

PALADIN LIMITED

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER, 2001

	Unaudited six months ended 31 December	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash outflow from operating activities	(18,775)	(5,863)
Net cash outflow from returns on investments and servicing of finance	(20,076)	(16,329)
Net cash outflow from investing activities	<u>(12)</u>	<u>(6,951)</u>
Net cash outflow before financing	(38,863)	(29,143)
Net cash inflow from financing	<u>39,325</u>	<u>29,179</u>
Increase in cash and cash equivalents	462	36
Cash and cash equivalents at beginning of the period	<u>(245)</u>	<u>(684)</u>
Cash and cash equivalents at end of the period	<u><u>217</u></u>	<u><u>(648)</u></u>

NOTES TO THE CONDENSED FINANCIAL STATEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER, 2001

1. ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Statements of Standard Accounting Practice (“SSAP”) No. 25, “Interim Financial Reporting”, issued by the Hong Kong Society of Accountants.

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The accounting policies used in preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 30 June, 2001 except the newly adopted accounting standards which are effective for the accounting periods commencing on or after 1 January, 2001:

SSAP 9 (revised)	:	Events after balance sheet date
SSAP 28	:	Provisions, contingent liabilities and contingent assets
SSAP 29	:	Intangible assets
SSAP 30	:	Business combinations
SSAP 31	:	Impairment of assets
SSAP 32	:	Consolidated financial statements and accounting for investments in subsidiaries

The new/revised SSAP's adopted during the six months ended 31 December, 2001 do not have any material impact to the Group's accounting policies applicable to the preparation of the interim financial statements.

2. SEGMENT INFORMATION

	Turnover		Loss from operations	
	1/7/2001 to	1/7/2000 to	1/7/2001 to	1/7/2000 to
	31/12/2001	31/12/2000	31/12/2001	31/12/2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Business segments				
Continuing operations:				
Textile trading	7,548	-	(6,589)	-
Handling services	-	1,071	-	(8,671)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

More than 90% of the Group's turnover was attributable to the operations carried out in Hong Kong.

3. TAXATION

No provision for Hong Kong Profits Tax has been made in the condensed financial statements as the Company and its subsidiaries had no assessable profit for both periods.

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4. BASIC LOSS PER SHARE

The calculation of the basic loss per share is based on the net loss for the period of HK\$23,868,000 (2000: HK\$53,642,000) and on 528,271,615 (2000: 528,271,615) ordinary shares in issue during the period.

5. INVESTMENT SECURITIES

31/12/2001 & 30/6/2001

HK\$'000

Unlisted investments, at cost	60,049
Less: Provision for impairment	(50,971)
	<u>9,078</u>

6. SECURED BANK LOANS

31/12/2001

30/6/2001

HK\$'000

HK\$'000

The secured bank loans are repayable within one year or on demand and shown under current liabilities

690,825

651,500

7. OTHER LOAN

The loan is advanced by a company in which a director of subsidiaries has beneficial interests. The lender of the other loan confirmed that no demand will be made for repayment of this amount until such time as the Group has sufficient financial resources to make such repayment. The loan is unsecured and non-interest bearing.

8. SHARE CAPITAL

There were no movements in the share capital of the Company in either the current or the prior interim reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

The principal activities of the Group are the trading of textiles and re-development of Bowen Hill Apartments. The re-development project is still under progress. The Company is still looking for new investment opportunities.

PROSPECT

The re-development of Bowen Hill Apartments will be completed within one year. The returns from the re-development will improve the Company financial position.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December, 2001, net current liabilities of the Group was approximately HK\$174 million (30 June, 2001: HK\$153 million). The current ratio was 0.81 (30 June, 2001: 0.83). The cash and bank on hand was HK\$217,000 (30 June, 2001: HK\$154,000).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December, 2001, the Group employed a total of 7 employees. They were remunerated according to market conditions.

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 31 December, 2001.