



[For immediate release]

## **Xinhua Finance Reports Continued Strong Profitable Growth** **All service lines performing in line with forecasts**

**SHANGHAI, May 15, 2006** - Xinhua Finance (TSE Mothers: 9399, OTC ADR: XHFNY), China's unchallenged leader in financial information and media, today reported net income of US\$3.6 million for the first quarter of 2006 under International Financial Reporting Standards ("IFRS"), a threefold increase over first quarter 2005 net income of US\$1.0 million. Total revenue for the three months ended March 31, 2006 was US\$37.4 million, a 68% increase over the first quarter of 2005. EBITDA grew 84% to US\$5.8 million from US\$3.1 million in the year ago period.

Management's successful strategy for profitable growth continues to drive shareholder value creation. Top and bottom line growth was again underpinned by the profitable contributions of all four core service lines – indices, ratings, financial news and investor relations. The company also reported the achievement of profitability under JGAAP, which is a financial reporting system that accounts for certain business developments in a fundamentally different way than IFRS; and profitability in both IFRS and JGAAP reflects the depth of the strategic and operational progress achieved by Xinhua Finance.

**Fredy Bush**, CEO of Xinhua Finance, commented, "Building on the record financial results we reported for the full year 2005, we are proud to announce another strong quarter of sales and earnings growth to kick off the 2006 fiscal year. Our service lines are successfully capitalizing on the healthy demand for our services in China and abroad, and are focused on delivering their business targets.

We are increasing the pace of leveraging our proprietary financial data and information onto multiple distribution platforms. Through this strategy, we are generating new revenue streams and enhancing our cross-selling and cost synergy opportunities. Our objective is to strengthen our earnings power and the market positions of our global operations to better profit from China's internationalization."

CFO **Gordon Lau** added, "The success of Xinhua Finance's strategy is measured across major

financial metrics. Along with strong top and bottom line growth, we are also improving the efficiency of our operations, as evidenced by our first quarter 2006 EBITDA margin of 15.4%, up from 14.1% in the same period last year. With this disciplined approach to expand our margins while driving the top line, we reaffirm our confidence in achieving our full year 2006 forecasts.”

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**First Quarter 2006<sup>(1)</sup> vs. First Quarter 2005<sup>(1)</sup>** – unit: million USD (at current yet rate)

	Q1 2006	Q1 2005	% change
<b>Sales</b>	37.4	22.2	68.0%
<b>EBITDA</b>	5.8	3.1	83.6%
<b>Net Income<sup>(2)</sup></b>	3.6	1.0	272.8%

**Full Year 2006 forecasts** – unit: million USD (at estimated exchange rate of USD1 = ¥105)

	For 6 months	For the year
<b>Revenue</b>	74.7	166.0
<b>EBITDA</b>	11.5	25.6
<b>Net Income</b>	6.4	13.8

**First Quarter 2006 results (Japan GAAP<sup>(3)</sup>)** – unit: million USD

	Q1 2006	Q1 2005	% change
<b>Revenue</b>	37.4	22.2	68.0%
<b>EBITDA</b>	5.6	3.1	82.1%
<b>Net Income<sup>(2)</sup></b>	0.9	-0.8	N/A

(1) For three months period-to-date ended March 31, 2006 results and three months ended March 31, 2005 results at current Japanese yen exchange rate, 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) Net income for three months period-to-date ended March 31, 2006 includes a one-time gain of US\$0.6mn from the sale of a minority stake in a subsidiary to a strategic investor.

(3) The main reason for the discrepancy between IFRS and Japan GAAP is that Japanese accounting standards take a different approach to accounting for goodwill from acquisitions.

(Notes)

- A. We define EBITDA in relation to our IFRS financial statements as profit (loss) before interest, tax, depreciation and amortization.
- B. Forecasts for fiscal 2006 are management estimates only; figures have not been audited or reviewed.
- C. Performance estimates are determined based on information currently available. Due to unforeseen factors, actual performance may differ from estimates.



### **About Xinhua Finance Limited**

Xinhua Finance Limited is China's unchallenged leader in financial information and media, and is listed on the Mothers board of the Tokyo Stock Exchange (symbol: 9399) (OTC ADRs: XHFNY). Bridging China's financial markets and the world, Xinhua Finance serves financial institutions, corporations and re-distributors through four focused and complementary service lines: Indices, Ratings, Financial News and Investor Relations. Founded in November 1999, the Company is headquartered in Shanghai with 21 news bureaus and offices in 18 locations across Asia, Australia, North America and Europe.

For more information, please visit [www.xinhuafinance.com](http://www.xinhuafinance.com).

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