p>The name of consolidated subsidiaries are as follows:</p> <p>Xinhua Financial Network Ltd. Market News International, Inc. Market News Service (International) Inc. China Financial News Ltd. Fortune China Public Relations Ltd. FTSE/Xinhua Index Ltd. Xinhua Financial Network Inc. Xinhua Financial Network Korea Company Limited China Finance Limited (formerly known as China Financial Network Ltd.) AFX Asia Pte Ltd. Xinhua Financial Network (Beijing) Ltd. Xinhua Finance Japan Ltd. (formerly known as Xinhua Netchina Ltd.) Xinhua Investment Group Hong Kong Ltd. Shanghai NetChina Ltd. Xinhua Financial Network (Shanghai) Ltd. Mergent, Inc. Mergent Japan K.K. Stone & McCarthy Research Associates, Inc. SMRA International, Inc. G-7 Group, Inc. Xinhua Mergent Holdings Limited Ford Investor Services, Inc. Taylor Rafferty Associates, Inc. Taylor Rafferty Associates Ltd. Taylor Rafferty KK EconWorld Media Ltd. Financial World (Shanghai) Co., Ltd. EconWorld (Shanghai) Co., Ltd. EconWorld Publishing Ltd. Money Journal Publication Ltd. Money Journal Advertising Co., Ltd. Highasia Investments Ltd. Washington Analysis Corporation Beijing Century Media Culture Co., Ltd Beijing Workshop Communications Co., Ltd. Beijing Golden Ways Animation Production Co., Ltd. (formerly known as Beijing Golden Ways Culture Development Co., Ltd.) Shanghai Pobo Data and Information Network Consulting Co., Ltd. Shanghai Huacai Investment Advisory Company Limited Xinhua Top Sky Public Relations Consulting (Beijing) Co., Ltd. Tesseract Capital Advisors, LLC Xinhua Finance Media Limited Shanghai Far East Credit Rating Co., Ltd.</p>	<p>(1) The number of consolidated subsidiaries: 42</p> <p>The name of consolidated subsidiaries are as follows:</p> <p>Xinhua Financial Network Ltd. Market News International, Inc. Market News Service (International) Inc. China Financial News Ltd. Fortune China Public Relations Ltd. FTSE/Xinhua Index Ltd. Xinhua Financial Network Inc. Xinhua Financial Network Korea Company Limited China Finance Limited (formerly known as China Financial Network Ltd.) AFX Asia Pte Ltd. Xinhua Financial Network (Beijing) Ltd. Xinhua Finance Japan Ltd. (formerly known as Xinhua Netchina Ltd.) Xinhua Investment Group Hong Kong Ltd. Shanghai NetChina Ltd. Xinhua Financial Network (Shanghai) Ltd. Mergent, Inc. Mergent Japan K.K. Stone & McCarthy Research Associates, Inc. SMRA International, Inc. G-7 Group, Inc. Xinhua Mergent Holdings Limited Ford Investor Services, Inc. Taylor Rafferty Associates, Inc. Taylor Rafferty Associates Ltd. Taylor Rafferty KK EconWorld Media Ltd. Financial World (Shanghai) Co., Ltd. EconWorld (Shanghai) Co., Ltd. EconWorld Publishing Ltd. Money Journal Publication Ltd. Money Journal Advertising Co., Ltd. Highasia Investments Ltd. Washington Analysis Corporation Beijing Century Media Culture Co., Ltd Beijing Workshop Communications Co., Ltd. Beijing Golden Ways Culture Development Co., Ltd. Shanghai Pobo Data and Information Network Consulting Co., Ltd. Shanghai Huacai Investment Advisory Company Limited Xinhua Top Sky Public Relations Consulting (Beijing) Co., Ltd. Tesseract Capital Advisors, LLC Xinhua Finance Media Limited Shanghai Far East Credit Rating Co., Ltd.</p>

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS (continued)

Item	Consolidated fiscal year — current year (From January 1, 2006 to December 31, 2006)	Consolidated fiscal year — prior year (From January 1, 2005 to December 31, 2005)
	<p>Xinhua Finance Advertising Limited (formerly known as Ming Shing International Limited) Upper Will Enterprises Limited Active Advertising Agency Ltd. Active Advertising Agency (Guangzhou) Ltd. Shenzhen Active Trinity Ltd. Shangtuo Zhiyang International Advertising (Beijing) Co., Ltd. Beijing Jinlong Runxin Advertising Co., Ltd. Shanghai Yuanxin Advertising Media Co., Ltd. Beijing JinGuan XinCheng Advertising Co., Ltd. Beijing EWEO Advertising Co., Ltd. Accord Group Investments Limited Great Triump Investments New China Media (Shanghai) Co., Ltd. Beijing Shiji Guangnian Advertising Co., Ltd. Shanghai Hyperlink Market Research Co., Ltd. Guangzhou Hyperlink Market Research Co., Ltd. Beijing Perspective Orient Movie and Television Intermediary Co., Ltd. Beijing Perspective Orient Advertising Co., Ltd. Zhongxi Taihe Culture Consultancy (Shanghai) Co., Ltd. Beijing Alpha Financial Engineering Co., Ltd. Upper Step Holdings Limited Jia Lou Consulting (Shanghai) Co., Ltd. Shanghai Yuan Zhi Advertising Co., Ltd. Mergent Data Technology, Inc. (formerly known as Praeдея Solutions, Inc.) Xinhua PR Newswire Ltd. FTSE/Xinhua (Beijing) Consulting Ltd. Shanghai Heyuan Movie and Culture Co., Ltd. Xinhua Finance Media (Shanghai) Co., Ltd. Xinhua Finance Media (Beijing) Co., Ltd. Beijing Taide Advertising Co., Ltd. Beijing Longmei TV & Broadcast Advertising Co., Ltd. Guangzhou Jingshi Culture Intermediary Co., Ltd. Beijing Qiannuo Advertising Co., Ltd. China Lead Profits Ltd.</p> <p>Number of other consolidated subsidiaries: 6</p> <p>(2) Name of unconsolidated subsidiaries and relative information</p> <p>Intelligence Asia Pty Ltd. LJS Global Information Services, Inc. Mergent Pricing & Evaluation Services, Inc. Mergent (UK) Ltd.</p> <p>(Reason of status to be unconsolidated) All of the unconsolidated subsidiaries do not have significant influence on the Group's consolidated financial statements due to its small magnitude taking into account total assets, revenue, net income and retained earnings as well as the aggregated amounts of all unconsolidated subsidiaries.</p>	<p>(2) Name of unconsolidated subsidiaries and relative information</p> <p>Same as on the left.</p> <p>(Reason of status to be unconsolidated) Same as on the left.</p>

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS (continued)

Item	Consolidated fiscal year — current year (From January 1, 2006 to December 31, 2006)	Consolidated fiscal year — prior year (From January 1, 2005 to December 31, 2005)
2 Adoption of the equity method	<p>(1) Number of associated company accounted by the equity method: 2</p> <p>Name of the associated company Ning Bo Far East Credit Rating Co., Ltd. Best Investment Research LLC</p> <p>(2) Major unconsolidated subsidiaries and associated companies not accounted by the equity method Intelligence Asia Pty Ltd. LJS Global Information Services, Inc. Mergent Pricing & Evaluation Services, Inc. Mergent (UK) Ltd.</p> <p>(Reason of status not to be accounted by the equity method) The adoption of the equity method for all of the subsidiaries does not have any significant influence on the Group's consolidated financial statements due to its small magnitude taking into account the net income and retained earnings as well as the aggregated amounts of all unconsolidated subsidiaries.</p>	<p>(1) Number of associated company accounted by the equity method: 1</p> <p>Name of the associated company Ning Bo Far East Credit Rating Co., Ltd.</p> <p>(2) Major unconsolidated subsidiaries and associated companies not accounted by the equity method Same as on the left.</p> <p>(Reason of status not to be accounted by the equity method) Same as on the left.</p>
3 Reconciliation of closing date for consolidation	<p>There is no consolidated subsidiary whose closing date for the year is different from that of the Company.</p>	<p>Same as on the left.</p>
4 Significant accounting policies (1) Valuation basis and method for assets	<p>Securities</p> <p>(a) Trading securities — Fair value method (the cost of securities sold is determined based on the moving-average cost method)</p> <p>(b) Held-to-maturity securities — The amortized cost method</p> <p>(c) Available-for sale securities — With fair value</p> <p>Fair value method based on fair value information, such as market information, at the balance sheet date is applied. (Unrealized gain or loss is accounted for as a net asset item, and costs of sales are based on the moving-average method.)</p> <p>— With no fair value</p> <p>Cost method based on the moving-average method is applied</p>	<p>Securities</p> <p>(a) Trading securities Same as on the left.</p> <p>(b) Held-to-maturity securities Same as on the left.</p> <p>(c) Available-for sale securities — With fair value</p> <p>Fair value method based on fair value information, such as market information, at the balance sheet date is applied. (Unrealized gain or loss is accounted for as an equity item, and costs of sales are based on the moving-average method.)</p> <p>— With no fair value</p> <p>Same as on the left.</p>

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS (continued)

Item	Consolidated fiscal year — current year (From January 1, 2006 to December 31, 2006)	Consolidated fiscal year — prior year (From January 1, 2005 to December 31, 2005)
(2) Depreciation or amortization method	<p>(a) Property and equipment</p> <p>Depreciation of property and equipment of the Company and its consolidated non-Japanese subsidiaries is computed substantially by the straight-line method, while the declining-balance method is applied to the property and equipment of consolidated Japanese subsidiaries.</p> <p>Estimated useful lives are the followings: Buildings and structures: 3 to 20 years Equipment: 1 to 10 years</p> <p>(b) Intangible assets</p> <p>Intangible assets are amortized by the straight-line method.</p> <p>Estimated useful lives are as follows: Trade mark and distribution rights: 3 to 15 years Contractual rights and data bases: 3 to 50 years Goodwill: 5 years</p>	<p>(a) Property and equipment</p> <p>Same as on the left.</p> <p>Estimated useful lives are the followings: Buildings and structures: 3 to 7 years Equipment: 1 to 10 years</p> <p>(b) Intangible assets</p> <p>Intangible assets are amortized by the straight-line method.</p> <p>Estimated useful lives are as follows: Trade mark and distribution rights: 11 years Goodwill: 5 years</p>
(3) Deferred assets	<p>(a) Bond issuance cost</p> <p>Bond issuance cost is amortized by the straight-line method over maturity.</p>	<p>_____</p>
(4) Allowance, reserve and provision	<p>Allowance for Doubtful Accounts</p> <p>For the Company and its non-Japanese subsidiaries, the allowance has been determined by reference to past default experience. For Japanese subsidiaries, the allowance for doubtful accounts is stated in amounts considered to be appropriate based on the past credit loss experience and an evaluation of respective potential losses in the receivables outstanding.</p>	<p>Allowance for Doubtful Accounts</p> <p>Same as on the left.</p>
(5) Conversion of significant items in foreign currencies	<p>All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into U.S. dollars at the exchange rates at the balance sheet date, while all revenue and expense accounts are translated into U.S. dollars at the average rate of the period. The foreign exchange gains and losses from translation are recognized in the income statement.</p> <p>All assets and liabilities of foreign subsidiaries are translated into U.S. dollars at the exchange rates at the balance sheet date, while all revenue and expense accounts are translated into U.S. dollars at the average rate applicable for the period. Differences arising from such translation are shown as “Foreign currency translation adjustments” in a separate component of net assets.</p>	<p>All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into U.S. dollars at the exchange rates at the balance sheet date, while all revenue and expense accounts are translated into U.S. dollars at the average rate of the period. The foreign exchange gains and losses from translation are recognized in the income statement.</p> <p>All assets and liabilities of foreign subsidiaries are translated into U.S. dollars at the exchange rates at the balance sheet date, while all revenue and expense accounts are translated into U.S. dollars at the average rate applicable for the period. Differences arising from such translation are shown as “Foreign currency translation adjustments” in a separate component of shareholders’ equity.</p>

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS (continued)

Item	Consolidated fiscal year — current year (From January 1, 2006 to December 31, 2006)	Consolidated fiscal year — prior year (From January 1, 2005 to December 31, 2005)
(6) Leases	For finance leases deemed not to transfer ownership of the leased property to the lessee, leased properties are capitalized.	Same as on the left.
(7) Other significant items for the preparation of the consolidated financial statements	<p>Accounting policy for consumption tax Tax-excluding method is applied.</p> <p>Conversion of dollars into yen In accordance with the Article 130 of the Financial Statements rules, the amounts in Japanese yen are calculated by the foreign currency exchange rate (middle rate), being USD\$1.00=119.11, from the Tokyo Foreign Exchange Market as of December 29, 2006. The Japanese yen amounts are stated only for purpose of convenience. Therefore, it is not assured that the amounts in U.S. dollars could be exchanged to Japanese yen amounts calculated by the above mentioned exchange rate.</p>	<p>Accounting policy for consumption tax Same as on the left.</p> <p>Conversion of dollars into yen Same as on the left.</p>
5 Valuation for assets and liabilities of consolidated subsidiaries	The assets and liabilities of the consolidated subsidiaries for not only the Company's interest but also minority interests are evaluated at fair value.	Same as on the left.
6 Amortization of goodwill on consolidation	Goodwill on consolidation is amortized by the straight-line method over 20 years.	Same as on the left.
7 Appropriations of retained earnings	_____	Appropriations of retained earnings of the Company are reflected in the consolidated surplus statement of the following year upon shareholder's approval.
8 Cash and cash equivalents in the consolidated cashflow statements	Cash equivalents in the consolidated cashflow statement are short-term investments that are readily convertible into cash and are not exposed to significant risk of changes in value. Cash equivalents mature or become due within three months of the date of investment.	Same as on the left.

CHANGE IN ACCOUNTING POLICY

Item	Consolidated fiscal year — current year (From January 1, 2006 to December 31, 2006)	Consolidated fiscal year — prior year (From January 1, 2005 to December 31, 2005)
	<p>(Presentation of net assets in the balance sheets) Effective from this year, the Company adopted “Accounting Standard for Presentation of Net Assets in the Balance Sheet” (Statement No. 5, announced by Accounting Standard Board of Japan on December 9, 2005) and “Guidance on Accounting Standard for Presentation of Net Assets in the Balance sheet” (Guidance No. 8, announced by Accounting Standard Board of Japan on December 9, 2005).</p> <p>The amount equivalent to shareholders’ equity following the previous presentation manner is USD304,584 thousand (JPY36,279,044 thousand).</p> <p>For the change of Financial Statements Rules, net assets in the consolidated balance sheet is presented in accordance with the revised Financial Statements Rules.</p> <p>(Accounting Standard for Share-based Payment) Effective from this year, the Company adopted “Accounting Standard for Share-based Payment” (Statement No. 8, announced by Accounting Standard Board of Japan on December 27, 2005) and “Guidance on Accounting Standard for Share-based Payment” (Guidance No. 11, announced by Accounting Standard Board of Japan on May 31, 2006). The adoption of this new accounting standard has resulted in the recognition of share-based payment in the consolidated financial statements commencing May 2006.</p> <p>The effect of this change is to decrease operating income, ordinary income and income before income taxes, minority interests and distribution of profits from joint alliances by USD2,308 thousand (JPY274,904 thousand) for the period ended December 31, 2006.</p> <p>(Suspense account of share exchange) In previous years, the Company recognized the suspense account of share exchange in the net assets as share premium. In accordance with the ASBJ Guidance No. 10 issued on October 31, 2003 Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (“Business Combination Accounting Standards”), unissued shares for acquisition of its subsidiaries should be treated as a liability at the point of determination of the quantity. The Company adopts this concept and recognized the liabilities as other payables at the current year end.</p>	<p>_____</p>

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

CHANGE IN ACCOUNTING POLICY (continued)

Item	Consolidated fiscal year — current year (From January 1, 2006 to December 31, 2006)	Consolidated fiscal year — prior year (From January 1, 2005 to December 31, 2005)
	<p>The Company also prepares its consolidated financial statements under International Financial Reporting Standards (“IFRS”) in order for the needs of its investors and its IFRS consolidated financial statements have also been reclassified from the net assets section to the liabilities section at the current year end.</p> <p>The effect of this change in the policy is a USD43,527 thousand (JPY5,184,478 thousand) decrease of share premium in the net assets section and increase USD20,747 thousand (JPY2,471,197 thousand) in other payables and USD22,780 thousand (JPY2,713,284 thousand) in long-term other payables in the liabilities section.</p> <p>This change in accounting policy was adopted in the second half of the period. Therefore, the Company still recognized the previous accounting policy in the semi-annual consolidated financial statements as at June 30, 2006. As a result, the impact of this change in the accounting after the six-month period ended was to decrease share premium by USD40,631 thousand (JPY4,839,596 thousand) and to increase other payables and long term other payables by USD17,852 thousand (JPY2,126,312 thousand) and USD22,780 thousand (JPY2,713,284 thousand), respectively.</p>	

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

FOOTNOTE INFORMATION

(CONSOLIDATED BALANCE SHEETS)

(Unit: Thousands of U.S. Dollars (Thousands of Japanese Yen))

Consolidated fiscal year — current year (As of December 31, 2006)	Consolidated fiscal year — prior year (As of December 31, 2005)
※1 _____	※1 The amount represents the deposit paid for the acquisition of an existing equity shares of a credit rating agency in the People's Republic of China.
※2 Trademark and distribution rights are combined together in one set of contracts and are, therefore, accounted for in a single account. Another intangible asset that relates to a separate trademark and a distribution right are included in this account as well.	※2 Same as on the left.
※3 Assets collateralized and corresponding liabilities	※3 Assets collateralized and corresponding liabilities
Assets collateralized	Assets collateralized
Bank deposit 35,141	Bank deposit 7,514
(4,185,679)	(895,002)
Correspondent obligation	Trade receivables 1,812
	(215,799)
Short-term loans 19,056	Other current assets 346
(2,269,721)	(41,246)
Current portion of long-term loans 6,403	Equipments 169
(762,675)	(20,079)
	Securities assets 68
	(8,087)
	In addition, investment in consolidated subsidiaries (the total net assets amount of USD9,852 thousand (JPY1,173,429 thousand), which are eliminated on consolidation, have been pledged as collateral for the bank commitment line of USD24,000 thousand (JPY2,858,640 thousand).
	Correspondent obligation
	Short-term loans 7,482
	(891,215)
	Current portion of long-term debt 21,300
	(2,537,043)
	Promissory note (non-operating) 1,250
	Short-term (148,888)
※4 Other payables and long-term other payables include part of the consideration for the acquisition of shares of some subsidiaries. The consideration for the acquisition of shares of these companies includes the Company's shares to be issued to sellers and could fluctuate since the final payments are based on the future operating results of the respective company.	※4 Other payables and long-term other payables include part of the consideration for the acquisition of shares of Taylor Rafferty Associates, Inc., Washington Analysis Corporation and Shanghai Pobo Data and Information Network Consulting Co., Ltd. The consideration for the acquisition of shares of these companies could fluctuate since the final payments are based on the future operating results of the respective company.

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

FOOTNOTE INFORMATION (continued)

(CONSOLIDATED BALANCE SHEETS) (continued)

(Unit: Thousands of U.S. Dollars (Thousands of Japanese Yen))

Consolidated fiscal year — current year (As of December 31, 2006)	Consolidated fiscal year — prior year (As of December 31, 2005)
<p>※5 Assets are presented after deduction of allowance for doubtful accounts. Amounts deducted from current assets 978 (116,451)</p>	<p>※5 Assets are presented after deduction of allowance for doubtful accounts. Amounts deducted from current assets 373 (44,487)</p>
<p>※6 The consideration for the acquisition of shares of some subsidiaries could fluctuate since the final payments are based on the future operating results of the respective company.</p>	<p>※6 The consideration for the acquisition of shares of Taylor Rafferty Associates, Inc., Washington Analysis Corporation and Shanghai Pobo Data and Information Network Consulting Co., Ltd. could fluctuate since the final payments are based on the future operating results of the respective company.</p>
<p>※7 Xinhua Financial Network (Shanghai) Ltd., Shanghai Huacai Investment Advisory Company Limited, Zhongxi Taihe Culture Consultancy (Shanghai) Co. Ltd. and Jai Luo Consulting (Shanghai) Co., Ltd. have line of credit agreements with banks. The amount of the line of credit and the balance outstanding under the agreements at December 31, 2006 are as follows:</p> <p>Total amount of the line of credit 27,866 (3,319,161)</p> <p>Outstanding balance 25,459 <u>(3,032,396)</u></p> <p>Remaining amount of the line of credit 2,408 (286,766)</p>	<p>※7 Xinhua Mergent Holdings Limited and Shanghai Huacai Investment Advisory Company Limited have line of credit agreements with banks. The amount of the line of credit and the balance outstanding under the agreements at December 31, 2005 are as follows:</p> <p>Total amount of the line of credit 30,482 (3,630,745)</p> <p>Outstanding balance 28,782 <u>(3,428,258)</u></p> <p>Remaining amount of the line of credit 1,700 (202,487)</p> <p>Under the line of credit agreement held by Xinhua Mergent Holdings Limited, the following covenants should be maintained:</p> <p>a) ratio of consolidated total debt at any time during a relevant period to consolidated EBITDA for that relevant period shall not at any time exceed 3.5 : 1, and</p> <p>b) Interest coverage ratio for each relevant period shall not be less than 4 : 1.</p>
<p>※8 This includes a loan of USD10,000 thousand (JPY1,191,100 thousand) raised by a consolidated subsidiary with rights to convert into common shares of the subsidiary.</p>	<p>※8 _____</p>
<p>※9 This account represents contractual rights such as agency rights and publishing rights as well as intellectual properties such as data bases.</p>	<p>※9 _____</p>
<p>※1-9 notes correspond with ※1-9 as denoted in the consolidated balance sheet.</p>	<p>※1-9 Same as on the left.</p>

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

FOOTNOTE INFORMATION (continued)

(CONSOLIDATED INCOME STATEMENTS)

(Unit: Thousands of U.S. Dollars (Thousands of Japanese Yen))

Consolidated fiscal year — current year (From January 1, 2006 to December 31, 2006)	Consolidated fiscal year — prior year (From January 1, 2005 to December 31, 2005)								
※1 Expenses directly relating to share issuance are presented as “share issuance related expenses”, which includes “share issuance cost”.	※1 Same as on the left.								
※2 Components of loss on disposal of fixed assets are as follow: Equipment 10 (1,235)	※2 Components of loss on disposal of fixed assets are as follows: Buildings and structures 3 (310) Equipment 43 (5,066)								
※3 _____	<p>※3 Loss on impairment</p> <p>The Group recognized losses on impairment for an asset group presented below for the year ended December 31, 2005.</p> <table border="1"> <thead> <tr> <th>Area</th> <th>Object</th> <th>Type</th> <th>Recognized losses</th> </tr> </thead> <tbody> <tr> <td>Asia</td> <td>Asset for operation</td> <td>Trademark</td> <td>83 (9,849)</td> </tr> </tbody> </table> <p>Grouping is basically implemented by each company unit. However, if it is possible to identify cashflows from an individual asset, recoverable amount is determined for each individual asset.</p> <p>Considering continuous operating losses arising from the above assets, the carrying amount of the assets was reduced to the recoverable amount, and the reduced amount was recorded as loss on impairment in the extraordinary losses section of the consolidated income statement.</p> <p>Recoverable amount of the asset group was determined based upon value in use. The loss on impairment was recognized at the entire carrying amount of the asset group because the estimated future cash flows arising from the asset group were negative.</p>	Area	Object	Type	Recognized losses	Asia	Asset for operation	Trademark	83 (9,849)
Area	Object	Type	Recognized losses						
Asia	Asset for operation	Trademark	83 (9,849)						
※4 _____	<p>※4 Components of gain on sale of fixed assets are as follows: Equipment 0 (14) Goodwill 356 (42,358) Trademark and distribution rights 98 (11,638)</p>								
※5 Minority interests (in the form of preference shares in a consolidated subsidiary) were redeemed and created an extraordinary gain.	※5 _____								
※1-5 notes correspond with ※1-5 as denoted in the consolidated income statement.	※1-5 Same as on the left.								

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

FOOTNOTE INFORMATION (continued)

(CONSOLIDATED SURPLUS STATEMENTS)

Consolidated fiscal year — prior year (From January 1, 2005 to December 31, 2005)	
※1	The Company acquired full ownership of Taylor Rafferty Associates, Inc., Washington Analysis Corporation, and Beijing Century Media Culture Co., Ltd. through a cash and share exchange. However, the Company's shares to be exchanged for subsequent consideration have not been issued, whereas related acquisition costs have been included in share premium.
※1	note corresponds with ※1 as denoted in the consolidated surplus statement.

(CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS)

1. Number and class of issued shares

	Consolidated fiscal period — current year (From January 1, 2006 to December 31, 2006)			
	Beginning balance	Increase	Decrease	Ending balance
Issued shares				
Ordinary share (shares)	815,477	116,161	—	931,638

(Note1) In the increase of ordinary shares indicated above, 63,214 shares are issued for acquisition of subsidiaries' shares by way of share exchange, 47,797 shares are issued for consideration for goods and services received, 5,062 shares are issued due to execution of share subscription rights and the remaining 88 shares are issued in a normal course of new share issuance.

2. Share subscription rights

The ending balance of share subscription rights granted by the Company as share option rights is USD15 thousand (JPY1,756 thousand).

The ending balance of share subscription rights granted by a consolidated subsidiary as share option rights is USD3,021 thousand (JPY359,854 thousand).

3. Dividend

Not applicable.

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

FOOTNOTE INFORMATION (continued)

(CONSOLIDATED CASHFLOW STATEMENTS)

(Unit: Thousands of U.S. Dollars (Thousands of Japanese Yen))

Consolidated fiscal year — current year (From January 1, 2006 to December 31, 2006)		Consolidated fiscal year — prior year (From January 1, 2005 to December 31, 2005)	
※1	Reconciliation between ending balances of cash and cash equivalents in consolidated cashflow statement and balance in consolidated balance sheet:	※1	Reconciliation between ending balances of cash and cash equivalents in consolidated cashflow statement and balance in consolidated balance sheet:
	Cash and bank balances		Cash and bank balances
	132,140		88,118
	(15,739,223)		(10,495,714)
	Deposit pledged as collateral		Deposit pledged as collateral
	△35,141		△7,448
	(△4,185,679)		(△887,174)
	Marketable securities		Cash and cash equivalents
	280		80,669
	(33,369)		(9,608,540)
	Cash and cash equivalents		
	97,279		
	(11,586,914)		
※2	Major component of subsidiaries' assets and liabilities newly consolidated through acquisition of its shares	※2	Major component of subsidiaries' assets and liabilities newly consolidated through acquisition of its shares
	Major components of the newly consolidated subsidiaries' assets and liabilities (Beijing Alpha Financial Engineering Co., Ltd, Mergent Data Technology, Inc. (formerly known as Praeдея Solutions, Inc.), Beijing Perspective Orient Movie and Television Intermediary Co., Ltd, Shanghai Hyperlink Market Research Co., Ltd, Accord Group Investments Limited, Xinhua Finance Advertising Limited (formerly known as Ming Sing International Limited), Upper Step Holdings Limited, Guangzhou Jingshi Culture Intermediary Co., Ltd and 17 other subsidiaries) through acquisition of shares, cost of acquisition and net cash outflow are summarized as follows:		Major components of subsidiaries' assets and liabilities newly consolidated (Taylor Rafferty Associates, Inc., EconWorld Media Ltd., Washington Analysis Corporation, Shanghai Pobo Data and Information Network Consulting Co., Ltd, Shanghai Far East Credit Rating Co., Ltd., Beijing Century Media Culture Co., Ltd and ten other subsidiaries) through acquisition of shares, cost of acquisition and net cash outflow are summarized as follows:
	Current assets		Current assets
	21,498		14,244
	(2,560,657)		(1,696,557)
	Non-current assets		Non-current assets
	114,430		4,122
	(13,629,757)		(490,967)
	Current liabilities		Current liabilities
	△20,910		△13,013
	(△2,490,571)		(△1,549,956)
	Non-current liabilities		Non-current liabilities
	△66,354		△442
	(△7,903,437)		(△52,615)
	Goodwill on consolidation		Goodwill on consolidation
	107,497		55,543
	(12,804,023)		(6,615,782)
	Minority interests		Minority interests
	△4,492		△2,356
	(△534,993)		(△280,699)
	Acquisition costs of newly acquired subsidiaries		Acquisition costs of newly acquired subsidiaries
	151,670		58,099
	(18,065,436)		(6,920,135)
	Deposit paid for acquisition		Deposit paid for acquisition
	△29,000		△121
	(△3,454,190)		(△14,406)
	Stock issue price on share exchange		Stock issue price on share exchange
	△30,104		△23,016
	(△3,585,684)		(△2,741,460)
	Other payables		Other payables
	△40,892		△17,075
	(△4,870,689)		(△2,033,814)
	Cash and cash equivalents of acquired subsidiaries		Cash and cash equivalents of acquired subsidiaries
	△7,987		△6,856
	(△951,315)		(△816,663)
	Net cash outflow due to acquisition of subsidiaries		Net cash outflow due to acquisition of subsidiaries
	43,687		11,030
	(5,203,559)		(1,313,792)

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

FOOTNOTE INFORMATION (continued)

(CONSOLIDATED CASHFLOW STATEMENTS) (continued)

(Unit: Thousands of U.S. Dollars (Thousands of Japanese Yen))

Consolidated fiscal year — current year (From January 1, 2006 to December 31, 2006)		Consolidated fiscal year — prior year (From January 1, 2005 to December 31, 2005)	
※3	Major non-cash transactions	※3	Major non-cash transactions
(1)	Share capital and share premium increases through a share exchange were USD162 thousand (JPY19,306 thousand) and USD35,063 thousand (JPY4,176,352 thousand), respectively.	(1)	Share capital and share premium increases through a share exchange were USD23 thousand (JPY2,681 thousand) and USD16,949 thousand (JPY2,018,821 thousand), respectively.
(2)	The Group entered into finance leases in respect to property and equipment with total capital value of USD646 thousand (JPY76,948 thousand) at the inception of the lease during the year.	(2)	The Group entered into finance leases in respect to property and equipment with total capital value of USD32 thousand (JPY3,774 thousand) at the inception of the lease during the year.
(3)	The Group received securities assets of USD10,565 thousand (JPY1,258,344 thousand) for services performed.	(3)	The Group received securities assets of USD11,531 thousand (JPY1,373,414 thousand) for services performed.
※1-3	notes correspond with ※1-3 as denoted in the Consolidated Cashflow Statement	※1-3	Same as on the left.

(LEASE TRANSACTION)

(Unit: Thousands of U.S. Dollars (Thousands of Japanese Yen))

Consolidated fiscal year — current year (From January 1, 2006 to December 31, 2006)		Consolidated fiscal year — prior year (From January 1, 2005 to December 31, 2005)	
Operating leases		Operating leases	
Unearned lease expenses		Unearned lease expenses	
Within one year	5,397	Within one year	3,894
	(642,873)		(463,770)
After one year	22,070	After one year	8,457
	(2,628,774)		(1,007,264)
Total	27,467	Total	12,350
	(3,271,648)		(1,471,034)

FOOTNOTE INFORMATION (continued)

(SECURITIES)

As of December 31, 2006

1. Trading securities

(Unit: Thousands of U.S. Dollars (Thousands of Japanese Yen))

Amount on the consolidated balance sheet	Gain/loss included in the consolidated income statement
63 (7,479)	44 (5,262)

2. Available-for-sale securities sold in the current fiscal period

(Unit: Thousands of U.S. Dollars (Thousands of Japanese Yen))

Amount on sale	Gain on sale	Loss on sale
11,205 (1,334,611)	— (—)	— (—)

3. Securities not stated at fair value

(Unit: Thousands of U.S. Dollars (Thousands of Japanese Yen))

Category	Amount on the consolidated balance sheets
Available-for-sale securities	
(1) Unlisted securities	32,853 (3,913,094)
(2) Fund trust	280 (33,369)
Total	33,133 (3,946,463)

4. Redemption schedule for held-to-maturity securities

(Unit: Thousands of U.S. Dollars (Thousands of Japanese Yen))

	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Debt securities				
Corporate bond	— (—)	640 (76,267)	— (—)	— (—)
Total	— (—)	640 (76,267)	— (—)	— (—)

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

FOOTNOTE INFORMATION (continued)

(SECURITIES) (continued)

As of December 31, 2005

1. Trading securities

(Unit: Thousands of U.S. Dollars (Thousands of Japanese Yen))

Amount on the consolidated balance sheet	Gain/loss included in the consolidated income statement
145	—
(17,282)	(—)

2. Available-for-sale securities with fair value

(Unit: Thousands of U.S. Dollars (Thousands of Japanese Yen))

Category	Acquisition cost	Amount on the consolidated balance sheet	Difference
Book value more than acquisition cost:			
1) Equity securities	—	—	—
	(—)	(—)	(—)
2) Debt securities	—	—	—
	(—)	(—)	(—)
3) Other	—	—	—
	(—)	(—)	(—)
Subtotal	—	—	—
	(—)	(—)	(—)
Book value is less than acquisition cost:			
1) Equity securities	14	14	—
	(1,685)	(1,685)	(—)
2) Debt securities	—	—	—
	(—)	(—)	(—)
3) Other	—	—	—
	(—)	(—)	(—)
Subtotal	14	14	—
	(1,685)	(1,685)	(—)
TOTAL	14	14	—
	(1,685)	(1,685)	(—)

(Note 1) "Other" above is categorized into securities assets on the consolidated balance sheet.

3. Available-for-sale securities sold in the current fiscal period

(Unit: Thousands of U.S. Dollars (Thousands of Japanese Yen))

Amount on sale	Gain on sale	Loss on sale
21,788	—	44
(2,595,144)	(—)	(5,270)

FOOTNOTE INFORMATION (continued)

(SECURITIES) (continued)

As of December 31, 2005

4. Securities not stated at fair value

(Unit: Thousands of U.S. Dollars (Thousands of Japanese Yen))

Category	Amount on the consolidated balance sheets
Available-for-sale securities	
(1) Unlisted securities	21,788
	(2,595,144)
(2) Fund trust	880
	(104,832)
(3) Investment in limited liability company	68
	(8,087)
Total	22,736
	(2,708,062)

(Note1) Available-for-sale securities above are categorized into investment in securities on the consolidated balance sheet.

5. Redemption schedule for held-to-maturity securities

(Unit: Thousands of U.S. Dollars (Thousands of Japanese Yen))

	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Debt securities	—	617	—	—
Corporate bond	(—)	(73,534)	(—)	(—)
Total	—	617	—	—
	(—)	(73,534)	(—)	(—)

(DERIVATIVE TRANSACTIONS)

Consolidated fiscal year -current year (From January 1, 2006 to December 31, 2006) and prior year (From January 1, 2005 to December 31, 2005)

The group has not entered into any derivative contracts.

(EMPLOYEES' RETIREMENT BENEFITS)

Consolidated fiscal year — current year (From January 1, 2006 to December 31, 2006)	Consolidated fiscal year — prior year (From January 1, 2005 to December 31, 2005)
1 Retirement benefit scheme Subsidiaries located in Hong Kong, PRC and U.S.A. apply defined-contribution retirement benefit plan.	1 Retirement benefit scheme Same as on the left.
2 Projected benefit obligation (as of December 31, 2006) Not applicable.	2 Projected benefit obligation Same as on the left.
3 Service cost and relative expenses Not applicable.	3 Service cost and relative expenses Same as on the left.
4 Basis of calculation to determine projected benefit obligation Not applicable.	4 Basis of calculation to determine projected benefit obligation Same as on the left.

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

FOOTNOTE INFORMATION (continued)

(TAXATION)

(Unit: Thousands of U.S. Dollars (Thousands of Japanese Yen))

Consolidated fiscal year — current year (From January 1, 2006 to December 31, 2006)		Consolidated fiscal year — prior year (From January 1, 2005 to December 31, 2005)	
1	Major components of deferred tax assets and liabilities	1	Major components of deferred tax assets and liabilities
	(Deferred tax assets)		(Deferred tax assets)
	Unutilized tax losses		Unutilized tax losses
	17,809		18,074
	(2,121,172)		(2,152,744)
	Allowance for doubtful accounts		Subscription revenue received in advance
	119		315
	(14,122)		(37,520)
	Accruals		Allowance for doubtful accounts
	289		114
	(34,409)		(13,626)
	Other		Accruals
	158		378
	(18,765)		(45,076)
	Subtotal		Other
	18,373		198
	(2,188,467)		(23,605)
	Valuation reserve		Subtotal
	△ 17,809		19,080
	(△ 2,121,172)		(2,272,570)
	Total deferred tax assets		Valuation reserve
	565		△ 18,074
	(67,295)		(△ 2,152,744)
	(Deferred tax liabilities)		Total deferred tax assets
	Depreciation and amortization		1,006
	△ 35		(119,826)
	(△ 4,142)		(Deferred tax liabilities)
	Revaluation of subsidiaries' assets and liabilities on consolidation		Allowance for doubtful accounts
	△ 3,965		△ 127
	(△ 472,240)		(△ 15,127)
	Other		Depreciation and amortization
	△ 1		△ 36
	(△ 125)		(△ 4,320)
	Total deferred tax liabilities		Other
	△ 4,001		△ 67
	(△ 476,506)		(△ 8,010)
	Net of deferred tax assets and deferred tax liabilities		Total deferred tax liabilities
	△ 3,436		△ 231
	(△ 409,212)		(△ 27,457)
			Net of deferred tax assets and deferred tax liabilities
			776
			(92,370)

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

FOOTNOTE INFORMATION (continued)

(TAXATION) (continued)

(Unit: Thousands of U.S. Dollars (Thousands of Japanese Yen))

Consolidated fiscal year — current year (From January 1, 2006 to December 31, 2006)		Consolidated fiscal year — prior year (From January 1, 2005 to December 31, 2005)	
Net of deferred tax assets and deferred tax liabilities appear on the Consolidated Balance Sheets as follows:		Net of deferred tax assets and deferred tax liabilities appear on the Consolidated Balance Sheets as follows:	
Deferred tax assets — current	340	Deferred tax assets — current	571
	(40,468)		(68,068)
Deferred tax assets — non-current	225	Deferred tax assets — non-current	204
	(26,826)		(24,302)
Deferred tax liabilities — current	—	Deferred tax liabilities — current	—
	(—)		(—)
Deferred tax liabilities — non-current	△ 4,001	Deferred tax liabilities — non-current	—
	(△ 476,506)		(—)
2	Reconciliation between the normal statutory tax rate and the actual effective tax rate	2	Reconciliation between the normal statutory tax rate and the actual effective tax rate
Tax at the applicable income tax rate	17.5%	Tax at the applicable income tax rate	17.5%
(Reconciliation)		(Reconciliation)	
Tax effect of expenses not deductible for tax purposes	11.7%	Tax effect of expenses not deductible for tax purposes	902.4%
Tax effect of income not taxable for tax purposes	△ 21.8%	Tax effect of income not taxable for tax purposes	△ 560.0%
Tax effect of unrecognized tax losses	15.0%	Tax effect of unrecognized tax losses	38.1%
Effect of different tax rates of subsidiaries operating in other jurisdictions	13.6%	Tax effect of utilization of tax losses not previously recognized	△ 151.2%
Tax credit	△ 24.6%	Effect of different tax rates of subsidiaries operating in other jurisdictions	298.3%
Other	7.9%	Other	22.9%
Tax effect and effective tax rate for the year	19.3%	Tax effect and effective tax rate for the year	568.0%
		As the Company is a foreign company, there is a significant difference between “income before income taxes and minority interests” under IFRS (USD13,889 thousand) and that under J GAAP (USD518 thousand), which caused reconciliation items with large percentages.	

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

FOOTNOTE INFORMATION (continued)

(SHARE OPTIONS, WARRANTS OR SHARE-BASED-PAYMENTS GRANTED OR ISSUED)

	Consolidated fiscal year — current year (From January 1, 2006 to December 31, 2006)
The Company	
Expenses recognized	
Selling, general and administrative expenses — Directors' emolument	USD1,666 thousand (JPY198,483 thousand)
Selling, general and administrative expenses — Other	USD642 thousand (JPY76,421 thousand)
Assets recognized	
Goodwill	USD739 thousand (JPY88,022 thousand)

(SHARE OPTION)

Consolidated fiscal year — current year (From January 1, 2006 to December 31, 2006)

1. Outline, size and change of the number of share option

(1) Outline of share option

Company Name	The Company				Xinhua Finance Media Limited		
	2006				2005	2006	
Type	Share option (1)	Share option (2)	Share option (3)	Share option (4)	Share Option	Restricted share (*4)	Share option
Category and number of person designated	2 directors	5 directors	209 employees	1 employee	166 employees	1 director	190 employees
Class and number of objective shares (*1)	5,000 ordinary shares	6,000 ordinary shares	26,656 ordinary shares	114 ordinary shares	14,910 Ordinary shares	11,050,000 Class A Common Shares	11,198,180 Class A Common Shares
Grant date	January 31, 2006	January 31, 2006	April 30, 2006	July 1, 2006	February 9, 2005	June 13, 2006	July 11, 2006
Terms and condition for vesting	834 shares vested on each of Jan 31, Apr 30, Jul 30, Oct 31, 2006 & Jan 31, 2007 and 830 shares vested on Apr 30, 2007	1/4 grant vested on Apr 30, 2006, Jul 31, 2006, Oct 31, 2006 & Jan 31, 2007 (*2)	1/3 grant vested on Dec 31, 2006: 1/3 vested on Dec 31, 2007; 1/3 vested on Dec 31, 2008 (*2)	1/3 grant vested on Dec 31, 2006; 1/3 vested on Dec 31, 2007; 1/3 vested on Dec 31, 2008 (*2)	1/3 grant vested on Dec 31 2005; 1/3 vested on Dec 31 2006; 1/3 vested on Dec 31 2007. (*2)	equally vested in 5 years commencing June 13, 2007 (*2)	1/2 to be vested by Dec 31, 2007 or upon certain corporate event, whichever is earlier; 1/4 vested on Dec 31, 2008, 1/4 vested on Dec 31, 2009 (*3)
Service period required to be vested	—	From Jan 31, 2006 to Jan 31, 2007	From Apr 30, 2006 to Dec 31, 2008	From July 1, 2006 to Dec 31, 2008	From Feb 9, 2005 to Dec 31, 2007	From June 13, 2006 to June 13, 2011	From July 11, 2006 to Dec 31, 2009
Exercisable period	From Jan 31, 2006 to Feb 1, 2009	From Apr 30, 2006 to Feb 1, 2016	From Jan 1, 2007 to Apr 30, 2016	From Jan 1, 2007 to Apr 30, 2016	From Jan 1, 2006 to Feb 8, 2015	From June 13, 2007 to June 13, 2011	From December 31, 2007 or upon certain corporate event, whichever is earlier to July 11, 2011

(*1) The number of shares to be applied.

All options granted prior to 2006 have all been adjusted for the 2,000 to 1 share reverse share split in August 24, 2004 and 3 for 1 share split in September 22, 2005.

FOOTNOTE INFORMATION (continued)

(SHARE OPTION) (continued)

(*2) If employment is terminated for cause, vesting will cease and any un-exercised portion of the option will be forfeited immediately on the last employment date.

If employment is terminated voluntarily by the employee:

- 1) Unvested options (if any) which are scheduled to vest in the same calendar year of the termination will vest on the last day of that calendar year, and expire 12 months after the date of vesting
- 2) All unvested options (if any) scheduled to vest in subsequent years will be forfeited
- 3) All vested options can be exercised until expiration which will be the later of 12 months from the date of termination and 12 months after the date of vesting of any options in the year of termination (if any).

(*3) If employment is terminated with or without cause, vesting will cease on the last employment date. If employment is terminated for cause, any un-exercised portion of the option will be forfeited immediately on the last employment date. If employment is terminated voluntarily by the employee, vesting will cease and any un-exercised portion of the option will expire three months after the date of termination.

(*4) Issued shares which have the terms and conditions for vesting. The relevant shareholder does not obtain any shareholder's rights until the vesting period elapses. These shares are substantially equal to share options, therefore, accounting treatments are the same as that of share options.

(2) *Size and change of the number of share option*

(i) Number of objective shares of share option

(Unit: share)

Company Name	The Company				Xinhua Finance Media Limited		
Year	2006				2005	2006	
Type	Share Option (1)	Share Option (2)	Share Option (3)	Share Option (4)	Share Option	Restricted share	Share Option
Number of objective shares for unvested option							
Beginning balance of the period	—	—	—	—	9,940	—	—
Granted	5,000	6,000	26,656	114	—	11,050,000	11,198,180
Lapsed	—	—	708	—	—	—	500,039
Vested	3,336	4,500	8,653	38	4,970	—	—
Unvested balance	1,664	1,500	17,295	76	4,970	11,050,000	10,698,141
Number of objective shares for vested option							
Beginning balance of the period	—	—	—	—	4,970	—	—
Vested	3,336	4,500	8,653	38	4,970	—	—
Exercised	—	—	—	—	1,150	—	—
Lapsed	—	—	110	—	426	—	—
Unexercised balance	3,336	4,500	8,543	38	8,364	—	—

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

FOOTNOTE INFORMATION (continued)

(SHARE OPTION) (continued)

(ii) Unit price information

Company Name	The Company				Xinhua Finance Media Limited		
Year	2006				2005	2006	
Type	Share Option (1)	Share Option (2)	Share Option (3)	Share Option (4)	Share Option	Restricted share	Share Option
Exercise price	JPY74,247	JPY71,844	JPY71,844	JPY71,844	JPY49,316	USD0.001	USD0.78
Average price of shares upon exercise	—	—	—	—	JPY92,028	—	—
Fair value of option at grant date per option	—	—	—	USD252.92	—	USD0.60	USD0.14

2. Valuation Method for Share Option

Determination of estimated fair value of share option granted during the current fiscal period is as follows:

(1) *Valuation method used*

(i) Share option: Black-Scholes Model, Binominal Model and its variants

(2) *Factors and basis of estimation*

Company Name	The Company				Xinhua Finance Media Limited	
Type	Share Option (1)	Share Option (2)	Share Option (3)	Share Option (4)	Restricted share	Share Option
Price volatility (*1)	60%	60%	60%	60%	38.2%	38.3%
Estimated remaining exercisable period (*2)	3 years	10 years	10 years	10 years	5 years	3.61 years
Estimated dividend (*3)	NIL	NIL	NIL	NIL	NIL	NIL
Free risk rate (*4)	1.47%	1.47%	1.91%	1.91%	5.41%	5.68%

(*1) In determination of volatility, the valuer has considered the volatility of the Company one year prior to the issuance of share option. The volatility is measured based on the weekly price change and we consider the volatility measured on weekly basis provided a reasonable estimation for the expected volatility.

(*2) It is assumed that the grantee will exercise the option at the time of vesting, therefore, it is calculated in assumption that the estimated remaining period of share options equals to service period required to be vested.

(*3) With reference to the track record, it is assumed the dividend is zero during the estimated option life attributable to ordinary shares.

(*4) Yield of Chinese treasury bond applicable to the estimated remaining period of options.

3. Determination of estimation for number of share option to be vested

Actual lapsed number shall be considered because grantee will exercise the option at the time of vesting.

FOOTNOTE INFORMATION (continued)

(WARRANT AND SHARE-BASED PAYMENT)

Consolidated fiscal year — current year (From January 1, 2006 to December 31, 2006)

1. Outline, size and change of warrant and share-based payment

(1) Outline of warrant and share-based payment

Company Name	The Company							Xinhua Finance Media Limited	
	2006					2005	2004	2006	
Type	Warrant	Share-based payment (1)	Share-based payment (2)	Share-based payment (3)	Share-based payment (4)	Share-Based Payment	Share-Based Payment	Warrant (1)	Warrant (2)
Category and number of person designated	1 third party	1 third party	1 third party	2 directors and 4 employees	1 director	2 directors of the group, 1 adviser and 3 employees	230 employees	1 shareholder	1 consultant
Class and number of objective shares (*2)	20,000 ordinary shares	2,000 ordinary shares	1,500 ordinary shares	18,107 ordinary shares	800 ordinary shares	28,168 ordinary shares	79,129.26 ordinary shares	4,099,968 Class A Common Shares	630,000 Class A Common Shares
Grant date (*1)	February 14, 2006	February 14, 2006	July 25, 2006	September 6, 2006	September 22, 2006	Jul 15, Sept 15 & Dec 05	April 6; Jun 17, 21, 22, 30; Jul 11 & 19; Aug 16 & 20; Dec 28 & 30 (*3)	September 22, 2006	December 7, 2006
Exercisable period	From February 15, 2007 to February 16, 2009	—	—	—	—	—	—	From September 22, 2006 to September 22, 2011	From December 7, 2006 to December 7, 2011

(*1) Contract date as for the share-based payment.

(*2) The number of shares to be applied.

All shares and options granted prior to 2006 have all been adjusted for the 2,000 to 1 share reverse share split in August 24, 2004 and 3 for 1 share split in September 22, 2005.

(*3) Detailed terms and conditions are approved by the board in April 2004.

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

FOOTNOTE INFORMATION (continued)

(WARRANT AND SHARE-BASED PAYMENT) (continued)

(2) *Size and change of the number of warrant*

(i) Number of objective shares of warrant

(Unit: share)

Company Name	The Company	Xinhua Finance Media Limited	
Year	2006	2006	
Type	Warrant	Warrant (1)	Warrant (2)
Number of objective shares for vested option			
Beginning balance of the period	—	—	—
Vested	20,000	4,099,968	630,000
Exercised	—	—	—
Lapsed	—	—	—
Unexercised balance	20,000	4,099,968	630,000

(ii) Unit price information

Company Name	The Company	Xinhua Finance Media Limited	
Year	2006	2006	
Type	Warrant	Warrant (1)	Warrant (2)
Exercise price	JPY82,500	USD3.659	USD3.659
Average price of shares upon exercise	—	—	—
Fair value of option at grant date per warrant	USD8.44	USD0.15	USD0.18

2. Valuation Method for Warrant

Determination of estimated fair value of warrant granted during the current fiscal period is as follows:

(1) *Valuation method used*

(i) Warrant: Black-Scholes Model, Binominal Model and its variants

(2) *Factors and basis of estimation*

Company Name	The Company	Xinhua Finance Media Limited	
Year	2006	2006	
Type	Warrant	Warrant(1)	Warrant(2)
Price volatility (*1)	34.04%	45%	44%
Estimated remaining exercisable period (*2)	2 years	5 years	5 years
Estimated dividend (*3)	NIL	NIL	NIL
Free risk rate (*4)	4.35%	5.11%	4.91%

(*1) In determination of volatility, the valuer has considered the volatility of the Company one year prior to the issuance of warrant. The volatility is measured based on the weekly price change and we consider the volatility measured on weekly basis provided a reasonable estimation for the expected volatility.

(*2) It is calculated in assumption that the estimated remaining period of warrant equals to exercisable period.

(*3) With reference to the track record, it is assumed the dividend is zero during the estimated warrant life attributable to ordinary shares.

(*4) Yield of Chinese treasury bond applicable to the estimated remaining period of warrant.

FOOTNOTE INFORMATION (continued)

(SEGMENT INFORMATION)

[Business segment]

Consolidated fiscal year — current year (From January 1, 2006 to December 31, 2006)	Consolidated fiscal year — prior year (From January 1, 2005 to December 31, 2005)
The group is engaged in the provision and distribution of financial and related information and services via multiple channels. Our offerings include market indices, financial news, credit ratings, investor relations and media and advertising related services. The group operates in one business segment thus information on business segmentation is omitted.	The Group is engaged solely in financial information business which includes distribution of market indices, financial news, credit ratings, investor relations services and other relevant services. Thus, information of business segmentation are omitted.

[Regional segmental information]

(Unit: Thousands of U.S. Dollars (Thousands of Japanese Yen))

	Consolidated fiscal year — current year (From January 1, 2006 to December 31, 2006)						
	Japan	Asia	North America	Others	Total	Eliminated or unallocated	Consolidated
Sales and operating income/loss							
Sales							
(1) Outside customer	1,366 (162,668)	84,982 (10,122,202)	84,824 (10,103,419)	3,791 (451,530)	174,963 (20,839,820)	— (—)	174,963 (20,839,820)
(2) Inter segment or transfer	— (—)	8,880 (1,057,669)	36 (4,258)	228 (27,179)	9,144 (1,089,107)	△ 9,144 (△ 1,089,107)	— (—)
Total	1,366 (162,668)	93,862 (11,179,872)	84,860 (10,107,677)	4,019 (478,710)	184,107 (21,928,927)	△ 9,144 (△ 1,089,107)	174,963 (20,839,820)
Operating expenses	1,533 (182,555)	67,997 (8,099,105)	84,559 (10,071,860)	26,414 (3,146,120)	180,502 (21,499,640)	△ 6,674 (△ 794,919)	173,829 (20,704,721)
Operating income (△ loss)	△ 167 (△ 19,886)	25,865 (3,080,766)	301 (35,817)	△ 22,395 (△ 2,667,410)	3,604 (429,287)	△ 2,470 (△ 294,188)	1,134 (135,099)
Assets	1,944 (231,519)	511,598 (60,936,494)	195,133 (23,242,346)	57,266 (6,820,908)	765,941 (91,231,267)	— (—)	765,941 (91,231,267)

Notes

- 1 Location segments are based on geographical proximity.
- 2 Main countries or locations which do not belong to Japan:
 - (1) Asia.....Hong Kong, China, Singapore and other locations.
 - (2) North America.....U.S.A.
 - (3) Other locations.....U.K., British West Indies and other locations.

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

FOOTNOTE INFORMATION (continued)

(SEGMENT INFORMATION) (continued)

(Unit: Thousands of U.S. Dollars (Thousands of Japanese Yen))

	Consolidated fiscal year — prior year (From January 1, 2005 to December 31, 2005)						
	Japan	Asia	North America	Others	Total	Eliminated or unallocated	Consolidated
Sales and operating income/loss							
Sales							
(1) Outside customer	4,630 (551,432)	33,653 (4,008,378)	71,451 (8,510,527)	277 (32,959)	110,010 (13,103,296)	— (—)	110,010 (13,103,296)
(2) Inter segment or transfer	— (—)	7,418 (883,571)	1,157 (137,868)	8,855 (1,054,703)	17,430 (2,076,142)	△ 17,430 (△ 2,076,142)	— (—)
Total	4,630 (551,432)	41,071 (4,891,949)	72,608 (8,648,395)	9,132 (1,087,661)	127,441 (15,179,438)	△ 17,430 (△ 2,076,142)	110,010 (13,103,296)
Operating expenses	4,807 (572,517)	30,950 (3,686,493)	78,944 (9,403,038)	8,701 (1,036,376)	123,402 (14,698,424)	△ 16,864 (△ 2,008,631)	106,538 (12,689,793)
Operating income (△ loss)	△ 177 (△ 21,085)	10,121 (1,205,457)	△ 6,336 (△ 754,643)	431 (51,285)	4,038 (481,014)	△ 567 (△ 67,511)	3,472 (413,503)
Assets	1,324 (157,654)	75,509 (8,993,820)	186,531 (22,217,749)	105,453 (12,560,523)	368,817 (43,929,746)	— (—)	368,817 (43,929,746)

Notes

- 1 Location segments are based on geographical proximity.
- 2 Main countries or locations which do not belong to Japan:
 - (1) Asia.....Hong Kong, China, Singapore and other locations.
 - (2) North America.....U.S.A.
 - (3) Other locations.....U.K. and other locations.

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

FOOTNOTE INFORMATION (continued)

(SEGMENT INFORMATION) (continued)

[Overseas sales]

(Unit: Thousands of U.S. Dollars (Thousands of Japanese Yen))

		Consolidated fiscal year — current year (From January 1, 2006 to December 31, 2006)				
		Asia	North America	Europe	Other	Total
I	Overseas sales	74,430 (8,865,360)	73,608 (8,767,461)	19,631 (2,338,248)	1,889 (224,990)	169,558 (20,196,058)
II	Consolidated sales	— (—)	— (—)	— (—)	— (—)	174,963 (20,839,820)
III	Ratio of overseas sales which accounts for consolidated sales (%)	42.5%	42.1%	11.2%	1.1%	96.9%

Notes

- Location segments are based on the geographical proximity.
- Main countries or locations which do not belong to Japan.
 - Asia.....Hong Kong, China, Singapore and other locations.
 - North America.....U.S.A. and Canada.
 - Europe.....U.K., Germany and France and other locations.
 - Other.....Australia, South America and other locations.
- Overseas sales are sales of the Company and consolidated subsidiaries in other than domestic countries or locations.

(Unit: Thousands of U.S. Dollars (Thousands of Japanese Yen))

		Consolidated fiscal year — prior year (From January 1, 2005 to December 31, 2005)				
		Asia	North America	Europe	Other	Total
I	Overseas sales	17,381 (2,070,194)	64,912 (7,731,683)	18,718 (2,229,469)	1,105 (131,653)	102,116 (12,162,999)
II	Consolidated sales	— (—)	— (—)	— (—)	— (—)	110,010 (13,103,296)
III	Ratio of overseas sales which accounts for consolidated sales (%)	15.8%	59.0%	17.0%	1.0%	92.8%

Notes

- Location segments are based on the geographical proximity.
- Main countries or locations which do not belong to Japan.
 - Asia.....Hong Kong, China, Singapore and other locations.
 - North America.....U.S.A. and Canada.
 - Europe.....U.K., Germany and France and other locations.
 - Other.....Australia, South America and other locations.
- Overseas sales are sales of the Company and consolidated subsidiaries in other than domestic countries or locations.

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

FOOTNOTE INFORMATION (continued)

(SEGMENT INFORMATION) (continued)

[Related party transactions]

Consolidated fiscal year — current year (From January 1, 2006 to December 31, 2006)	Consolidated fiscal year — prior year (From January 1, 2005 to December 31, 2005)
<p>Directors and major individual shareholders</p> <p>(1) Category Directors and major individual shareholders</p> <p>(2) Name of the related party SBI USA, LLC</p> <p>(3) Address 610 Newport Center Drive, Suite 1205, Newport Beach, CA92666</p> <p>(4) Nature of business Investment advisory</p> <p>(5) Ratio of voting right held by the related party Direct 0.20%</p> <p>(6) Relationship Concurrence of directors One director Business relationship Financial advisor of the Company</p> <p>(7) Nature of transactions Payment of commission fee</p> <p>(8) Amount USD1,000 thousand (JPY119,110 thousand)</p> <p>(9) Name of account Bond issuance cost</p> <p>(10) Remaining balance on balance sheet as of the year end USD967 thousand (JPY115,140 thousand)</p> <p>Terms and condition of the agreement are determined at arms' length.</p>	<p>Sister company</p> <p>(1) Category Sister company</p> <p>(2) Name of the related party NIS Securities Co., Ltd.</p> <p>(3) Address Shinjuku-ku, Tokyo</p> <p>(4) Share capital JPY1,620 million</p> <p>(5) Nature of business A securities company</p> <p>(6) Ratio of voting right (held by the Company/held by the related party) None</p> <p>(7) Relationship Concurrence of directors None Business relationship None</p> <p>(8) Nature of transactions Underwriter of the Company's share upon a share issuance</p> <p>(9) Amount USD4,367 thousand (JPY520,147 thousand)</p> <p>(10) Name of account Share issuance related expense</p> <p>(11) Remaining balance as of the year end None</p> <p>Terms and condition of the agreement are determined at arms' length.</p>

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

FOOTNOTE INFORMATION (continued)

(PER SHARE INFORMATION)

(Unit: U.S. Dollars (Japanese Yen))

Item	Consolidated fiscal year — current year (From January 1, 2006 to December 31, 2006)	Consolidated fiscal year — prior year (From January 1, 2005 to December 31, 2005)				
Net assets per share	326.93 (38,940.63)	305.65 (36,405.58)				
		Suspense account of share exchange included in share premium is excluded from the process of calculation of net assets per share.				
Net income/loss (△) per share	12.23 (1,456.43)	△4.25 (△506.32)				
Diluted income	11.57 (1,378.69)	<p>For diluted net income per share, even if the Company has shares with dilution effect, the Company is in a loss position, thus, such information is not stated.</p> <p>On September 22, 2005, the Company made a share split by way of a free share distribution at the rate of two shares for each outstanding one share.</p> <p>If the share split had been effective from the beginning of the prior year, the per share information would have been as follows:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 80%;">Net assets per share</td> <td style="text-align: right;">239.89 (28,573.08)</td> </tr> <tr> <td>Net loss per share</td> <td style="text-align: right;">34.65 (4,126.57)</td> </tr> </table> <p>The diluted net loss per share is not stated because of the net loss position.</p>	Net assets per share	239.89 (28,573.08)	Net loss per share	34.65 (4,126.57)
Net assets per share	239.89 (28,573.08)					
Net loss per share	34.65 (4,126.57)					

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

FOOTNOTE INFORMATION (continued)

(PER SHARE INFORMATION) (continued)

(Note) Basis of calculation for the net income/loss (Δ) and diluted net income/loss per share.

(Unit: Thousands of U.S. Dollars (Thousands of Japanese Yen))

Item	Consolidated fiscal year — current year (From January 1, 2006 to December 31, 2006)	Consolidated fiscal year — prior year (From January 1, 2005 to December 31, 2005)
Net income/loss (Δ) per share		
Net income/loss (Δ) for the year	10,760 (1,281,662)	Δ 2,814 (Δ 335,226)
Net Income/loss (Δ) NOT attributed to ordinary shareholders	— (—)	— (—)
Net income/loss (Δ) attributed to ordinary shares	10,760 (1,281,662)	Δ 2,814 (Δ 335,226)
Average number of ordinary shares during the year (shares)	880,001.21	662,085.34
Diluted net income per share		
Adjustment on net income/loss (Δ) for the year	— (—)	— (—)
Number of ordinary shares to be increased (shares)	50,115.66	—
(increased by share subscription rights)	(50,115.66)	(—)
Overview of potential shares without dilutive effect excluded from the formula of diluted earnings per share for the year	One type of share subscription rights (Number of shares to be issued upon exercise: 114 shares)	Three types of share subscription rights (Number of shares to be issued upon exercise: 20,043 shares)

FOOTNOTE INFORMATION (continued)

(SIGNIFICANT SUBSEQUENT EVENTS)

Consolidated fiscal year — current year (From January 1, 2006 to December 31, 2006)	Consolidated fiscal year — prior year (From January 1, 2005 to December 31, 2005)
<p>1. On January 9, 2007, the Company acquired the entire remaining equity stake in Glass Lewis & Co., LLC and completed the entire acquisition.</p> <p>(1) Purpose of the acquisition The acquisition advances the Company to expand its business into the services helping investors make more informed investment and proxy voting decisions.</p> <p>(2) Outline of Glass Lewis & Co. Address: San Francisco, U.S.A. Sales: USD5,600 thousand (December 2005) Total assets: USD6,059 thousand (December 2005) Business: Investment research and global proxy advisory services for institutional investors</p> <p>(3) Outline of the acquisition</p> <p>① Method of acquisition Purchased an initial 19.9% equity stake on August 9, 2006, and acquired the entire remaining equity stake 80.1% on January 9, 2007.</p> <p>② Acquisition cost and payment term Consideration of equity stake of 80.1% is USD38,095 thousand. USD13,756 thousand was paid by cash and the remaining USD24,339 thousand was paid by 43,975 common shares of the Company. The number of shares was calculated based on the average market price of the Company's common shares during 15 trading days ending December 29, 2006 on the Tokyo Stock Exchange.</p> <p>③ Name of Sellers Mr. Gregory P. Taxis Mr. Kevin J. Cameron Rustic Canyon Ventures SBIC, LP Abigail E. Disney Living Trust Susan Disney Lord Living Trust Shamrock Estates Limited LLC Ojibawa Investment Partners</p> <p>④ Date of acquisition January 9, 2007</p>	<p>1. On January 12, 2006, the Company completed the acquisition of Ming Shing International Ltd.</p> <p>(1) Purpose of the acquisition The acquisition advances the Company's strategy of leveraging the value of existing content offerings and enhancing distribution and financial markets communications capabilities across China.</p> <p>(2) Outline of Ming Shing International Ltd. Address: Hong Kong, Beijing, Shanghai. Business: Advertising</p> <p>(3) Outline of the acquisition</p> <p>① Method of acquisition Acquired ordinary shares (1,000 shares, 100%) of Ming Shing International Ltd.</p> <p>② Acquisition cost and payment term Initial consideration of USD29,000 thousand was settled by cash. The subsequent consideration to be determined based on the performance of Ming Shing International Ltd. in 2005, 2006 and 2007 will be settled by cash and the Company's ordinary shares.</p> <p>③ Name of Sellers Lu Chin Chien</p> <p>④ Date of acquisition January 12, 2006</p>

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

FOOTNOTE INFORMATION (continued)

(SIGNIFICANT SUBSEQUENT EVENTS) (continued)

Consolidated fiscal year — current year (From January 1, 2006 to December 31, 2006)	Consolidated fiscal year — prior year (From January 1, 2005 to December 31, 2005)
<p>2. On January 3, 2007, the Company's subsidiary, Mergent Inc. completed the acquisition of Kinetics Information Systems Services Limited.</p> <p>(1) Purpose of the acquisition The acquisition advances the Company's strategy of providing real time index calculation services.</p> <p>(2) Outline of Kinetics Information Systems Services Limited Address: London, England Sales: £955 thousand Total Assets: £392 thousand Business: providing real time index calculation services and portfolio index analysis.</p> <p>(3) Outline of the acquisition</p> <p>① Method of acquisition Acquired ordinary shares 100% (106,383 shares) of Kinetics Information Systems Services Limited</p> <p>② Acquisition costs and payment terms £4,000 thousand of consideration settled by cash. £1,000 thousand paid into escrow. £500 thousand to be released to sellers on December 31, 2007 if certain key employees remain employed by Kinetics. Up to £500 thousand to be released to sellers on December 31, 2007 if certain key customers have not terminated their contracts.</p> <p>③ Name of Sellers David J. Goodman Keith R. Frewin, Gavin Casey Lesley Casey Dawnay Bay Corporate Finance Limited Beverly Goodman The Estate of Sir Michael Richardson</p> <p>④ Date of acquisition January 3, 2007</p>	<p>2. On January 23, 2006, the Board of Directors resolved that the Company would grant stock option as follows:</p> <p>(1) Grant to independent directors</p> <p>① Grantees of the option two independent directors</p> <p>② Number of stock options to be granted two</p> <p>③ Class and number of shares to be issued pursuant to the stock option 5,000 ordinary shares</p> <p>④ Issue price of the stock option No consideration</p> <p>⑤ Strike price JPY74,247 per share (Based upon the average closing price of the Company's share for the 15 trading days ending January 20, 2006 at Tokyo Stock Exchange)</p> <p>⑥ Exercisable period From January 31, 2006 to January 31, 2009</p> <p>(2) Grant to directors</p> <p>① Grantees of the options five directors/non-executive directors</p> <p>② Number of stock options to be granted five</p> <p>③ Class and number of shares to be issued pursuant to the stock option 6,000 ordinary shares</p> <p>④ Issue price of the stock option No consideration</p> <p>⑤ Strike price JPY71,844 per share (Based upon the average closing price of the Company's share for the 90 days ending December 31, 2005 at Tokyo Stock Exchange)</p> <p>⑥ Exercisable period From January 31, 2006 to January 31, 2016</p>

FOOTNOTE INFORMATION (continued)

(SIGNIFICANT SUBSEQUENT EVENTS) (continued)

Consolidated fiscal year — current year (From January 1, 2006 to December 31, 2006)	Consolidated fiscal year — prior year (From January 1, 2005 to December 31, 2005)
<p>3. The Company's subsidiary, Xinhua Finance Media Limited, filed the registration form for the initial public offering on the Nasdaq Global Market in the United States. The registration statement was declared effective on March 8, 2007 and the listing of shares commenced on March 9, 2007. This is initial public offering of American depository shares (ADS) and the three selling shareholders other than the Company are offering additional ADSs. Each ADS represents two common shares.</p> <p>(1) Number of shares To be issued: 17,307,923 ADSs represent 34,615,846 A Common Shares To be sold: 5,769,000 ADSs represent 11,538,000 A Common Shares</p> <p>(2) Offering price and Sales price: USD13.00 per ADS USD299,999,999 in total</p> <p>(3) Underwriting discounts and commissions: USD0.91 per ADS USD21,000,000 in total</p> <p>(4) Proceeds to Xinhua Finance Media, before expenses USD12.09 per ADS USD209,252,789 in total</p> <p>(5) Proceeds to the selling shareholders, before expenses USD12.09 per ADS USD69,747,210 in total</p> <p>(6) Amount to be capitalized as the Share capital USD34,615.85</p> <p>(7) Due date of payment March 13, 2007</p> <p>(8) Purpose for fund</p> <p>(1) Approximately USD50 million to repay certain outstanding indebtedness to parent company and Xinhua Financial Network Limited.</p> <p>(2) An undetermined amount for strategic acquisitions of complementary businesses.</p> <p>(3) The balance to fund working capital and for other general corporate purposes.</p>	<p>3. On March 2, 2006, the Company entered into contract to acquire Beijing Alpha Financial Engineering Limited.</p> <p>(1) Purpose of the acquisition The purpose of the acquisition is to deepen and broaden Xinhua Finance's offering by providing comprehensive index services and better investment solutions and tools.</p> <p>(2) Outline of Beijing Alpha Financial Engineering Limited Address: Beijing, China Revenue: USD259 thousand (For the year ended December 31, 2005) Share capital: RMB 2,500 thousand Business: Development and transfer of software technology, technical training and service; sale of computers and auxiliary equipments</p> <p>(3) Outline of the acquisition</p> <p>① Method of acquisition Xinhua Finance will directly acquire 100% of the shares of Beijing Alpha Financial Engineering Limited from its shareholders.</p> <p>② Acquisition cost and payment term The purchase price will be paid over a period of three years, in an amount linked to the performance of Beijing Alpha in 2005, 2006, 2007 and 2008. The total consideration is estimated at USD2,000,000.</p> <p>③ Name of Sellers Chen Bing Ma Yuewen</p> <p>④ Schedule of the acquisition The acquisition is subject to the approval from the Chinese regulatory authorities. It is expected that the approval process will take approximately 90 days.</p>

Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2006

CONSOLIDATED SUPPORTING SCHEDULES

(Schedule of bond)

(Unit: Thousand of U.S. Dollar (Thousand of Japanese Yen))

Company	Description	Date of issue	Balance at the beginning of the year	Balance at the end of the year	Interest rate (%)	Assets collateralized	Date of maturity
Xinhua Finance Limited	Senior Guaranteed Notes in US dollars	November 21, 2006	— (—)	99,073 (11,800,581)	10%	— (—)	November 21, 2011
Total	—	—	— (—)	99,073 (11,800,581)	—	— (—)	—

(Note) Annual maturities of bond as of December 31, 2006 for the next five years are as follow:

(Unit: Thousand of U.S. Dollar (Thousand of Japanese Yen))

Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years
— (—)	— (—)	— (—)	— (—)	99,073 (11,800,581)

(Schedule of loans and obligations)

(Unit: Thousand of U.S. Dollar (Thousand of Japanese Yen))

Category	Balance at the beginning of the year	Balance at the end of the year	Average interest rate (%)	Repayment date
Short-term bank loans	7,608 (906,147)	19,056 (2,269,721)	5.35	—
Current portion of long-term bank loans	21,341 (2,541,940)	6,403 (762,675)	5.81	—
Long-term bank loans (excluding current portion)	16 (1,959)	10,000 (1,191,100) (Note 4)	(Note 3)	2008
Other interest-bearing obligation				
Obligation under finance lease — due within one year	29 (3,423)	63 (7,548)	16.42	—
Obligation under finance lease — due after one year	25 (3,002)	90 (10,691)	15.12	2008
Total	29,019 (3,456,471)	35,612 (4,241,734)	—	—

(Note) 1 "Average interest rate" is the weighted average interest rate based on the balance at the end of the fiscal year.

2 Schedule of the repayment of long-term bank loans (excluding current portion) for each of the next five years is as follows:

Category	Due in the second year	Due in the third year	Due in the fourth year	Due in the fifth year
Long-term bank loans (excluding current portion)	10,000 (1,191,100)	— (—)	— (—)	— (—)
Other interest-bearing obligation (Obligation under finance lease)	90 (10,691)	— (—)	— (—)	— (—)

3 Interest rate at London Inter-bank Offer Rate plus 2.75% per annum.

4 The Loan raised by a consolidated subsidiary with rights to convert into common shares of the subsidiary. The loan is automatically converted to common shares on IPO of the subsidiary.