

May 15, 2007

Dear Sirs,

(Consolidated) Summary of Business Results for the three months ended March 31, 2007

Name of the Company:	Xinhua Finance Limited (URL www.xinhuafinance.com .)
Representative:	Chief Executive Officer, Fredy Bush (TSE Mothers, Code Number : 9399)
Inquiries to:	Chief Financial Officer, Gordon Lau (TEL: Shanghai 86-21-6113-5900)
Inquiries to:	Managing Director, Investor Relations, Jiong Sun (TEL: Tokyo 81-3-3221-9500)

1. Preparation of the Consolidated Quarterly Financial Statements

- (a) Accounting standards for the consolidated quarterly financial statements:
Accounting standards for the interim consolidated financial statements
- (b) Changes in accounting treatments since the most recent fiscal year:
Not Applicable.
- (c) Changes in scope of consolidation and application of equity method:
Applicable.

Unconsolidated subsidiaries up to prior year such as Intelligence Asia Pty Ltd., LJS Global Information Services, Inc., Mergent Pricing & Evaluation Services, Inc. and Mergent (UK) Ltd. are consolidated from this period since materiality has increased.

- (d) Participation of Accounting Auditor: Applicable.
With respect to the quarterly consolidated financial statements, the procedures for issuance of opinion have been carried out in accordance with “Standards for Issuance of Opinion for Quarterly Financial Statements” as attached to the TSE’s “Guideline of Rules on Timely Disclosure of Corporate Information Issuer of Listed Security”.

2. Consolidated Business Results

Consolidated Business Results for the three months year-to-date ended March 31, 2007 are provided below (consolidated business results for the three months year-to-date ended March 31, 2006 are also provided for reference).

Consolidated financial statements in accordance with Japan GAAP and International Financial Reporting Standards (IFRS) have been prepared for our investors in Japan and elsewhere in accordance with the Company’s past practice. Significant differences between Japan GAAP and IFRS as applied to us include those relating to share based payment expenses and amortization of goodwill. Please refer to section “2 *Outline of Business Results*” below for detailed explanation. These items make our consolidated net income under Japan GAAP substantially lower than our consolidated net income under IFRS for the period ended March 31, 2007.

Consolidated Business Results under Japan GAAP

(Units: USD thousand (Yen million))

	March, 2006 (3 Months YTD)	March, 2006 (3 Months YTD)	March, 2007 (3 Months YTD)	Variance (%)	December, 2006 (Full Year)
	(at past USD-Yen rate as of March 31, 2006)	(at current USD-Yen rate as of March 30, 2007)	(at current USD-Yen rate as of March 30, 2007)		(at current USD-Yen rate as of March 30, 2007)
Turnover	37,355 (4,388)	37,355 (4,410)	46,557 (5,496)	24.6%	174,963 (20,654)
Operating Profit /Loss (△)	1,159 (136)	1,159 (137)	△8,342 (△985)	△819.8%	1,134 (134)
Ordinary Profit /Loss (△)	1,923 (226)	1,923 (227)	△25,929 (△3,061)	△1,448.4%	63 (7)
Net Profit	860 (101)	860 (102)	82,374 (9,724)	9,478.4%	10,760 (1,270)
Basic EPS USD(JPY)	1.04 (122.17)	1.04 (122.77)	84.48 (9,972.86)	8,023.1%	12.23 (1,443.47)
Diluted EPS USD(JPY)	1.03 (120.99)	1.03 (121.59)	83.39 (9,844.19)	7996.1%	11.57 (1,366.42)
Proforma EBITDA	6,698 (787)	6,698 (791)	10,778 (1,272)	60.9%	32,604 (3,849)
EBITDA	5,640 (663)	5,640 (666)	2,215 (261)	△60.7%	24,672 (2,913)
Total Assets	480,422 (56,435)	480,422 (56,714)	1,079,802 (127,471)	124.8%	765,941 (90,419)
Total Net Assets	311,927 (36,642)	311,927 (36,823)	625,482 (73,838)	100.5%	382,758 (45,185)
% of Adjusted Shareholders' Equity/Total Assets	64.9%	64.9%	39.0%	-	39.8%
Net assets per share USD(JPY)	300.91 (35,347.90)	300.91 (35,522.43)	417.22 (49,252.82)	38.7%	326.93 (38,594.09)

(Notes)

1. For the three months year-to-date ended March 31, 2007 results and three months ended March 31, 2006 results at current U.S. dollar / Japanese yen exchange rate, the amounts in Japanese yen are calculated by the foreign currency exchange rate (middle rate), being US\$1.00=¥118.05, from the Tokyo Foreign Exchange Market as of March 30, 2007. For the three months ended March 31, 2006 results as reported on May 15, 2006, the amounts in Japanese yen are calculated by the foreign currency exchange rate (middle rate), being US\$1.00=¥117.47, from the Tokyo Foreign Exchange Market as of March 31, 2006.
2. We define EBITDA in relation to our Japan GAAP financial statements as operating income or loss plus depreciation, amortization and amortization of goodwill. We define Proforma EBITDA as EBITDA plus non cash share based payments and recurrent non

operating income and excluding one time items.

3. Variance shows comparison between consolidated business results for the three months year-to-date ended March 31, 2006 and for the three months year-to-date ended March 31, 2007, both of which are at the current rate as of March 30, 2007.(as defined above in note 1)

Consolidated Business Results under IFRS (for reference only)

(Units: USD thousand (Yen million))

	March, 2006 (3 Months YTD)	March, 2006 (3 Months YTD)	March, 2007 (3 Months YTD)	Variance (%)
	(at past USD-Yen rate as of March 31, 2006)	(at current USD-Yen rate as of March 30, 2007)	(at current USD-Yen rate as of March 30, 2007)	
Turnover	37,355 (4,388)	37,355 (4,410)	46,557 (5,496)	24.6%
Proforma EBITDA	6,610 (776)	6,610 (780)	10,838 (1,279)	64.0%
EBITDA	5,756 (676)	5,756 (679)	3,044 (359)	△47.1%
Net Income	3,616 (425)	3,616 (427)	94,511 (11,157)	2,513.7%
Basic EPS USD(JPY)	4.36 (512.17)	4.36 (514.70)	96.93 (11,442.59)	2,123.2%
Diluted EPS USD(JPY)	4.33 (508.65)	4.33 (511.16)	95.68 (11,295.02)	2,109.7%

(Notes)

1. For the three months year-to-date ended March 31, 2007 results and the three months ended March 31, 2006 results at current US dollar / Japanese yen exchange rate, the amounts in Japanese yen are calculated by the foreign currency exchange rate (middle rate), being US\$1.00=¥118.05, from the Tokyo Foreign Exchange Market as of March 30, 2007. For the three months ended March 31, 2006 results as reported on May 15, 2006, the amounts in Japanese yen are calculated by the foreign currency exchange rate (middle rate), being US\$1.00=¥117.47, from the Tokyo Foreign Exchange Market as of March 31, 2006.
2. We define EBITDA in relation to our IFRS financial statements as profit (loss) before interest, tax, depreciation and amortization. We define Profoma EBITDA as EBITDA plus non cash share based payments and excluding one time items.
3. Variance shows comparison between consolidated business results for the three months year-to-date ended March 31, 2006 and for the three months year-to-date ended March 31, 2007 both of which are at current rate as of March 30, 2007.

3. Outline of Consolidated Business Results (from January 1, 2007 to March 31, 2007)

Turnover

Turnover was US\$46,557 thousand (¥5,496 million) for the three months year-to-date ended March 31, 2007, as compared to US\$37,355 thousand (¥4,410 million) for the three months year-to-date ended March 31, 2006.

Higher turnover in 2007 is primarily due to:

- Consolidation of newly acquired subsidiaries, including Glass Lewis & Co. LLC, and Kinetic Information Systems Services Limited in the first three months of 2007 which accounted for 7.4% of our turnover for the three months ended March 31, 2007.
- Full period impact from subsidiaries, including Xinhua Finance Advertising Limited (formerly known as Ming Shing International Ltd), Beijing JingGuanXinCheng Advertising Co. Ltd. and Shanghai Hyperlink Market Research Co., Ltd., that joined the group in 2006 as they accounted for 31.5% of our turnover in 2007.
- Increasing demand for China focused financial information and product line extensions such as the G7's China Service, MNI's China Bullet Points and China MainWire, China news services for the Japan markets, and two new personal wealth magazines (Funds Observer and China Venture)
- Increasing volume of press releases within China and the region in the IR/PR service line
- Realizing synergies among the group, including cross-selling group services and products, through a more streamlined sales and marketing approach of our global operations.

Cost of sales

Cost of sales was US\$22,909 thousand (¥2,704 million) for the three months year-to-date ended March 31, 2007, as compared to US\$16,110 thousand (¥1,902 million) for the three months year-to-date ended March 31, 2006. Cost of sales mainly consists of reporting and editorial staff costs, direct marketing expenses, production fees, distribution charges, data acquisition costs and media buying costs. Cost of sales represented 49.2% of turnover for the three months ended March 31, 2007 and 43.1% of turnover for the three months ended March 31, 2006. The increase of the amount of cost of sales is primarily due to consolidation of newly acquired subsidiaries that accounted for US\$ 2,216 thousand (¥262 million) in the three months year-to-date ended March 31, 2007 and full period impact from subsidiaries which joined the group in 2006 which accounted for US\$ 9,453 thousand (¥1,116 million) in the three months year-to-date ended March 31, 2007.

Gross Profit Margin

Gross profit margin was 50.8% for the three months ended March 31, 2007 versus 56.9% for the three months ended March 31, 2006.

Selling, general, and administrative expenses

Selling, general, and administrative expenses were US\$31,989 thousand (¥3,776 million) for the three months year-to-date ended March 31, 2007, higher than the US\$20,086 thousand (¥2,371 million) for the three months year-to-date ended March 31, 2006. Higher selling, general, and administrative expenses are mainly due to:

- 1) higher non-cash expenses such as depreciation, amortization and amortization of goodwill;
- 2) costs associated with expansion activities;
- 3) full period impact of selling, general and administrative expenses from subsidiaries acquired in 2006; and
- 4) selling, general and administrative expenses from subsidiaries acquired in 2007.

Our non-cash expenses for the three months ended March 31, 2007 include depreciation of US\$1,231 thousand (¥145 million), amortization of US\$3,805 thousand (¥449 million), amortization of goodwill of US\$5,521 thousand (¥652 million) and amortization of non-cash share based payment expense of US\$1,445 thousand (¥171 million). Since May 2006 when Japan GAAP instituted a new accounting standard for share based payment, we have recorded the above non-cash share based payment expense. Our depreciation and amortization expenses for the three months ended March 31, 2007 totaled US\$10,557 thousand (¥1,246 million) compared to the depreciation and amortization expenses for the three months ended March 31, 2006 which totaled US\$4,482 thousand (¥529 million)

Selling, general, and administrative expenses, inclusive of depreciation, amortization and non-cash share based payment expense, as a percentage of turnover was 68.7% for the three months ended March 31, 2007 versus 53.8% for the three months ended March 31, 2006. Excluding depreciation, amortization and non-cash share based payment expense, selling, general, and administrative expenses as a percentage of turnover was 42.9% for the three months ended March 31, 2007 and 41.8% for the three months ended March 31, 2006.

Operating profit/loss

As a result of the above, operating loss was US\$8,342 thousand (¥985 million) for the three months year-to-date ended March 31, 2007, versus operating profit of US\$1,159 thousand (¥137 million) for the three months year-to-date ended March 31, 2006.

Ordinary profit/loss

Primarily due to share issuance expenses of US\$22,365 thousand (¥2,640 million) from the listing of our subsidiary, Xinhua Finance Media Limited on the Nasdaq market in March 2007, Ordinary loss was US\$25,929 thousand (¥3,061 million) for the three months year-to-date ended March 31, 2007, versus ordinary profit of US\$1,923 thousand (¥227 million) for the three months year-to-date ended March 31, 2006. Ordinary loss was arrived at after accounting for US\$7,124 thousand (¥841 million) non-operating income which was offset by US\$2,346 thousand (¥277 million) interest expense and others.

Net profit/loss

Net profit was US\$82,374 thousand (¥9,724 million) for the three months year-to-date ended March 31, 2007, versus net profit of US\$860 thousand (¥102 million) for the three months year-to-date ended March 31, 2006.

Net profit for the three months ended March 31, 2007 was arrived at after including:

- 1) taxation charge of US\$87 thousand (¥10 million)
- 2) a gain of US\$105,836 thousand (¥12,494 million) from the gain from changes in equity interests (being Xinhua Finance Media Limited)
- 3) minority interests of US\$2,553 thousand (¥301 million) .

Proforma net income of US\$ 342 thousand (¥40 million), excludes a one time gain of US\$105,836 thousand (¥12,494 million) from the gain from change in equity interest of a subsidiary, Xinhua Finance Media Limited, and related share issuance expenses of US\$22,365 thousand (¥2,640 million) and non cash share based payment expense of S\$1,445 thousand (¥171 million).

EBITDA

EBITDA was US\$2,215 thousand (¥261 million) for the three months year-to-date ended March

31, 2007, versus US\$5,640 thousand (¥666 million) for the three months year-to-date ended March 31, 2006. EBITDA is calculated by taking operating income (or loss) and adding back the following non-cash items: (1) depreciation; (2) amortization; and (3) amortization of goodwill. Proforma EBITDA for the three months ended March 31, 2007, was US\$10,778 thousand (¥1,272 million) versus US\$6,698 thousand (¥791 million) for the three months ended March 31, 2006.

Balance Sheet Analysis

(Units: USD thousand (Yen million))

	As of March 31, 2006	As of March 31, 2006	As of March 31, 2007	Variance (%)
	(at past USD-Yen rate as of March 31, 2006)	(at current USD-Yen rate as of March 30, 2007)	(at current USD-Yen rate as of March 30, 2007)	
Current Assets	163,481 (19,204)	163,481 (19,299)	397,919 (46,974)	143.4%
Non-current Assets	316,942 (37,231)	316,942 (37,415)	678,286 (80,072)	114.0%
Current Liabilities	72,688 (8,539)	72,688 (8,581)	125,069 (14,764)	72.1%
Non-current Liabilities	31,825 (3,738)	31,825 (3,757)	329,252 (38,868)	934.6%
Total	311,927	311,927	625,482	100.5%
Net Assets	(36,642)	(36,823)	(73,838)	

Cashflow Analysis

Operating activities

Net cash used in operating activities amounted to US\$2,458 thousand (¥290 million) for the three months year-to-date ended March 31, 2007.

Investing activities

Net cash used in investing activities amounted to US\$48,448 thousand (¥5,719 million) for the three months year-to-date ended March 31, 2007, mainly consisted of cash used for strategic acquisitions and investments such as Glass Lewis & Co., LLC., Kinetic Information Systems Services Limited and subsequent consideration payments for Xinhua Finance Advertising Limited that totaled to US\$42,183 thousand (¥4,980 million), deposit for purchase of intangible assets of US\$4,012 thousand (¥474 million) and capital expenditures US\$2,796 thousand (¥330 million).

Financing Activities

Cashflow from financing activities amounted to US\$205,757 thousand (¥24,290 million) for the three months year-to-date ended March 31, 2007. This amount mainly consisted of cash proceeds of US\$202,659 thousand (¥23,924 million) from the issuance of shares in Xinhua Finance Media Limited due to its listing on the Nasdaq market in the US.

Cash Balance

Due to the activities as described in "Operating Activities", "Investing Activities" and "Financing Activities", above, ending cash and cash equivalents was US\$252,619 thousand (¥29,822 million) as at March 31, 2007, of which US\$293,657 thousand (¥34,666 million) was cash and

bank balance, US\$41,323 thousand (¥4,878 million) was deposits pledged as collateral (deducted from cash balance) and US\$285 thousand (¥34 million) was marketable securities.

4. Financial Projection (from January 1, 2007 to December 31, 2007)

Our projections have been prepared in accordance with Japan GAAP and IFRS to meet the needs of our Japanese and international investors.

There are significant differences between Japan GAAP and IFRS as applied to us, including those relating to amortization of goodwill and share based expenses. These differences result in a material deviation between the net results projected under Japan GAAP and the net results projected under IFRS.

- *Goodwill on Consolidation*

- Japan GAAP requires consolidated goodwill to be amortized within 20 years. The goodwill on consolidation of the Company has been and is projected to be amortized by the straight-line method over a period of 20 years. Under IAS 36, our goodwill on consolidation in connection with subsidiaries acquired on or after March 31, 2004 is not amortized but is assessed for impairment at least annually.

- *Share-based Payment Expense*

- Under IFRS, fair value of shares or options granted for compensation is amortized over the vesting period of the shares or options. Under Japan GAAP, there is no accounting impact for shares or options granted for compensation prior to May 1, 2006. However, shares and options granted after May 1, 2006 start to attract compensation expense under Japan GAAP.

EBITDA is presented in the projections because we believe it is an important measure of our financial performance. Due to the nature of our industry and extent of our acquisition activities, a large portion of our assets consists of goodwill on consolidation. Goodwill on consolidation represents the excess of the aggregate purchase price over the fair value of the net assets of the business acquired and is required to be amortized under Japan GAAP. Since amortization expense is a non-cash expense, we view EBITDA as an important measure of our cash flow and overall financial performance. However, it is recommended that the investors should carefully take into account financial and non-financial information as well as EBITDA.

Qualitative Information Regarding Forecast

Adjustments in Financial Forecasts

Primarily due to improved business prospects for the Group and the listing of our consolidated subsidiary, Xinhua Finance Media Limited (“XFMedia”), which was listed on the NASDAQ Stock Exchange in the United States of America, we are adjusting our financial forecasts previously announced on 15 March 2007. The listing of XFMedia generated much worldwide publicity and awareness for the Group and our overall business profile has been raised. Furthermore, the listing generated cash proceeds which can be used for future developments and investments.

As a result, for the full year period, we are revising upwards our turnover, EBITDA, operating income and net income. We are revising downward our ordinary income due to high-than-expected share issuance costs with the listing of XFMedia in the amount of USD17,600 thousand and a reclassification of an assumed USD23,700 thousand gain due to the deemed disposition from XFMedia’s fund raising activities previously assumed to be part of non operating income which is now reflected under extraordinary gains.

1. Adjustment in consolidated financial forecasts (Japanese GAAP) for the 6 months ending June 30, 2007 (January 1, 2007 – June 30, 2007)

(units: USD thousand (Yen million) except for %)

	Turnover	EBITDA	Operating Income/ (Loss △)	Ordinary Income/ (Loss △)	Net Income
Previous Projections ¹ (A)	99,502 (10,945)	9,589 (1,055)	△5,905 (△650)	4,199 (462)	26,799 (2,948)
Revised Projections ² (B)	101,891 (11,208)	7,311 (804)	△11,493 (△1,264)	△29,943 (△3,294)	33,497 (3,685)
Difference (B - A)	2,389 (263)	△2,278 (△251)	△5,588 (△615)	△34,141 (△3,756)	6,698 (737)
Percent Change (%)	2%	△24%	95%	△813%	25%
<i>(for reference only)</i> Previous Year’s Results ⁴ (6 months ended June 30, 2006)	75,026 (8,646)	11,089 (1,278)	2,261 (261)	3,442 (397)	2,012 (232)

1. Exchange rate used for previous projections: USD1 = ¥110.00

2. Exchange rate used for adjusted projections: USD1 = ¥110.00

3. Denotes loss

4. Exchange rate used for results of 6 months ended June 30, 2006: USD1 = ¥115.24, based on the foreign currency exchange rate (middle rate) from the Tokyo Foreign Exchange Market as of June 30, 2006.

2. Adjustment in consolidated financial forecasts (Japanese GAAP) for the fiscal year ending December 31, 2007 (January 1, 2007 – December 31, 2007)

(units: USD thousand (Yen million) except for %)

	Turnover	EBITDA	Operating Income	Ordinary Income/ (Loss △)	Net Income
Previous Projections ¹ (A)	228,680 (25,155)	32,281 (3,551)	964 (106)	16,527 (1,818)	27,999 (3,080)

Revised Projections ² (B)	260,000 (28,600)	44,379 (4,882)	6,688 (736)	△13,447 △(1,479)	31,999 (3,520)
Difference (B - A)	31,320 (3,445)	12,099 (1,331)	5,724 (630)	△29,974 (△3,297)	4,000 (440)
Percent Change (%)	14%	37%	594%	△181%	14%
<i>(for reference only)</i> Previous Year's Results ⁴ (year ended Dec 31, 2006)	174,963 (20,840)	24,672 (2,939)	1,134 (135)	63 (7)	10,760 (1,282)

1. Exchange rate used for previous projections: USD1 = ¥110.00
2. Exchange rate used for adjusted projections: USD1 = ¥110.00
3. Denotes loss
4. Exchange rate used for previous year's results: USD1 = ¥119.11, based on the foreign currency exchange rate (middle rate) from the Tokyo Foreign Exchange Market as of December 29, 2006.

Note: Performance estimates are determined based on information currently available. Due to various unforeseen factors, actual performance may differ from estimates.

<For Reference Only (IFRS)>

1. Adjustment in consolidated financial forecasts (IFRS) for the 6 months ending June 30, 2007 (January 1, 2007 – June 30, 2007)

(units: USD thousand (Yen million) except for %)

	Turnover	EBITDA	Net Income
Previous Projections ¹ (A)	99,502 (10,945)	13,152 (1,447)	41,738 (4,591)
Revised Projections ² (B)	101,891 (11,208)	8,568 (942)	49,274 (5,420)
Difference (B - A)	2,389 (263)	△4,584 (△504)	7,536 (829)
Percent Change (%)	2%	△35%	18%
<i>(for reference only)</i> Previous Year's Results ⁴ (6 months ended June 30, 2006)	75,026 (8,646)	11,273 (1,299)	4,854 (559)

1. Exchange rate used for previous projections: USD1 = ¥110.00
2. Exchange rate used for adjusted projections: USD1 = ¥110.00
3. Denotes loss
4. Exchange rate used for previous year's 6 month results: USD1 = ¥115.24, based on the foreign currency exchange rate (middle rate) from the Tokyo Foreign Exchange Market as of June 30, 2006.

2. Adjustment in consolidated financial forecasts (IFRS) for the fiscal year ending December 31, 2007 (January 1, 2007 – December 31, 2007)

(units: USD thousand (Yen million) except for %)

	Turnover	EBITDA	Net Income
Previous Projections ¹ (A)	228,680 (25,155)	37,422 (4,116)	53,253 (5,858)

Revised Projections ² (B)	260,000 (28,600)	46,579 (5,124)	57,253 (6,298)
Difference (B - A)	31,320 (3,445)	9,157 (1,007)	4,000 (440)
Percent Change (%)	14%	24%	8%
<i>(for reference only)</i> Previous Year's Results ⁴ (year ended Dec 31, 2006)	174,963 (20,840)	23,331 (2,781)	18,731 (2,233)

1. Exchange rate used for previous projections: USD1 = ¥110.00

2. Exchange rate used for adjusted projections: USD1 = ¥110.00

3. Denotes loss

4. Exchange rate used for previous year's results: USD1 = ¥119.11, based on the foreign currency exchange rate (middle rate) from the Tokyo Foreign Exchange Market as of December 29, 2006.

Note: Performance estimates are determined based on information currently available. Due to various unforeseen factors, actual performance may differ from estimates.

Forward looking statements in this report are based on information available to management at the time this report was prepared. As such, they carry risks and uncertainties and actual results and events may differ significantly from the forecast. Investors are advised not to rely solely on business forecasts in this report for making investment decisions. Forecasts of business results will also be revised as and when considered necessary, in accordance with disclosure rules.