

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

4. Consolidated Financial Information

① Consolidated balance sheets

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

Item	Note	Consolidated fiscal year -prior year (As of December 31, 2005)		Consolidated fiscal year -current year (As of December 31, 2006)		Fluctuation
		Amount	(%)	Amount	(%)	Difference
(Assets)						
I Current assets						
Cash and bank balances	※3	88,118		132,140		44,022
		(10,495,714)		(15,739,223)		(5,243,509)
Trade receivables	※3, 5	19,048		35,330		16,283
		(2,268,756)		(4,208,211)		(1,939,455)
Marketable securities		145		343		198
		(17,282)		(40,849)		(23,566)
Other receivables		1,467		5,678		4,210
		(174,779)		(676,261)		(501,482)
Deferred tax assets		571		340		△ 232
		(68,068)		(40,468)		(△ 27,600)
Other current assets	※3	7,655		48,417		40,762
		(911,752)		(5,766,945)		(4,855,193)
Total current assets		117,004	31.7	222,248	29.0	105,244
		(13,936,352)		(26,471,957)		(12,535,605)
II Non-current assets						
Property and equipment						
Buildings and structures		1,546		5,252		
		(184,114)		(625,577)		
Less: accumulated depreciation		△ 639	907	△ 964	4,288	3,382
		(△ 76,109)	(108,005)	(△ 114,775)	(510,801)	(402,796)
Equipments	※3	9,323		15,888		
		(1,110,439)		(1,892,391)		
Less: accumulated depreciation	※3	△ 3,960	5,363	△ 5,040	10,848	5,484
		(△ 471,639)	(638,800)	(△ 600,340)	(1,292,052)	(653,251)
Total property and equipment		6,270	1.7	15,136	2.0	8,866
		(746,805)		(1,802,853)		(1,056,047)
Intangible assets						
Goodwill		2,784		2,009		△ 775
		(331,633)		(239,315)		(△ 92,319)
Goodwill on consolidation	※6	185,934		291,999		106,064
		(22,146,642)		(34,779,962)		(12,633,320)
Trade mark and distribution rights	※2	700		1,843		1,143
		(83,377)		(219,559)		(136,182)
Contractual rights and other	※9	-		185,352		185,352
		(-)		(22,077,294)		(22,077,294)
Other		-		8,416		8,416
		(-)		(1,002,372)		(1,002,372)
Total intangible assets		189,419	51.4	489,619	63.9	300,200
		(22,561,652)		(58,318,503)		(35,756,850)
Investments and other assets						
Securities assets	※3	23,367		33,493		10,126
		(2,783,281)		(3,989,362)		(1,206,081)
Investment in associates		223		535		312
		(26,553)		(63,667)		(37,114)
Investment in progress	※1	29,000		-		△ 29,000
		(3,454,190)		(-)		(△ 3,454,190)
Deferred tax assets		204		225		21
		(24,302)		(26,826)		(2,525)
Others		3,330		965		△ 2,365
		(396,612)		(114,924)		(△ 281,688)
Total investments and other assets		56,124	15.2	35,218	4.6	△ 20,906
		(6,684,937)		(4,194,779)		(△ 2,490,158)
Total non-current assets		251,813	68.3	539,973	70.5	288,160
		(29,993,394)		(64,316,134)		(34,322,740)
III Deferred assets						
Bond issuance costs		-		3,721		3,721
		(-)		(443,176)		(443,176)
Total deferred assets		-	-	3,721	0.4	3,721
		(-)		(443,176)		(443,176)
Total assets		368,817	100.0	765,941	100.0	397,125
		(43,929,746)		(91,231,267)		(47,301,521)

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

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

Item	Note	Consolidated fiscal year -prior year (As of December 31, 2005)		Consolidated fiscal year -current year (As of December 31, 2006)		Fluctuation Difference
		Amount	(%)	Amount	(%)	
(Liabilities)						
I Current liabilities						
Trade payables		2,969		6,413		3,444
		(353,687)		(763,850)		(410,164)
Short-term loans	※3, 7	7,608		19,056		11,448
		(906,147)		(2,269,721)		(1,363,573)
Current portion of long-term debt	※3, 7	21,341		6,403		△ 14,938
		(2,541,940)		(762,675)		(△ 1,779,265)
Taxation payables		2,802		6,097		3,296
		(333,695)		(726,240)		(392,545)
Other payables	※4	17,355		57,928		40,572
		(2,067,212)		(6,899,751)		(4,832,539)
Accrued expenses		6,779		10,129		3,350
		(807,442)		(1,206,471)		(399,029)
Deferred revenue		15,576		16,727		1,151
		(1,855,282)		(1,992,380)		(137,099)
Promissory notes (non-operating)	※3	1,250		199		△ 1,051
		(148,888)		(23,703)		(△ 125,185)
Lease obligations		29		63		35
		(3,423)		(7,548)		(4,125)
Others		-		205		205
		(-)		(24,438)		(24,438)
Total current liabilities		75,709	20.5	123,220	16.1	47,511
		(9,017,716)		(14,676,778)		(5,659,062)
II Non-current liabilities						
Bond		-		99,073		99,073
		(-)		(11,800,581)		(11,800,581)
Long-term debt	※8	16		10,000		9,984
		(1,959)		(1,191,100)		(1,189,141)
Long-term lease obligations		25		90		65
		(3,002)		(10,691)		(7,689)
Long-term other payables	※4	10,998		146,800		135,802
		(1,309,978)		(17,485,311)		(16,175,333)
Deferred tax liabilities		-		4,001		4,001
		(-)		(476,506)		(476,506)
Total non-current liabilities		11,040	3.0	259,963	33.9	248,923
		(1,314,939)		(30,964,189)		(29,649,251)
Total liabilities		86,749	23.5	383,183	49.9	296,434
		(10,332,655)		(45,640,967)		(35,308,312)
(Minority interests)						
Minority interests		2,626	0.7	-		△ 2,626
		(312,788)		-		(△ 312,788)
(Capital and reserves)						
I Share capital		2,091	0.6	-		△ 2,091
		(249,055)		-		(△ 249,055)
II Share premium		312,966	84.9	-		△ 312,966
		(37,277,410)		-		(△ 37,277,410)
III Accumulated deficit		△ 35,485	△ 9.6	-		35,485
		(△ 4,226,571)		-		(4,226,571)
IV Foreign currency translation adjustment		△ 131	△ 0.1	-		131
		(△ 15,591)		-		(15,591)
Total shareholders' equity		279,442	75.8	-		△ 279,442
		(33,284,304)		-		(△ 33,284,304)
Total liabilities, minority interests and shareholders' equity		368,817	100.0	-		△ 368,817
		(43,929,746)		-		(△ 43,929,746)
(Net Assets)						
I Shareholders' equity						
Share capital		-		2,389	0.3	2,389
		-		(284,532)		(284,532)
Share premium		-		326,106	42.6	326,106
		-		(38,842,534)		(38,842,534)
Accumulated deficit		-		△ 24,724	△ 3.2	△ 24,724
		-		(△ 2,944,909)		(△ 2,944,909)
Total shareholders' equity		-		303,771	39.7	303,771
		-		(36,182,157)		(36,182,157)
II Valuation and translation adjustments						
Foreign currency translation adjustment		-		813		813
		-		(96,888)		(96,888)
Total valuation and translation adjustments		-		813	0.1	813
		-		(96,888)		(96,888)
III Share subscription rights		-		3,036	0.4	3,036
		-		(361,610)		(361,610)
IV Minority interests		-		75,138	9.8	75,138
		-		(8,949,646)		(8,949,646)
Total net assets		-		382,758	50.1	382,758
		-		(45,590,300)		(45,590,300)
Total liabilities and net assets		-		765,941	100.0	765,941
		-		(91,231,267)		(91,231,267)

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

② Consolidated income statements

(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)		Consolidated fiscal year -current year (From January 1, 2006 to December 31, 2006)		Fluctuation Difference
		Amount	(%)	Amount	(%)	
I Turnover			110,010 (13,103,296)	100.0	174,963 (20,839,820)	100.0 64,953 (7,736,524)
II Cost of sales			45,455 (5,414,134)	41.3	75,823 (9,031,221)	43.3 (3,617,087)
Gross profit			64,555 (7,689,162)	58.7	99,140 (11,808,599)	56.7 34,585 (4,119,437)
III Selling, general and administrative expenses						
Directors' emoluments			900 (107,199)		4,001 (476,554)	
Salaries			19,544 (2,327,862)		31,365 (3,735,851)	
Marketing and promotional expenses			4,190 (499,015)		8,239 (981,317)	
Depreciation			1,937 (230,745)		3,046 (362,796)	
Amortization			5,467 (651,166)		4,811 (573,038)	
Amortization of goodwill on consolidation			7,912 (942,351)		15,681 (1,867,749)	
Other			21,134 (2,517,321)	61,084 55.5	30,864 (3,676,195)	98,006 56.0
Operating income			3,472 (413,503)	3.2	1,134 (135,099)	0.7 (4,397,841) (△ 2,337) (△ 278,404)
IV Non-operating income						
Interest and dividend income			893 (106,341)		3,396 (404,512)	
Unrealized gain on marketable securities			- (-)		44 (5,262)	
Foreign exchange gains			1,061 (126,386)		59 (6,983)	
Other			297 (35,340)	2,251 2.0	894 (106,438)	4,393 2.5
V Non-operating expenses						
Interest expense			742 (88,385)		5,361 (638,549)	
Share issuance related expenses	※1		4,443 (529,183)		103 (12,296)	
Others			14 (1,658)	5,199 4.7	- (-)	5,464 3.2
Ordinary income			523 (62,345)	0.5	63 (7,448)	- (△ 461) (△ 54,897)

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

(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)		Consolidated fiscal year -current year (From January 1, 2006 to December 31, 2006)		Fluctuation Difference
		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		-	453	16,027	19,677	19,224
		(-)	(54,010)	(1,908,960)	(2,343,736)	(2,289,726)
VII Extraordinary losses						
Loss on sale and disposal of fixed assets	※2	45		10		
		(5,376)		(1,235)		
Loss on sale of securities assets		44		-		
		(5,270)		(-)		
Loss on impairment	※3	83	172	-	10	△ 162
		(9,849)	(20,496)	(-)	(1,235)	(△ 19,261)
Income before income taxes, minority interests and distribution of profits (allocation of losses) from joint alliances			805		19,729	18,924
			(95,859)		(2,349,950)	2,254,091
VIII Distribution of profits (allocation of losses) from joint alliance						
Income / loss (△) before income taxes and minority interests			△ 287	△ 0.2	△ 2	△ 0.0
			(△ 34,161)		(△ 251)	33,911
Income taxes (current)			518	0.5	19,727	19,209
			(61,698)		(2,349,699)	2,288,001
Prior year adjustment on tax charges			-		901	
			(-)		(107,270)	
Reversal of over-accrued tax for the past year			△ 7		-	
			(△ 886)		(-)	
Income taxes (deferred)			△ 260	2.7	△ 568	813
			(△ 30,965)		(447,346)	(96,874)
Minority interests			390	0.4	5,211	4,821
			(46,452)		(620,691)	574,239
Net income / loss (△) for the year			△ 2,814	△ 2.6	10,760	13,575
			(△ 335,226)		(1,281,662)	1,616,888

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

③ Consolidated surplus statements and consolidated statement of changes in net assets Consolidated surplus statements

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

		Consolidated fiscal year -prior year (From January 1, 2005 to December 31, 2005)	
Item	Note	Amount	
(Share premium)			
I Share premium – Beginning balance			181,543 (21,623,644)
II Increases of share premium			
Stock issuance		99,739 (11,879,949)	
Suspense account of share exchange	※1	27,828 (3,314,565)	
Exercise of warrants		4,982 (593,429)	132,549 (15,787,942)
III Decrease of share premium			
Capitalized share premium		1,126 (134,176)	1,126 (134,176)
IV Share premium - Ending balance			312,966 (37,277,410)
(Accumulated deficit)			
I Accumulated deficit - Beginning balance			△ 32,670 (△ 3,891,345)
II Increases in accumulated deficit			
Net loss for the year		2,814 (335,226)	2,814 (335,226)
III Accumulated deficit - Ending balance			△ 35,485 (△ 4,226,571)

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

Consolidated statement of changes in net assets

Consolidated fiscal period - current year (From January 1, 2006 to December 30, 2006)

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

	Shareholders' equity			
	Share capital	Share premium	Retained earnings	Total shareholders' equity
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)
Increased 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)

	Valuation and translation adjustments		Share subscription rights	Minority interests	Total net assets
	Foreign currency translation adjustment	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)
Increased 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 Full Year 2006 under Japanese GAAP

④ Consolidated cashflow statements

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

		Consolidated fiscal year -prior year (From January 1, 2005 to December 31, 2005)	Consolidated fiscal year -current year (From January 1, 2006 to December 31, 2006)	Fluctuation
Item	Note	Amount	Amount	Difference
I Operating activities				
Income before income taxes and minority interests		518	19,727	19,209
		(61,698)	(2,349,699)	(2,288,001)
Depreciation		1,937	3,046	1,109
		(230,745)	(362,796)	(132,051)
Amortization		5,467	6,365	898
		(651,166)	(758,177)	(107,011)
Amortization of goodwill		7,912	15,681	7,769
		(942,351)	(1,867,749)	(925,398)
Share-based compensation		-	2,297	2,297
		(-)	(273,588)	(273,588)
Interest and dividend income		△ 893	△ 3,396	△ 2,503
		(△ 106,341)	(△ 404,512)	(△ 298,171)
Interest expense		742	5,361	4,619
		(88,385)	(638,549)	(550,164)
Gain from the redemption of minority interest		-	△ 3,000	△ 3,000
		(-)	(△ 357,330)	(△ 357,330)
Gain from changes in equity interest		-	△ 16,027	△ 16,027
		(-)	(△ 1,908,960)	(△ 1,908,960)
Unrealized gain on marketable securities		-	△ 44	△ 44
		(-)	(△ 5,262)	(△ 5,262)
Share issuance related expenses		4,443	103	△ 4,340
		(529,183)	(12,296)	(△ 516,886)
Foreign exchange gain / loss (△ : gain)		100	720	620
		(11,853)	(85,721)	(73,867)
Gain on sale of fixed assets		△ 453	-	453
		(△ 54,010)	(-)	(54,010)
Loss on sale and disposal of fixed assets		45	10	△ 35
		(5,376)	(1,235)	(△ 4,141)
Loss on impairment		83	-	△ 83
		(9,849)	(-)	(△ 9,849)
Gain on disposal of investment in subsidiaries		-	△ 650	△ 650
		(-)	(△ 77,446)	(△ 77,446)
Loss on sale of securities assets		44	-	△ 44
		(5,270)	(-)	(△ 5,270)
Distribution of profits (allocation of losses) from joint alliances		287	2	△ 285
		(34,161)	(251)	(△ 33,911)
Assets received for services		△ 11,531	△ 10,565	966
		(△ 1,373,414)	(△ 1,258,344)	(115,070)
Increase (decrease) in accounts receivable (△ : increase)		△ 6,235	△ 16,283	△ 10,048
Increase (decrease) in accounts payable (△ : decrease)		(△ 742,696)	(△ 1,939,455)	(△ 1,196,759)
Increase (decrease) in other current assets (△ : increase)		△ 44	3,444	3,488
Increase (decrease) in other current liabilities (△ : decrease)		(△ 5,286)	(410,164)	(415,449)
Increase (decrease) in other current assets (△ : increase)		△ 251	△ 11,446	△ 11,195
Increase (decrease) in other current liabilities (△ : decrease)		(△ 29,889)	(△ 1,363,355)	(△ 1,333,465)
Others		△ 7,529	△ 5,876	1,652
		(△ 896,752)	(△ 699,947)	(196,805)
Others		-	△ 374	△ 374
		(-)	(△ 44,555)	(△ 44,555)
Subtotal		△ 5,359	△ 10,905	△ 5,546
		(△ 638,349)	(△ 1,298,941)	(△ 660,593)
Income taxes paid		△ 1,794	△ 2,064	△ 270
		(△ 213,716)	(△ 245,889)	(△ 32,172)
Net cash provided by (used in) operating activities		△ 7,154	△ 12,970	△ 5,816
		(△ 852,065)	(△ 1,544,830)	(△ 692,765)

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

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

		Consolidated fiscal year -prior year (From January 1, 2005 to December 31, 2005)	Consolidated fiscal year -current year (From January 1, 2006 to December 31, 2006)	Fluctuation
Item	Note	Amount	Amount	Difference
II Investing activities				
Interest and dividend received		893	3,396	2,503
		(106,341)	(404,512)	(298,171)
Deposit for security released		360	-	△ 360
		(42,880)	(-)	(△ 42,880)
Purchase of marketable securities		△ 4	-	4
		(△ 477)	(-)	(477)
Purchase of property and equipments		△ 3,566	△ 6,095	△ 2,530
		(△ 424,697)	(△ 726,010)	(△ 301,312)
Proceeds from sale of property and equipments		37	38	1
		(4,454)	(4,561)	(107)
Purchase of intangible assets		-	△ 15,478	△ 15,478
		(-)	(△ 1,843,644)	(△ 1,843,644)
Proceeds from sale of intangible assets		6,514	-	△ 6,514
		(775,936)	(-)	(△ 775,936)
Purchase of securities assets		-	△ 11,155	△ 11,155
		(-)	(△ 1,328,656)	(△ 1,328,656)
Deposits paid for purchase of securities assets		△ 29,000	-	29,000
		(△ 3,454,190)	(-)	(3,454,190)
Proceeds from sale of securities assets		25	1,153	1,128
		(2,941)	(137,336)	(134,394)
Proceeds from sale of shares of subsidiaries		-	1,000	1,000
		(-)	(119,110)	(119,110)
Payment to acquire shares of subsidiaries resulting in a change in scope of consolidation	※2	△ 11,030	△ 43,687	△ 32,657
		(△ 1,313,792)	(△ 5,203,559)	(△ 3,889,767)
Payment to acquire shares of subsidiary		-	△ 7,112	△ 7,112
		(-)	(△ 847,129)	(△ 847,129)
Subsequent consideration paid		△ 19,528	△ 9,914	9,615
		(△ 2,326,015)	(△ 1,180,831)	(1,145,183)
Payment for loan receivable		-	△ 7,900	△ 7,900
		(-)	(△ 940,969)	(△ 940,969)
Others		△ 133	-	133
		(△ 15,816)	(-)	(15,816)
Net cash provided by (used in) investing activities		△ 55,431	△ 95,754	△ 40,323
		(△ 6,602,435)	(△ 11,405,279)	(△ 4,802,844)
III Financing activities				
Interest paid		△ 742	△ 6,558	△ 5,816
		(△ 88,385)	(△ 781,103)	(△ 692,718)
Increase in deposit pledged		△ 7,448	△ 24,937	△ 17,489
		(△ 887,174)	(△ 2,970,235)	(△ 2,083,062)
Decrease in deposit pledged		-	298	298
		(-)	(35,537)	(35,537)
Increase (decrease) in short-term loans -net (△: decrease)		6,405	6,633	228
		(762,938)	(790,042)	(27,104)
Proceeds from long-term debt		22,300	51,351	29,051
		(2,656,153)	(6,116,438)	(3,460,285)
Repayments of long-term debt		△ 133	△ 56,992	△ 56,859
		(△ 15,829)	(△ 6,788,328)	(△ 6,772,499)
Proceeds from issuance of bond		-	95,192	95,192
		(-)	(11,338,316)	(11,338,316)
Proceeds from issuance of shares		78,749	26	△ 78,724
		(9,379,852)	(3,067)	(△ 9,376,785)
Proceeds from exercise of warrants		5,000	1,378	△ 3,622
		(595,550)	(164,077)	(△ 431,473)
Proceeds from issuance of shares to minority shareholders		-	61,401	61,401
		(-)	(7,313,451)	(7,313,451)
Dividends paid to minority shareholders		-	△ 1,918	△ 1,918
		(-)	(△ 228,467)	(△ 228,467)
Repayments of lease obligations		△ 41	△ 73	△ 32
		(△ 4,874)	(△ 8,678)	(△ 3,804)
Increase (decrease) in long-term other payables (△: decrease)		△ 836	△ 679	157
		(△ 99,558)	(△ 80,822)	(18,736)
Net cash provided by (used in) financing activities		103,255	125,122	21,867
		(12,298,674)	(14,903,295)	(2,604,621)
IV Foreign currency translation adjustments on cash and cash equivalents				
		△ 89	211	300
		(△ 10,603)	(25,188)	(35,791)
V Net increase in cash and cash equivalents				
		40,581	16,610	△ 23,971
		(4,833,570)	(1,978,373)	(△ 2,855,197)
VI Cash and cash equivalents, beginning of the year				
		40,089	80,669	40,581
		(4,774,970)	(9,608,540)	(4,833,570)
VII Cash and cash equivalents, end of the year				
	※1	80,669	97,279	16,610
		(9,608,540)	(11,586,914)	(1,978,374)

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

Basis of Presenting Consolidated Financial Statements

Item	Consolidated fiscal year -prior year (From January 1, 2005 to December 31, 2005)	Consolidated fiscal year -current year (From January 1, 2006 to December 31, 2006)
1 Scope of consolidation	<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>	<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. 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.</p>

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

Item	Consolidated fiscal year -prior year (From January 1, 2005 to December 31, 2005)	Consolidated fiscal year -current year (From January 1, 2006 to December 31, 2006)
		<p>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 Triumph 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 Praeada 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 style="padding-left: 20px;">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 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 style="padding-left: 20px;">Same as on the left.</p> <p>(Reason of status to be unconsolidated) Same as on the left.</p>

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

Item	Consolidated fiscal year -prior year (From January 1, 2005 to December 31, 2005)	Consolidated fiscal year -current year (From January 1, 2006 to December 31, 2006)
<p>2 Adoption of the equity method</p>	<p>(1) Number of associated company accounted by the equity method : 1</p> <p style="padding-left: 20px;">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 Intelligence Asia Pty Ltd. LJS Global Information Services, Inc. Mergent Pricing & Evaluation Services, Inc. Mergent (UK) Ltd. (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 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 : 2</p> <p style="padding-left: 20px;">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 Same as on the left.</p> <p>(Reason of status not to be accounted by the equity method) Same as on the left.</p>
<p>3 Reconciliation of closing date for consolidation</p>	<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>
<p>4 Significant accounting policies</p> <p>(1) Valuation basis and method for assets</p>	<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 an equity item, and costs of sales are based on the moving-average method.) -With no fair value 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 Same as on the left.</p> <p>-With no fair value Same as on the left.</p>

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

Item	Consolidated fiscal year -prior year (From January 1, 2005 to December 31, 2005)	Consolidated fiscal year -current year (From January 1, 2006 to December 31, 2006)
(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. Estimated useful lives are the followings:</p> <p>Buildings and structures: 3 to 7 years Equipments: 1 to 10 years</p> <p>(b) Intangible assets</p> <p>Intangible assets are amortized by the straight-line method. Estimated useful lives are as follows: Trade mark and distribution rights: 11 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:</p> <p>Buildings and structures: 3 to 20 years Equipments: 1 to 10 years</p> <p>(b) Intangible assets</p> <p>Intangible assets are amortized by the straight-line method. 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>
(3) Deferred assets	_____	<p>(a) Bond issuance cost</p> <p>Bond issuance cost is amortized by the straight-line method over maturity.</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>

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

Item	Consolidated fiscal year -prior year (From January 1, 2005 to December 31, 2005)	Consolidated fiscal year -current year (From January 1, 2006 to December 31, 2006)
(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 shareholders' equity.</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 net assets.</p>
(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 of the 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 abovementioned exchange rate.</p>	<p>Accounting policy of the 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.

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

Change in Accounting Policy

Consolidated fiscal year -prior year (From January 1, 2005 to December 31, 2005)	Consolidated fiscal year -current year (From January 1, 2006 to December 31, 2006)
<hr/>	<p>(Presentation of net assets in the consolidated 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). The amount equivalent to shareholders' equity following the previous presentation manner is USD 304,584 thousand (JPY 36,279,044 thousand). 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 Presentation of Net Assets in the Balance sheet" (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 on consolidated financial statements commencing May 2006. 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 USD 2,308 thousand (JPY 274,904 thousand) for the period ended December 31, 2006, respectively.</p> <p>(Suspense account of share exchange) Until 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 liability at the point of determination of the quantity. The Company adopts this concept and recognized in the liabilities as other payables at the current year end.</p> <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 USD 43,527 thousand (JPY 5,184,478 thousand) decreased from share premium in net assets section and increased USD 20,747 thousand (JPY 2,471,197 thousand) in other payables and USD 22,780thousand (JPY 2,713,284 thousand) in long-term other payables in 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 USD 40,631 thousand (JPY 4,839,596 thousand) and to increase other payables and long term other payables by USD 17,852 thousand (JPY 2,126,312 thousand) and USD 22,780 thousand (JPY 2,713,284 thousand), respectively.</p>

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

Footnote Information

(Consolidated balance sheets)

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

Consolidated fiscal year -prior year (As of December 31, 2005)	Consolidated fiscal year -current year (As of December 31, 2006)
<p>※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.</p> <p>※2 Trade mark 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.</p> <p>※3 Assets collateralized and corresponding liabilities</p> <p style="padding-left: 20px;">Assets collateralized</p> <p style="padding-left: 40px;">Bank deposit</p> <p style="text-align: right; padding-left: 120px;">7,514</p> <p style="text-align: right; padding-left: 100px;">(895,002)</p> <p style="padding-left: 40px;">Trade receivables</p> <p style="text-align: right; padding-left: 120px;">1,812</p> <p style="text-align: right; padding-left: 100px;">(215,799)</p> <p style="padding-left: 40px;">Other current assets</p> <p style="text-align: right; padding-left: 120px;">346</p> <p style="text-align: right; padding-left: 100px;">(41,246)</p> <p style="padding-left: 40px;">Equipments</p> <p style="text-align: right; padding-left: 120px;">169</p> <p style="text-align: right; padding-left: 100px;">(20,079)</p> <p style="padding-left: 40px;">Securities assets</p> <p style="text-align: right; padding-left: 120px;">68</p> <p style="text-align: right; padding-left: 100px;">(8,087)</p> <p style="padding-left: 20px;">In addition, investment in consolidated subsidiaries (the total net assets amount of USD 9,852 thousand (JPY1,173,429 thousand), which are eliminated on consolidation, have been pledged as collateral for the bank commitment line of USD 24,000 thousand (JPY 2,858,640 thousand).</p> <p style="padding-left: 20px;">Correspondent obligation</p> <p style="padding-left: 40px;">Short-term loans</p> <p style="text-align: right; padding-left: 120px;">7,482</p> <p style="text-align: right; padding-left: 100px;">(891,215)</p> <p style="padding-left: 40px;">Current portion of long-term debt</p> <p style="text-align: right; padding-left: 120px;">21,300</p> <p style="text-align: right; padding-left: 100px;">(2,537,043)</p> <p style="padding-left: 40px;">Promissory note (non-operating)</p> <p style="padding-left: 60px;">Short-term</p> <p style="text-align: right; padding-left: 120px;">1,250</p> <p style="text-align: right; padding-left: 100px;">(148,888)</p>	<p>※1 _____</p> <p>※2 Same as on the left.</p> <p>※3 Assets collateralized and corresponding liabilities</p> <p style="padding-left: 20px;">Assets collateralized</p> <p style="padding-left: 40px;">Bank deposit</p> <p style="text-align: right; padding-left: 120px;">35,141</p> <p style="text-align: right; padding-left: 100px;">(4,185,679)</p> <p style="padding-left: 40px;">Correspondent obligation</p> <p style="padding-left: 40px;">Short-term loans</p> <p style="text-align: right; padding-left: 120px;">19,056</p> <p style="text-align: right; padding-left: 100px;">(2,269,721)</p> <p style="padding-left: 40px;">Current portion of long-term loans</p> <p style="text-align: right; padding-left: 120px;">6,403</p> <p style="text-align: right; padding-left: 100px;">(762,675)</p>

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

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

Consolidated fiscal year -prior year (As of December 31, 2005)	Consolidated fiscal year -current year (As of December 31, 2006)																
<p>※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.</p> <p>※5 Assets are presented after deduction of allowance for doubtful accounts. Amounts deducted from current assets</p> <p style="text-align: right;">373 (44,487)</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 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> <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Total amount of the line of credit</td> <td style="text-align: right;">30,482 (3,630,745)</td> </tr> <tr> <td>Outstanding balance</td> <td style="text-align: right;">28,782 (3,428,258)</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>Remaining amount of the line of credit</td> <td style="text-align: right;">1,700 (202,487)</td> </tr> </table> <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>	Total amount of the line of credit	30,482 (3,630,745)	Outstanding balance	28,782 (3,428,258)	<hr/>		Remaining amount of the line of credit	1,700 (202,487)	<p>※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.</p> <p>※5 Assets are presented after deduction of allowance for doubtful accounts. Amounts deducted from current assets</p> <p style="text-align: right;">978 (116,451)</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>※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> <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Total amount of the line of credit</td> <td style="text-align: right;">27,866 (3,319,161)</td> </tr> <tr> <td>Outstanding balance</td> <td style="text-align: right;">25,459 (3,032,396)</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>Remaining amount of the line of credit</td> <td style="text-align: right;">2,408 (286,766)</td> </tr> </table>	Total amount of the line of credit	27,866 (3,319,161)	Outstanding balance	25,459 (3,032,396)	<hr/>		Remaining amount of the line of credit	2,408 (286,766)
Total amount of the line of credit	30,482 (3,630,745)																
Outstanding balance	28,782 (3,428,258)																
<hr/>																	
Remaining amount of the line of credit	1,700 (202,487)																
Total amount of the line of credit	27,866 (3,319,161)																
Outstanding balance	25,459 (3,032,396)																
<hr/>																	
Remaining amount of the line of credit	2,408 (286,766)																

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

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

Consolidated fiscal year -prior year (As of December 31, 2005)	Consolidated fiscal year -current year (As of December 31, 2006)
<p>※8 _____</p>	<p>※8 This includes a loan of USD 10,000 thousand (JPY 1,191,100 thousand) raised by a consolidated subsidiary with rights to convert into common shares of the subsidiary.</p>
<p>※9 _____</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>※1-9 notes correspond with ※1-9 as denoted in the consolidated balance sheet.</p>	<p>※1-9 notes correspond with ※1-9 as denoted in the consolidated balance sheet.</p>

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

(Consolidated income statements)

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

Consolidated fiscal year -prior year (From January 1, 2005 to December 31, 2005)	Consolidated fiscal year -current year (From January 1, 2006 to December 31, 2006)																																
<p>※1 Expenses directly relating to share issuance are presented as “share issuance related expenses”, which includes “share issuance cost”.</p> <p>※2 Components of loss on disposal of fixed assets are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Buildings and structures</td> <td style="text-align: right;">3</td> </tr> <tr> <td></td> <td style="text-align: right;">(310)</td> </tr> <tr> <td>Equipments</td> <td style="text-align: right;">43</td> </tr> <tr> <td></td> <td style="text-align: right;">(5,066)</td> </tr> </table> <p>※3 Loss on impairment The Group recognized losses on impairment for an asset group presented below for the year ended December 31, 2005.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px 0;"> <thead> <tr> <th style="width: 15%;">Area</th> <th style="width: 25%;">Object</th> <th style="width: 25%;">Type</th> <th style="width: 35%;">Recognized losses</th> </tr> </thead> <tbody> <tr> <td>Asia</td> <td>Asset for operation</td> <td>Trademark</td> <td style="text-align: right;">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. 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. 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> <p>※4 Components of gain on sale of fixed assets are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Equipment</td> <td style="text-align: right;">0</td> </tr> <tr> <td></td> <td style="text-align: right;">(14)</td> </tr> <tr> <td>Goodwill</td> <td style="text-align: right;">356</td> </tr> <tr> <td></td> <td style="text-align: right;">(42,358)</td> </tr> <tr> <td>Trade mark and distribution rights</td> <td style="text-align: right;">98</td> </tr> <tr> <td></td> <td style="text-align: right;">(11,638)</td> </tr> </table> <p>※5 _____</p> <p>※1-5 notes correspond with ※1-5 as denoted in the consolidated income statement.</p>	Buildings and structures	3		(310)	Equipments	43		(5,066)	Area	Object	Type	Recognized losses	Asia	Asset for operation	Trademark	83 (9,849)	Equipment	0		(14)	Goodwill	356		(42,358)	Trade mark and distribution rights	98		(11,638)	<p>※1 Same as on the left.</p> <p>※2 Components of loss on disposal of fixed assets are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Equipments</td> <td style="text-align: right;">10</td> </tr> <tr> <td></td> <td style="text-align: right;">(1,235)</td> </tr> </table> <p>※3 _____</p> <p>※4 _____</p> <p>※5 Minority interests (in the form of preference shares in a consolidated subsidiary) were redeemed and created an extraordinary gain.</p> <p>※1-5 notes correspond with ※1-5 as denoted in the consolidated income statement.</p>	Equipments	10		(1,235)
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Consolidated Financial Information for Full Year 2006 under Japanese GAAP

(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)

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

1. Number and class of issued shares

	Beginning balance	Increase	Decrease	Ending balance
Issued shares				
Ordinary share (shares)	815,477	116,161	-	931,638

(Note 1) 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 USD 15 thousand (JPY 1,756 thousand).

The ending balance of share subscription rights granted by a consolidated subsidiary as share option rights is USD 3,021 thousand (JPY 359,854 thousand).

3. Dividend

Not applicable.

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

(Consolidated cashflow statements)

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

Consolidated fiscal year -prior year (From January 1, 2005 to December 31, 2005)	Consolidated fiscal year -current year (From January 1, 2006 to December 31, 2006)																																																																																																																												
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Consolidated Financial Information for Full Year 2006 under Japanese GAAP

Consolidated fiscal year -prior year (From January 1, 2005 to December 31, 2005)	Consolidated fiscal year -current year (From January 1, 2006 to December 31, 2006)
<p>3 Major non-cash transactions</p> <p>(1) Share capital and share premium increased through share exchange were USD23 thousand (JPY2,681 thousand) and USD16,949 thousand (JPY2,018,821 thousand), respectively.</p> <p>(2) The Group entered into finance leases in respect to property and equipment with total capital value of USD32 thousand (JPY 3,774 thousand) at the inception of the lease during the year.</p> <p>(3) The Group received securities assets of USD11,531 thousand (JPY1,373,414 thousand) for services performed.</p> <p>※1-2 notes correspond with ※1-2 as denoted in the Consolidated Cashflow Statement</p>	<p>3 Major non-cash transactions</p> <p>(1) Share capital and share premium increased through share exchange were USD 162 thousand (JPY 19,306 thousand) and USD 35,063thousand (JPY 4,176,352 thousand), respectively.</p> <p>(2) The Group entered into finance leases in respect to property and equipment with total capital value of USD 646 thousand (JPY 76,948 thousand) at the inception of the lease during the year.</p> <p>(3) The Group received securities assets of USD 10,565 thousand (JPY 1,258,344 thousand) for services performed.</p> <p>※1-2 notes correspond with ※1-2 as denoted in the Consolidated Cashflow Statement</p>

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

(Securities)

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)	(-)

(Note1) "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)

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

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				
Corporate bond	-	617	-	-
	(-)	(73,534)	(-)	(-)
Total	-	617	-	-
	(-)	(73,534)	(-)	(-)

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

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 with fair value

Not applicable.

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
11,205 (1,334,611)	- (-)	- (-)

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

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	32,853 (3,913,094)
(2) Fund trust	280 (33,369)
Total	33,133 (3,946,463)

(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				
Corporate bond	- (-)	640 (76,267)	- (-)	- (-)
Total	- (-)	640 (76,267)	- (-)	- (-)

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

(Derivative transactions)

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

The group has not entered into any derivative contracts.

(Employees' Retirement Benefits)

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.

2, Projected benefit obligation

Not applicable.

3, Service cost and relative expenses

Not applicable.

4, Basis of calculation to determine projected benefit obligation

Not applicable.

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

1, Retirement benefit scheme

Subsidiaries located in Hong Kong, PRC and U.S.A. apply defined-contribution retirement benefit plan.

2, Projected benefit obligation (as of December 31, 2006)

Not applicable.

3, Service cost and relative expenses

Not applicable.

4, Basis of calculation to determine projected benefit obligation

Not applicable.

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

(Taxation)

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

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

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

(Taxation)

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

Consolidated fiscal year -current year (From January 1, 2005 to December 31, 2005)	Consolidated fiscal year -current year (From January 1, 2006 to December 31, 2006)																																																																				
<p>Net of deferred tax assets and deferred tax liabilities appear on the Consolidated Balance Sheets as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Deferred tax assets – current</td> <td style="text-align: right;">571</td> </tr> <tr> <td></td> <td style="text-align: right;">(68,068)</td> </tr> <tr> <td>Deferred tax assets – non-current</td> <td style="text-align: right;">204</td> </tr> <tr> <td></td> <td style="text-align: right;">(24,302)</td> </tr> <tr> <td>Deferred tax liabilities – current</td> <td style="text-align: right;">-</td> </tr> <tr> <td></td> <td style="text-align: right;">(-)</td> </tr> <tr> <td>Deferred tax liabilities – non-current</td> <td style="text-align: right;">-</td> </tr> <tr> <td></td> <td style="text-align: right;">(-)</td> </tr> </table> <p>2 Reconciliation between the normal statutory tax rate and the actual effective tax rate</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Tax at the applicable income tax rate</td> <td style="text-align: right;">17.5%</td> </tr> <tr> <td colspan="2"> (Reconciliation)</td> </tr> <tr> <td>Tax effect of expenses not deductible for tax purposes</td> <td style="text-align: right;">902.4%</td> </tr> <tr> <td>Tax effect of income not taxable for tax purposes</td> <td style="text-align: right;">△560.0%</td> </tr> <tr> <td>Tax effect of unrecognized tax losses</td> <td style="text-align: right;">38.1%</td> </tr> <tr> <td>Tax effect of utilization of tax losses not previously recognized</td> <td style="text-align: right;">△151.2%</td> </tr> <tr> <td>Effect of different tax rates of subsidiaries operating in other jurisdictions</td> <td style="text-align: right;">298.3%</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">22.9%</td> </tr> <tr> <td style="border-top: 1px solid black;">Tax effect and effective tax rate for the year</td> <td style="text-align: right; border-top: 1px solid black;">568.0%</td> </tr> </table> <p>As the Company is a foreign company, there is a significant difference between "income before income taxes and minority interests" under IFRS(USD 13,889 thousand) and that under J GAAP(USD 518 thousand), which caused reconciliation items with large percentages.</p>	Deferred tax assets – current	571		(68,068)	Deferred tax assets – non-current	204		(24,302)	Deferred tax liabilities – current	-		(-)	Deferred tax liabilities – non-current	-		(-)	Tax at the applicable income tax rate	17.5%	 (Reconciliation)		Tax effect of expenses not deductible for tax purposes	902.4%	Tax effect of income not taxable for tax purposes	△560.0%	Tax effect of unrecognized tax losses	38.1%	Tax effect of utilization of tax losses not previously recognized	△151.2%	Effect of different tax rates of subsidiaries operating in other jurisdictions	298.3%	Other	22.9%	Tax effect and effective tax rate for the year	568.0%	<p>Net of deferred tax assets and deferred tax liabilities appear on the Consolidated Balance Sheets as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Deferred tax assets – current</td> <td style="text-align: right;">340</td> </tr> <tr> <td></td> <td style="text-align: right;">(40,468)</td> </tr> <tr> <td>Deferred tax assets – non-current</td> <td style="text-align: right;">225</td> </tr> <tr> <td></td> <td style="text-align: right;">(26,826)</td> </tr> <tr> <td>Deferred tax liabilities – current</td> <td style="text-align: right;">-</td> </tr> <tr> <td></td> <td style="text-align: right;">(-)</td> </tr> <tr> <td>Deferred tax liabilities – non-current</td> <td style="text-align: right;">△ 4,001</td> </tr> <tr> <td></td> <td style="text-align: right;">(△ 476,506)</td> </tr> </table> <p>2 Reconciliation between the normal statutory tax rate and the actual effective tax rate</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Tax at the applicable income tax rate</td> <td style="text-align: right;">17.5%</td> </tr> <tr> <td colspan="2"> (Reconciliation)</td> </tr> <tr> <td>Tax effect of expenses not deductible for tax purposes</td> <td style="text-align: right;">11.7%</td> </tr> <tr> <td>Tax effect of income not taxable for tax purposes</td> <td style="text-align: right;">△21.8%</td> </tr> <tr> <td>Tax effect of unrecognized tax losses</td> <td style="text-align: right;">15.0%</td> </tr> <tr> <td>Effect of different tax rates of subsidiaries operating in other jurisdictions</td> <td style="text-align: right;">13.6%</td> </tr> <tr> <td>Tax credit</td> <td style="text-align: right;">△ 24.6%</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">7.9%</td> </tr> <tr> <td style="border-top: 1px solid black;">Tax effect and effective tax rate for the year</td> <td style="text-align: right; border-top: 1px solid black;">19.3%</td> </tr> </table>	Deferred tax assets – current	340		(40,468)	Deferred tax assets – non-current	225		(26,826)	Deferred tax liabilities – current	-		(-)	Deferred tax liabilities – non-current	△ 4,001		(△ 476,506)	Tax at the applicable income tax rate	17.5%	 (Reconciliation)		Tax effect of expenses not deductible for tax purposes	11.7%	Tax effect of income not taxable for tax purposes	△21.8%	Tax effect of unrecognized tax losses	15.0%	Effect of different tax rates of subsidiaries operating in other jurisdictions	13.6%	Tax credit	△ 24.6%	Other	7.9%	Tax effect and effective tax rate for the year	19.3%
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Consolidated Financial Information for Full Year 2006 under Japanese GAAP

(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

Directors' emolument	USD 1,666 thousand (JPY 198,483 thousand)
Salaries	USD 642 thousand (JPY 76,421 thousand)

Assets recognized

Goodwill	USD 739 thousand (JPY 88,022 thousand)
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Consolidated Financial Information for Full Year 2006 under Japanese GAAP

(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			
Year	2005	2006		
Type	Share Option	Share option (1)	Share option (2)	Share option (3)
Category and number of person designated	166 employees	2 directors	5 directors	209 employees
Class and number of objective shares (*1)	14,910 Ordinary shares	5,000 ordinary shares	6,000 ordinary shares	26,656 ordinary shares
Grant date	February 9, 2005	January 31, 2006	January 31, 2006	April 30, 2006
Terms and condition for vesting	1/3 grant vested on Dec 31 2005; 1/3 vested on Dec 31 2006; 1/3 vested on Dec 31 2007. (*2)	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)
Service period required to be vested	From Feb 9, 2005 to Dec 31, 2007	-	From Jan 31, 2006 to Jan 31, 2007	From Apr 30, 2006 to Dec 31, 2008
Exercisable period	From Jan 1, 2006 to Feb 8, 2015	From Jan 31, 2006 to Feb 1, 2009	From Apr 30, 2006 to Feb 1, 2016	From Jan 1, 2007 to Apr 30, 2016

Company Name	The Company	Xinhua Finance Media Limited	
Year	2006	2006	
Type	Share option (4)	Restricted share (1)	Share option (1)
Category and number of person designated	1 employee	1 director	190 employees
Class and number of objective shares (*1)	114 ordinary shares	11,050,000 Class A Common Shares (*3)	11,198,180 Class A Common Shares (*5)
Grant date	July 1, 2006	June 13, 2006	July 11, 2006
Terms and condition for vesting	1/3 grant vested on Dec 31, 2006; 1/3 vested on Dec 31, 2007; 1/3 vested on Dec 31, 2008 (*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 (*4)
Service period required to be vested	From July 1, 2006 to Dec 31, 2008	From June 13, 2006 to June 13, 2011	From July 11, 2006 to Dec 31, 2009
Exercisable period	From Jan 1, 2007 to Apr 30, 2016	From June 13, 2007 to June 13, 2011	From December 31, 2007 or upon certain corporate event, whichever is the 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.

(*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) On November 20 and December 20, 2006, the shareholder transferred 635,000 restricted shares and 1,050,000 restricted shares that vest in 2007 respectively to certain third parties unrelated to the Company . Thus the shareholder now holds 9,365,000 restricted shares through Dragon Era Group Limited which is owned by the shareholder's family trust and beneficially owned by the shareholder.

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

- (*4) 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.
- (*5) 500,039 share options were forfeited due to termination of employment of certain employees.

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

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

(i) Number of objective shares of share option

(Unit: share)

Company Name	The Company				
Year	2005	2006			
Type	Share Option	Share Option (1)	Share Option (2)	Share Option (3)	Share Option (4)
Number of objective shares for unvested option					
Beginning balance of the period	9,940	-	-	-	-
Granted	-	5,000	6,000	26,656	114
Lapsed	-	-	-	708	-
Vested	4,970	3,336	4,500	8,653	38
Unvested balance	4,970	1,664	1,500	17,295	76
Number of objective shares for vested option					
Beginning balance of the period	4,970	-	-	-	-
Vested	4,970	3,336	4,500	8,653	38
Exercised	1,150	-	-	-	-
Lapsed	426	-	-	110	-
Unexercised balance	8,364	3,336	4,500	8,543	38

Company Name	Xinhua Finance Media Limited	
Year	2006	
Type	Restricted share (1)	Share Option (1)
Number of objective shares for unvested option		
Beginning balance of the period	-	-
Granted	11,050,000	11,198,180
Lapsed	-	500,039
Vested	-	-
Unvested balance	11,050,000	10,698,141
Number of objective shares for vested option		
Beginning balance of the period	-	-
Vested	-	-
Exercised	-	-
Lapsed	-	-
Unexercised balance	-	-

(ii) Unit price information

Company Name	The Company				
Year	2005	2006			
Type	Share Option	Share Option (1)	Share Option (2)	Share Option (3)	Share Option (4)
Exercise price	JPY 49,316	JPY 74,247	JPY 71,844	JPY 71,844	JPY 71,844
Average price of shares upon exercise	JPY 92,028	-	-	-	-
Fair value of option at grant date per option	-	-	-	-	USD 252.92

Company Name	Xinhua Finance Media Limited	
Year	2006	
Type	Restricted Share (1)	Share Option (1)
Exercise price	USD 0.001	USD 0.78
Average price of shares upon exercise	-	-
Fair value of option at grant date	USD 0.60	USD 0.14

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

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			
Type	Share Option (1)	Share Option (2)	Share Option (3)	Share Option (4)
Price volatility (*1)	60%	60%	60%	60%
Estimated remaining exercisable period (*2)	3 years	10 years	10 years	10 years
Estimated dividend (*3)	NIL	NIL	NIL	NIL
Free risk rate (*4)	1.47%	1.47%	1.91%	1.91%

Company Name	Xinhua Finance Media Limited	
Type	Restricted Share (1)	Share Option (1)
Price volatility (*1)	38.2%	38.3%
Estimated remaining exercisable period (*2)	5 years	3.61 years
Estimated dividend (*3)	NIL	NIL
Free risk rate (*4)	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.

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

(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			
Year	2004	2005	2006	
Type	Share-Based Payment	Share-Based Payment	Warrant	Share-based payment (1)
Category and number of person designated	230 employees	2 directors of the group, 1 adviser and 3 employees	1 third party	1 third party
Class and number of objective shares (*2)	79,129.26 Ordinary shares	28,168 ordinary shares	20,000 ordinary shares	2,000 ordinary shares
Grant date (*1)	April 6; Jun 17, 21, 22, 30; Jul 11& 19; Aug 16 & 20; Dec 28 & 30 (*3)	Jul 15, Sept 15 & Dec 05	February 14, 2006	February 14, 2006
Exercisable period	-	-	From February 15, 2007 to February 16, 2009	-

Company Name	The Company		
Year	2006		
Type	Share-based payment (2)	Share-based payment (3)	Share-based payment (4)
Category and number of person designated	1 third party	2 directors and 4 employees	1 director
Class and number of objective shares (*2)	1,500 ordinary shares	18,107 ordinary shares	800 ordinary shares
Grant date (*1)	July 25, 2006	September 6, 2006	September 22, 2006
Exercisable period	-	-	-

Company Name	Xinhua Finance Media Limited	
Year	2006	
Type	Warrant(1)	Warrant(2)
Category and number of person designated	1 shareholder	1 consultant
Class and number of objective shares (*2)	4,099,968 Class A Common Shares	630,000 Class A Common Shares
Grant date (*1)	September 22, 2006	December 7, 2006
Exercisable period	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.

(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

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

Company Name	The Company	Xinhua Finance Media Limited	
Year	2006	2006	
Type	Warrant	Warrant(1)	Warrant(2)
Exercise price	JPY 80,000	USD 3.659	USD 3.659
Average price of shares upon exercise	-	-	-
Fair value of option at grant date per warrant	USD 8.44	USD 0.15	USD 0.18

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 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.

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

(Segment information)

【Business segment】

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

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.

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

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.

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

【Regional segmental information】

Consolidated fiscal year – prior year (From January 1, 2005 to December 31, 2005)

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

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

Note

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

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

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

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

Note

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

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

【Overseas sales】

Consolidated fiscal year – prior year (From January 1, 2005 to December 31, 2005)

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

	Asia	North America	Europe	Other	Total
I Oversea sale	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 sale	- (-)	- (-)	- (-)	- (-)	110,010 (13,103,296)
III Ratio of overseas sales which accounts for consolidated sale (%)	15.8%	59.0%	17.0%	1.0%	92.8%

Note

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

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

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

	Asia	North America	Europe	Other	Total
I Oversea sale	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 sale	- (-)	- (-)	- (-)	- (-)	174,963 (20,839,820)
III Ratio of overseas sales which accounts for consolidated sale (%)	42.5%	42.1%	11.2%	1.1%	96.9%

Note

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

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

【Related party transactions】

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

Sister company

- (1) Category
Sister company
- (2) Name of the related party
NIS Securities Co., Ltd.
- (3) Address
Shinjuku-ku, Tokyo
- (4) Share capital
JPY1,620 million
- (5) Nature of business
A securities company
- (6) Ratio of voting right (held by the Company / held by the related party)
None
- (7) Relationship
Concurrency of directors
None
Business relationship
None
- (8) Nature of transactions
Underwriter of the Company's share upon a share issuance
- (9) Amount
USD 4,367 thousand (JPY 520,147 thousand)
- (10) Name of account
Share issuance related expense
- (11) Remaining balance as of the year end
None

Terms and condition of agreement are determined in third arms' length.

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

Directors and major individual shareholders

- (1) Category
Directors and major individual shareholders
- (2) Name of the related party
SBI USA, LLC
- (3) Address
610 Newport Center Drive, Suite 1205, Newport Beach, CA92666
- (4) Nature of business
Investment advisory
- (5) Ratio of voting right (held by the related party)
0.20%
- (6) Relationship
Concurrency of directors
One director
Business relationship
Financial advisor of the Company
- (7) Nature of transactions
Payment of commission fee
- (8) Amount
USD 1,000 thousand (JPY119,110 thousand)
- (9) Name of account
Bond issuance cost
- (10) Remaining balance on balance sheet as of the year end
USD 967 thousand (JPY115,140 thousand)

Terms and condition of agreement are determined in third arms' length.

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

(Per share information)

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

Item	Consolidated fiscal year -prior year (From January 1, 2005 to December 31, 2005)	Consolidated fiscal year -current year (From January 1, 2006 to December 31, 2006)
Net assets per share	305.65 (36,405.58)	326.93 (38,940.63)
	Suspense account of share exchange included in share premium is excluded from the process of calculation of net assets per share.	
Net income / loss (Δ) per share	Δ 4.25 (Δ 506.32)	12.23 (1,456.43)
Diluted income	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.	
	On September 22, 2005, the Company made a share split by way of a free share distribution at the rate of 2 shares for each outstanding 1 share.	
	If the share split had been effective from the beginning of the prior year, the per share information would have been as follows;	
	Net assets per share 239.89 (28,573.08)	
	Net loss per share 34.65 (4,126.57)	
	The diluted net loss per share is not stated because of the net loss position.	

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

(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 -prior year (From January 1, 2005 to December 31, 2005)	Consolidated fiscal year -current year (From January 1, 2006 to December 31, 2006)
Net income / loss (Δ) per share		
Net income/ loss (Δ) for the year	Δ 2,814 (Δ 335,226)	10,760 (1,281,662)
Net Income / loss (Δ) NOT attributed to ordinary shareholders	— (—)	— (—)
Net income/ loss (Δ) attributed to ordinary shares	Δ 2,814 (Δ 335,226)	10,760 (1,281,662)
Average number of ordinary shares during the year (shares)	662,085.34	880,001.21
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	3 types of share subscription rights (Number of shares to be issued upon exercise : 20,043 shares)	1 type of share subscription rights (Number of shares to be issued upon exercise : 114 shares)

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

(Significant subsequent events)

Consolidated fiscal year -prior year (From January 1, 2005 to December 31, 2005)	Consolidated fiscal year -current year (From January 1, 2006 to December 31, 2006)
<p>1. On January 12, 2006, the Company has completed 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>	<p>1. On January 10, 2007, the Company has acquired 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 : USD 5,600 thousands (December 2005) Total assets : USD 6,059 thousands (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 10, 2007.</p> <p>② Acquisition cost and payment term Consideration of equity stake of 80.1% is USD 38,095 thousands. USD 13,756thousands was paid by cash and the remaining USD 24,339 thousands 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. Taxin 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 10, 2007</p>

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

Consolidated fiscal year -prior year (From January 1, 2005 to December 31, 2005)	Consolidated fiscal year -current year (From January 1, 2006 to December 31, 2006)
<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 2 independent directors</p> <p>② Number of stock options to be granted 2</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 JPY 74,247 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 5 directors/non-executive directors</p> <p>② Number of stock options to be granted 5</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 JPY 71,844 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>	<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 thousands Total Assets : £392 thousands 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% (106,383shares) of Kinetics Information Systems Services Limited</p> <p>② Acquisition costs and payment terms £4,000thousands of consideration settled by cash. £1,000thousands paid into escrow. £500thousands to be released to sellers on December 31 2007 if certain key employees remain employed by Kinetics. Up to £500thousands 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 Beverley Goodman The Estate of Sir Michael Richardson</p> <p>④ Date of acquisition January 3, 2007</p>

Consolidated Financial Information for Full Year 2006 under Japanese GAAP

Consolidated fiscal year -prior year (From January 1, 2005 to December 31, 2005)	Consolidated fiscal year -current year (From January 1, 2006 to December 31, 2006)
<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: USD 259 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 USD 2,000,000.</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>	