



XINHUA FINANCE

1st Quarter 2008 Results Announcement

May 2008

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1st Quarter 2008 Review

- Company continues to grow, with year-over-year revenue increase of 36% mainly driven by China businesses
- Continuing efforts to streamline operations to focus on capturing China-related opportunities
- Strengthening corporate structure to prepare for next phase of development



Q12008 Compared to Q12007

<i>US\$ millions / JPY millions</i>	Q1 2008	Q1 2007	Variance % Year over Year
Revenue	63.5 ¥6,361	46.6 ¥4,665	36%
Proforma EBITDA ⁽¹⁾	10.1 ¥1,014	8.6 ¥859	18%
EBITDA	2.5 ¥255	3.0 ¥305	-17%
Net Income ⁽²⁾	(6.2) ¥625	94.5 ¥9,469	-107%
Proforma Net Income	1.1 ¥108	(0.4) ¥41	NA

Proforma EBITDA is EBITDA excluding non-cash ESOP expenses and excluding one time items.

Proforma Net Income is calculated by taking net income and excluding non-cash share based compensation expenses, one time non recurrent items, amortization arising from acquisitions and non-cash imputed interest.

(1) Proforma EBITDA for Q107 has been adjusted to exclude \$2.3m in other income previously classified as recurring in nature.

(2) Net income for Q107 includes one time gain of \$97.5m from the IPO of XFMedia.



Q12008 Compared to Q12007

<i>US\$ millions / JPY millions</i>	Q1 2008	Q1 2007	Variance % Year over Year
Revenue	63.5 ¥6,361	46.6 ¥4,665	36%
Proforma EBITDA ⁽¹⁾	10.0 ¥1,000	8.5 ¥853	17%
EBITDA	(0.7) ¥72	2.2 ¥222	-132%
Net Income ⁽²⁾	(12.4) ¥1,245	82.4 ¥8,253	-115%
Proforma Net Income	(1.5) ¥150	(1.4) ¥143	NA

Proforma EBITDA is EBITDA excluding non-cash ESOP expenses and one time items and including recurring non operating income.

Proforma Net Income is calculated by taking net income and excluding non-cash share based compensation expenses, one time non recurrent items, amortization arising from acquisitions and non-cash imputed interest.

(1) Proforma EBITDA for Q107 has been adjusted to exclude \$2.3m in other income previously classified as recurring in nature.

(2) Net Income for Q107 includes a one time gain of \$83.5m from the IPO of XFMedia



Performance of continuing operations (1)

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Q12008 Compared to Q12007 under IFRS

US\$ millions

	Q1 2008	Q1 2007	Growth %
Overall Operations			
Revenue	63.5	46.6	36%
Proforma EBITDA	10.1	8.6	18%
Continuing Operations			
Revenue	63.7	43.1	48%
Proforma EBITDA	10.4	9.3	11%

(1) To facilitate a more appropriate comparison of our service lines year on year, the Company has decided to exclude discontinued operations that ceased to operate since last year due either to disposal or dissolution.

Note: Breakdown figures are internal management estimates only which have not been audited or reviewed. Methodologies for calculating service line breakdown are subject to adjustment and may be revised from time to time due to changes in business situation.

Proforma EBITDA under IFRS shown here. Proforma EBITDA is EBITDA excluding non-cash ESOP expenses and one time items.

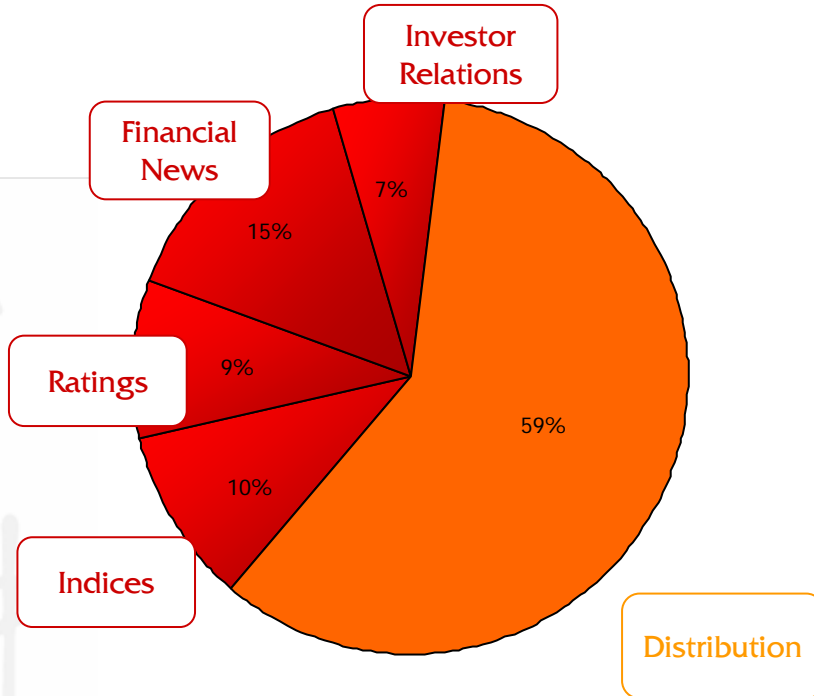


Q12008 Results IFRS: Service Line Breakdown

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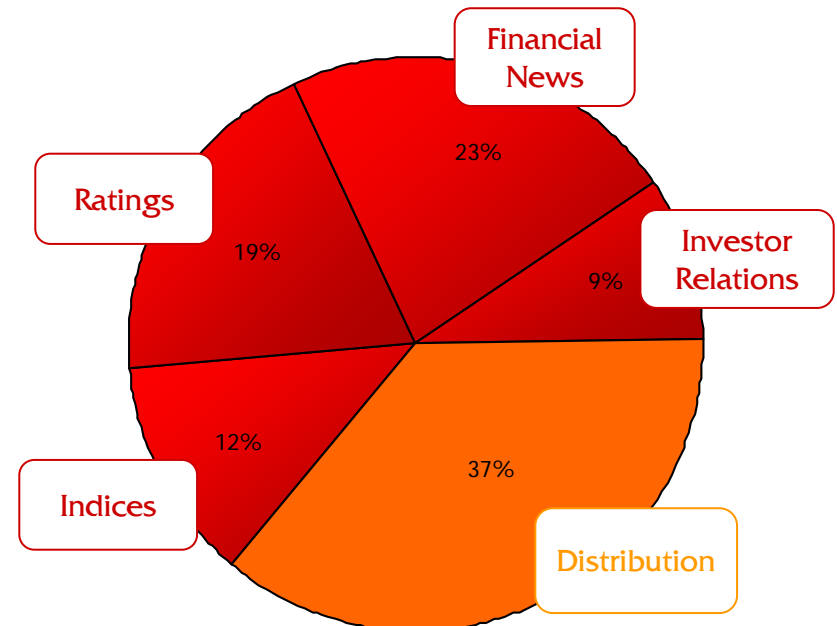
Q12008 Revenue

Total: \$63.5mn



Q12007 Revenue

Total: \$46.6mn



Note: Breakdown figures are internal management estimates only which have not been audited or reviewed. Methodologies for calculating service line breakdown are subject to adjustment and may be revised from time to time due to changes in business situation.

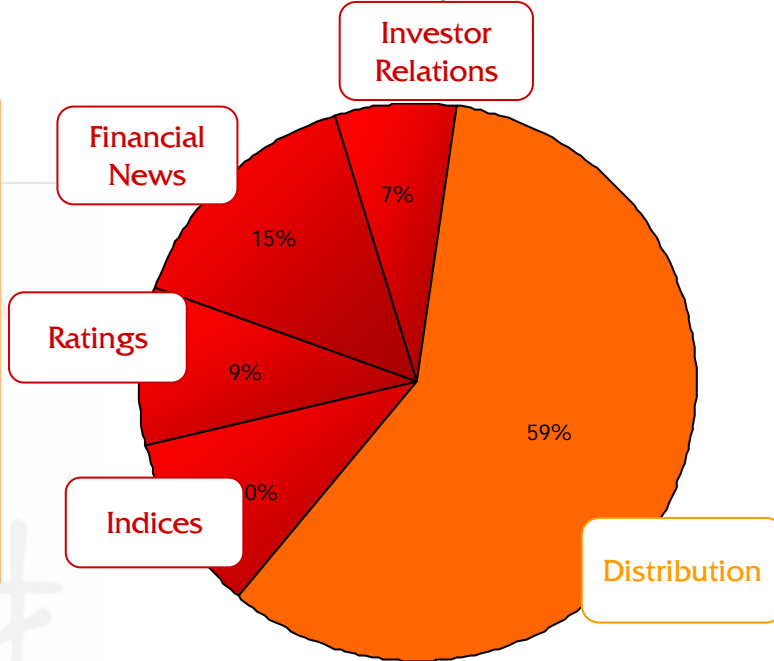


Q1 2008 Results IFRS: Continuing Operations only ^(*)

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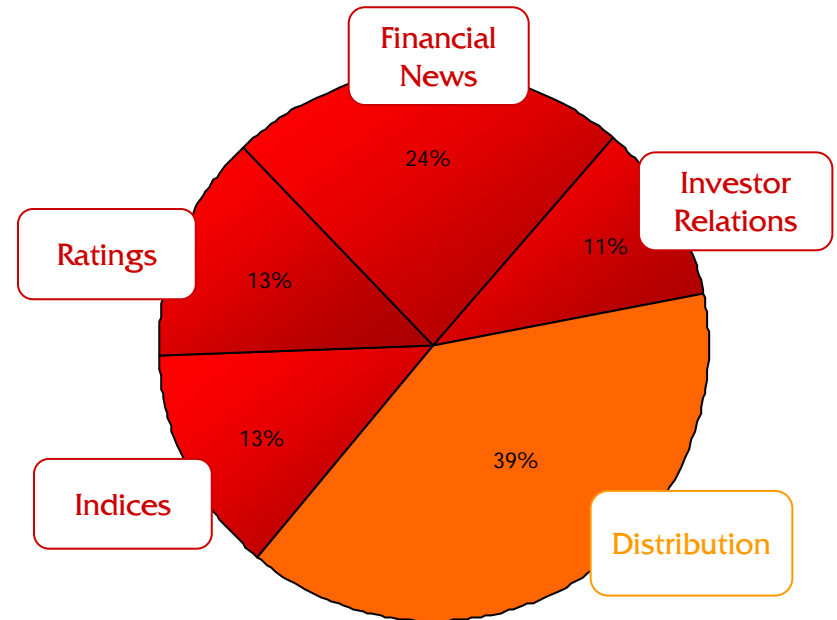
Q1 2008 Revenue

Total: \$63.7 mn ⁽¹⁾



Q1 2007 Revenue

Total: \$43.1 mn ⁽²⁾



(*) To facilitate a more appropriate comparison of our service lines year on year, the Company has decided to exclude discontinued operations that ceased to operate since last year due either to disposal or dissolution.

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(1) Includes intercompany services of US\$0.25m which is eliminated upon consolidation

(2) Includes intercompany services of US\$0.25m which is eliminated upon consolidation

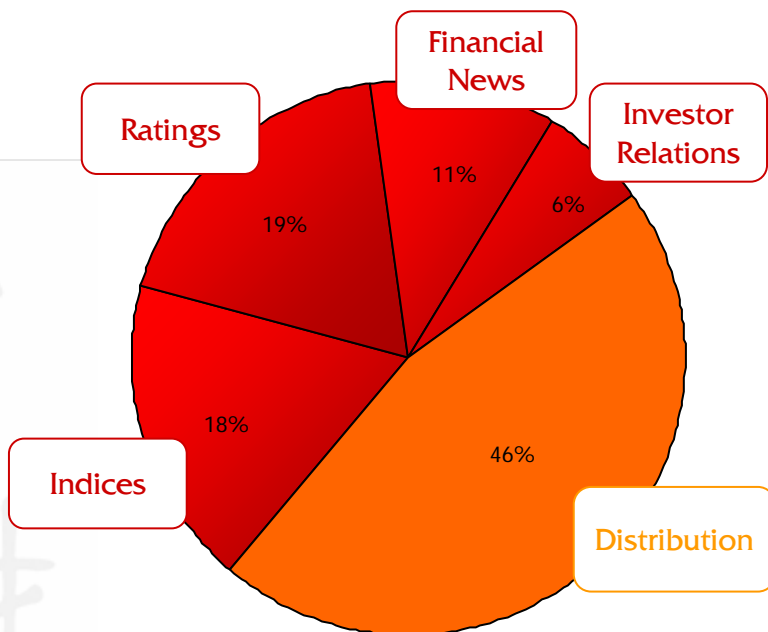


Q12008 Results IFRS: Continuing Operations only ^(*)

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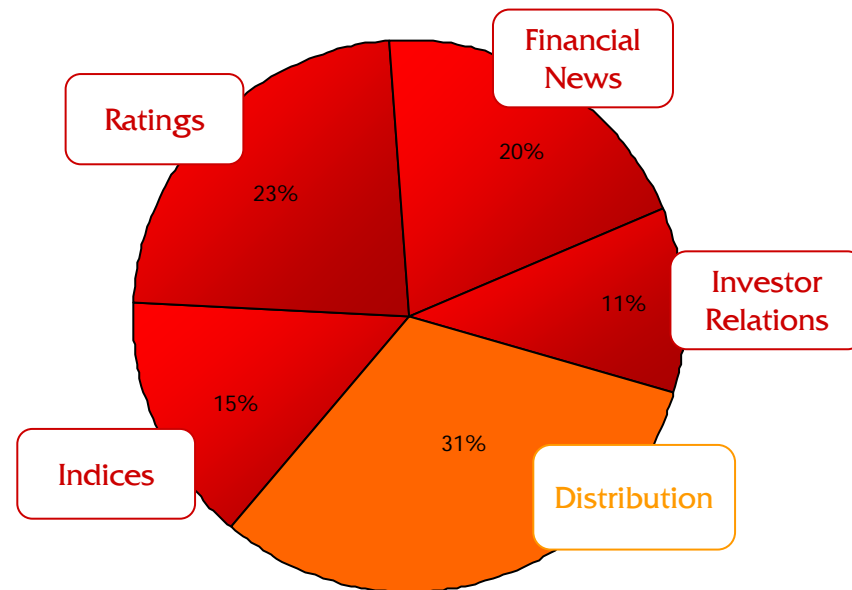
Q12008 Pro forma EBITDA

Total: \$10.4 mn ⁽¹⁾



Q12007 Pro forma EBITDA

Total: \$9.3 mn ⁽²⁾



(*) To facilitate a more appropriate comparison of our service lines year on year, the Company has decided to exclude discontinued operations that ceased to operate since last year due either to disposal or dissolution.

Note: Breakdown figures are internal management estimates only which have not been audited or reviewed. Methodologies for calculating service line breakdown are subject to adjustment and may be revised from time to time due to changes in business situation.

Proforma EBITDA is EBITDA excluding non-cash ESOP expenses and one time items.

(1) Includes intercompany services of US\$0.25m which is eliminated upon consolidation and excludes exchange gain

(2) Includes intercompany services of US\$0.25m which is eliminated upon consolidation and excludes exchange gain



Balance Sheet Items

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Balance Sheet items under IFRS (US\$ millions)

US\$ millions

	Q1 2008	Q1 2007
Cash and Cash Equivalents ⁽¹⁾	200.6	287.2
Total Assets	1157.8	1048.5
Total Liabilities	491.2	382.4
Total Long Term Debt	100.0	100.0
Shareholder's Equity	666.7	666.1

(1) Cash and cash equivalents includes cash and bank balances and pledged deposits



Balance Sheet Items

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Balance Sheet items under JGAAP (US\$ millions)

US\$ millions

	Q1 2008	Q1 2007
Cash and Cash Equivalents ⁽¹⁾	207.6	293.7
Total Assets	1025.1	1079.8
Total Liabilities	447.3	454.3
Total Long Term Debt	99.3	99.1
Shareholder's Equity	577.8	625.5

(1) Cash and cash equivalents includes cash and bank balances and pledged deposits



Progress in 1Q08 Across All Service Lines

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Indices

- Total AUM benchmarking or tracking China indices up to US\$141bn at 1Q08, versus US\$122bn at 4Q07; ETFs globally tracking our U.S. indices at US\$4 bn
- Two new index calculation contracts with HealthShares, an ETF provider in the U.S., and the Singapore Stock Exchange
- Welcomed new Managing Director for the China index business, Mr. Franklin Yang, who brings over ten years of expertise in international investment and fund management

Ratings

- Ratings analysis team chosen by renowned financial newspaper in China to assist in supporting research and evaluation for the “2007 Best Brokers Award”
- Released the “2007 Credit Profile of China’s Securities Industry”, providing an objective analysis of the current status of China’s capital markets
- Two new economic indicators with our partner, the Milken Institute, to track China’s transition to a market-oriented economy and its M&A activities
- Mergent Online selected as finalist for Best Online Business Information Service in the Software & Information Industry Association’s (SIIA) 23rd Annual CODiE Awards



Progress in 1Q08 Across All Service Lines

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Financial News

- Expanded our China news services for MSN Money Japan to fulfill the keen interest of Japanese investors in China leading up to the Beijing Olympics this summer
- Partnered with Blue Systems, London-based provider of global financial information software, to deliver real-time financial market news to mobile phone users through Blue Systems' low cost market data software, blue mobile

Investor Relations

- Xinhua PR Newswire's business grew 56% year on year based on its corporate announcement distribution volume
- Xinhua PR Newswire won "Chinese Enterprises Going Global National Contribution Award" presented by Nanfang Daily Press, the Policy Research Office of the Ministry of Commerce of the PRC and the China European International Business School
- IR consulting services provided full retainer consulting services for Air China's global IR initiatives
- IR consulting services for Spreadtrum's Nasdaq listing and Sutor Steel's transfer from OTC to Nasdaq



Progress in 1Q08 Across All Service Lines

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Media

- **Advertising:** Landed rights to operate hospital exterior billboards at three locations in Hong Kong
- **Broadcast:** Six Fortune China financial TV programs on NMTV saw consistent high ratings, winning "Global Sensible Financial Program of 2007" awarded by <News Weekly>
- **Broadcast:** new Xinhua Media Entertainment subsidiary forms alliance with China Film Group for China film production, distribution and sales
- **Broadcast:** M-in provided interactive mobile services to Super Bowl live broadcasting on NMTV
- **Print:** Launched "Investor Journal", a weekly newspaper targeting Chinese retail investor market
- **Print:** Economic Observer newspaper signed annual cooperation agreements with China Merchants Bank, Shenzhen Development Bank, PingAn Insurance, Pudong Development Bank and Bank of China
- **Print:** Published new books on stock investment strategies in China market



Moving forward

- Continue to support expansion of China businesses to benefit from rapid growth in the China markets as US markets exhibit slower growth
- Focus on stream-lining operations and cutting costs to improve efficiency and increase profitability
- Leverage business and industry expertise of enhanced board of directors



Disclaimer:

During the course of this presentation, projections or other forward-looking statements regarding future events, including new product and service introductions, market acceptance of the Company's current products and services or future financial performance of the Company may be made. We wish to caution you that these statements are only predictions and that a number of factors could cause actual results, performance, achievements of the Company or industries in which it operates to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. We refer you to documents the Company files from time to time with the Tokyo Stock Exchange. These documents identify important factors that could cause actual events or results to differ materially from those contained in any forward-looking statements.