

INTERIM RESULTS

The Board of Directors (the "Directors") of Kessel International Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September, 2000 (the "Period").

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September, 2000

		Six months ended	
		30.9.2000	30.9.1999
		(unaudited)	(unaudited)
Notes		HK\$'000	HK\$'000
Turnover	2	505,328	421,481
Cost of sales		(450,963)	[342,074]
Gross profit		54,365	79,407
Other revenue		393	1,469
Distribution costs		(6,692)	[6,379]
Administrative expenses		(54,364)	[32,196]
Unrealised (loss) gain on other investments		(20)	20
(Loss) profit from operations		(6,318)	42,321
Finance costs	3	(5,618)	[884]
(Loss) profit before taxation		(11,936)	41,437
Taxation	5	(3,500)	[3,246]
(Loss) profit before minority interests		(15,436)	38,191
Minority interests		91	-
Net (loss) profit for the period		(15,345)	38,191
Dividend	6	-	-
(Loss) profit for the period, retained		(15,345)	38,191
(Loss) earnings per share			
- Basic	7	(4.8) cents	11.9 cents

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September, 2000

		30.9.2000 <i>(unaudited)</i> HK\$'000	31.3.2000 <i>(audited)</i> HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	8	265,512	249,184
Investments in securities		656	656
Interest in properties		2,886	3,014
Intangible assets	9	22,285	20,217
Deposits paid		-	4,198
		291,339	277,269
Current assets			
Inventories		228,915	171,725
Trade and other receivables	10	89,040	38,681
Bills receivable	11	63,013	13,731
Investments in securities		800	820
Bank balances and cash		11,466	23,320
		393,234	248,277
Current liabilities			
Trade and other payables	12	224,789	168,972
Bills payable	13	107,926	48,811
Dividend payable		7,360	7,360
Taxation payable		10,025	6,525
Bank borrowings – due within one year		31,709	13,196
Obligations under finance leases and hire purchase contracts – due within one year		8,077	-
		389,886	244,864
Net current assets		3,348	3,413
Total assets less current liabilities		294,687	280,682
Non-current liabilities			
Bank borrowings – due after one year		14,437	-
Obligations under finance leases and hire purchase contracts – due after one year		14,953	-
Deferred taxation		6,223	6,223
		35,613	6,223
		259,074	274,459
CAPITAL AND RESERVES			
Share capital	14	32,000	32,000
Share premium		69,823	69,823
Special reserve		(22,470)	(22,470)
Translation reserve		26	[25]
Accumulated profits		179,695	195,040
		259,074	274,368
Minority interests		-	91
		259,074	274,459

**CONDENSED CONSOLIDATED STATEMENT OF
RECOGNISED GAINS AND LOSSES**

For the six months ended 30 September, 2000

Six months ended

30.9.2000

(unaudited)

HK\$'000

Exchange differences arising on translation of an overseas subsidiary not recognised in the condensed consolidated income statement	51
Net loss for the period	<u>(15,345)</u>
Total net recognised losses	<u><u>(15,294)</u></u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September, 2000

	Six months ended
	30.9.2000
	<i>(unaudited)</i>
	<i>HK\$'000</i>
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	<u>(6,163)</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	
Interest paid	(5,002)
Interest on obligations under finance leases and hire purchase contracts	(616)
Interest received	230
Dividends received from investments in securities	<u>40</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u>(5,348)</u>
INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(23,003)
Development costs incurred	<u>(8,320)</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	<u>(31,323)</u>
NET CASH OUTFLOW BEFORE FINANCING	<u>(42,834)</u>
FINANCING ACTIVITIES	
New bank loan raised	36,000
Repayment of obligations under finance lease and hire purchase contracts	(1,970)
Repayment of bank loan	<u>(3,885)</u>
NET CASH INFLOW FROM FINANCING	<u>30,145</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(12,689)
CASH AND CASH EQUIVALENTS AT 31 MARCH, 2000	<u>10,124</u>
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER, 2000	<u>(2,565)</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS	
Bank balances and cash	11,466
Bank overdrafts	<u>(14,031)</u>
	<u>(2,565)</u>