

# REPORT AND FINANCIAL STATEMENTS UNDER JAPAN GAAP

(Generally Accepted Accounting Principles in Japan)

For the Year Ended December 31, 2008

(TRANSLATION)

## INDEPENDENT AUDITORS' REPORT

April 14, 2008

To the Board of Director of  
Xinhua Finance Limited:

Deloitte Touche Tohmatsu

Engagement Partner,  
Certified Public Accountant: Yoshitaka Asaeda

Engagement Partner,  
Certified Public Accountant: Eiji Yoshida

We have audited the consolidated financial statements included in the Annual Report, namely, the consolidated balance sheet, consolidated income statement, consolidated statement of changes in net assets, consolidated cash flow statement, and consolidated supplementary schedules of Xinhua Finance Limited and consolidated subsidiaries for the fiscal year from January 1, 2007 to December 31, 2007. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Xinhua Finance Limited and consolidated subsidiaries as of December 31, 2007, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Our firm and the engagement partners do not have any financial interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Law.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

(TRANSLATION)

**INDEPENDENT AUDITORS' REPORT**

March 25, 2009

To the Board of Directors of Xinhua Finance, Ltd.

Deloitte Touche Tohmatsu

Designated Partner,  
Engagement Partner,  
Certified Public Accountant: Yoshitaka Asaeda

Designated Partner,  
Engagement Partner,  
Certified Public Accountant: Eiji Yoshida

Pursuant to the first clause of Article 193-2 of the Financial Instruments and Exchange Law, we have audited the consolidated financial statements included in the Financial Section, namely, the consolidated balance sheet and the related consolidated statements of income, changes in net assets and cash flows, and consolidated supplementary schedules of Xinhua Finance, Ltd. and consolidated subsidiaries for the fiscal year from January 1, 2008 to December 31, 2008. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Xinhua Finance, Ltd. and consolidated subsidiaries as of December 31, 2008, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Our firm and the engagement partners do not have any financial interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Law.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## CONSOLIDATED BALANCE SHEETS

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Item	Note	Consolidated fiscal year — prior year (As of December 31, 2007)		Consolidated fiscal year — current year (As of December 31, 2008)	
		Amount	(%)	Amount	(%)
<b>(Assets)</b>					
I Current assets					
Cash and bank balances	※2	194,784		75,289	
		(17,731)		(6,854)	
Trade receivables	※4	70,286		8,203	
		(6,398)		(747)	
Marketable securities		4,793		756	
		(436)		(69)	
Other receivables		11,715		5,014	
		(1,066)		(456)	
Deferred tax assets		20		—	
		(2)		(—)	
Others	※4	28,942		14,337	
		(2,635)		(1,305)	
Total current assets		310,540	32.1	103,600	47.9
		(28,268)		(9,431)	
II Non-current assets					
Property and equipment					
Buildings and structures		8,269		5,566	
		(753)		(507)	
Less: accumulated depreciation		△2,471	5,798	△1,950	3,616
		(△225)	(528)	(△178)	(329)
Equipment	※2	29,371		8,095	
		(2,674)		(737)	
Less: accumulated depreciation		△11,151	18,220	△5,940	2,155
		(△1,015)	(1,659)	(△541)	(196)
Total property and equipment		24,018	2.5	5,772	2.7
		(2,186)		(525)	
Intangible assets					
Goodwill	※5	320,481		15,114	
		(29,173)		(1,376)	
Trademark and distribution rights	※1	12,419		400	
		(1,130)		(36)	
Contractual rights and other	※7	223,537		633	
		(20,349)		(58)	
Others		8,856		—	
		(806)		(—)	
Total intangible assets		565,292	58.5	16,147	7.5
		(51,459)		(1,470)	
Investments and other assets					
Securities assets		49,465		205	
		(4,503)		(19)	
Interest in an associate		—		89,062	
		(—)		(8,107)	
Investment in an associate		547		188	
		(50)		(17)	
Deferred tax assets		189		—	
		(17)		(—)	
Others		14,038		—	
		(1,278)		(—)	
Total investments and other assets		64,239	6.6	89,455	41.4
		(5,848)		(8,143)	
Total non-current assets		653,549	67.6	111,373	51.6
		(59,493)		(10,138)	
III Deferred assets					
Bond issuance costs		3,009		1,140	
		(274)		(104)	
Total deferred assets		3,009	0.3	1,140	0.5
		(274)		(104)	
Total assets		967,099	100.0	216,113	100.0
		(88,035)		(19,673)	

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## CONSOLIDATED BALANCE SHEETS (continued)

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Item	Note	Consolidated fiscal year — prior year (As of December 31, 2007)		Consolidated fiscal year — current year (As of December 31, 2008)		
		Amount	(%)	Amount	(%)	
<b>(Liabilities)</b>						
I	Current liabilities					
	Trade payables	12,415		5,804		
		(1,130)		(528)		
	Current portion of bond	—		41,474		
		(—)		(3,775)		
	Short-term debt	50,130		16,208		
		(4,563)		(1,475)		
	Current portion of long-term debt	484		—		
		(44)		(—)		
	Taxation payables	13,309		2,372		
		(1,212)		(216)		
	Other payables	58,975		1,971		
		(5,368)		(179)		
	Accrued expenses	12,836		15,313		
		(1,168)		(1,394)		
	Deferred revenue	14,612		1,685		
		(1,330)		(153)		
	Promissory notes (non-operating)	38		44		
		(3)		(4)		
	Lease obligations	66		9		
		(6)		(1)		
	Others	7,761		452		
		(706)		(41)		
	Total current liabilities	170,625	17.6	85,333	39.5	
		(15,532)		(7,768)		
II	Non-current liabilities					
	Bond	99,265		9,508		
		(9,036)		(866)		
	Long-term debt	1,234		—		
		(112)		(—)		
	Long-term lease obligations	27		4		
		(2)		(0)		
	Long-term other payables	93,191		400		
		(8,483)		(36)		
	Deferred tax liabilities	11,822		202		
		(1,076)		(18)		
	Others	18,464		1,074		
		(1,681)		(98)		
	Total non-current liabilities	224,001	23.2	11,188	5.2	
		(20,391)		(1,018)		
	Total liabilities	394,627	40.8	96,521	44.7	
		(35,923)		(8,786)		

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## CONSOLIDATED BALANCE SHEETS (continued)

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Item	Note	Consolidated fiscal year — prior year (As of December 31, 2007)		Consolidated fiscal year — current year (As of December 31, 2008)	
		Amount	(%)	Amount	(%)
<b>(Net Assets)</b>					
I	Shareholders' equity				
	Share capital	2,649	0.3	3,810	1.7
		(241)		(347)	
	Share premium	377,646	39.1	401,693	185.9
		(34,377)		(36,556)	
	Retained earnings/Accumulated deficit (Δ)	Δ 1,227	Δ 0.1	Δ 269,549	Δ 124.7
		(Δ 112)		(Δ 24,537)	
	Total shareholders' equity	379,067	39.3	135,955	62.9
		(34,506)		(12,376)	
II	Valuation and translation adjustments				
	Unrealized gains on available-for-sale securities	441		40	
		(40)		(4)	
	Deferred gains/losses (Δ) on hedges	Δ 7,361		—	
		(Δ 670)		(—)	
	Foreign currency translation adjustments	Δ 12,396		Δ 24,320	
		(Δ 1,128)		(Δ 2,214)	
	Total valuation and translation adjustments	Δ 19,316	Δ 2.0	Δ 24,280	Δ 11.2
		(Δ 1,758)		(Δ 2,210)	
III	Share subscription rights	8,966	0.9	1,797	0.8
		(816)		(164)	
IV	Minority interests	203,755	21.1	6,120	2.8
		(18,548)		(557)	
	Total net assets	572,472	59.2	119,592	55.3
		(52,112)		(10,886)	
	Total liabilities and net assets	967,099	100.0	216,113	100.0
		(88,035)		(19,673)	

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## CONSOLIDATED INCOME STATEMENTS

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Item	Note	Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007)		Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008)				
		Amount	(%)	Amount	(%)			
I Turnover			257,676 (23,456)	100.0		279,351 (25,429)	100.0	
II Cost of sales			124,185 (11,305)	48.2		150,522 (13,702)	53.9	
Gross profits			133,491 (12,152)	51.8		128,829 (11,727)	46.1	
III Selling, general and administrative expenses								
Directors' emoluments		4,056 (369)				10,290 (937)		
Salaries		36,013 (3,278)				48,169 (4,385)		
Marketing and promotional expenses		17,745 (1,615)				10,419 (948)		
Depreciation		5,865 (534)				4,304 (392)		
Amortization		15,417 (1,403)				7,635 (695)		
Amortization of goodwill		20,463 (1,863)				20,113 (1,831)		
Others		47,005 (4,279)	146,564 (13,342)	56.9		72,736 (6,621)	173,666 (15,809)	62.2
Operating loss			13,073 (1,190)	△ 5.1		44,838 (4,082)	△ 16.1	
IV Non-operating income								
Interest and dividend income		10,153 (924)				4,590 (418)		
Unrealized gain on marketable securities		388 (35)				— (—)		
Foreign exchange gain		3,110 (283)				8,226 (749)		
Others		5,468 (498)	19,118 (1,740)	7.4		3,865 (352)	16,681 (1,518)	6.0
V Non-operating expenses								
Interest expense		11,158 (1,016)				24,492 (2,230)		
Share issuance expenses		9,522 (867)				550 (50)		
Others		196 (18)	20,875 (1,900)	8.1		1,591 (145)	26,633 (2,424)	9.5
Ordinary loss			14,830 (1,350)	△ 5.8		54,789 (4,987)	△ 19.6	

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## CONSOLIDATED INCOME STATEMENTS (continued)

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Item	Note	Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007)			Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008)		
		Amount		(%)	Amount		(%)
VI	Extraordinary gains						
	Gain on disposal of fixed assets	※4	—		229		
			(—)		(21)		
	Gain on termination of a derivative contract		—		4,297		
			(—)		(391)		
	Gain on forfeiture of share option		—		876		
			(—)		(80)		
	Gain on sale of investment securities		57		—		
			(5)		(—)		
	Gain on sale of investment in a subsidiary		—		17,635		
			(—)		(1,605)		
	Gain from changes in equity interest	※1	99,192		—		
			(9,029)		(—)		
	Gain on sale of a business		—	99,249	6,017	29,055	10.4
			(—)	(9,035)	(548)	(2,645)	
VII	Extraordinary losses						
	Loss from changes in equity interest		—		14,858		
			(—)		(1,353)		
	Loss on prior year adjustment	※6	—		3,692		
			(—)		(336)		
	Loss on disposal of a non-deliverable option		—		2,150		
			(—)		(196)		
	Impairment loss on a securities assets		—		607		
			(—)		(55)		
	Provision for uncollectible accounts	※7	5,546		42,098		
			(505)		(3,832)		
	Loss on sale of investment in subsidiaries		3,666		4,159		
			(334)		(379)		
	Loss on disposal of fixed assets	※5	—		436		
			(—)		(40)		
	Loss on sales of businesses		—		300		
			(—)		(27)		
	Amortization of goodwill	※3	38,224		95,054		
			(3,480)		(8,653)		
	Impairment loss	※2	6,592		203,703		
			(600)		(18,543)		
	Others		—	54,027	296	367,353	131.5
			(—)	(4,918)	(27)	(33,440)	
	Income/loss (Δ) before income taxes and minority interests			30,392		Δ393,088	Δ140.7
				(2,767)		(Δ35,783)	
	Income taxes (current)		7,243		10,636		
			(659)		(968)		
	Income taxes (deferred)		Δ2,674	4,569	Δ3,296	7,340	2.6
			(Δ243)	(416)	(Δ300)	(668)	
	Minority interests			2,325		Δ132,106	Δ47.3
				(212)		(Δ12,026)	
	Net income/loss (Δ) for the year			23,497		Δ268,322	Δ96.0
				(2,139)		(Δ24,425)	

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

	Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007)			
	Shareholders' equity			Total shareholders' equity
	Share capital	Share premium	Retained earnings	
Balance at Dec 31, 2006	2,389 (217)	326,106 (29,685)	△ 24,724 (△ 2,251)	303,771 (27,652)
Changes of items during the year				
Issuance of new shares	14 (1)	1,386 (126)	— (—)	1,400 (127)
Increased upon share exchange	246 (22)	50,152 (4,565)	— (—)	50,398 (4,588)
Net income for the year	— (—)	— (—)	23,497 (2,139)	23,497 (2,139)
Net changes of items other than shareholders' equity	— (—)	— (—)	— (—)	— (—)
Total changes during the year	260 (24)	51,538 (4,692)	23,497 (2,139)	75,296 (6,854)
Ending balance at Dec 31, 2007	2,649 (241)	377,646 (34,377)	△ 1,227 (△ 112)	379,067 (34,506)

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (continued)

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

	Valuation and translation adjustments				Share subscription rights	Minority interests	Total net assets
	Unrealized gains/ losses (Δ) on available- for-sale securities	Deferred gains/losses (Δ) on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance at Dec 31, 2006	— (—)	— (—)	813 (74)	813 (74)	3,036 (276)	75,138 (6,840)	382,758 (34,842)
Changes of items during the year							
Issuance of new shares	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	1,400 (127)
Increased upon share exchange	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	50,398 (4,588)
Net income for the year	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	23,497 (2,139)
Net changes of items other than shareholders' equity	441 (40)	Δ7,361 (Δ670)	Δ13,210 (Δ1,202)	Δ20,130 (Δ1,832)	5,930 (540)	128,617 (11,708)	114,418 (10,415)
Total changes during the year	441 (40)	Δ7,361 (Δ670)	Δ13,210 (Δ1,202)	Δ20,130 (Δ1,832)	5,930 (540)	128,617 (11,708)	189,713 (17,270)
Ending balance at Dec 31, 2007	441 (40)	Δ7,361 (Δ670)	Δ12,396 (Δ1,128)	Δ19,316 (Δ1,758)	8,966 (816)	203,755 (18,548)	572,472 (52,112)

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (continued)

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

	Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008)			
	Shareholders' equity			Total shareholders' equity
	Share capital	Share premium	Retained earnings	
Balance at Dec 31, 2007	2,649 (241)	377,646 (34,377)	△ 1,227 (△ 112)	379,067 (34,506)
Changes of items during the year				
Issuance of new shares	18 (2)	1,952 (178)	— (—)	1,971 (179)
Increased upon share exchange	1,143 (104)	22,095 (2,011)	— (—)	23,238 (2,115)
Net loss for the year	— (—)	— (—)	△ 268,322 (△ 24,425)	△ 268,322 (△ 24,425)
Net changes of items other than shareholders' equity	— (—)	— (—)	— (—)	— (—)
Total changes during the year	1,162 (106)	24,048 (2,189)	△ 268,322 (△ 24,425)	△ 243,113 (△ 22,131)
Ending balance at Dec 31, 2008	3,810 (347)	401,693 (36,566)	△ 269,549 (△ 24,537)	135,955 (12,376)

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (continued)

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

	Valuation and translation adjustments				Share subscription rights	Minority interests	Total net assets
	Unrealized gains on available-for-sale securities	Deferred gains/losses (Δ) on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance at Dec 31, 2007	441 (40)	Δ7,361 (Δ670)	Δ12,396 (Δ1,128)	Δ19,316 (Δ1,758)	8,966 (816)	203,755 (18,548)	572,472 (52,112)
Changes of items during the year							
Issuance of new shares	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	1,971 (179)
Increased upon share exchange	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	23,238 (2,115)
Net loss for the year	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	Δ268,322 (Δ24,425)
Net changes of items other than shareholders' equity	Δ401 (Δ36)	7,361 (670)	Δ11,924 (Δ1,085)	Δ4,964 (Δ452)	Δ7,169 (Δ653)	Δ197,634 (Δ17,991)	Δ209,767 (Δ19,095)
Total changes during the year	Δ401 (Δ36)	7,361 (670)	Δ11,924 (Δ1,085)	Δ4,964 (Δ452)	Δ7,169 (Δ653)	Δ197,634 (Δ17,991)	Δ452,880 (Δ41,226)
Ending balance at Dec 31, 2008	40 (4)	— (—)	Δ24,320 (Δ2,214)	Δ24,280 (Δ2,210)	1,797 (164)	6,120 (557)	119,592 (10,886)

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## CONSOLIDATED CASH FLOW STATEMENTS

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Item	Note	Consolidated fiscal	Consolidated fiscal
		year – prior year (From January 1, 2007 to December 31, 2007)	year – current year (From January 1, 2008 to December 31, 2008)
		Amount	Amount
<b>I Operating activities</b>			
Income (loss) before income taxes and minority interests (Δ: loss)		30,392	Δ 393,088
		(2,767)	(Δ 35,783)
Depreciation		5,865	5,390
		(534)	(491)
Amortization		17,091	19,735
		(1,556)	(1,796)
Amortization of goodwill		58,686	118,298
		(5,342)	(10,769)
Share-based compensation		6,766	14,148
		(616)	(1,288)
Interest and dividend income		Δ 10,153	Δ 4,590
		(Δ 924)	(Δ 418)
Interest expenses		11,158	24,492
		(1,016)	(2,230)
Gain (loss) from changes in equity interest (Δ: gain)		Δ 99,192	14,858
		(Δ 9,209)	(1,353)
Unrealized gain on marketable securities		Δ 388	—
		(Δ 35)	(—)
Impairment loss on securities assets		—	607
		(—)	(55)
Share issuance expenses		9,522	550
		(867)	(50)
Foreign exchange gain		Δ 35	—
		(Δ 3)	(—)
Gain on disposal of fixed assets		—	Δ 229
		(—)	(Δ 21)
Loss on disposal of fixed assets		—	436
		(—)	(40)
Impairment loss		6,592	203,703
		(600)	(18,543)
Provision for uncollectible accounts		5,546	42,098
		(505)	(3,832)
Gain on sale of a business		—	Δ 6,017
		(—)	(Δ 548)
Loss on sale of business		—	300
		(—)	(27)
Gain on sale of investment in subsidiaries		—	Δ 17,635
		(—)	(Δ 1,605)
Loss on sale of investment in subsidiaries		3,666	4,159
		(334)	(379)
Gain on sale of investment in securities		Δ 57	—
		(Δ 5)	(—)
Gain on termination of a derivative contract		—	Δ 4,297
		(—)	(Δ 391)
Loss on disposal of a non-deliverable option		—	2,150
		(—)	(196)
Increase (decrease) in accounts receivable (Δ: increase)		Δ 25,540	Δ 35,686
		(Δ 2,325)	(Δ 3,248)
Increase (decrease) in accounts payable (Δ: decrease)		11,139	41,814
		(1,014)	(3,806)
Increase (decrease) in other current assets (Δ: increase)		655	16,550
		(60)	(1,507)
Increase (decrease) in other current liabilities (Δ: decrease)		Δ 2,888	8,028
		(Δ 263)	(731)
Others		Δ 721	8,672
		(Δ 66)	(789)
Subtotal		28,104	64,448
		(2,558)	(5,867)
Income taxes paid		Δ 4,064	Δ 6,957
		(Δ 370)	(Δ 633)
Net cash provided by (used in) operating activities (Δ: used in)		24,040	57,491
		(2,188)	(5,233)

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## CONSOLIDATED CASH FLOW STATEMENTS (continued)

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Item	Note	Consolidated fiscal	Consolidated fiscal
		year – prior year (From January 1, 2007 to December 31, 2007)	year – current year (From January 1, 2008 to December 31, 2008)
		Amount	Amount
<b>II Investing activities</b>			
Payment into time deposit		△4,606	—
		(△419)	(—)
Time deposit released		—	<b>4,606</b>
		(—)	<b>(419)</b>
Interest and dividend received		10,153	<b>4,590</b>
		(924)	<b>(418)</b>
Deposit paid for acquisition		—	△14,175
		(—)	(△1,290)
Purchase of marketable securities		△367	—
		(△33)	(—)
Proceeds from sale and redemption of marketable securities		142	<b>3,669</b>
		(13)	<b>(334)</b>
Purchase of property and equipment		△11,056	△5,500
		(△1,006)	(△501)
Proceeds from sale of property and equipment		482	<b>415</b>
		(44)	<b>(38)</b>
Purchase of intangible assets		△6,317	△11,483
		(△575)	(△1,045)
Purchase of securities assets		△70,046	△2,232
		(△6,376)	(△203)
Proceeds from sale and redemption of securities assets		41,099	<b>1,335</b>
		(3,741)	<b>(122)</b>
Payment for derivative transactions		—	△24,050
		(—)	(△2,189)
Proceeds from disposal of derivative transactions		—	<b>2,150</b>
		(—)	<b>(196)</b>
Proceeds from sale of investment in subsidiaries resulting in a change in scope of consolidation	※3	43,375	<b>86,728</b>
		(3,948)	<b>(7,895)</b>
Payment to acquire shares of subsidiaries resulting in a change in scope of consolidation	※2	△124,171	—
		(△11,303)	(—)
Payment to acquire shares of subsidiaries		△10,524	△5,630
		(△958)	(△513)
Proceeds from sale of a business	※4	—	<b>5,156</b>
		(—)	<b>(469)</b>
Payment for conversion of classified shares issued by the subsidiary	※5	—	△57,029
		(—)	(△5,191)
Subsequent consideration paid for the acquisition of shares of certain subsidiaries		△25,936	△60,999
		(△2,361)	(△5,553)
Payment for short term loan receivable		—	△8,755
		(—)	(△797)
Other		—	△1,142
		(—)	(△104)
Net cash provided by (used in) investing activities (△: used in)		△157,773	△82,347
		(△14,362)	(△7,496)

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## CONSOLIDATED CASH FLOW STATEMENTS (continued)

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Item	Note	Consolidated fiscal year – prior year (From January 1, 2007 to December 31, 2007)	Consolidated fiscal year – current year (From January 1, 2008 to December 31, 2008)
		Amount	Amount
<b>III Financing activities</b>			
Interest paid		△9,722	△17,039
		(△885)	(△1,551)
Increase (decrease) in deposit pledged (△: increase)		△27,704	8,797
		(△2,522)	(801)
Increase in short term loans—net		24,152	155
		(2,199)	(14)
Repayment of long term debt		—	△242
		(—)	(△22)
Repayment of senior notes		—	△48,739
		(—)	(△4,437)
Proceeds from exercise of warrants		2,087	—
		(190)	(—)
Proceeds from issuance of shares to minority shareholders		198,307	27,381
		(18,052)	(2,492)
Dividends paid to minority shareholders		△6,149	△2,523
		(△560)	(△230)
Repayments of lease obligation		△61	△35
		(△6)	(△3)
Increase (decrease) in long term other payables (△: decrease)		△16,588	4,945
		(△1,510)	(450)
Net cash provided by (used in) financing activities (△: used in)		164,322	(△27,302)
		14,958	(△2,485)
<b>IV Foreign currency translation adjustments on cash and cash equivalents</b>		△2,496	△15,591
		(△227)	(△1,419)
<b>V Net increase (decrease) in cash and cash equivalents (△: decrease)</b>		28,094	△67,748
		(2,557)	(△6,167)
<b>VI Cash and cash equivalents, beginning of the year</b>		97,279	125,373
		(8,855)	(11,413)
<b>VII Cash and cash equivalents, end of the year</b>	※1	125,373	57,624
		(11,413)	(5,246)

## SUBSTANTIAL DOUBT ABOUT ITS ABILITY TO CONTINUE AS A GOING CONCERN

Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007)	Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008)
Not applicable.	Not applicable.

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

Item	Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007)	Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008)
<b>1 Scope of consolidation</b>	<p>(1) The number of consolidated subsidiaries: 116</p> <p>The name of major consolidated subsidiaries are as follows:</p> <p>Asia</p> <p>Xinhua Financial Network Ltd. EconWorld Media Ltd. Xinhua Financial Network (Beijing) Ltd Xinhua Financial Network Korea Company Limited Other subsidiaries in Asia: 80</p> <p>U.S.A.</p> <p>Taylor Rafferty Associates, Inc. Mergent, Inc Washington Analysis Corporation Market News International, Inc Other subsidiaries in U.S.A.: 11</p> <p>Other Locations: 17</p> <p>Glass, Lewis &amp; Co., LLC, Singshine (Holdings) Hongkong Limited, Beijing Mobile Interactive Co., Ltd., Convey Advertising Company Limited, Profitown Development Limited, JCBN Company Limited and other 20 subsidiaries are consolidated because of new acquisition in this year. However Glass, Lewis &amp; Co., LLC was excluded from the scope of consolidation due to subsequent sale of shares.</p> <p>Unconsolidated subsidiaries up to prior year such as Intelligence Asia Pty Ltd., and other 3 subsidiaries are consolidated from this year since materiality has increased.</p>	<p>(1) The number of consolidated subsidiaries: 35</p> <p>The name of major consolidated subsidiaries are as follows:</p> <p>Asia</p> <p>Xinhua Financial Network Ltd. Xinhua Financial Network (Beijing) Ltd Xinhua Financial Network (Shanghai) Limited Other subsidiaries in Asia: 22</p> <p>U.S.A.</p> <p>Taylor Rafferty Associates, Inc. Market News International, Inc Other subsidiaries in U.S.A.: 4</p> <p>Other Locations: 4</p> <p>Intelligence Asia Pty Ltd., Xinhua Financial Network Inc. and Shanghai Netchina Limited are excluded from the scope of consolidation due to dissolution.</p> <p>Mergent, Inc. and its 7 subsidiaries, as well as Kinetic Information System Services Limited and Washington Analysis Corporation are excluded from the scope of consolidation due to subsequent sale of shares.</p> <p>Because the ratio of voting rights of the Company decreased, Xinhua Finance Media Limited (“XFM”) and its 72 subsidiaries, which were previously consolidated, were excluded from the scope of consolidation. As a consequence, XFM is now held as an associate, which is accounted for under the equity method. As the control of XFM by the Company was dissolved on December 31, 2008, the financial results of XFM are consolidated only in the consolidated income statements and consolidated cashflow statements.</p>
<b>2 Adoption of the equity method</b>	<p>(1) Number of associated company accounted by the equity method : 2</p> <p>Name of the associated company Ning Bo Far East Credit Rating Co., Ltd. Best Independent Research LLC</p>	<p>(1) Number of associated company accounted by the equity method : 2</p> <p>Name of the associated company Ning Bo Far East Credit Rating Co., Ltd. Xinhua Finance Media Limited</p> <p>Best Independent Research, LLC (BIR), which had been accounted by the equity method, was excluded from the scope of the equity method application because the Company sold all shares of Mergent Inc. that had held equity interests in BIR.</p> <p>Because the ratio of voting rights of the Company decreased, Xinhua Finance Media Limited (“XFM”) and its 72 subsidiaries, which were previously consolidated, were excluded from the scope of consolidation. As a consequence, XFM is now held as an associate, which is accounted for under the equity method.</p>



## BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS (continued)

Item	Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007)	Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008)
(3) <b>Deferred assets</b>	Bond issuance cost Bond issuance cost is amortized by the straight-line method over maturity.	Bond issuance cost Same as on the left.
(4) <b>Allowance, reserve and provision</b>	Allowance for doubtful accounts  The allowance has been determined mainly by evaluation of respective potential losses in the receivables outstanding.	Allowance for doubtful accounts  Same as on the left.
(5) <b>Conversion of significant items in foreign currencies</b>	All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into functional currency at the exchange rates at the balance sheet date, while all revenue and expense accounts are translated into functional currency at the average rate of the year. The foreign exchange gains and losses from translation are recognized in the income statement.  All assets and liabilities of foreign subsidiaries are translated into U.S. Dollars at the exchange rates at the balance sheet date, while all revenue and expense accounts are translated into U.S. Dollars at the average rate applicable for the period. Differences arising from such translation are shown as “Foreign currency translation adjustments” in a separate component of net assets.	Same as on the left.
(6) <b>Leases</b>	For finance leases deemed not to transfer ownership of the leased property to the lessee, leased properties are capitalized.	Same as on the left.
(7) <b>Hedge accounting</b>	<p>(a) Policy for hedge accounting — Deferral method is applied.</p> <p>(b) Hedging instruments and hedged items Hedging instruments: — Cross currency swap Hedged items: — Corporate bonds denominated in foreign currencies</p> <p>(c) Hedging policy — In order to manage the interest risk and currency risk, debts are hedged to the extent of the amount of the items to be hedged.</p> <p>(d) Effectiveness testing of hedging — Effectiveness of the hedge should be demonstrated under an effectiveness test by comparing the volatility ratio of cumulative changes in fair value of the hedged item and the hedging instrument.</p>	<p>(a) Policy for hedge accounting Same as on the left.</p> <p>(b) Hedging instruments and hedged items Same as on the left.</p> <p>(c) Hedging policy Same as on the left.</p> <p>(d) Effectiveness testing of hedging Same as on the left.</p>

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS (continued)

Item	Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007)	Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008)
<p>(8) <b>Other significant items for the preparation of the consolidated financial statements</b></p>	<p>Accounting policy of the consumption tax Tax-excluding method is applied.</p> <p>Conversion of dollars into yen In accordance with the Article 130 of the Financial Statements rules, the amounts in Japanese yen are calculated by the foreign currency exchange rate (middle rate), being US\$1.00=91.03, from the Tokyo Foreign Exchange Market as of December 30, 2008. The Japanese yen amounts are stated only for purpose of convenience. Therefore it is not assured that the amounts in U.S. Dollars could be exchanged to Japanese yen amounts calculated by the abovementioned exchange rate.</p> <p>Translation of XFL's functional currency into reporting currency XFL, as a foreign company, adopts Chinese Yuan for functional currency while U.S. Dollar is adopted as reporting currency. Translation into reporting currency for preparation of financial statements is based on the Article 21 of International Accounting Standards. Monetary assets and liabilities are translated at the rate of the closing date while non-monetary assets and liabilities are translated at the rate of the transaction date. All revenue and expense accounts are translated at the rate of the transaction date, and differences arising from such translation are included in the "Foreign currency translation adjustments" in net assets.</p>	<p>Accounting policy of the consumption tax Same as on the left.</p> <p>Conversion of dollars into yen Same as on the left.</p> <p>Translation of XFL's functional currency into reporting currency Same as on the left.</p>
5	Valuation for assets and liabilities of consolidated subsidiaries	The assets and liabilities of the consolidated subsidiaries for not only the Company's interest but also minority interests are evaluated at fair value.
6	Amortization of goodwill and negative goodwill	Goodwill is amortized by the straight-line method over 5 years and 20 years. Negative goodwill is amortized by the straight-line method over 20 years.
7	Cash and cash equivalents in the consolidated cashflow statements	Cash equivalents in the consolidated cashflow statement are short-term investments that are readily convertible into cash and are not exposed to significant risk of changes in value. Cash equivalents mature or become due within three months of the date of investment.

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## ADDITIONAL INFORMATION

Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007)	Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008)
<p>(Change in XFL's functional currency)</p> <p>Effective January 1, 2007, XFL changes its functional currency from U.S. Dollar into Chinese Yuan due to a geographic change of the primary economic environment of XFL. Upon preparation of consolidated financial statements, XFL's account are translated into U.S. Dollar, the reporting currency.</p>	

## CHANGE IN PRESENTATION

Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007)	Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008)
<p>(Consolidated balance sheets)</p> <p>Goodwill on consolidation is changed to being represented as goodwill from this year.</p> <p>(Consolidated income statements)</p> <ol style="list-style-type: none"> <li>1. Amortization of goodwill and amortization of goodwill on consolidation are united to being represented as amortization of goodwill from this year.</li> <li>2. Share issuance related expenses is changed to being represented as share issuance expense from this year.</li> </ol> <p>(Consolidated cash flow statements)</p> <ol style="list-style-type: none"> <li>1. Amortization and amortization of goodwill on consolidation are united to being represented as amortization of goodwill from this year.</li> <li>2. Share issuance related expenses is changed to being represented as share issuance expense from this year.</li> </ol>	

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## FOOTNOTE INFORMATION

### (CONSOLIDATED BALANCE SHEETS)

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Consolidated fiscal year — prior year (As of December 31, 2007)		Consolidated fiscal year — current year (As of December 31, 2008)	
※1	Trade mark and distribution rights are combined together in one set of contracts and are therefore accounted for in a single account. Intangible assets that relate to a separate trademark and a distribution right are included in this account as well.	※1	Same as on the left.
※2	Assets collateralized and corresponding liabilities	※2	Assets collateralized and corresponding liabilities
	Assets collateralized		Assets collateralized
	Bank deposit		Bank deposit
	64,149		18,004
	(5,839)		(1,639)
	Equipment		Corresponding liabilities
	1,535		Short term debt
	(140)		15,969
	Corresponding liabilities		(1,454)
	Short term debt		Lease obligations
	48,897		9
	(4,451)		(1)
	Lease obligations		Long term lease obligations
	18		4
	(2)		(0)
	Current portion of long term debt		
	384		
	(35)		
	Long term debt		
	1,009		
	(92)		
※3	Other payables and long-term other payables include part of the consideration for the acquisition of shares of certain subsidiaries. The consideration for the acquisition of shares of those companies includes the Company's shares to be issued to sellers and could fluctuate since the final payments are based on the future operating results of the respective company.	※3	_____
※4	Assets are presented after deduction of allowance for doubtful accounts.	※4	Assets are presented after deduction of allowance for doubtful accounts.
	Amounts deducted from current assets:		Amounts deducted from current assets:
	6,837		7,581
	(622)		(690)

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## FOOTNOTE INFORMATION (continued)

### (CONSOLIDATED BALANCE SHEETS) (continued)

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Consolidated fiscal year — prior year (As of December 31, 2007)	Consolidated fiscal year — current year (As of December 31, 2008)																								
<p>※5 The consideration for the acquisition of shares of some subsidiaries could fluctuate since the final payments are based on the future operating results of the respective company.</p>	<p>※5 _____</p>																								
<p>※6 Xinhua Financial Network (Shanghai) Ltd., Xinhua Financial Network Korea Company Limited, Shanghai Huacai Investment Advisory Company Limited, Zhongxi Taihe Culture Consultancy (Shanghai) Co. Ltd. Jia Luo Consulting (Shanghai) Co., Ltd., Accord Group Investments Limited, Xinhua Finance Media (Shanghai) Co., Ltd, Convey Advertising Company Limited and Mergent Inc. have line of credit agreements with banks. The amount of the line of credit and the balance outstanding under the agreements at December 31, 2007 are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Total amount of the line of credit</td> <td style="text-align: right;">72,319</td> </tr> <tr> <td></td> <td style="text-align: right;">(6,583)</td> </tr> <tr> <td>Outstanding balance</td> <td style="text-align: right;">51,738</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>(4,710)</u></td> </tr> <tr> <td>Remaining amount of the line of credit</td> <td style="text-align: right;">20,581</td> </tr> <tr> <td></td> <td style="text-align: right;">(1,873)</td> </tr> </table>	Total amount of the line of credit	72,319		(6,583)	Outstanding balance	51,738		<u>(4,710)</u>	Remaining amount of the line of credit	20,581		(1,873)	<p>※6 Xinhua Financial Network (Shanghai) Ltd., Xinhua Financial Network Korea Company Limited, and Shanghai Huacai Investment Advisory Company Limited have line of credit agreements with banks. The amount of the lines of credit and the balance outstanding under the agreements at December 31, 2008 are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Total amount of the lines of credit</td> <td style="text-align: right;">30,308</td> </tr> <tr> <td></td> <td style="text-align: right;">(2,759)</td> </tr> <tr> <td>Outstanding balance</td> <td style="text-align: right;">16,071</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>(1,463)</u></td> </tr> <tr> <td>Remaining amount of the lines of credit</td> <td style="text-align: right;">14,237</td> </tr> <tr> <td></td> <td style="text-align: right;">(1,296)</td> </tr> </table>	Total amount of the lines of credit	30,308		(2,759)	Outstanding balance	16,071		<u>(1,463)</u>	Remaining amount of the lines of credit	14,237		(1,296)
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	(2,759)																								
Outstanding balance	16,071																								
	<u>(1,463)</u>																								
Remaining amount of the lines of credit	14,237																								
	(1,296)																								
<p>※7 This account represents contractual rights such as agency rights and publishing rights as well as intellectual properties such as data bases.</p>	<p>※7 Same as on the left.</p>																								
<p>※8 This account includes the difference arising on the translation of XFL's functional currency into reporting currency.</p>	<p>※8 Same as on the left.</p>																								
<p>※1-8 notes correspond with ※1-8 as denoted in the consolidated balance sheet.</p>	<p>Same as on the left.</p>																								

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## FOOTNOTE INFORMATION (continued)

### (CONSOLIDATED INCOME STATEMENTS)

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007)				Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008)					
※1	Amount mainly includes gain related to the initial public offering of the Company's subsidiary, Xinhua Finance Media Limited on the Nasdaq Global Market in the United States.			※1	_____				
※2	Impairment loss			※2	Impairment loss				
	The Group recognized impairment loss for asset groups presented below for the year ended December 31, 2007.				The Group recognized an impairment loss for asset groups presented below for the year ended December 31, 2008.				
	Region	Type	Account	Impairment loss		Region	Type	Account	Impairment loss
	Asia	Asset for Operation	Equipment	234 (21)		Asia	Asset for Operation	Equipment	2,188 (199)
	Asia	Other	Goodwill	2,472 (225)		Asia	Asset for Operation	Intangible Asset	28,908 (2,631)
	North America	Other	Goodwill	3,886 (354)		Asia	Other	Goodwill	134,606 (12,253)
	Total			6,592 (600)		North America	Other	Goodwill	38,001 (3,459)
						Total			203,703 (18,543)
	Grouping is basically implemented by each company unit. However, if it is possible to identify cashflows from an individual asset, recoverable amount is determined for each individual asset. Impairment loss for assets above were recognized as an extraordinary loss because the future cash flows from those assets expected to be generated in respective estimated periods were considered unrecoverable due to change in economic environment. The impairment loss was determined at amount by which the carrying amount of the asset exceeds its recoverable amount based on its value in use. The discount rate used for computation of present value of future cash flows was ranging from 9.0% to 11.0%.				Impairment loss on equipment/intangible assets was recognized as an extraordinary loss because the future cash flows from those assets expected to be generated in respective estimated periods were considered unrecoverable due to change in economic environment. The impairment loss was determined at amount by which the carrying amount of the asset exceeds its recoverable amount based on its value in use. The discount rate used for computation of present value of future cash flows was ranging from 9.0% to 11.0%.				
					As losses have been anticipated upon the sales of shares of Mergent Inc., Kinetic Information System Services Limited, Washington Analysis Corporation, Market News International Inc. and Shanghai Far East Credit Rating Co., Ltd., as well as assets of G7 Group, Inc. and Taylor Rafferty, the Group recognized such estimated loss as an impairment loss on goodwill.				
					Additionally, this account includes impairment losses on goodwill for subsidiaries of Xinhua Finance Media Limited, a former consolidated subsidiary of the Company which become an associate at this year end.				

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## FOOTNOTE INFORMATION (continued)

### (CONSOLIDATED INCOME STATEMENTS) (continued)

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007)	Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008)				
<p>※3 Amortization of goodwill</p> <p>Amortization of goodwill in extraordinary loss represents a lump-sum amortization of goodwill in accordance with the Article 32-1 in the statement No.7, “Guideline for Consolidation Procedures” issued by the Accounting Standards Committee.</p>	<p>※3 Amortization of goodwill</p> <p>Xinhua Finance Media Limited (“XFM”), a former subsidiary of the Company, was excluded from the scope of consolidation and is now held as an associate, which is accounted for under the equity method, due to a decrease in the Company’s ratio of voting rights because all of XFM’s series B ordinary shares attached with 10 voting rights for each share that were held by the Company were converted into series A ordinary shares of which voting right attached with was one for each share. Before the conversion of shares, a portion of XFM’s net assets which the Company reclassified from receivable without new share issuance, had been regarded as interests which belonged to the Company. However, as the Company lost control over XFM due to the decrease in the ratio of voting rights, the amount of difference between the part of the said portion of XFM’s net assets over which the Company lost control was reclassified into goodwill net assets of XFM shared by the Company based on the decreased voting right ratio and the cost of investment in XFM was recognized as goodwill, and immediately amortized at one time in accordance with the Article 32-1 in the statement No.7, “Guideline for Consolidation Procedures” issued by the Accounting Standards Committee.</p>				
<p>※4 _____</p>	<p>※4 Components of gain on disposal of fixed assets are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Equipment</td> <td style="text-align: right;">229</td> </tr> <tr> <td></td> <td style="text-align: right;">(21)</td> </tr> </table>	Equipment	229		(21)
Equipment	229				
	(21)				
<p>※5 _____</p>	<p>※5 Components of loss on disposal of fixed assets are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Equipment</td> <td style="text-align: right;">436</td> </tr> <tr> <td></td> <td style="text-align: right;">(40)</td> </tr> </table>	Equipment	436		(40)
Equipment	436				
	(40)				

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## FOOTNOTE INFORMATION (continued)

### (CONSOLIDATED INCOME STATEMENTS) (continued)

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007)	Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008)
<p>※6 _____</p>	<p>※6 Loss on prior year adjustment</p> <p>Subsequent consideration paid</p> <p style="text-align: right;">3,359 (306)</p> <p>As the Group recognized additional goodwill based on the conditional acquisition cost set forth in the sale and purchase agreements of its subsidiaries' shares and equity interests, the Group recognized a loss on prior year adjustment arising from retroactive adjustments of goodwill and its amortization.</p> <p>Allocation of acquisition costs</p> <p style="text-align: right;">333 (30)</p> <p>As the Group reviewed and fixed the allocation of acquisition costs of Kinetic Information System Services Limited, which had been open as of the previous year end, the Group recognized a loss on prior year adjustment arising from retroactive adjustments of goodwill and its amortization, and intangible assets and its amortization.</p>
<p>※7 _____</p>	<p>※7 This account includes USD25,000 thousand (JPY2,276 million) of a provision for receivables from debtors in bankruptcy, rehabilitation or similar status.</p> <p>The allowance is provided for the entire amount of the uncollectible receivable which is a principal protected equity-linked note issued by Lehman Brothers Holdings Inc. that has filed for Chapter 11 protection under the Federal bankruptcy law.</p>
<p>※1-7 notes correspond with ※1-7 as denoted in the consolidated income statement.</p>	<p>Same as on the left.</p>

## FOOTNOTE INFORMATION (continued)

## (CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS)

## Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007)

## 1. Number and class of issued shares

	Beginning balance	Increase	Decrease	Ending balance
Issued shares				
Ordinary share (shares)	931,638	101,416	—	1,033,054

(Note1) In the increase of ordinary shares indicated above, 96,080 shares are issued for acquisition of subsidiaries' shares by way of share exchange, and 5,336 shares are issued due to execution of share subscription rights.

## 2. Share subscription rights

The ending balance of share subscription rights granted by the Company as share option rights is USD2,874 thousand (JPY262 million).

The ending balance of share subscription rights granted by a consolidated subsidiary as share option rights is USD6,093 thousand (JPY555 million).

## 3. Dividend

Not applicable.

## Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008)

## 1. Number and class of issued shares

	Beginning balance	Increase	Decrease	Ending balance
Issued shares				
Ordinary share (shares)	1,033,054	452,998	—	1,486,052

(Note1) In the increase of ordinary shares indicated above, 445,797 shares are issued for acquisition of subsidiaries' shares by way of share exchange, and 7,201 shares are issued due to execution of share subscription rights.

## 2. Share subscription rights

The ending balance of share subscription rights granted by the Company as share option rights is USD1,797 thousand (JPY164 million).

There is no ending balance of share subscription rights granted by consolidated subsidiaries.

## 3. Dividend

Not applicable.

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## FOOTNOTE INFORMATION (continued)

### (CONSOLIDATED CASH FLOW STATEMENTS)

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007)		Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008)	
※1	Reconciliation between ending balance of cash and cash equivalents in consolidated cashflow statement and balance in the consolidated balance sheet:	※1	Reconciliation between ending balance of cash and cash equivalents in consolidated cashflow statement and balance in the consolidated balance sheet:
	Cash and bank balances		Cash and bank balances
	194,784		75,289
	(17,731)		(6,854)
	Deposit pledged as collateral		Deposit pledged as collateral
	△64,149		△18,004
	(△5,839)		(△1,639)
	Bank overdraft		Marketable securities
	△960		340
	(△87)		(31)
	Deposits over three months of maturity from the date of deposit		Cash and cash equivalents
	△4,606		57,624
	(△419)		(5,246)
	Marketable securities		
	303		
	(28)		
	Cash and cash equivalents		
	125,373		
	(11,413)		
※2	Major component of subsidiaries' assets and liabilities newly consolidated through acquisition of its shares	※2	
	Major components of the newly consolidated subsidiaries' (Convey Advertising Co. Ltd and 24 other subsidiaries) assets and liabilities through acquisition of shares, cost of acquisition and net cash outflow are summarized as follows:		
	Current assets		
	19,667		
	(1,790)		
	Non-current assets		
	70,658		
	(6,432)		
	Current liabilities		
	△16,830		
	(△1,532)		
	Non-current liabilities		
	△20,676		
	(△1,882)		
	Goodwill		
	113,720		
	(10,352)		
	Minority interests		
	△733		
	(△67)		
	Acquisition costs of newly acquired subsidiaries		
	165,805		
	(15,093)		
	Deposit paid for acquisition		
	△10,512		
	(△957)		
	Stock issue price on share exchange		
	△26,276		
	(△2,392)		
	Other payables		
	△1,081		
	(△98)		
	Cash and cash equivalents of acquired subsidiaries		
	△3,765		
	(△343)		
	Net cash outflow due to acquisition of subsidiaries		
	124,171		
	(11,303)		

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## FOOTNOTE INFORMATION (continued)

### (CONSOLIDATED CASH FLOW STATEMENTS) (continued)

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007)		Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008)	
※3	Major component of subsidiaries' assets and liabilities newly excluded from consolidation through disposal of its shares	※3	Major component of subsidiaries' assets and liabilities newly excluded from consolidation through disposal of its shares
	Major components of the unconsolidated subsidiaries' (Glass, Lewis & Co., LLC) assets and liabilities through disposal of shares, proceeds from sale of investment in subsidiaries are summarized as follows:		Major components of the unconsolidated subsidiaries' (Mergent Inc., Washington Analysis Corporation and Convey Advertising Co., Limited) assets and liabilities through disposal of shares, proceeds from sale of investment in subsidiaries are summarized as follows:
	Current assets		Current assets
	2,305		49,046
	(210)		(4,465)
	Non-current assets		Non-current assets
	52,815		133,842
	(4,808)		(12,184)
	Current liabilities		Current liabilities
	△4,485		△28,731
	(△408)		(△2,615)
	Non-current liabilities		Non-current liabilities
	△3,469		△6,261
	(△316)		(△570)
	Loss on sale of investment in subsidiaries		Gain on sale of investment in subsidiaries
	△3,666		13,477
	(△334)		(1,227)
	Net proceed on sale of investment in subsidiaries		Net proceed on sale of investment in subsidiaries
	43,500		161,374
	(3,960)		(14,690)
	Cash and cash equivalents of disposed subsidiaries		Cash and cash equivalents of disposed subsidiaries
	△125		△74,646
	(△11)		(△6,795)
	Net cash inflow due to sale of investment in subsidiaries		Net cash inflow due to sale of investment in subsidiaries
	43,375		86,728
	(3,948)		(7,895)
※4	_____	※4	Major component of assets and liabilities decreased by sale of a business
			Major components of assets and liabilities decreased by disposal of operation of Xinhua PR News Wire, G7 and Taylor Rafferty and the proceeds from disposal are summarized as follows:
			Current assets
			3,572
			(325)
			Non-current assets
			304
			(28)
			Current liabilities
			△3,171
			(△289)
			Non-current liabilities
			△1,266
			(△115)
			Gain on sale of a business
			5,717
			(520)
			Net proceeds on sale of a business
			5,156
			(469)

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## FOOTNOTE INFORMATION (continued)

### (CONSOLIDATED CASH FLOW STATEMENTS) (continued)

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007)	<b>Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008)</b>																				
<p>※5 _____</p>	<p>※5 Major component of subsidiary's assets and liabilities newly excluded from consolidation due to the conversion of classified shares issued by the subsidiary</p> <p>Major components of assets and liabilities of Xinhua Finance Media Limited at the time of exclusion from consolidation due to the conversion of classified shares of Xinhua Finance Media Limited held by the Company:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Cash and bank balances</td> <td style="text-align: right;">57,029</td> </tr> <tr> <td></td> <td style="text-align: right;">(5,191)</td> </tr> <tr> <td style="padding-left: 20px;">Other current assets</td> <td style="text-align: right;">106,885</td> </tr> <tr> <td></td> <td style="text-align: right;">(9,730)</td> </tr> <tr> <td style="padding-left: 20px;">Non-current assets</td> <td style="text-align: right;">315,823</td> </tr> <tr> <td></td> <td style="text-align: right;">(28,749)</td> </tr> <tr> <td style="padding-left: 20px;">Current liabilities</td> <td style="text-align: right;">△ 135,326</td> </tr> <tr> <td></td> <td style="text-align: right;">(△ 12,319)</td> </tr> <tr> <td style="padding-left: 20px;">Non-current liabilities</td> <td style="text-align: right;">△ 121,642</td> </tr> <tr> <td></td> <td style="text-align: right;">(△ 11,073)</td> </tr> </table>	Cash and bank balances	57,029		(5,191)	Other current assets	106,885		(9,730)	Non-current assets	315,823		(28,749)	Current liabilities	△ 135,326		(△ 12,319)	Non-current liabilities	△ 121,642		(△ 11,073)
Cash and bank balances	57,029																				
	(5,191)																				
Other current assets	106,885																				
	(9,730)																				
Non-current assets	315,823																				
	(28,749)																				
Current liabilities	△ 135,326																				
	(△ 12,319)																				
Non-current liabilities	△ 121,642																				
	(△ 11,073)																				
<p>6 Major non-cash transactions</p> <p>Share capital and share premium increased through share exchange were USD246 thousand (JPY22 million) and USD50,152 thousand (JPY4,565 million), respectively.</p>	<p>6 Major non-cash transactions</p> <p>Share capital and share premium increased through share exchange were USD1,143 thousand (JPY104 million) and USD22,095 thousand (JPY2,011 million), respectively.</p>																				
<p>※1-6 note corresponds with ※1-6 as denoted in the consolidated cashflow statement.</p>	<p>Same as on the left.</p>																				

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## FOOTNOTE INFORMATION (continued)

### (LEASE TRANSACTION)

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007)		Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008)	
Operating leases (Lessee)		Operating leases (Lessee)	
Unearned lease expenses		Unearned lease expenses	
Within one year	7,994	Within one year	3,651
	(728)		(332)
After one year	22,316	After one year	16,664
	(2,031)		(1,517)
Total	<u>30,310</u>	Total	<u>20,315</u>
	(2,759)		(1,849)

### (SECURITIES)

As of December 31, 2007

#### 1. Trading securities

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Amount on the consolidated balance sheet	Gain/loss included in the consolidated income statement
787	388
(72)	(35)

#### 2. Available-for-sale securities with fair value

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Category	Acquisition cost	Amount on the consolidated balance sheet	Difference
Book value more than acquisition cost:			
(1) Equity securities	344	399	55
	(31)	(36)	(5)
(2) Debt securities	4,198	4,377	178
	(382)	(398)	(16)
(3) Other	51	382	331
	(5)	(35)	(30)
Subtotal	4,593	5,158	564
	(418)	(470)	(51)
Book value is less than acquisition cost:			
(1) Equity securities	34	9	△25
	(3)	(1)	(△2)
(2) Debt securities	—	—	—
	(—)	(—)	(—)
(3) Other	—	—	—
	(—)	(—)	(—)
Subtotal	34	9	△25
	(3)	(1)	(△2)
TOTAL	4,627	5,167	539
	(421)	(470)	(49)

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## FOOTNOTE INFORMATION (continued)

(SECURITIES) (continued)

As of December 31, 2007 (continued)

### 3. Available-for-sale securities sold in the current fiscal period

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Amount on sale	Gain on sale	Loss on sale
431	53	—
(39)	(5)	(—)

### 4. Securities not stated at fair value

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Category	Amount on the consolidated balance sheet
(1) Held-to-maturity securities	25,676
Unlisted bonds	(2,337)
(2) Available-for-sale securities	22,326
Unlisted securities	(2,032)
	303
Fund trust	(28)

### 5. Redemption schedule for held-to-maturity securities

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Debt securities				
Corporate bond	3,703	26,349	—	—
	(337)	(2,399)	(—)	(—)
Total	3,703	26,349	—	—
	(337)	(2,399)	(—)	(—)

## FOOTNOTE INFORMATION (continued)

### (SECURITIES) (continued)

As of December 31, 2008

#### 1. Trading securities

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Amount on the consolidated balance sheet	Gain/loss included in the consolidated income statement
416	△462
(38)	(△42)

#### 2. Available-for-sale securities with fair value

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Category	Acquisition cost	Amount on the consolidated balance sheet	Difference
Book value more than acquisition cost:			
Other	59	184	125
	(5)	(17)	(11)
Subtotal	59	184	125
	(5)	(17)	(11)
Book value is less than acquisition cost:			
(1) Equity securities	21	21	—
	(2)	(2)	(—)
(2) Other	29	—	△29
	(3)	(—)	(△3)
Subtotal	50	21	△29
	(5)	(2)	(△3)
TOTAL	109	205	96
	(10)	(19)	(9)

#### 3. Securities not stated at fair value

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Category	Amount on the consolidated balance sheet
(1) Available-for-sale securities	
Other	340
	(31)
(2) Interest in associate	
Listed shares	89,062
	(8,107)

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## FOOTNOTE INFORMATION (continued)

### (DERIVATIVE TRANSACTIONS)

#### 1 Detail of transaction

Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007)	Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008)
<p>(1) <b>Nature of transaction</b> Cross currency swap</p> <p>(2) <b>Management policy for derivative transaction</b> The Group uses derivative financial instruments to reduce their risks of fluctuations in interest rates and foreign currency exchange. The Group does not enter into derivatives for trading or speculative purposes.</p> <p>(3) <b>Purpose of the transaction</b> The Group enters into a cross currency swap contract to hedge market interest rate risk and foreign exchange risk associated with interest exposures and principal of bonds denominated in foreign currencies. The Group applies hedge accounting for the derivative transaction.</p> <p>(a) Policy for hedge accounting Deferral method</p> <p>(b) Hedging instruments and hedged items — Hedging instruments: Cross currency swap — Hedged items: Corporate bonds denominated in foreign currencies</p> <p>(c) Hedging policy In order to manage the interest risk and currency risk, debts are hedged to the extent of the amount of the items to be hedged.</p> <p>(d) Effectiveness testing of hedging Effectiveness of the hedge should be demonstrated under effectiveness test by comparing the ratio of volatility of hedged item and cumulative change in fair value of the hedging instrument.</p> <p>(4) <b>Nature and detail of the risk</b> Cross currency swap contract is subject to foreign currency exchange risk and market interest rate risk.</p> <p>Because the counterparties to the derivative is limited to major financial institutions with high credit rate, the Group does not anticipate any losses caused by credit risk.</p> <p>(5) <b>Risk management policy</b> Derivative transactions entered into by the Group have been made and managed by the Financial Department in accordance with internal policies which regulate the authorization and credit limit amount.</p>	<p>Same as on the left.</p>



# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## FOOTNOTE INFORMATION (continued)

### (SHARE OPTION)

Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007)

#### 1. Outline, size and change of the number of share option

##### (1) Outline of share option

Company Name	The Company					Xinhua Finance Media Limited				
	2005	2006				2006		2007		
Year	Share Option	Share option (1)	Share option (2)	Share option (3)	Share option (4)	Restricted share (*4)	Share Option	Share option (1)	Share option (2)	Share option (3)
Category and number of person designated	166 employees	2 directors	5 directors	209 employees	1 employee	1 director	190 employees	1 employee	3 independent directors	4 independent directors
Class and number of objective shares (*1)	14,910 Ordinary shares	5,000 ordinary shares	6,000 ordinary shares	26,656 ordinary shares	114 ordinary shares	11,050,000 Class A Common Shares	11,198,180 Class A Common Shares	221,280 Class A Common Shares	90,000 Class A Common Shares	120,000 Class A Common Shares
Grant date	February 9, 2005	January 31, 2006	January 31, 2006	April 30, 2006	July 1, 2006	June 13, 2006	July 11, 2006	January 15, 2007	April 25, 2007	September 26, 2007
Terms and condition for vesting	1/3 grant vested on Dec 31 2005; 1/3 vested on Dec 31 2006; 1/3 vested on Dec 31 2007. (*2)	834 shares vested on each of Jan 31, Apr 30, Jul 30, Oct 31, 2006 & Jan 31, 2007 and 830 shares vested on Apr 30, 2007	1/4 grant vested on Apr 30, 2006, Jul 31, 2006, Oct 31, 2006 & Jan 31, 2007 (*2)	1/3 grant vested on Dec 31, 2006; 1/3 vested on Dec 31, 2007; 1/3 vested on Dec 31, 2008 (*2)	1/3 grant vested on Dec 31, 2006; 1/3 vested on Dec 31, 2007; 1/3 vested on Dec 31, 2008 (*2)	(*4)	1/2 to be vested by Dec 31, 2007 or upon certain corporate event, whichever is earlier; 1/4 vested on Dec 31, 2008, 1/4 vested on Dec 31, 2009 (*3)	—	1/3 vested on Mar 8, 2008, 1/3 vested on Mar 8, 2009 and 1/3 vested on Mar 8, 2010	1/3 vested on Sep 26, 2008, 1/3 vested on Sep 26, 2009 and 1/3 vested on Sep 26, 2010
Service period required to be vested	From Feb 9, 2005 to Dec 31, 2007	—	From Jan 31, 2006 to Jan 31, 2007	From Apr 30, 2006 to Dec 31, 2008	From July 1, 2006 to Dec 31, 2008	From June 13, 2006 to June 13, 2011	From June 11, 2006 to Dec 31, 2009	—	From Apr 25, 2007 to Mar 8, 2010	From Sep 26, 2007 to Sep 26, 2010
Exercisable period	From Jan 1, 2006 to Feb 8, 2015	From Jan 31, 2006 to Feb 1, 2009	From Apr 30, 2006 to Feb 1, 2016	From Jan 1, 2007 to Apr 30, 2016	From Jan 1, 2007 to Apr 30, 2016	From June 13, 2007 to June 13, 2011	From December 31, 2007 or upon certain corporate event, whichever is the earlier to July 11, 2011	From Mar 9, 2007 to Mar 8, 2008	From Mar 8, 2008 to Apr 24, 2017	From Sep 26, 2008 to Sep 25, 2017

(\*1) The number of shares to be applied.

All options granted prior to 2006 have all been adjusted for the 2,000 to 1 share reverse share split in August 24, 2004 and 3 for 1 share split in September 22, 2005.

(\*2) If employment is terminated for cause, vesting will cease and any un-exercised portion of the option will be forfeited immediately on the last employment date.

If employment is terminated voluntarily by the employee:

- 1) Unvested options (if any) which are scheduled to vest in the same calendar year of the termination will vest on the last day of that calendar year, and expire 12 months after the date of vesting
- 2) All unvested options (if any) scheduled to vest in subsequent years will be forfeited
- 3) All vested options can be exercised until expiration which will be the later of 12 months from the date of termination and 12 months after the date of vesting of any options in the year of termination (if any).

## FOOTNOTE INFORMATION (continued)

### (SHARE OPTION) (continued)

#### Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007) (continued)

#### 1. Outline, size and change of the number of share option (continued)

##### (1) Outline of share option (continued)

(\*3) If employment is terminated with or without cause, the option agreement permits the exercise or purchase of the options granted for a period of 3 months following the recipient's voluntary termination of service with the Group, or the recipient's disability or death, the options will terminate to the extent not exercised or purchased on the last day of the specified period or the last day of the original term of the options, whichever occurs first. If employment is terminated voluntarily by the employee, vesting will cease and any un-exercised portion of the option will expire three months after the date of termination.

(\*4) Issued shares which have the terms and conditions for vesting. The relevant shareholder does not obtain any shareholder's rights until the vesting period elapses. These shares are substantially equal to share options, therefore, accounting treatments are the same as that of share options. Pursuant to a resolution passed on March 7, 2007, the vesting period of the 11,050,000 common shares is revised as below:

1,500,000 shares vested on March 9, 2007

2,210,000 shares will vest on June 13, 2008

2,210,000 shares will vest on June 13, 2009

2,210,000 shares will vest on June 13, 2010

2,920,000 shares will vest on June 13, 2011

##### (2) Size and change of the number of share option

##### (i) Number of objective shares of share option

(Unit: share)

Company Name	The Company					Xinhua Finance Media Limited				
	2005	2006				2006		2007		
Type	Share Option	Share Option (1)	Share Option (2)	Share Option (3)	Share Option (4)	Restricted share	Share Option	Share option (1)	Share option (2)	Share option (3)
Number of objective shares for unvested option										
Beginning balance of the period	4,970	1,664	1,500	17,295	76	11,050,000	10,698,141	—	—	—
Granted	—	—	—	—	—	—	—	221,280	90,000	120,000
Lapsed	—	—	—	—	—	—	335,502	—	—	—
Vested	4,970	1,664	1,500	8,611	38	1,500,000	5,361,468	221,280	—	—
Unvested balance	—	—	—	8,684	38	9,550,000	5,001,171	—	90,000	120,000
Number of objective shares for vested option										
Beginning balance of the period	8,364	3,336	4,500	8,543	38	—	—	—	—	—
Vested	4,970	1,664	1,500	8,611	38	1,500,000	5,361,468	221,280	—	—
Exercised	1,212	—	—	246	—	1,500,000	2,877,934	—	—	—
Lapsed	1,012	—	1,000	2,248	—	—	15,978	—	—	—
Unexercised balance	11,110	5,000	5,000	14,660	76	—	2,467,556	221,280	—	—

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## FOOTNOTE INFORMATION (continued)

(SHARE OPTION) (continued)

Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007) (continued)

### 1. Outline, size and change of the number of share option (continued)

(1) *Outline of share option (continued)*

(ii) Unit price information

Company Name	The Company					Xinhua Finance Media Limited				
	2005	2006				2006	2007			
Year	Share Option	Share Option (1)	Share Option (2)	Share Option (3)	Share Option (4)	Restricted Share	Share Option	Share option (1)	Share option (2)	Share option (3)
Exercise price	JPY49,316	JPY74,247	JPY71,844	JPY71,844	JPY71,844	USD0.001	USD0.001	USD5.0	USD6.50	USD4.39
Average price of shares upon exercise	JPY77,520	—	—	JPY80,556	—	—	USD3.62	—	—	—
Fair value of option at grant date per option	—	—	—	—	USD252.92	USD0.60	USD0.60	USD2.0808	USD0.60	USD1.8516

### 2. Valuation Method for Share Option

Determination of estimated fair value of share option granted during the fiscal year is as follows.

(1) *Valuation method used*

Share option: Black-Scholes Model, Binominal Model and its variants

(2) *Factors and basis of estimation*

Company Name	Xinhua Finance Media Limited		
	Share Option (1)	Share Option (2)	Share Option (3)
Price volatility (*1)	44%	44%	44%
Estimated remaining exercisable period (*2)	1 year	10 years	10 years
Estimated dividend (*3)	NIL	NIL	NIL
Free risk rate (*4)	5.06%	4.66%	4.63%

(\*1) In determination of volatility, since Xinhua Finance Media Limited was listed for few months only, the volatilities of the comparable companies in similar industry has been referenced.

(\*2) It is assumed that the grantee will exercise the option at the time of vesting, therefore, it is calculated in assumption that the estimated remaining period of share options equals to service period required to be vested.

(\*3) With reference to the track record, it is assumed the dividend is zero during the estimated option life attributable to ordinary shares.

(\*4) The risk free rate has made reference to the yield of US Treasury bond applicable to the estimated remaining period of options.

### 3. Determination of estimation for number of share option to be vested

Actual lapsed number shall be considered because grantee will exercise the option at the time of vesting.

## FOOTNOTE INFORMATION (continued)

### (SHARE OPTION) (continued)

Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008)

#### 1. Outline, size and change of the number of share option

(1) Outline of share option

Company Name	The Company					
Year	2005	2006				2008
Type	Share Option	Share option (1)	Share option (2)	Share option (3)	Share option (4)	Restricted shares (*5)
Category and number of person designated	166 employees	2 directors	5 directors	209 employees	1 employee	1 employee
Class and number of objective shares (*1)	14,910 Ordinary shares	5,000 ordinary shares	6,000 ordinary shares	26,656 ordinary shares	114 ordinary shares	150 ordinary shares
Grant date	February 9, 2005	January 31, 2006	January 31, 2006	April 30, 2006	July 1, 2006	January 15, 2008
Terms and condition for vesting	1/3 grant vested on Dec 31 2005; 1/3 vested on Dec 31 2006; 1/3 vested on Dec 31 2007. (*2)	834 shares vested on each of Jan 31, Apr 30, Jul 30, Oct 31, 2006 & Jan 31, 2007 and 830 shares vested on Apr 30, 2007	1/4 grant vested on Apr 30, 2006, Jul 31, 2006, Oct 31, 2006 & Jan 31, 2007 (*2)	1/3 grant vested on Dec 31, 2006; 1/3 vested on Dec 31, 2007; 1/3 vested on Dec 31, 2008 (*2)	1/3 grant vested on Dec 31, 2006; 1/3 vested on Dec 31, 2007; 1/3 vested on Dec 31, 2008 (*2)	1/3 vested on Jan 15, 2008, 1/3 vested on Dec 31, 2008 and 1/3 vested on Dec 31, 2009 (*6)
Service period required to be vested	From Feb 9, 2005 to Dec 31, 2007	—	From Jan 31, 2006 to Jan 31, 2007	From Apr 30, 2006 to Dec 31, 2008	From July 1, 2006 to Dec 31, 2008	From Jan 15, 2008 to Dec 31, 2009
Exercisable period	From Jan 1, 2006 to Feb 8, 2015	From Jan 31, 2006 to Feb 1, 2009	From Apr 30, 2006 to Feb 1, 2016	From Jan 1, 2007 to Apr 30, 2016	From Jan 1, 2007 to Apr 30, 2016	From Jan 15, 2008 to Jan 14, 2018

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## FOOTNOTE INFORMATION (continued)

(SHARE OPTION) (continued)

Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008) (continued)

### 1. Outline, size and change of the number of share option (continued)

(1) Outline of share option (continued)

Company Name	Xinhua Finance Media Limited							
Year	2006		2007			2008		
Type	Restricted share (*4)	Share Option	Share option (1)	Share option (2)	Share option (3)	Restricted shares (*5)	Share option (1)	Share option (2)
Category and number of person designated	1 director	190 employees	1 employee	3 independent directors	4 independent directors	4 directors and 94 employees	2 directors	6 directors
Class and number of objective shares (*1)	11,050,000 Class A Common Shares	11,198,180 Class A Common Shares	221,280 Class A Common Shares	90,000 Class A Common Shares	120,000 Class A Common Shares	5,576,000 Class A Ordinary Shares	60,000 Class A Ordinary Shares	120,000 Class A Ordinary Shares
Grant date	June 13, 2006	July 11, 2006	January 15, 2007	April 25, 2007	September 26, 2007	February 19, 2008	April 30, 2008	June 13, 2008
Terms and condition for vesting	(*4)	1/2 to be vested by Dec 31, 2007 or upon certain corporate event, whichever is earlier; 1/4 vested on Dec 31, 2008, 1/4 vested on Dec 31, 2009 (*3)	—	1/3 vested on Mar 8, 2008, 1/3 vested on Mar 8, 2009 and 1/3 vested on Mar 8, 2010	1/3 vested on Sep 26, 2008, 1/3 vested on Sep 26, 2009 and 1/3 vested on Sep 26, 2010	1/3 vested on Mar 31, 2008, 1/3 vested on Mar 31, 2009 and 1/3 vested on Mar 31, 2010 (*6)	1/3 vested on Apr 30, 2009, 1/3 vested on Apr 30, 2010 and 1/3 vested on Apr 30, 2011 (*7)	1/3 vested on June 13, 2008, 1/3 vested on June 13, 2009 and 1/3 vested on June 13, 2010 (*7)
Service period required to be vested	From June 13, 2006 to June 13, 2011	From June 11, 2006 to Dec 31, 2009	—	From Apr 25, 2007 to Mar 8, 2010	From Sep 26, 2007 to Sep 26, 2010	From Feb 19, 2008 to Mar 31, 2010	From Apr 30, 2008 to Apr 30, 2011	From June 13, 2008 to June 13, 2010
Exercisable period	From June 13, 2007 to June 13, 2011	From December 31, 2007 or upon certain corporate event, whichever is the earlier to July 11, 2011	From Mar 9, 2007 to Mar 8, 2008	From Mar 8, 2008 to Apr 24, 2017	From Sep 26, 2008 to Sep 25, 2017	From Mar 31, 2008 to Feb 18, 2018	From Apr 30, 2009 to Apr 29, 2018	From June 13, 2008 to June 12, 2018

## FOOTNOTE INFORMATION (continued)

### (SHARE OPTION) (continued)

#### Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008) (continued)

#### 1. Outline, size and change of the number of share option (continued)

##### (1) Outline of share option (continued)

(\*1) The number of shares to be applied.

All options granted prior to 2006 have all been adjusted for the 2,000 to 1 share reverse share split in August 24, 2004 and 3 for 1 share split in September 22, 2005.

(\*2) If employment is terminated for cause, vesting will cease and any un-exercised portion of the option will be forfeited immediately on the last employment date.

If employment is terminated voluntarily by the employee:

- 1) Unvested options (if any) which are scheduled to vest in the same calendar year of the termination will vest on the last day of that calendar year, and expire 12 months after the date of vesting
- 2) All unvested options (if any) scheduled to vest in subsequent years will be forfeited
- 3) All vested options can be exercised until expiration which will be the later of 12 months from the date of termination and 12 months after the date of vesting of any options in the year of termination (if any).

(\*3) If employment is terminated with or without cause, the option agreement permits the exercise or purchase of the options granted for a period of 3 months following the recipient's voluntary termination of service with the Group, or the recipient's disability or death, the options will terminate to the extent not exercised or purchased on the last day of the specified period or the last day of the original term of the options, whichever occurs first. If employment is terminated voluntarily by the employee, vesting will cease and any un-exercised portion of the option will expire three months after the date of termination.

(\*4) Issued shares which have the terms and conditions for vesting. The relevant shareholder does not obtain any shareholder's rights until the vesting period elapses. These shares are substantially equal to share options, therefore, accounting treatments are the same as that of share options. Pursuant to a resolution passed on March 7, 2007, the vesting period of the 11,050,000 common shares is revised as below:

1,500,000 shares vested on March 9, 2007  
 2,210,000 shares will vest on June 13, 2008  
 2,210,000 shares will vest on June 13, 2009  
 2,210,000 shares will vest on June 13, 2010  
 2,920,000 shares will vest on June 13, 2011

(\*5) Issued shares which have the terms and conditions for vesting. The relevant shareholder does not obtain any shareholder's rights until the vesting period lapses. These shares are substantially equal to share options, therefore, accounting treatments are the same as that of share options.

(\*6) If employment is terminated for cause or voluntarily by the employee, the right to vest in the restricted shares grant will terminate effective as of the earlier of

- 1) the date that the employee gives or is provided with written notice of Termination of Service,
- 2) if the employee is an employee of any subsidiary, the date that the employee is no longer actively employed and physically present on the premises of the Company or any of its subsidiaries, regardless of any notice period or period of pay in lieu of such notice required under any applicable statute or the common law.
- 3) if the employee is an employee of any subsidiary, the date on which your employer ceases to be a subsidiary of the Company.

In the event of a change in control of the company, the unvested portion of restricted shares grant shall be accelerated and become fully vested and shall be issued by the Company immediately prior to the consummation of such transaction.

(\*7) If the service is terminated for cause or voluntarily by the directors, the right to vest in the share option grant will terminate effective as of the earlier of the date that they give or are provided with written notice of Termination of Service.

In the event of a change in control of the company, the unvested portion of share option grant shall be accelerated and become fully vested and shall be issued by the Company immediately prior to the consummation of such transaction.

(\*8) Xinhua Finance Media Limited has been transferred from a consolidated subsidiary to an associate from December 31, 2008.

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## FOOTNOTE INFORMATION (continued)

(SHARE OPTION) (continued)

Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008) (continued)

### 1. Outline, size and change of the number of share option (continued)

(2) Size and change of the number of share option

(i) Number of objective shares of share option

(Unit: share)

Company Name	The Company						Xinhua Finance Media Limited								
	2005	2006				2008	2006			2007			2008		
Type	Share Option	Share Option (1)	Share Option (2)	Share Option (3)	Share Option (4)	Restricted shares	Restricted share	Share Option	Share Option (1)	Share Option (2)	Share Option (3)	Restricted shares	Share Option (1)	Share Option (2)	
Number of objective shares for unvested option															
Beginning balance of the period	—	—	—	8,684	38	—	9,550,000	5,001,171	—	90,000	120,000	—	—	—	
Granted	—	—	—	—	—	150	—	—	—	—	—	5,576,000	60,000	120,000	
Lapsed	—	—	—	3,037	38	100	—	664,081	—	—	—	612,800	—	—	
Vested	—	—	—	5,647	—	50	9,550,000	3,580,254	—	30,000	40,000	2,952,400	—	40,008	
Unvested balance	—	—	—	—	—	—	—	756,836	—	60,000	80,000	2,010,800	60,000	79,992	
Number of objective shares for vested option															
Beginning balance of the period	11,110	5,000	5,000	14,660	76	—	—	2,467,556	221,280	—	—	—	—	—	
Vested	—	—	—	5,647	—	50	9,550,000	3,580,254	—	30,000	40,000	2,952,400	—	40,008	
Exercised	—	—	—	—	—	50	9,550,000	194,662	—	—	—	—	—	—	
Lapsed (or derestricted)	1,536	—	2,500	1,662	76	—	—	94,343	221,280	—	—	6,000	—	—	
Unexercised balance	9,574	5,000	2,500	18,645	—	—	—	5,758,805	—	30,000	40,000	2,946,400	—	40,008	

Note: Xinhua Finance Media Limited has been transferred from a consolidated subsidiary to an associate from December 31, 2008.

(ii) Unit price information

Company Name	The Company						Xinhua Finance Media Limited								
	2005	2006				2008	2006			2007			2008		
Type	Share Option	Share option (1)	Share option (2)	Share option (3)	Share Option (4)	Restricted Share	Restricted Share	Share Option	Share Option (1)	Share Option (2)	Share Option (3)	Restricted Share	Share Option (1)	Share Option (2)	
Exercise price	JPY49,316	JPY74,247	JPY71,844	JPY71,844	JPY71,844	—	USD0.001	USD0.001	USD5.0	USD6.50	USD4.39	—	USD1.640	USD1.265	
Average price of shares upon exercise	JPY77,520	—	—	JPY80,556	—	—	—	USD3.62	—	—	—	—	—	—	
Fair value of option at grant date per option	—	—	—	—	USD252.92	JPY16,900	USD0.60	USD0.60	USD2.0808	USD0.60	USD1.8516	USD4.48	USD1.3930	USD1.5467	

Note: Xinhua Finance Media Limited has been transferred from a consolidated subsidiary to an associate from December 31, 2008.

## FOOTNOTE INFORMATION (continued)

## (SHARE OPTION) (continued)

Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008) (continued)

**2. Valuation Method for Share Option**

Determination of estimated fair value of share option granted during the fiscal year is as follows.

(1) *Valuation method used*

Share option : Black-Scholes Model, Binominal Model and its variants

(2) *Factors and basis of estimation*

Company Name	Xinhua Finance Media Limited	
	Share Option (1)	Share Option (2)
Type		
Price volatility (*1)	88%	93%
Estimated remaining exercisable period (*2)	10 years	10 years
Estimated dividend (*3)	NIL	NIL
Free risk rate (*4)	3.770%	4.270%

(\*1) It calculates based on the stock prices results of one year.

(\*2) It is assumed that the grantee will exercise the option at the time of vesting, therefore, it is calculated in assumption that the estimated remaining period of share options equals to service period required to be vested.

(\*3) With reference to the track record, it is assumed the dividend is zero during the estimated option life attributable to ordinary shares.

(\*4) The risk free rate has made reference to the yield of US Treasury bond applicable to the estimated remaining period of options.

(\*5) Xinhua Finance Media Limited has been transferred from a consolidated subsidiary to an associate from December 31, 2008.

**3. Determination of estimation for number of share option to be vested**

Actual lapsed number shall be considered because grantee will exercise the option at the time of vesting.

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## FOOTNOTE INFORMATION (continued)

### (WARRANT AND SHARE-BASED PAYMENT)

Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007)

#### 1. Outline, size and change of warrant and share-based payment

(1) Outline of warrant and share-based payment

Company Name	The Company			
	2004	2005	2006	
Type	Share-Based Payment	Share-Based Payment	Warrant	Share-based payment (1)
Category and number of person designated	230 employees	2 directors of the group, 1 adviser and 3 employees	1 third party	1 third party
Class and number of objective shares (*2)	79,129.26 Ordinary shares	28,168 ordinary shares	20,000 ordinary shares	2,000 ordinary shares
Grant date (*1)	April 6; Jun 17, 21, 22, 30; Jul 11 & 19; Aug 16 & 20; Dec 28 & 30, 2004 (*3)	Jul 15, Sept 15 & Dec 15, 2005	February 14, 2006	February 14, 2006
Exercisable period	—	—	From February 15, 2007 to February 16, 2009	—

Company Name	The Company			
	2006			2007
Type	Share-based payment (2)	Share-based payment (3)	Share-based payment (4)	Share-based payment (1)
Category and number of person designated	1 third party	2 directors and 4 employees	1 director	145 Employees 1 Director
Class and number of objective shares (*2)	1,500 ordinary shares	18,107 ordinary shares	800 ordinary shares	10,591 Ordinary shares
Grant date (*1)	July 25, 2006	September 6, 2006	September 22, 2006	August 31, 2007
Terms and condition for vesting	—	—	—	1/3 vested on Dec 31, 2007, 1/3 vested on Dec 31, 2008 and 1/3 vested on Dec 31, 2009

## FOOTNOTE INFORMATION (continued)

### (WARRANT AND SHARE-BASED PAYMENT) (continued)

Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007) (continued)

#### 1. Outline, size and change of warrant and share-based payment (continued)

(1) Outline of warrant and share-based payment (continued)

Company Name	The Company			
Year	2007			
Type	Share-based payment (2)	Share-based payment (3)	Share-based payment (4)	Share-based payment (5)
Category and number of person designated	1 Employee	1 Employee	1 Employee	1 Ex-employee
Class and number of objective shares (*2)	500 Ordinary shares	3,000 Ordinary shares	3,000 Ordinary shares	1,463 Ordinary shares
Grant date (*1)	September 11, 2007	September 11, 2007	September 11, 2007	September 11, 2007
Terms and condition for vesting	—	1/3 vested on Dec 31, 2007, 1/3 vested on Dec 31, 2008 and 1/3 vested on Dec 31, 2009	(*4)	(*5)

Company Name	The Company			
Year	2007			
Type	Share-based payment (6)	Share-based payment (7)	Share-based payment (8)	Share-based payment (9)
Category and number of person designated	3 Directors	1 Employee	1 Ex-employee	1 Consultant
Class and number of objective shares (*2)	1,150 Ordinary shares	34 Ordinary shares	2,000 Ordinary shares	4,000 Ordinary shares
Grant date (*1)	September 20, 2007	October 5, 2007	November 5, 2007	November 5, 2007
Terms and condition for vesting	1/2 vested on Dec 31, 2007, 1/2 vested on Dec 31, 2008	—	—	1/2 vested on Dec 31, 2008, 1/2 vested on Dec 31, 2009

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## FOOTNOTE INFORMATION (continued)

(WARRANT AND SHARE-BASED PAYMENT) (continued)

Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007) (continued)

### 1. Outline, size and change of warrant and share-based payment (continued)

(1) *Outline of warrant and share-based payment (continued)*

Company Name	The Company	Xinhua Finance Media Limited	
Year	2007	2006	
Type	Share-based payment (10)	Warrant (1)	Warrant (2)
Category and number of person designated	5 Employees	1 shareholder	1 consultant
Class and number of objective shares (*2)	451 Ordinary shares	4,099,968 Class A Common Shares	630,000 Class A Common Shares
Grant date (*1)	November 9, 2007	September 22, 2006	December 7, 2006
Terms and condition for vesting (or Exercisable period)	1/3 vested on Dec 31, 2007, 1/3 vested on Dec 31, 2008 and 1/3 vested on Dec 31, 2009	From September 22, 2006 to September 22, 2011	From December 7, 2006 to December 7, 2011

(\*1) Contract date as for the share-based payment

(\*2) The number of shares to be applied.

All shares and options granted prior to 2006 have all been adjusted for the 2,000 to 1 share reverse share split in August 24, 2004 and 3 for 1 share split in September 22, 2005.

(\*3) Detailed terms and conditions are approved by the board in April 2004.

(\*4) 1/3 immediate, 1/3 restricted selling until September 11, 2008 and 1/3 restricted selling until September 11, 2009.

(\*5) 100% of the shares are locked up on date of grant such that 1/3 will be freely tradable on December 31, 2007, 1/3 will be freely tradable on December 31, 2008 and 1/3 will be tradable on December 31, 2009.

## FOOTNOTE INFORMATION (continued)

## (WARRANT AND SHARE-BASED PAYMENT) (continued)

Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007) (continued)

## 1. Outline, size and change of warrant and share-based payment (continued)

(2) Size and change of the number of warrant

(i) Number of objective shares of warrant

(Unit: share)

Company Name	The Company	Xinhua Finance Media Limited	
Year	2006		
Type	Warrant	Warrant (1)	Warrant (2)
Number of objective shares for vested option			
Beginning balance of the period	20,000	4,099,968	630,000
Vested	—	—	—
Exercised	—	—	—
Lapsed	—	—	—
Unexercised balance	20,000	4,099,968	630,000

(ii) Unit price information

Company Name	The Company	Xinhua Finance Media Limited	
Year	2006		
Type	Warrant	Warrant (1)	Warrant (2)
Exercise price	JPY82,500	USD3.659	USD3.659
Average price of shares upon exercise	—	—	—
Fair value of option at grant date per warrant	USD8.44	USD0.15	USD0.18

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## FOOTNOTE INFORMATION (continued)

### (WARRANT AND SHARE-BASED PAYMENT) (continued)

Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008)

#### 1. Outline, size and change of warrant and share-based payment

(1) Outline of warrant and share-based payment

Company Name	The Company			
	2004	2005	2006	
Type	Share-Based Payment	Share-Based Payment	Warrant	Share-based payment (1)
Category and number of person designated	230 employees	2 directors of the group, 1 adviser and 3 employees	1 third party	1 third party
Class and number of objective shares (*2)	79,129.26 Ordinary shares	28,168 ordinary shares	20,000 ordinary shares	2,000 ordinary shares
Grant date (*1)	April 6; Jun 17, 21, 22, 30; Jul 11 & 19; Aug 16 & 20; Dec 28 & 30, 2004 (*3)	Jul 15, Sept 15 & Dec 15, 2005	February 14, 2006	February 14, 2006
Exercisable period	—	—	From February 15, 2007 to February 16, 2009	—

Company Name	The Company			
	2006			2007
Type	Share-based payment (2)	Share-based payment (3)	Share-based payment (4)	Share-based payment (1)
Category and number of person designated	1 third party	2 directors and 4 employees	1 director	145 Employees 1 Director
Class and number of objective shares (*2)	1,500 ordinary shares	18,107 ordinary shares	800 ordinary shares	10,591 Ordinary shares
Grant date (*1)	July 25, 2006	September 6, 2006	September 22, 2006	August 31, 2007
Terms and condition for vesting	—	—	—	1/3 vested on Dec 31, 2007, 1/3 vested on Dec 31, 2008 and 1/3 vested on Dec 31, 2009 (*7)

## FOOTNOTE INFORMATION (continued)

### (WARRANT AND SHARE-BASED PAYMENT) (continued)

Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008) (continued)

#### 1. Outline, size and change of warrant and share-based payment (continued)

(1) Outline of warrant and share-based payment (continued)

Company Name	The Company			
Year	2007			
Type	Share-based payment (2)	Share-based payment (3)	Share-based payment (4)	Share-based payment (5)
Category and number of person designated	1 Employee	1 Employee	1 Employee	1 Ex-employee
Class and number of objective shares (*2)	500 Ordinary shares	3,000 Ordinary shares	3,000 Ordinary shares	1,463 Ordinary shares
Grant date (*1)	September 11, 2007	September 11, 2007	September 11, 2007	September 11, 2007
Terms and condition for vesting	—	1/3 vested on Dec 31, 2007, 1/3 vested on Dec 31, 2008 and 1/3 vested on Dec 31, 2009	(*4)	(*5)

Company Name	The Company			
Year	2007			
Type	Share-based payment (6)	Share-based payment (7)	Share-based payment (8)	Share-based payment (9)
Category and number of person designated	3 Directors	1 Employee	1 Ex-employee	1 Consultant
Class and number of objective shares (*2)	1,150 Ordinary shares	34 Ordinary shares	2,000 Ordinary shares	4,000 Ordinary shares
Grant date (*1)	September 20, 2007	October 5, 2007	November 5, 2007	November 5, 2007
Terms and condition for vesting	1/2 vested on Dec 31, 2007, 1/2 vested on Dec 31, 2008	—	—	1/2 vested on Dec 31, 2008, 1/2 vested on Dec 31, 2009 (*8)

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## FOOTNOTE INFORMATION (continued)

(WARRANT AND SHARE-BASED PAYMENT) (continued)

Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008) (continued)

### 1. Outline, size and change of warrant and share-based payment (continued)

(1) Outline of warrant and share-based payment (continued)

Company Name	The Company		Xinhua Finance Media Limited		
	2007	2008	2006		2008
Year	Share-based payment (10)	Share-based payment	Warrant (1)	Warrant (2)	Warrant
Category and number of person designated	5 Employees	1 Ex-employee	1 shareholder	1 consultant	1 consultant
Class and number of objective shares (*2)	451 Ordinary shares	116 Ordinary shares	4,099,968 Class A Common Shares	630,000 Class A Common Shares	400,000 Class A Ordinary Shares
Grant date (*1)	November 9, 2007	May 14, 2008	September 22, 2006	December 7, 2006	April 1, 2008
Terms and condition for vesting (or Exercisable period)	1/3 vested on Dec 31, 2007, 1/3 vested on Dec 31, 2008 and 1/3 vested on Dec 31, 2009	—	From September 22, 2006 to September 22, 2011	From December 7, 2006 to December 7, 2011	From Dec 31, 2008 to Dec 31, 2011

(\*1) Contract date as for the share-based payment

(\*2) The number of shares to be applied.

All shares and options granted prior to 2006 have all been adjusted for the 2,000 to 1 share reverse share split in August 24, 2004 and 3 for 1 share split in September 22, 2005.

(\*3) Detailed terms and conditions are approved by the board in April 2004.

(\*4) 1/3 immediate, 1/3 restricted selling until September 11, 2008 and 1/3 restricted selling until September 11, 2009.

(\*5) 100% of the shares are locked up on date of grant such that 1/3 will be freely tradable on December 31, 2007, 1/3 will be freely tradable on December 31, 2008 and 1/3 will be tradable on December 31, 2009.

(\*6) Xinhua Finance Media Limited has been transferred from a consolidated subsidiary to an associate from December 31, 2008.

(\*7) On December 26, 2008, the Company has offered the grantee a cash payment of USD60.90 per share being settlement in full of Restricted Shares grant which the grantee are entitled to. Unvested shares grant of 1,967 shares were settled under this arrangement.

(\*8) The 2,000 shares to be vested on December 31, 2009 have been early vested on December 31, 2008.

## FOOTNOTE INFORMATION (continued)

### (WARRANT AND SHARE-BASED PAYMENT) (continued)

Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008) (continued)

**1. Outline, size and change of warrant and share-based payment (continued)**

(2) *Size and change of the number of warrant*

(i) Number of objective shares of warrant

(Unit: share)

Company Name	The Company
Year	2006
Type	Warrant
Number of objective shares for vested option	
Beginning balance of the period	20,000
Vested	—
Exercised	—
Lapsed	—
Cancelled	20,000
Unexercised balance	—

Company Name	Xinhua Finance Media Limited		
Year	2006		2008
Type	Warrant (1)	Warrant (2)	Warrant
Number of objective shares for vested option			
Beginning balance of the period	4,099,968	630,000	—
Vested	—	—	140,000
Exercised	—	—	—
Lapsed	—	—	—
Unexercised balance	4,099,968	630,000	140,000

Note: Xinhua Finance Media Limited has been transferred from a consolidated subsidiary to an associate from December 31, 2008.

(ii) Unit price information

Company Name	The Company	Xinhua Finance Media Limited		
Year	2006	2006		2008
Type	Warrant	Warrant (1)	Warrant (2)	Warrant
Exercise price	JPY82,500	USD3.659	USD3.659	USD1.3250
Average price of shares upon exercise	—	—	—	—
Fair value of option at grant date per warrant	USD8.44	USD0.15	USD0.18	USD0.9663

Note: Xinhua Finance Media Limited has been transferred from a consolidated subsidiary to an associate from December 31, 2008.

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## FOOTNOTE INFORMATION (continued)

### (TAXATION)

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Consolidated fiscal year — prior year (As of December 31, 2007)		Consolidated fiscal year — current year (As of December 31, 2008)	
<b>1</b>	<b>Major components of deferred tax assets and liabilities</b>	<b>1</b>	<b>Major components of deferred tax assets and liabilities</b>
	(Deferred tax assets)		(Deferred tax assets)
	Unutilized tax losses		Unutilized tax losses
	1,867		9,405
	(170)		(856)
	Allowance for doubtful accounts		Allowance for doubtful accounts
	62		65
	(6)		(6)
	Accruals		Accruals
	118		446
	(11)		(41)
	Other		Other
	351		327
	(32)		(30)
	Subtotal		Subtotal
	2,397		10,243
	(218)		(932)
	Valuation reserve		Valuation reserve
	△2,188		△10,239
	(△199)		(△932)
	Total deferred tax assets		Total deferred tax assets
	209		3
	(19)		(0)
	(Deferred tax liabilities)		(Deferred tax liabilities)
	Revaluation of subsidiaries' assets and liabilities on consolidation		Revaluation of subsidiaries' assets and liabilities on consolidation
	△11,719		△158
	(△1,067)		(△14)
	Other		Other
	△103		△47
	(△9)		(△4)
	Total deferred tax liabilities		Total deferred tax liabilities
	△11,822		△206
	(△1,076)		(△19)
	Net of deferred tax assets and deferred tax liabilities		Net of deferred tax assets and deferred tax liabilities
	△11,613		△202
	(△1,057)		(△18)

## FOOTNOTE INFORMATION (continued)

### (TAXATION) (continued)

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Consolidated fiscal year — prior year (As of December 31, 2007)		Consolidated fiscal year — current year (As of December 31, 2008)	
Net of deferred tax assets and deferred tax liabilities appear on the Consolidated Balance Sheets as follows:		Net of deferred tax assets and deferred tax liabilities appear on the Consolidated Balance Sheets as follows:	
Deferred tax assets — current	20	Deferred tax assets — current	—
	(2)		(—)
Deferred tax assets — non-current	189	Deferred tax assets — non-current	—
	(17)		(—)
Deferred tax liabilities — current	—	Deferred tax liabilities — current	—
	(—)		(—)
Deferred tax liabilities — non-current	△ 11,822	Deferred tax liabilities — non-current	△ 202
	(△ 1,076)		(△ 18)
<b>2 Reconciliation between the normal statutory tax rate and the actual effective tax rate</b>		<b>2 Reconciliation between the normal statutory tax rate and the actual effective tax rate</b>	
Tax at the applicable income tax rate	17.5%	Tax at the applicable income tax rate	16.5%
(Reconciliation)		(Reconciliation)	
Tax effect of expenses not deductible for tax purposes	58.4%	Tax effect of expenses not deductible for tax purposes	△ 16.6%
Tax effect of income not taxable for tax purposes	△ 98.6%	Tax effect of income not taxable for tax purposes	0.2%
Tax effect of unrecognized tax losses	1.9%	Effect of different tax rates of subsidiaries operating in other jurisdictions	△ 2.0%
Effect of different tax rates of subsidiaries operating in other jurisdictions	6.2%	Other	△ 0.2%
Other	29.7%	Tax effect and effective tax rate for the year	△ 2.1%
Tax effect and effective tax rate for the year	15.0%		

### (BUSINESS COMBINATIONS)

Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007)

#### PURCHASE METHOD

##### 1. Outline

The company and its group acquired the 100% interests of Kinetic Information System Services Limited on January 4, 2007, Multi Interactive Communication Limited on June 4, 2007, Guangzhou Singshine Entertainment and Advertising Co., Ltd. on June 11, 2007, Shanghai Singshine Marketing Service Co., Ltd. on June 11, 2007, Good Speed Holdings Limited on July 2, 2007 and Profitown Development Limited on November 27, 2007, 80% of interests of Shanghai Tongxin Information Technology Consulting Co. Ltd. on March 12, 2007, 49% of interests of Beijing Perspective Orient Movie and Television Intermediary Co., Ltd. on November 13, 2007 and 70% of interests of Small World Television Limited on August 22, 2007.

##### 2. The legal form of business combination

Purchase of interests

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## FOOTNOTE INFORMATION (continued)

### (BUSINESS COMBINATIONS) (continued)

#### PURCHASE METHOD (continued)

#### 3. Summary of subsequent consideration on stock purchase agreement and its accounting policy

a. *Summary of subsequent consideration*

The consideration for the acquisition of interests of Multi Interactive Communication Limited, Guangzhou Singshine Entertainment and Advertising Co., Ltd., Good Speed Holdings Limited, Profitown Development Limited and Shanghai Tongxin Information Technology Consulting Co. Ltd. could fluctuate since the final payments are based on the future operating results or EBITDA of the respective company.

b. *Accounting Policy*

Goodwill and amortization of goodwill will be adjusted based on the subsequent consideration as if the adjustment were made on the acquisition date.

#### 4. Allocation of the acquisition cost

The allocation of the acquisition cost of Kinetic Information System Services Limited, Multi Interactive Communication Limited, Profitown Development Limited, Shanghai Tongxin Information Technology Consulting Co. Ltd., Beijing Perspective Orient Movie and Television Intermediary Co., Ltd. and Small World Television Limited has not been completed at the balance sheet date because the valuation is not completed. Therefore, a tentative accounting treatment is applied based on the reasonable information which is available at the balance sheet date.

#### Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008)

#### 1. Significant adjustment on original allocations of acquisition costs

The allocation of acquisition costs of Kinetic Information System Services Limited, Shanghai Tongxin Information Technology Consulting Co., Limited, East Alliance Limited, Guangzhou Singshine Communication Co., Limited, Shanghai Singshine Marketing Service Co., Ltd., Beijing Perspective Orient Movie and Television Intermediary Co., Ltd., JCBN Co., Ltd and Profitown Development Limited had not been determined at the previous year end because the valuation had not been completed.

The amount of adjustment made on goodwill by reviewing the allocation in this fiscal year is as follows:

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Item	Adjustment made on goodwill
Intangible assets	△ 5,548 (△ 505)
Deferred tax liabilities	1,503 (137)
Total	△ 4,045 (△ 368)

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## FOOTNOTE INFORMATION (continued)

### (SEGMENT INFORMATION)

#### **[Business segmental information]**

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

		Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007)				
		Financial information business	Media business	Total	Eliminated or unallocated	Consolidated
1	Sales and operating income/loss					
	Sales					
(1)	Outside customer	122,900	134,776	257,676	—	257,676
		(11,188)	(12,269)	(23,456)	(—)	(23,456)
(2)	Inter segment or transfer	42	62	105	△ 105	—
		(4)	(6)	(10)	(△ 10)	(—)
	<b>Total</b>	<b>122,942</b>	<b>134,839</b>	<b>257,781</b>	<b>△ 105</b>	<b>257,676</b>
		<b>(11,191)</b>	<b>(12,274)</b>	<b>(23,466)</b>	<b>(△ 10)</b>	<b>(23,456)</b>
	Operating expenses	133,308	128,174	261,482	9,267	270,749
		(12,135)	(11,668)	(23,803)	(844)	(24,646)
	Operating income (△ loss)	△ 10,366 (△ 944)	6,665 (607)	△ 3,701 (△ 337)	△ 9,372 (△ 853)	△ 13,073 (△ 1,190)
2	Assets, depreciation and amortization, impairment loss and capital expenditures					
	Assets	328,201	638,897	967,099	—	967,099
		(29,876)	(58,159)	(88,035)	(—)	(88,035)
	Depreciation and amortization	5,848	15,434	21,282	—	21,282
		(532)	(1,405)	(1,937)	(—)	(1,937)
	Impairment loss	6,592	—	6,592	—	6,592
		(600)	(—)	(600)	(—)	(600)
	Capital expenditures	22,562	107,666	130,227	—	130,227
		(2,054)	(9,801)	(11,855)	(—)	(11,855)

#### Notes

1 Business segments are based on its nature and management classification of turnover.

2 Business segments comprise of the followings:

- (1) Financial information business.....Financial information business includes the provision of indices, financial news feeds, credit ratings and investor relations services.
- (2) Media business.....Media business includes publishing financial books and magazine, television consulting and distribution and other media and advertising related businesses.

3 Operating expenses classified as the Eliminated or unallocated are the unallocated expenses related to the managerial department of the Company.

4 Change in business segment

The Group had disclosed its operating results in one business segment as provision and distribution of financial information and relevant services, that consisted of market indices, financial news, credit ratings, investor relations and media and advertising related services. Effective from this second half disclosure, the segmentation of the Group has been divided into two segments, namely, Financial information business and Media business. Management believes that the new business segmentation more accurately reflects the Group's actual operations as the Media business of the Group was enhanced by the public offering of the consolidated subsidiary, Xinhua Finance Media Limited, and by the increase of acquisitions of media-related companies that occurred in the second half of this year.

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## FOOTNOTE INFORMATION (continued)

(SEGMENT INFORMATION) (continued)

**[Business segmental information] (continued)**

Pro forma information of Media business assuming that the new segmentation were applied to prior year and semiannual of this year is as follows:

(Unit: Thousands of U.S. dollar (Millions of Japanese yen))

	<b>Consolidated fiscal year — prior year</b> <b>(From January 1, 2006 to December 31, 2006)</b>	<b>1st half —</b> <b>Consolidated fiscal period — current year</b> <b>(From January 1, 2007 to June 30, 2007)</b>
Sales		
(1) Outside customer	59,573 (5,423)	45,639 (4,155)
(2) Inter segment or transfer	— (—)	— (—)
Total	59,573 (5,423)	45,639 (4,155)
Operating expenses	56,976 (5,187)	46,291 (4,214)
Operating income (△loss)	2,597 (236)	△652 (△59)
Assets	384,553 (35,006)	— (—)
Depreciation and amortization	5,950 (542)	— (—)
Capital expenditures	328,751 (29,926)	— (—)

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## FOOTNOTE INFORMATION (continued)

### (SEGMENT INFORMATION)

Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008)

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

	Financial information business	Media business	Total	Eliminated or unallocated	Consolidated
I					
Sales and operating income/loss					
Sales					
(1) Outside customer	93,320	186,031	279,351	—	279,351
	(8,495)	(16,934)	(25,429)	(—)	(25,429)
(2) Inter segment or transfer	—	—	—	—	—
	(—)	(—)	(—)	(—)	(—)
Total	93,320	186,031	279,351	—	279,351
	(8,495)	(16,934)	(25,429)	(—)	(25,429)
Operating expenses	100,788	212,012	312,799	11,389	324,188
	(9,175)	(19,299)	(28,474)	(1,037)	(29,511)
Operating income (△loss)	△7,468	△25,981	△33,449	△11,389	△44,838
	(△680)	(△2,365)	(△3,045)	(△1,037)	(△4,082)
II					
Assets, depreciation and amortization, impairment loss and capital expenditures					
Assets	216,113	—	216,113	—	216,113
	(19,673)	(—)	(19,673)	(—)	(19,673)
Depreciation and amortization	3,384	21,235	24,619	—	24,619
	(308)	(1,933)	(2,241)	(—)	(2,241)
Impairment loss	39,148	164,555	203,703	—	203,703
	(3,564)	(14,979)	(18,543)	(—)	(18,543)
Capital expenditures	5,188	19,640	24,828	—	24,828
	(472)	(1,788)	(2,260)	(—)	(2,260)

#### Notes

- Business segments are based on its nature and management classification of turnover.
- Business segments comprise of the followings:
  - Financial information business.....Financial information business includes the provision of indices, financial news feeds, credit ratings and investor relations services.
  - Media business.....Media business includes publishing financial books and magazine, television consulting and distribution and other media and advertising related businesses.
- Operating expenses of USD11,389 thousand (JPY1,037 million) classified as the Eliminated or unallocated are the unallocated expenses related to the managerial department of the Company.
- XFM and its subsidiaries, which were in Media business in the current year, were excluded from the scope of consolidation in the current year. As a consequence, XFM is now held as an associate, which is accounted for under the equity method. As the control on XFM by the Company was dissolved on December 31, 2008, only the assets related to the media business is excluded.

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## FOOTNOTE INFORMATION (continued)

(SEGMENT INFORMATION) (continued)

**[Regional segmental information]**

Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007)

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

	Japan	Asia	North America	Others	Total	Eliminated or unallocated	Consolidated
I Sales and operating income/loss							
Sales							
(1) Outside customer	637 (58)	162,202 (14,765)	94,689 (8,620)	148 (13)	257,676 (23,456)	— (—)	257,676 (23,456)
(2) Inter segment or transfer	— (—)	11,048 (1,006)	1,618 (147)	4,840 (441)	17,506 (1,594)	△17,506 (△1,594)	— (—)
Total	637 (58)	173,250 (15,771)	96,307 (8,767)	4,988 (454)	275,182 (25,050)	△17,506 (△1,594)	257,676 (23,456)
Operating expenses	1,133 (103)	163,672 (14,899)	104,611 (9,523)	18,046 (1,643)	287,463 (26,168)	△16,715 (△1,522)	270,749 (24,646)
Operating income (△loss)	△496 (△45)	9,577 (872)	△8,304 (△756)	△13,059 (△1,189)	△12,282 (△1,118)	△791 (△72)	△13,073 (△1,190)
II Assets	170 (15)	790,662 (71,974)	164,173 (14,945)	12,094 (1,101)	967,099 (88,035)	— (—)	967,099 (88,035)

Notes

- 1 Location segments are based on geographical proximity.
- 2 Main countries or locations which do not belong to Japan:
  - (1) Asia ..... Hong Kong, China, Singapore and other locations.
  - (2) North America.....U.S.A.
  - (3) Others..... U.K., British West Indies and other locations.
- 3 There is no unallocated operating expenses included in the eliminated or unallocated column above.

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## FOOTNOTE INFORMATION (continued)

(SEGMENT INFORMATION) (continued)

**[Regional segmental information] (continued)**

**Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008)**

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

	Japan	Asia	North America	Others	Total	Eliminated or unallocated	Consolidated
I Sales and operating income/loss							
Sales							
(1) Outside customer	468 (43)	220,151 (20,040)	58,693 (5,343)	39 (4)	279,351 (25,429)	— (—)	279,351 (25,429)
(2) Inter segment or transfer	— (—)	7,582 (690)	1,222 (111)	2,238 (204)	11,042 (1,005)	△ 11,042 (△ 1,005)	— (—)
Total	468 (43)	227,734 (20,731)	59,915 (5,454)	2,277 (207)	290,393 (26,434)	△ 11,042 (△ 1,005)	279,351 (25,429)
Operating expenses	843 (77)	253,559 (23,081)	65,431 (5,956)	15,839 (1,442)	335,672 (30,556)	△ 11,483 (△ 1,045)	324,188 (29,511)
Operating income/loss (△)	△ 375 (△ 34)	△ 25,825 (△ 2,351)	△ 5,516 (△ 502)	△ 13,562 (△ 1,235)	△ 45,279 (△ 4,122)	441 (40)	△ 44,838 (△ 4,082)
II Assets	675 (61)	114,904 (10,460)	14,005 (1,275)	86,529 (7,877)	216,113 (19,673)	— (—)	216,113 (19,673)

### Notes

- 1 Location segments are based on geographical proximity.
- 2 Main countries or locations which do not belong to Japan:
  - (1) Asia ..... Hong Kong, China, Singapore and other locations.
  - (2) North America.....U.S.A.
  - (3) Others..... U.K., British West Indies and other locations.
- 3 There is no unallocated operating expenses included in the eliminated or unallocated column above.

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## FOOTNOTE INFORMATION (continued)

(SEGMENT INFORMATION) (continued)

### [Overseas sales]

Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007)

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

	Asia	North America	Europe	Others	Total
I Oversea sale	157,154 (14,306)	72,618 (6,610)	20,935 (1,906)	3,426 (312)	254,133 (23,134)
II Consolidated sale	— (—)	— (—)	— (—)	— (—)	257,676 (23,456)
III Ratio of overseas sales which accounts for consolidated sale (%)	61.0%	28.2%	8.1%	1.3%	98.6%

#### Notes

- Location segments are based on the geographical proximity.
- Main countries or locations which do not belong to Japan.:
  - Asia ..... Hong Kong, China, Singapore and other locations.
  - North America .....U.S.A. and Canada
  - Europe.....U.K., Germany and France and other locations.
  - Others.....Australia, South America and other locations.
- Overseas sales are sales of the Group recognized in countries or locations other than Japan.

Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008)

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

	Asia	North America	Europe	Others	Total
I Oversea sale	215,566 (19,623)	42,774 (3,894)	16,057 (1,462)	2,254 (205)	276,651 (25,184)
II Consolidated sale	— (—)	— (—)	— (—)	— (—)	279,351 (25,429)
III Ratio of overseas sales which accounts for consolidated sale (%)	77.2%	15.3%	5.7%	0.8%	99.0%

#### Notes

- Location segments are based on the geographical proximity.
- Main countries or locations which do not belong to Japan.:
  - Asia ..... Hong Kong, China, Singapore and other locations.
  - North America .....U.S.A. and Canada
  - Europe.....U.K., Germany, France and other locations.
  - Others.....Australia, South America and other locations.
- Overseas sales are sales of the Group recognized in countries or locations other than Japan.

## FOOTNOTE INFORMATION (continued)

### (SEGMENT INFORMATION) (continued)

#### **[Related party transactions]**

Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007)	Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008)
<p>Directors and major individual shareholders</p> <p>(1) Category Directors and major individual shareholders</p> <p>(2) Name of the related party SBI USA, LLC</p> <p>(3) Address California, USA</p> <p>(4) Nature of business Investment advisory</p> <p>(5) Ratio of voting right (held by the related party) Not Applicable</p> <p>(6) Relationship Concurrency of directors One director Business relationship Financial advisor of the Company</p> <p>(7) Nature of transactions Payment of management services fee</p> <p>(8) Amount USD60 thousand (JPY5 million)</p> <p>(9) Name of account Not Applicable</p> <p>(10) Remaining balance on balance sheet as of the year end Not Applicable</p> <p>Terms and condition of the agreement are determined in the normal course of business.</p>	<p>Directors and major individual shareholders</p> <p>(1) Category Director</p> <p>(2) Name of the related party Fredy Bush</p> <p>(3) Address Shanghai, PRC</p> <p>(4) Occupation Executive</p> <p>(5) Ratio of voting right (held by the related party) Directly held: 0.03% Indirectly held: 4.52%</p> <p>(6) Relationship Concurrency of directors Not applicable Business relationship Not applicable</p> <p>(7) Nature of transactions Purchase of receivable by the Company</p> <p>(8) Amount USD3,300 thousand (JPY300 million)</p> <p>(9) Name of account Other payable</p> <p>(10) Remaining balance on balance sheet as of the year end USD3,300 thousand (JPY300 million)</p> <p>(Note) An allowance is provided for the receivable discussed in (7) at amount considered to be uncollectible.</p>

### (PER SHARE INFORMATION)

(Unit: U.S. Dollars (Japanese Yen))

Item	Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007)	Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008)
Net assets per Share	348.24 (31,700.29)	<b>75.15</b> <b>(6,840.90)</b>
Net income/loss (△) per share	23.33 (2,123.73)	<b>△ 212.89</b> <b>(△ 19,379.08)</b>
Diluted net income per share	23.24 (2,115.54)	As the Group is in a loss position, diluted net loss per share information is not stated.

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## FOOTNOTE INFORMATION (continued)

### (PER SHARE INFORMATION) (continued)

#### Basis of calculation for the net income/loss ( $\Delta$ ) and diluted net income per share

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Item	Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007)	Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008)
Net income per share		
Net income/loss ( $\Delta$ ) for the year	23,497 (2,139)	$\Delta$ 268,322 ( $\Delta$ 24,425)
Net income NOT attributed to ordinary shareholders	— (—)	— (—)
Net income/loss ( $\Delta$ ) attributed to ordinary shares	23,497 (2,139)	$\Delta$ 268,322 ( $\Delta$ 24,425)
Average number of ordinary shares during the period/year(shares)	1,007,036.74	1,260,396.77
Diluted net income per share		
Adjustment on net income for the period/year	— (—)	— (—)
Number of ordinary shares to be increased(shares) (increased by share subscription rights)	3,857.94 (3,857.94)	— (—)
Overview of potential shares without dilutive effect excluded from the formula of diluted income per share for the period/year	6 type of share subscription rights (Number of shares to be issued upon exercise: 12,649,956 shares), and 1 type of restricted share (Number of shares: 9,550,000 shares) issued by consolidated subsidiary, Xinhua Finance Media Limited.	5 types of share subscription rights (Number of shares to be issued upon exercise: 36,217 shares), and 6 types of restricted share (Number of shares: 6,937 shares) issued by the Company.  8 types of share subscription rights (Number of shares to be issued upon exercise: 12,019,631 shares), and 2 types of restricted share (Number of shares: 4,957,200 shares) issued by associate, Xinhua Finance Media Limited.

## FOOTNOTE INFORMATION (continued)

### (SIGNIFICANT SUBSEQUENT EVENTS)

Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007)	Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008)																
<p>On February 19, 2008, Xinhua Finance Media Limited (“XFM”), a subsidiary of the Company, reached an agreement to issue USD30 million in convertible preferred shares to The Yucaipa Companies (“Yucaipa”).</p> <p>Upon this issuance, Yucaipa’s aggregate ownership in XFM’s common shares would amount to 12% of total shares outstanding, assuming full conversion of the preferred shares and including Yucaipa’s earlier purchase of USD25.7 million in common shares from existing shareholders in September 2007.</p> <p>The preferred shares will vote on an as-converted basis with the common shares.</p> <p>Yucaipa will be subject to a one year lock-up period before it can convert the preferred shares into common shares or American Depository Share (“ADS”). The preferred shares have an annual coupon of 8% payable in cash or stock at the Company’s option.</p> <p>Yucaipa will be entitled to retain one board seat for so long as Yucaipa continues to hold at least 50% of the purchased shares.</p> <p>Outline of Convertible preferred shares</p> <table border="0"> <tr> <td>(1) Type of shares:</td> <td>Convertible preferred shares</td> </tr> <tr> <td>(2) Number of shares to be issued:</td> <td>300,000 shares</td> </tr> <tr> <td>(3) Stated value per share</td> <td>USD100.00</td> </tr> <tr> <td>(4) Total amount of issue</td> <td>USD30million</td> </tr> <tr> <td>(5) Closing date:</td> <td>29 February 2008</td> </tr> <tr> <td>(6) Conversion price</td> <td>USD3.00 per common shares, subject to customary adjustment (Conversion price represents a 31% premium to the closing price on February 15, 2008.)</td> </tr> </table>	(1) Type of shares:	Convertible preferred shares	(2) Number of shares to be issued:	300,000 shares	(3) Stated value per share	USD100.00	(4) Total amount of issue	USD30million	(5) Closing date:	29 February 2008	(6) Conversion price	USD3.00 per common shares, subject to customary adjustment (Conversion price represents a 31% premium to the closing price on February 15, 2008.)	<p>1. Sale of Market News International Inc.</p> <p>On January 26, 2009, the Group sold all its equity stake (100.0%) in Market News International Inc. (“MNI”).</p> <p>(1) <b>Reason for the sale of the subsidiary</b> The Group has made a strategic decision to unlock shareholder value by focusing our resources on our core competency, which is providing valuable information to China’s financial information sector.</p> <p>(2) <b>Purchaser</b> Deutsche Borse AG</p> <p>(3) <b>Outline of MNI</b> Address: New York, U.S.A. Business: Production of financial news and information and served the global fixed income and foreign exchange market. Transactions with the Company: Not applicable</p> <p>(4) <b>Outline of the sale</b></p> <table border="0"> <tr> <td>(a)</td> <td>Number of shares sold: 100,000 shares (100%)</td> </tr> <tr> <td>(b)</td> <td>Total sale price: USD10 million in cash</td> </tr> </table>	(a)	Number of shares sold: 100,000 shares (100%)	(b)	Total sale price: USD10 million in cash
(1) Type of shares:	Convertible preferred shares																
(2) Number of shares to be issued:	300,000 shares																
(3) Stated value per share	USD100.00																
(4) Total amount of issue	USD30million																
(5) Closing date:	29 February 2008																
(6) Conversion price	USD3.00 per common shares, subject to customary adjustment (Conversion price represents a 31% premium to the closing price on February 15, 2008.)																
(a)	Number of shares sold: 100,000 shares (100%)																
(b)	Total sale price: USD10 million in cash																

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## FOOTNOTE INFORMATION (continued)

### (SIGNIFICANT SUBSEQUENT EVENTS) (continued)

Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007)	Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008)
	<p>2. Sale of Shanghai Far East Credit Rating Co., Ltd.</p> <p>On January 23, 2009, the Group sold its entire equity stake (50.0%) in Shanghai Far East Credit Rating Co., Ltd. ("SFE").</p> <p>(1) <b>Reason for the sale of the subsidiary</b> Given the current economic environment and the still evolving ratings sector in China, the corporate bond market in China has not developed as quickly as we had expected. As a result, we decided to withdraw from the investment in SFE and focus on research areas.</p> <p>(2) <b>Purchaser</b> Shanghai Dongxing Investment Holding Development Company (上海东兴投资控股发展公司)</p> <p>(3) <b>Outline of SFE</b> Address: Shanghai, PRC. Business: Local ratings provider Transactions with the Company: Not applicable</p> <p>(4) <b>Outline of the sale</b> (a) Number of shares sold: 15,000,000 shares (50%) (b) Total sale price: USD5.9 million in cash</p>

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## FOOTNOTE INFORMATION (continued)

### (SIGNIFICANT SUBSEQUENT EVENTS) (continued)

Consolidated fiscal year — prior year (From January 1, 2007 to December 31, 2007)	Consolidated fiscal year — current year (From January 1, 2008 to December 31, 2008)										
	<p>3. Redemption of Senior Guaranteed Notes</p> <p>On February 6, 2009, the Board of Directors resolved an early redemption for a portion of its Senior Guaranteed Notes (the “Notes”) and the Group announced that it has commenced a tender offer for the Notes. Subsequently, the Group completed the tender offer on March 11, 2009.</p> <p>(1) <b>Purpose of the redemption</b> The Group plans to reduce the long term indebtedness through the redemption of bonds.</p> <p>(2) <b>Payment Date</b> March 11, 2009</p> <p>(3) <b>Redemption amount</b> USD38,943 thousand</p> <p>(4) <b>Redemption price</b> 100% of the face value</p> <p>(5) <b>Outline of the Notes</b></p> <table data-bbox="959 1279 1469 1496"> <tr> <td>Original issue date:</td> <td>November 21, 2006</td> </tr> <tr> <td>Original maturity date:</td> <td>November 20, 2011</td> </tr> <tr> <td>Total amount of the Notes:</td> <td>USD100,000 thousand</td> </tr> <tr> <td>Interest rate:</td> <td>10%</td> </tr> <tr> <td>Amount outstanding as of December 31, 2008:</td> <td>USD51,261 thousand</td> </tr> </table> <p>(6) <b>Effect on interest expense saving per year</b> USD3,894 thousand</p> <p>The tender offer consideration is the result of the cash proceeds from the sale of capital stock of certain subsidiaries of the Group.</p>	Original issue date:	November 21, 2006	Original maturity date:	November 20, 2011	Total amount of the Notes:	USD100,000 thousand	Interest rate:	10%	Amount outstanding as of December 31, 2008:	USD51,261 thousand
Original issue date:	November 21, 2006										
Original maturity date:	November 20, 2011										
Total amount of the Notes:	USD100,000 thousand										
Interest rate:	10%										
Amount outstanding as of December 31, 2008:	USD51,261 thousand										

# Consolidated Financial Information

FOR THE YEAR ENDED DECEMBER 31, 2008

## CONSOLIDATED SUPPORTING SCHEDULES

### [Schedule of bond]

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Company	Description	Date of issue	Balance at the beginning of the year	Balance at the end of the year	Interest rate (%)	Assets collateralized	Date of maturity
Xinhua Finance Limited	Senior Guaranteed notes in US dollars	November 21, 2006	99,265 (9,036)	50,982 (4,641)	10%	—	2011/11/20
Total	—	—	99,265 (9,036)	50,982 (4,641)	—	—	—

Annual maturities of bond as of December 31, 2008 for the next five years are as follow:

Within 1 year	Over 1 year to 2 years	Over 2 year to 3 years	Over 3 year to 4 years	Over 4 year to 5 years
41,474 (3,775)	— (—)	9,508 (866)	— (—)	— (—)

### [Schedule of loans and obligations]

(Unit: Thousands of U.S. Dollars (Millions of Japanese Yen))

Category	Balance at the beginning of the year	Balance at the end of the year	Average interest rate (%)	Repayment date
Short-term debt	50,130 (4,563)	16,208 (1,475)	7.31%	—
Current portion of long term debt	484 (44)	— (—)	—	—
Long-term bank loans (excluding current portion)	1,234 (112)	— (—)	—	—
Other interest-bearing obligation				
Obligation under finance lease due within one year	66 (6)	9 (1)	1.83%	—
Obligation under finance lease	27 (2)	4 (0)	1.83%	From 2010 to 2011
Total	51,940 (4,728)	16,221 (1,477)	—	—

Notes

- "Average interest rate" is the weighted average interest rate based on the balance at the end of the fiscal year.
- The beginning balance of the long-term bank loans (excluding current portion) in the table above represents that of former consolidated subsidiaries deconsolidated in the current fiscal year.
- Schedule of repayment of Obligation under finance lease for each of the next five years is as follows:

Category	Due in the second year	Due in the third year	Due in the fourth year	Due in the fifth year
Other interest-bearing obligation (Obligation under finance lease)	4 (0)	0 (0)	— (—)	— (—)

The accompanying financial information is an extract from the consolidated financial statements included in the annual securities report of the Company which have been prepared in conformity with accounting principles generally accepted in Japan. Please refer to the Company's consolidated financial statements which are available on the Company's website and in its annual securities report if you require more information.