



**XINHUA FINANCE**

**Bridging China's Financial Markets and the World**

First Nine-Month 2006 Results Announcement

*November 2006*



## Consistent and Strong Profitable Growth...

### First nine months 2006 continues profitability under IFRS and Japan GAAP

- Strong profitable year on year growth as compared to first nine months 2005
- The rise in EPS demonstrates increase in shareholder value
- Solid growth and confident in meeting year-end forecast
- Distribution business making great strides in China, via content sharing and client cross selling with core service lines
- Continued integration and cost cutting within the Group

...on target to meet Forecast



## Robust Year on Year Growth Compared to first nine months 2005...

### First nine months 2006 Actual Compared to first nine months 2005 Actual

<i>US\$ millions</i>	Jan - Sep 2006 Actual	Jan - Sep 2005 Actual	Variance % 06 vs 05
Revenue	125.1	76.5	64%
EBITDA (IFRS)	19.7	11.8	68%
EBITDA (J GAAP)	20.1	11.6	73%
Net Income (IFRS)	15.8	4.8	227%
Net Income (J GAAP)	10.3	(1.0)	N/A

...Across All Service Lines



Continued focus on shareholder value...

**3<sup>rd</sup> Quarter 2006 EPS Compared to 3<sup>rd</sup> Quarter 2005 EPS**

	<b>3<sup>rd</sup> Quarter 2006</b>	<b>3<sup>rd</sup> Quarter 2005</b>
<b>Diluted EPS (IFRS)</b>	<b>US\$18.11</b>	US\$7.38
<b>Diluted EPS (J GAAP)</b>	<b>US\$11.85</b>	US\$-1.61 (basic EPS)

...as evidenced by higher EPS



# Proforma EBITDA to Proforma Net Income

<i>US\$ millions</i>	<b>YTD 3Q06 Actual</b>	
	<b>J GAAP</b>	<b>IFRS</b>
<b>Proforma EBITDA</b>	<b>21.3</b>	<b>24.3</b>
Depreciation	(1.9)	(1.9)
Amortisation	(3.0)	(2.4)
Goodwill amortisation	(11.0)	-
Finance Costs	(2.6)	(2.5)
Others	(2.2)	(5.5)
<b>Proforma Net Income <sup>(1)</sup></b>	<b>0.7</b>	<b>12.1</b>

*(1) Excludes non-cash ESOP expense and one-time items, which together resulted in an downward adjustment of US\$3.7 mn under IFRS and a reduction of US\$9.6 mn under J GAAP. The one-time items and non-cash ESOP expense 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.*

**...Under Both Japan GAAP and IFRS**



## First Nine Months Results Provide Confidence...

### Jan - Sep 2006 Proforma Compared to Full Year 2006 Forecast

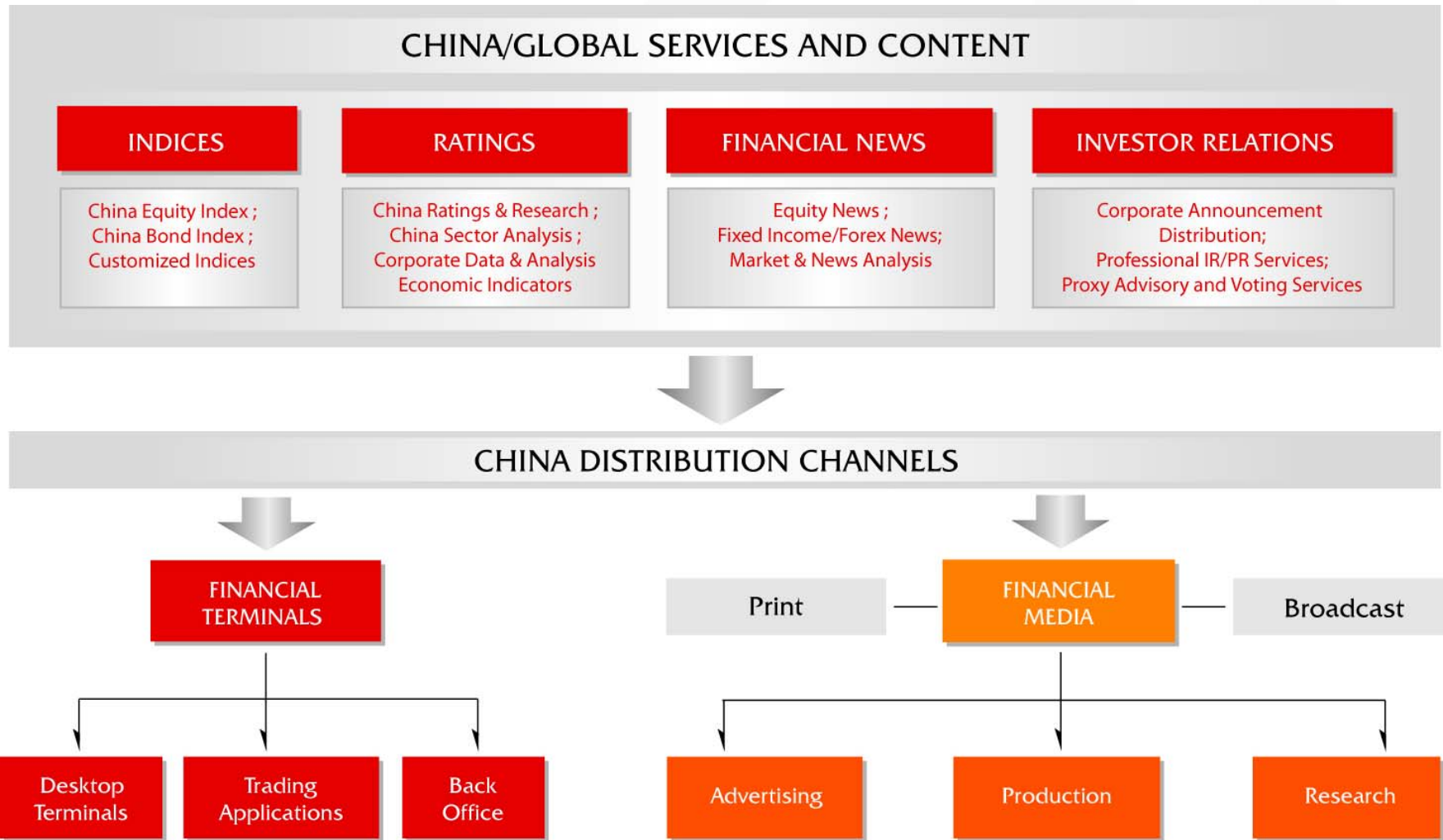
<i>US\$ millions</i>	Jan - Sep 2006 Proforma	FY06 Forecast	% of Full Year 2006
Revenue	125.1	166.0	75%
EBITDA (IFRS)	24.3	25.6	95%
EBITDA (J GAAP)	21.3	25.6	83%
Net Income (IFRS)	12.1	13.8	87%
Net Income (J GAAP)	0.7	1.1	62%

(1) Excludes non-cash ESOP expense and one-time items, which together resulted in an downward adjustment of US\$3.7 mn under IFRS and a reduction of US\$9.6 mn under J GAAP. The one-time items and non-cash ESOP expense 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.

...For Achieving Full Year Forecasts



# China's first integrated financial information solutions platform





## Continuing to Achieve Milestones in 2006...

### INDICES

- Estimated USD 27.6 bn in assets under management benchmarks against or tracks Xinhua FTSE Index Series worldwide as of Oct 31:
  - USD 20.2 bn in China-based funds (includes asset portfolios of Chinese domestic institutions, such as National Social Security Fund, China Life, and PICC)
  - USD 7.4 bn overseas-based funds and OTC products (includes New York, Hong Kong, and London-listed ETFs and OTC product).
- Vanguard launches index fund (VDAIX) and ETF (VIG) based on customized Mergent Index in May; AUM tracking Mergent Indices reach USD 3.3 bn as of Oct 31.
- Guotai AMC launches Guotai Jinpeng Blue Chip Value Composite Fund (020009) based on new Xinhua FTSE Index Blue Chip Value 100 Index in Aug
- Xinhua FTSE launches the world's first A-shares future contract on XFI China A50 on the Singapore Stock Exchange, for international institutional investors in Sep
- Launches and upgrades its flexible, open architecture risk management solution platform (Jiu'an V3.0) for China market fund managers in Aug



*Formal launch ceremony of SGX index futures contract*

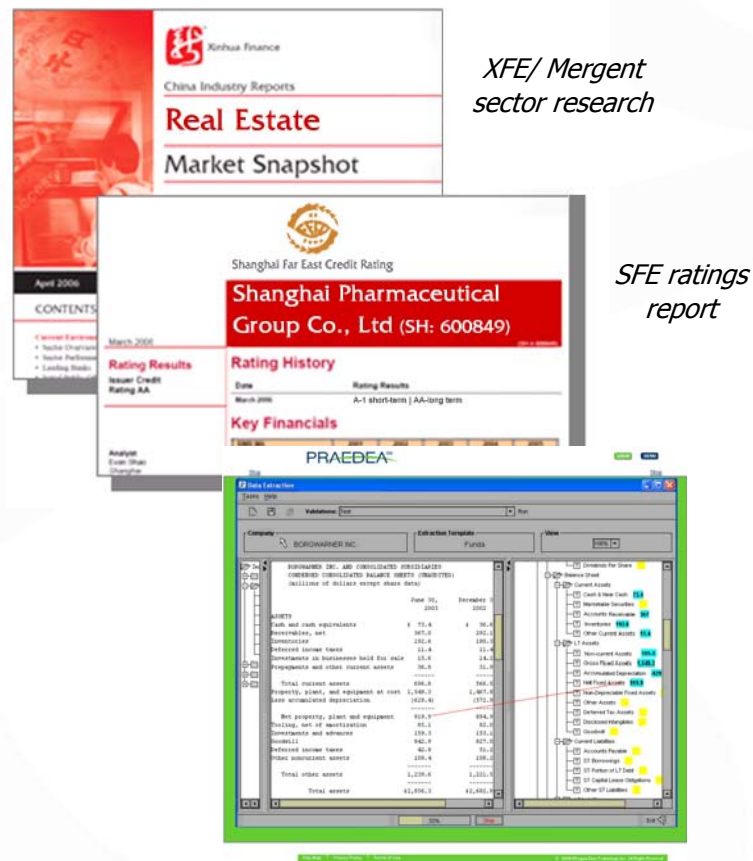
... As the Pioneers in Each of Our Service Lines



# Continuing to Achieve Milestones in 2006...

## RATINGS

- Ratings arm completes several more short term bond ratings in 3Q, including 2 leading pharmaceutical companies, thereby extending coverage within this fast-growing sector;
- Xinhua Far East carries out credit risk management and corporate consultancy services for large state-owned architectural and construction conglomerate;
- Xinhua Far East and Mergent jointly produce China sector reports on food & beverage, property and energy;
- Mergent Data Tech begins developing and licensing Praeдея, software for semi-automated data extraction, following Mergent's acquisition of Praeдея Solutions in July;
- Mergent reports high-profile client wins, including sale of fixed income data to US Federal Reserve and events data to Options Clearing Corporation.



Demo of Praeдея data extraction software

... As the Pioneers in Each of Our Service Lines



# Continuing to Achieve Milestones in 2006...

## FINANCIAL NEWS

- News service line reports second-highest sales month in September, expanding client base for newswire access;
- Privileged access to senior ministers & central bankers from China, Japan and EU produces market-moving forex market stories, including:
  - Early report on G7 governors' position on RMB valuation prior to G7 official statement;
  - Early report on 25bp interest rate hike prior to European Central Bank meeting;
- News service applauded by clients for outperforming competition in news coverage related to RMB exchange rate trading band:
  - Granted interview with PBOC Governor on topic at IMF/World Bank meetings in Singapore;
  - Issued timely correction to a major international news service's misleading story that implied an imminent band widening in Sep.



2006	June Survey		March Survey	
	Compared with 3 Months ago (%)	3 Months from now (%)	3 Months ago (%)	3 Months from now (%)
<b>Overall Business Confidence</b>				
Better	54.66	56.52	73.91	
Same	44.44	39.58	24.78	22.46
Worse	5.56	5.56	0.70	3.62
Index	72.22	74.85	73.91	85.14
<b>Productive Capacity of Company</b>				
Better	32.64	43.06	50.72	57.97
Same	65.97	55.56	46.38	39.86
Worse	1.39	1.39	2.90	2.17
Index	65.63	70.83	73.91	77.90
<b>Production</b>				
Strong	50.00	57.35	63.70	70.37
Same	43.30	37.50	30.37	25.93
Faling	6.62	5.15	5.93	3.70
Index	71.69	76.10	78.89	83.33
<b>Prices Received</b>				
Strong	28.67	29.58	25.95	32.06
Same	61.97	63.38	62.60	56.49

G7 Group equity report, Xinhua Finance/ MNI Business Sentiment Survey results

... As the Pioneers in Each of Our Service Lines



## Continuing to Achieve Milestones in 2006...

### INVESTOR RELATIONS

- Xinhua Finance takes 19.9% stake in Glass, Lewis & Co., which provides advanced and reliable proxy voting solutions platforms;
- Taylor Rafferty named IR consultant for Aozora Bank IPO; signs on Fuji Fire and Marine Insurance and Link Theory Holdings for ongoing IR support;
- Volume of Xinhua PR Newswire press releases reaches 1,045 in 3Q06, up 68% yoy; Makes breakthroughs in travel sector, signing major hotel chains, China Southern Airlines & Walt Disney;
- XPRN adds over 700 new journalists to its China distribution network; network now reaches 2,650 media outlets & nearly 7,000 journalists across China;
- XPRN recognized by the China E-commerce Industry Federation as top company in the facilitation of e-commerce in China;
- XPRN opens Shenzhen office.



*www.glasslewis.com online property*



*New www.xprn.com.cn website*

... As the Pioneers in Each of Our Service Lines



## Successful Execution of Strategic Plan...

- **Successful implementation of business plan delivering top line growth and bottom line profitability**
- **Continued integration and cost cutting within the Group**
- **Confident in achieving forecasts for full year 2006.**
  - **To reflect the full year impact of one-time items and non-cash ESOP expense, upward revision has been made to projected net income**
    - **IFRS net income to US\$18.5mn from \$13.8mn**
    - **J GAAP net income to US\$10.5mn from \$1.1mn**
- **Focused on leveraging proprietary content, existing customer base, and established brand name to derive value from multiple distribution platforms in China and worldwide**

...consistently delivers growth and profitability