



**[For Immediate Release]**

**Xinhua Finance Reports Record Revenue and Strong Profits  
in First Half 2006**

**EPS grows to US\$5.63 from US\$3.26**

**SHANGHAI, August 14, 2006** – Xinhua Finance (TSE Mothers: 9399 and OTC: XHFNY), China's unchallenged leader in financial information and media, today announced, under International Financial Reporting Standards ("IFRS"), revenue of US\$75.0 million, EBITDA of US\$11.3 million and net income of US\$4.9 million for the first half of 2006, representing 61.4%, 78.1% and 134.7% increase respectively over the same period last year. Fully diluted earnings-per-share (EPS) reached US\$5.63, up from US\$3.26 for the first half of 2005.

Under IFRS, proforma results, adjusted to exclude non-cash ESOP expense and one-time items, were EBITDA of US\$13.1 million and net income of US\$8.0 million, exceeding forecast of US\$11.5 million and US\$6.4 million respectively. The non-cash ESOP expense and one-time items are items that were unforeseen when preparing the Company's forecasts. The Company believes these proforma results may be helpful for understanding underlying operating and financial trends. Proforma IFRS adjusted EBITDA and net income margins of 18% and 11% were greater than expected 15% and 9% respectively due to strong growth across all business lines.

Xinhua Finance CEO Fredy Bush commented, "Our four core service lines are growing across the board as we continue to bridge China's financial markets and the world. We are pleased with our results, as we continue our trend of strong profitable growth supported by contributions from our existing businesses and new opportunities created by strategic acquisitions. Moreover, the rising EPS shows that we are making accretive M&A activities and business transactions that are increasing shareholder values."

"Building upon our already solid business platform, we are as promised advancing in the media distribution business in China. We are now able to move our proprietary content across various media platforms, leverage our solid client base and increase the visibility of our brand name. We plan to expand our reach beyond our current customer base of leading financial institutions and corporations to "high net worth" individuals, and capitalize on the advertising opportunities that arise from being a major provider of



content that appeals to this demographic. Our natural progression into media distribution is expected to have a positive impact on our financial performance over the long-term by offering new opportunities to extract value from existing assets," Bush added.

Xinhua Finance has made great strides in advancing its media distribution strategy by bringing production consulting, advertising and market research capabilities to the Group. The addition of Beijing Century Media's production consulting expertise enables Xinhua Finance to leverage its proprietary financial information products across TV and radio platforms. Complementing its production consulting capability, the advertising group Xinhua Finance Advertising (formerly named Ming Shing) allows Xinhua Finance to derive new advertising revenue from its solid client base of institutional clients. Shanghai Hyperlink Market Research, one of China's top market research companies, provides relevant market statistics to increase the effectiveness of clients' advertising strategies and to determine the best way to repackage and leverage Xinhua Finance's content across various channels.

In addition, Xinhua Finance has partnered with print media outlets, including the *Economic Observer* newspaper, *China Daily*, *Shanghai Securities News*, *Beijing Review* magazine and *Money Journal* magazine, to further distribute Xinhua Finance content in those publications and through joint financial seminars.

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**First Half 2006 vs. First Half 2005** – unit: USD mil.

	1H 2006	1H 2005	Variance
Revenue	75.0	46.5	61.4%
EBITDA	11.3	6.3	78.1%
Net Income	4.9	2.1	134.7%

**First Half 2006 Proforma\* vs. First Half 2006 forecast** – unit: USD mil.

	Proforma* 1H 2006	Forecast 1H 2006	Variance
Revenue	75.0	74.7	0.4%
EBITDA	13.1	11.5	14.2%

<b>Net Income</b>	8.0	6.4	25.4%
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*\*Excludes non-cash ESOP expense and one-time items, which together resulted in an upward adjustment of US\$3.2 mn under IFRS. The non-cash ESOP expense and one-time items are items that were unforeseen when preparing the Company's forecasts. The Company believes these proforma results may be helpful for understanding underlying operating and financial trends.*

**Full Year 2006 Forecast** – unit: USD mil.

	<b>For 6-months</b>	<b>Full Year</b>
<b>Revenue</b>	74.7	166.0
<b>EBITDA</b>	11.5	25.6
<b>Net Income</b>	6.4	13.8

**First Half 2006 Results (JGAAP)** – unit: USD mil.

	<b>1H 2006</b>	<b>1H 2005</b>	<b>Change</b>
<b>Revenue</b>	75.0	46.5	61.4%
<b>EBITDA</b>	11.1	6.2	78.2%
<b>Net Income</b>	2.0	-1.4	--

**More Information:**

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## **Notes to Editors**

### **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 20 news bureaus and offices in 19 locations across Asia, Australia, North America and Europe.

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