



**XFMedia**  
新华财经传媒

Connecting & entertaining china

company presentation – November 2008

# Safe Harbor Act



The following information contains, or may be deemed to contain, “forward looking statements” (as defined in the U.S. Private Securities Litigation Reform Act of 1995). By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The future results of the issuer may vary from the results expressed in, or implied by, the following forward-looking statements, possibly to a material degree.

For discussion of some of the important factors that could cause the issuer’s results to differ from those expressed in, or implied by, the following forward-looking statements, please refer to XFMedia's filings with the U.S. Securities and Exchange Commission, including its annual report on Form 20-F.

# 3Q08 in review

## Financial highlights:

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- **Steady revenue growth of 25% year over year in the midst of the challenging operating environment**
- **Broadcast business continues to contribute the highest growth of 68% year over year and 30% quarter over quarter**
- **Adjusted EPS at \$0.10**
- **Company provides fourth quarter guidance and revises full year guidance**
  - 4Q08 estimates: net revenue to range from \$48mn to \$50mn and adjusted net income per diluted ADS to range from \$0.04 to \$0.06
  - Full year 2008 estimates: net revenue to range from \$185mn to \$187mn and adjusted net income per diluted ADS to range from \$0.28 to \$0.30

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## 3Q08 Business Performance



# 3Q08 Business Highlights

## Major achievements throughout the quarter

- Awards: *Fortune Talk Show* won '*Best Program Planning*' in 1st China Media Economics Academic Awards, and *The Scene* won '*Highest Potential Program of the Year*' in 2008 China Media Forum, sponsored by SARFT Development Research Center and Communication University of China
- Fortune China and The Scene bring NMTV's channel night-time ranking to an unprecedented high of 22<sup>nd</sup> out of 35 stations in September 2008.
- Average Rating of *The Scene*, launched this April, is 106% higher than Q2. September rating reached 0.195%, 50% higher than August.
- *Fortune Talk Show* & *Fortune Celebrity* promoted at the front page of sina.com.cn as its key video financial programs, which further improves Fortune China's recognition worldwide.
- *Fortune Broadway* began **live broadcast** from Monday to Friday after stock market closes.
- TV drama '*Indanthrene*' post production is completed and distributed.
- 3D Animation series *Little Insect Detectives* close to completion, Season 1 Episode 1-26 estimated to be aired and distributed in Feb 2009.

# 3Q08 Projects

## New projects throughout the quarter

### Broadcast



Little Insect Detectives targets kids of 4-11 years old, combines detective, fairy tale and popular science.



Sports Program packaging: CCTV-5 Olympic Channel and BTv -6



### Outdoor Media



Hospital exterior and sailboat billboards

### BTL Marketing Services



Sony P&E Show in Beijing International Exhibition Center



Philips Lighting school mini roadshow and investigation in 6 cities



Philips 08 China Green Activation Lighting Pedal Power Fair in Shopping mall

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## 3Q08 Financial Performance



# Year-on-year review

3Q08 results compared to 3Q07 results (US\$ in millions)

	3Q08	3Q07	Growth %
Revenue	51.1	40.7	25%
Adjusted EBITDA	9.5	10.3	-8%
Net Income (Loss)	(15.9)	9.0	N/A
Adjusted Net Income	7.4	12.3	-40%

# Sequential review

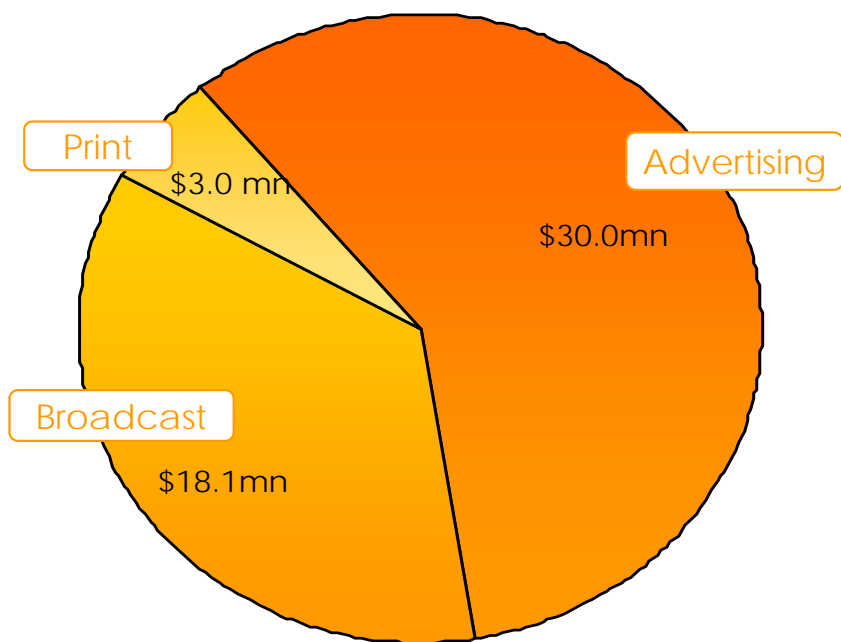
3Q08 results compared to 2Q08 results (US\$ in millions)

	3Q08	2Q08	Growth %
Revenue	51.1	48.9	4%
Adjusted EBITDA	9.5	10.7	-11%
Net Income (Loss)	(15.9)	0.8	N/A
Adjusted Net Income	7.4	7.6	-3%

# 3Q08 Revenue by Business Group

## Revenue Breakdown (US\$ millions)<sup>1</sup>

**Revenue: \$51.1mn**



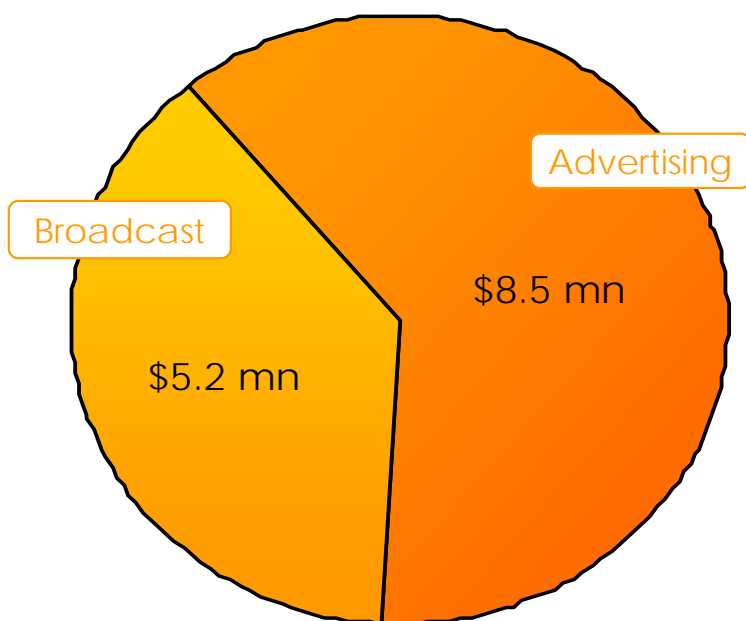
	<u>Revenue</u>	<u>Breakdown</u>
Advertising:	\$30.0 mn	59%
Broadcast:	\$18.1mn	35%
Print:	\$ 3.0 mn	6%
<b>Total:</b>	<b>\$51.1 mn</b>	<b>100%</b>

1. Breakdown figures are internal management estimates only and have not been audited or reviewed. Methodology for breakdown is subject to adjustment and may be revised due to changes in business situation.

# 3Q08 Adjusted EBITDA by Business Group

## Adjusted EBITDA Breakdown (US\$ millions)<sup>1</sup>

**Adjusted EBITDA: \$ 9.5 mn**  
(pre Head Office expenses of \$ 4.2mn)



	<u>Adjusted EBITDA</u>	<u>Margin</u>
Advertising:	\$8.5 mn	28%
Broadcast:	\$5.2 mn	29%
Print:	\$0 mn	0%
Head Office expenses	(4.2)mn	
<b>Total:</b>	<b>\$9.5 mn</b>	<b>19%</b>

1. Breakdown figures are internal management estimates only and have not been audited or reviewed. Methodology for breakdown is subject to adjustment and may be revised due to changes in business situation.

# Reconciliation from income from operations to adjusted EBITDA

## Adjusted EBITDA Reconciliation (US\$ millions)

	3Q08	2Q08	3Q07
<b>Income from operations</b>	<b>3.5</b>	<b>4.3</b>	<b>6.2</b>
One time items <sup>1</sup>	<b>0.5</b>	<b>0.6</b>	-
Depreciation	<b>0.8</b>	<b>0.6</b>	0.6
Amortization of intangible assets from acquisitions	<b>3.4</b>	<b>3.4</b>	3.0
Share-based compensation expenses	<b>1.3</b>	<b>1.8</b>	0.5
<b>Adjusted EBITDA</b>	<b>9.5</b>	<b>10.7</b>	10.3

1. There is a one-time adjustment of \$0.6 million and \$0.5 million for second and third quarter of 2008, representing legal fees for class action lawsuit.

# Reconciliation of net income to adjusted net income

## Adjusted net income reconciliation (US\$ millions)

	3Q08	2Q08	3Q07
<b>Net Income (Loss)</b>	<b>(15.9)</b>	<b>0.8</b>	<b>9.0</b>
One time items <sup>1</sup>	<b>17.0</b>	<b>0.6</b>	<b>(1.3)</b>
Amortization of intangible assets from acquisitions	<b>3.4</b>	<b>3.4</b>	<b>3.0</b>
Share-based compensation expenses	<b>1.3</b>	<b>1.8</b>	<b>0.5</b>
Imputed interest	<b>1.6</b>	<b>1.0</b>	<b>1.1</b>
<b>Adjusted Net Income</b>	<b>7.4</b>	<b>7.6</b>	<b>12.3</b>

1. There is a one-time adjustment of \$17.0 million for third quarter of 2008, representing \$0.5 million legal fee for class action lawsuit and \$16.5 million provision for impairment of principal protected note; \$0.6 million for second quarter of 2008, representing legal fees for class action lawsuit; \$1.3 million for third quarter of 2007, representing reversal of the imputed interest taken in the first half of 2007 as a result of clarification of terms of one of our exclusive radio advertising agreements.

# 3Q08 Earnings and adjusted net income per ADS



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## Net income per ADS and adjusted net income per ADS (diluted)

	Actual	3Q08	2Q08	3Q07
<b>Adjusted net income per ADS</b>		<b>\$ 0.10</b>	<b>\$0.10</b>	<b>\$0.17</b>
Weighted average # of ADS (in mns)		71.8	73.5	71.1
<b>Net income (loss) per ADS</b>		<b>\$(0.24)</b>	<b>-</b>	<b>\$0.13</b>
Weighted average # of ADS (in mns)		68.2	73.5	71.1

# Balance Sheet Items

## Cash and other balance sheet items (US\$ millions)

	End of	3Q08	2Q08	3Q07
Cash		45.3	57.1	75.4
Total Assets		732.5	704.4	632.6
Total Liabilities <sup>1</sup>		271.1	230.4	182.9
Shareholders' Equity		458.9	471.4	445.6

1. Includes cash secured loans of \$38.5 mn for RMB working capital, \$202.3 mn in liabilities (\$73.4 mn payment obligations and \$35.4 mn deferred tax liabilities) mainly related to long term contracts in our TV, Radio, and Newspaper businesses, \$93.5 mn other current liabilities, and \$30.3 mn mezzanine equity related to preferred shares issued to Yucaipa, as of Sep 30, 2008.

# Cash Flow Items

## Summary of Cash flow (US\$ millions)

	End of	3Q08	2Q08	3Q07
Cash, as at beginning of the period		57.1	69.5	81.4
Operating activities		3.2	7.6	1.6
Investing activities		(10.9)	(19.2)	(9.5)
Financing activities		(4.2)	(1.5)	1.7
Effect of exchange rate changes		0.1	0.7	0.2
Cash, as at end of the period		45.3	57.1	75.4

# Outlook

## Outlook for 4th quarter and full year of 2008<sup>1</sup> (US\$ millions)

	4Q08	FY08
Net revenue	\$48-50mn	\$185-187mn
Adjusted net income per ADS	\$0.04-0.06	\$0.28-0.30

1. This forecast reflects XFMedia's current and preliminary view, which is subject to change

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## Additional Financial Information



# ADS/Shares Outstanding

ADS and shares (millions)

	3Q08	2Q08
<b>ADS Outstanding</b>	<b>71.46</b>	<b>72.00</b>
Options, warrants & convertible pref. shares	12.23	12.23
<b>Diluted ADS Outstanding</b>	<b>83.69</b>	<b>84.23</b>
<b>Shares Outstanding</b>	<b>142.91</b>	<b>144.00</b>
Options, warrants & convertible pref. shares	24.48	24.47
<b>Diluted Shares Outstanding</b>	<b>167.39</b>	<b>168.47</b>

# Shareholding Structure



## Recent Shareholding Structure (as of Sep 30<sup>th</sup>, 2008)

Name	# of Shares	%
Xinhua Finance Limited <sup>1</sup>	50,054,618	35.0%
Patriarch Partners <sup>2</sup>	10,139,655	7.1%
Fredy Bush <sup>3</sup>	9,165,000	6.4%
Yucaipa Global Partnership Fund,L.P. <sup>4</sup>	8,574,022	6.0%
Wai Gao Qiao	6,532,071	4.6%
Alphawin Investments Limited	2,633,798	1.8%
Whole Fortune Limited	2,043,347	1.4%
Others	53,772,156	37.7%
<b>Total Shares Outstanding (S/O)</b>	<b>142,914,667</b>	<b>100.0%</b>
Warrants, options & convertible preferred shares <sup>4</sup>	24,471,625	
<b>Total Diluted S/O</b>	<b>167,386,292</b>	

1. XFL maintains 35.0% economic and 84.4% voting interest in XFMedia.

2. XFMedia entered into a secured convertible loan facility for up to \$80.0 million from Patriarch in October 2008. Loan outstanding is convertible into XFMedia's shares after one year at a conversion price of \$2.24. Given \$35mn drawn down, Patriarch's ownership would be approximately 22.4% assuming full conversion.

3. Fredy Bush also maintains 4.55% common share ownership of XFL.

4. XFMedia issued 300,000 convertible preferred shares to Yucaipa in 1Q08. 8,000 convertible preferred shares were issued to Yucaipa as dividends for Q108 and 2Q08 in 3Q08. 6,000 convertible preferred shares was issued in October 2008 to Yucaipa as dividend for 3Q08. Preferred shares as of September 30, 2008 are convertible into approximately 10.3 million common shares. Assuming full conversion, Yucaipa's ownership would be approximately 10.2%.

# Key Revenue Drivers



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(US\$ millions, except average price per product statistics)	1Q07A	2Q07A	3Q07A	4Q07A	FY07A	1Q08A	2Q08A	3Q08A
<b>Broadcast</b>								
<b>TV</b>								
# of TV Ad Minutes Inventory per period	8,092	8,318	7,818	8,540	32,769	11,583	12,428	12,228
Sellout Rate	40%	35%	49%	71%	49%	82%	58%	44%
# of TV Ad Minutes Sold per period	3,256	2,915	3,836	6,102	16,109	9,495	7,249	5,368
Yield per Minute	1,161	805	908	609	827	606	893	1,142
<b>Revenue - TV Broadcast</b>	<b>3.8</b>	<b>2.3</b>	<b>3.5</b>	<b>3.7</b>	<b>13.3</b>	<b>5.8</b>	<b>6.5</b>	<b>6.1</b>
<b>Radio</b>								
# of Radio Ad Minutes Inventory per period	22,680	87,680	87,680	87,680	285,720	97,680	99,297	89,287
Sellout Rate	16%	4%	12%	13%	10%	14%	20%	18%
# of Radio Ad Minutes Sold per period	3,564	3,354	10,673	11,095	28,686	13,417	20,098	15,751
Yield per Minute	117	347	175	190	194	119	135	172
<b>Revenue - Radio Broadcast</b>	<b>0.4</b>	<b>1.2</b>	<b>1.9</b>	<b>2.1</b>	<b>5.6</b>	<b>1.6</b>	<b>2.7</b>	<b>2.7</b>
<b>Mobile</b>								
Number of Users (millions)	5.327	5.616	4.900	5.233	5.269	3.899	5.648	9.749
ARPU (Avg Revenue Per User)	0.00	0.12	0.68	1.02	1.77	0.73	0.44	0.34
<b>Revenue - Mobile Broadcast</b>	<b>0.0</b>	<b>0.7</b>	<b>3.3</b>	<b>5.3</b>	<b>9.3</b>	<b>2.8</b>	<b>2.5</b>	<b>3.3</b>
<b>Production</b>								
Total Number of Shows per period	78	137	142	148	505	34	68	63
Yield per Show	9,996	22,269	14,603	12,002	15,209	16,866	32,933	94,431
<b>Revenue - Production</b>	<b>0.8</b>	<b>3.0</b>	<b>2.1</b>	<b>1.8</b>	<b>7.7</b>	<b>0.6</b>	<b>2.3</b>	<b>6.0</b>
<b>Revenue - Total Broadcasting</b>	<b>5.0</b>	<b>7.2</b>	<b>10.8</b>	<b>12.9</b>	<b>35.9</b>	<b>10.8</b>	<b>14.0</b>	<b>18.1</b>
<b>Print</b>								
Number of Ad Pages per Issue	257	313	367	423	1,360	328	364	284
Yield per Ad Page	13,183	15,929	16,220	12,838	14,527	13,493	13,850	10,520
<b>Revenue - Total Print</b>	<b>3.4</b>	<b>5.0</b>	<b>6.0</b>	<b>5.4</b>	<b>19.8</b>	<b>4.4</b>	<b>5.0</b>	<b>3.0</b>

# Key Revenue Drivers



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(US\$ millions, except average price per product statistics)

	1Q07A	2Q07A	3Q07A	4Q07A	FY07A	1Q08A	2Q08A	3Q08A
<b>Advertising</b>								
<b>Outdoor</b>								
Number of Total Accessable Billboards	220	220	2,984	2,984	1,602	3,804	3,860	3,860
% Vacancy	0%	0%	6%	3%	4%	17%	17%	26%
Effective Number of Billboard on Sale	220	220	2,808	2,889	1,534	3,170	3,204	2,871
Average Revenue per Billboard	6,598	14,634	2,128	2,261	11,196	2,021	2,541	2,559
<b>Revenue - Advertising - Outdoor</b>	<b>1.5</b>	<b>3.2</b>	<b>6.0</b>	<b>6.5</b>	<b>17.2</b>	<b>6.5</b>	<b>8.2</b>	<b>7.4</b>
<b>Print / Online</b>								
Number of Contracts	1,051	1,703	1,920	2,553	7,227	1,563	2,691	2,453
Average Price per Contract	4,548	4,322	4,670	4,799	4,630	4,120	4,543	6,324
<b>Revenue - Print / Online</b>	<b>4.8</b>	<b>7.4</b>	<b>9.0</b>	<b>12.3</b>	<b>33.5</b>	<b>6.4</b>	<b>12.2</b>	<b>15.5</b>
<b>BTL Marketing</b>								
Number of Projects per period	-	28	165	238	431	289	268	239
Yield per Project	-	28,059	22,067	23,072	23,011	25,707	29,485	23,521
<b>Revenue - BTL Marketing</b>	<b>0.0</b>	<b>0.8</b>	<b>3.6</b>	<b>5.5</b>	<b>9.9</b>	<b>7.4</b>	<b>7.9</b>	<b>5.6</b>
<b>TV (Reclass in 2008)</b>								
<b>Revenue - TV (Reclass 2008)</b>	<b>1.0</b>	<b>3.9</b>	<b>4.0</b>	<b>4.7</b>	<b>13.6</b>	-	-	-
<b>Research</b>								
Number of Reports per period	110	150	197	162	619	134	170	187
Yield per Report	8,782	9,757	7,336	7,229	7,990	9,205	9,591	7,955
<b>Revenue - Research</b>	<b>1.0</b>	<b>1.5</b>	<b>1.4</b>	<b>1.1</b>	<b>5.0</b>	<b>1.2</b>	<b>1.6</b>	<b>1.5</b>
<b>Revenue - Total Advertising</b>	<b>8.3</b>	<b>16.8</b>	<b>24.0</b>	<b>30.1</b>	<b>79.2</b>	<b>21.5</b>	<b>29.9</b>	<b>30.0</b>
<i>YOY growth</i>	<i>78%</i>	<i>193%</i>	<i>99%</i>	<i>102%</i>	<i>112%</i>	<i>162%</i>	<i>79%</i>	<i>25%</i>

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## NMTV Ratings



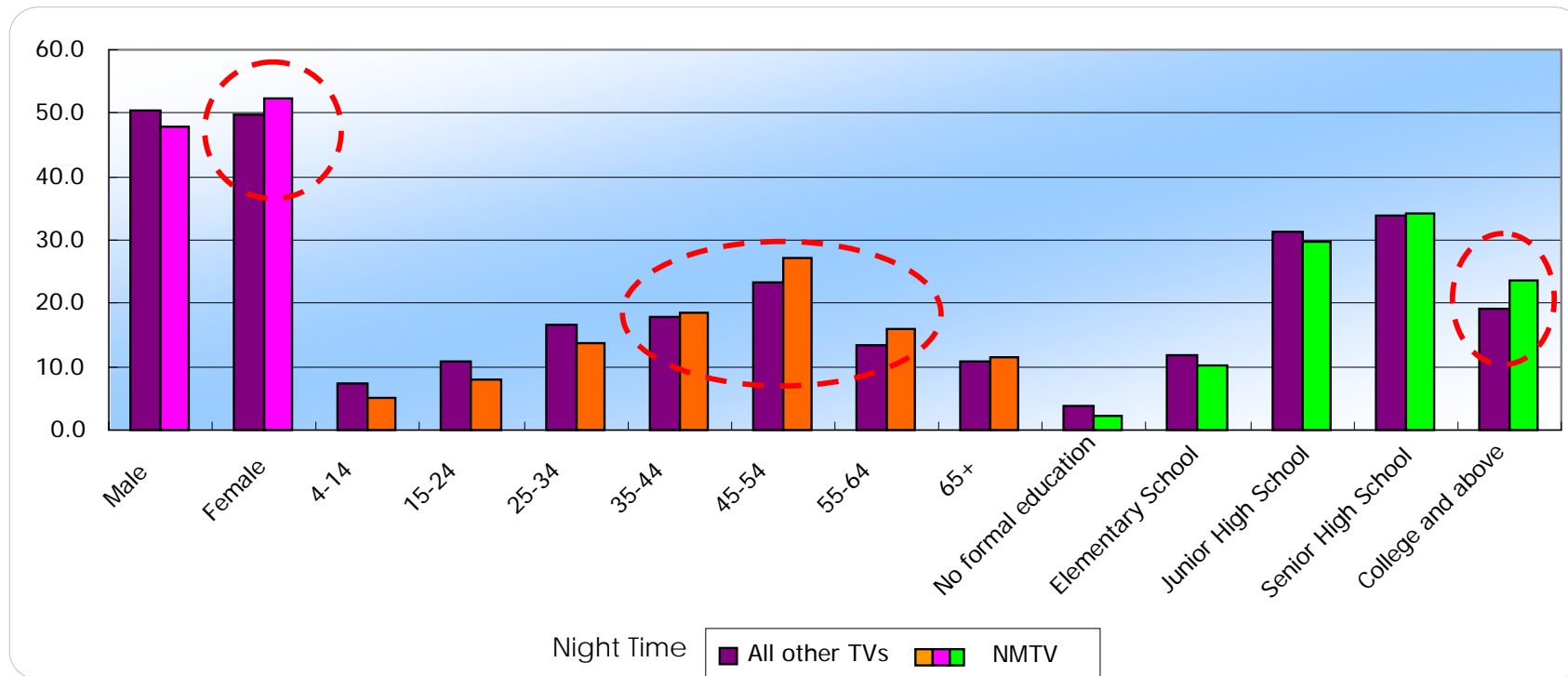
# NMTV Ratings Review

## Demographic split for NMTV viewers:

In Q3 2008, female audience of NMTV accounted for 52% mainly due to The Scene

NMTV Viewers aged between 35-64 accounted for 62%, versus 55% for all TV viewers

Viewers with college or above education accounted for 24%, versus 19% for all TV viewers

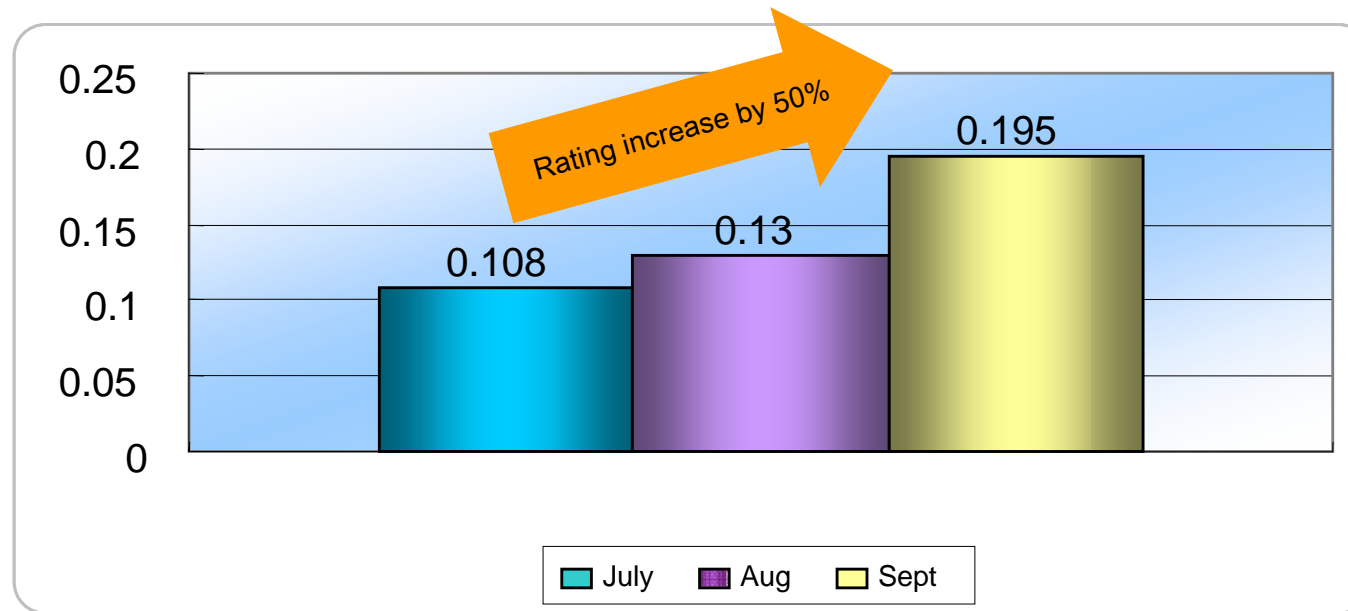


Source: CSM

# High rating program: The Scene

## Q3 ratings:

- The scene's average rating in Q3 reached 0.144%, 106% higher than that in Q2
- Within its 28 programs in September, rating exceeded 0.2% nine times and reached its highest at 0.276% on September 28.
- Among The Scene's viewers in September, 21% came from Tianjin, 13% from Shanghai, and also Beijing, Wuhan and Xi'an's viewers account for around 10% respectively.
- Monthly average rating went upward by 35% in Q3



Source: CSM

# Q3 Channel ranking

频道	全天			频道	0700-1800			频道	1800-2400		
	收视率%	市场份额%	排序		收视率%	市场份额%	排序		收视率%	市场份额%	排序
湖南电视台	0.421	3.026	1	湖南电视台	0.437	3.803	1	湖南电视台	0.792	2.472	1
江苏卫视	0.197	1.413	2	安徽一套	0.226	1.963	2	江苏卫视	0.426	1.33	2
安徽一套	0.175	1.260	3	江苏卫视	0.183	1.592	3	江西电视台	0.302	0.943	3
江西电视台	0.157	1.129	4	江西电视台	0.154	1.343	4	上海东方卫视	0.278	0.869	4
上海东方卫视	0.133	0.958	5	天津卫视	0.133	1.153	5	天津卫视	0.264	0.824	5
浙江卫视	0.132	0.946	6	山东卫视	0.130	1.130	6	黑龙江电视台	0.26	0.812	6
天津卫视	0.131	0.938	7	重庆卫视	0.129	1.124	7	浙江卫视	0.259	0.807	7
北京卫视	0.128	0.922	8	北京卫视	0.128	1.113	8	北京卫视	0.252	0.785	8
重庆卫视	0.120	0.861	9	浙江卫视	0.128	1.110	9	安徽一套	0.225	0.703	9
山东卫视	0.115	0.827	10	四川卫视	0.124	1.078	10	重庆卫视	0.207	0.646	10
黑龙江电视台	0.112	0.802	11	上海东方卫视	0.117	1.020	11	山东卫视	0.203	0.633	11
辽宁卫视	0.104	0.750	12	辽宁卫视	0.112	0.971	12	深圳卫视(新)	0.192	0.599	12
深圳卫视(新)	0.100	0.718	13	湖北卫视	0.097	0.845	13	辽宁卫视	0.186	0.579	13
四川卫视	0.100	0.716	14	云南电视台	0.094	0.815	14	河南电视台	0.184	0.573	14
河南电视台	0.082	0.591	15	深圳卫视(新)	0.092	0.798	15	四川卫视	0.137	0.428	15
云南电视台	0.078	0.563	16	黑龙江电视台	0.088	0.766	16	贵州卫视	0.132	0.411	16
湖北卫视	0.077	0.556	17	吉林卫视	0.082	0.710	17	云南电视台	0.126	0.394	17
吉林卫视	0.068	0.488	18	广西电视台	0.071	0.617	18	湖北卫视	0.122	0.381	18
广西电视台	0.065	0.468	19	河南电视台	0.070	0.610	19	广西电视台	0.111	0.347	19
河北卫视	0.056	0.400	20	河北卫视	0.064	0.558	20	河北卫视	0.097	0.301	20
贵州卫视	0.055	0.398	21	广东卫视	0.049	0.425	21	吉林卫视	0.096	0.298	21
广东卫视	0.045	0.321	22	贵州卫视	0.047	0.412	22	广东卫视	0.08	0.25	22
福建省广播	0.040	0.289	23	福建省广播	0.041	0.354	23	福建省广播	0.073	0.227	23
陕西卫视	0.035	0.250	24	陕西卫视	0.034	0.294	24	内蒙古电视台	0.072	0.226	24
内蒙古电视台	0.033	0.238	25	内蒙古电视台	0.029	0.250	25	陕西卫视	0.068	0.213	25
旅游卫视	0.025	0.182	26	旅游卫视	0.024	0.210	26	旅游卫视	0.052	0.162	26
青海卫视	0.018	0.132	27	宁夏卫视	0.021	0.185	27	青海卫视	0.037	0.115	27
宁夏卫视	0.017	0.121	28	青海卫视	0.018	0.157	28	山西卫视	0.035	0.11	28
山西卫视	0.017	0.119	29	金鹰卡通卫视	0.017	0.147	29	金鹰卡通卫视	0.031	0.095	29
金鹰卡通卫视	0.016	0.112	30	山西卫视	0.015	0.127	30	新疆电视台	0.027	0.086	30
新疆电视台	0.013	0.091	31	甘肃卫视	0.012	0.107	31	甘肃卫视	0.025	0.077	31
甘肃卫视	0.012	0.088	32	新疆电视台	0.011	0.095	32	宁夏卫视	0.023	0.073	32
山东教育台	0.009	0.063	33	山东教育台	0.006	0.051	33	山东教育台	0.021	0.066	33
西藏二套(新)	0.006	0.040	34	西藏二套(新)	0.006	0.049	34	西藏二套(新)	0.011	0.033	34
南方卫视	0.001	0.006	35	南方卫视	0.001	0.010	35	南方卫视	0.001	0.003	35