



## 1. BASIC OF PRESENTATION

The Group sustained a net loss from ordinary activities attributable to shareholders of HK\$5.6 million for the six months ended 30th June 2002. As reported in the Group's last annual report, the Company's holding companies, including Magnum Corporation Berhad, have agreed in writing to provide adequate financial support to the Group to enable it to operate as a going concern. The Company's holding companies have also agreed not to demand for the repayment of the amounts due by the Group, in the aggregate amount of HK\$87.9 million as at 30th June 2002 until a time when the Group is in a position to repay the amounts due without impairing its liquidity position. After taking into consideration the financial support provided by the Company's holding companies as mentioned above, and the consolidated net current assets of the Group of HK\$40.9 million as at 30th June 2002, the directors of the Company are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

## 2. ACCOUNTING POLICIES

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

The accounting policies used in the preparation of the condensed interim financial statements are consistent with those used in the annual financial statements for the year ended 31st December 2001 except that the following recently revised SSAPs are effective for accounting periods which commenced on or after 1st January 2002 and were adopted the first time in preparation of the current period's unaudited condensed consolidated financial statements.

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 11 (revised)	:	Foreign currency translation
SSAP 15 (revised)	:	Cashflow statement



**2. ACCOUNTING POLICIES (continued)**

The major impact on the financial statements after the adoption of the revised SSAPs is summarised as follows:

SSAP 1 (revised) “Presentation of financial statements” prescribes the basis for the presentation of financial statements and sets out guidelines for their structure and minimum requirements for the content thereof. As a result of the revision to SSAP 1, a statement of changes in equity is included on page 14, instead of a statement of recognized gains and losses, which was previously presented.

SSAP 15 (revised) “Cash flow statements” prescribes the provision of information about the changes in cash and cash equivalents of an enterprises by means of a cash flow statement which classifies cash flows during the period into those from operating, investing and financing activities. The format of the cash flow statements as set out on page 13 has been revised in accordance with the revised SSAP 15.

**3. TURNOVER**

The current period’s turnover represents commission and interest income from securities dealing and margin finance, interest income from consumer finance and property rental income.

Analysis of turnover is as follows:

	<b>Unaudited</b>	
	<b>Six months ended 30th June</b>	
	<b>2002</b>	<b>2001</b>
	<b>HK\$</b>	<b>HK\$</b>
Commission and interest income from securities dealing and margin finance	<b>3,956,747</b>	6,914,032
Interest income from consumer finance	<b>402,911</b>	547,671
Property rental income	<b>1,378,866</b>	880,399
	<b>5,738,524</b>	8,342,102



**4. SEGMENT INFORMATION**

**(a) Business segments**

Unaudited six months ended 30th June 2002					
	Securities dealing and margin finance	Consumer finance	Property holding	Elimination	Consolidation
	HK\$	HK\$	HK\$	HK\$	HK\$
<b>Segment revenue:</b>					
Services provided to external customers	3,956,747	402,911	1,378,866	—	5,738,524
Other operating income	536,058	780	252	—	537,090
<b>Total Revenue</b>	<b>4,492,805</b>	<b>403,691</b>	<b>1,379,118</b>	<b>—</b>	<b>6,275,614</b>
<b>Segment results</b>	<b>(1,126,808)</b>	<b>(1,562,237)</b>	<b>676,699</b>	<b>1,205,254</b>	<b>(807,092)</b>
Unallocated income and gains					68,645
Unallocated expenses					(1,562,400)
Loss from operations					(2,300,847)
Finance costs					(3,257,970)
Loss before tax					(5,558,817)

Unaudited six months ended 30th June 2001					
	Securities dealing and margin finance	Consumer finance	Property holding	Elimination	Consolidation
	HK\$	HK\$	HK\$	HK\$	HK\$
<b>Segment revenue:</b>					
Services provided to external customers	6,914,032	547,671	880,399	—	8,342,102
Other operating income	735,946	—	142	—	736,088
<b>Total Revenue</b>	<b>7,649,978</b>	<b>547,671</b>	<b>880,541</b>	<b>—</b>	<b>9,078,190</b>
<b>Segment results</b>	<b>(3,236,751)</b>	<b>(4,009,292)</b>	<b>(13,985)</b>	<b>1,600,513</b>	<b>(5,659,515)</b>
Unallocated income and gains					66,288
Unallocated expenses					(1,521,500)
Loss from operations					(7,114,727)
Finance costs					(3,738,626)
Loss before tax					(10,853,353)



**4. SEGMENT INFORMATION** (continued)

**(b) Geographical segments**

	Hong Kong		Philippines*		Consolidated	
	30.6.2002 HK\$	30.6.2001 HK\$	30.6.2002 HK\$	30.6.2001 HK\$	30.6.2002 HK\$	30.6.2001 HK\$
Segment revenue:						
Services provided to external customers	5,738,524	7,838,612	—	503,490	5,738,524	8,342,102
Other operating income	306,829	356,405	298,906	445,971	605,735	802,376
Total revenue	6,045,353	8,195,017	298,906	949,461	6,344,259	9,144,478
Segment results	(2,705,571)	(7,038,019)	404,724	(76,708)	(2,300,847)	(7,114,727)

\* The operation of the Group's securities dealing and brokerage businesses in the Philippines ceased in 2001.

**5. RELATED PARTY TRANSACTIONS**

The Group had the following transactions with related parties during the period:

	Notes	Unaudited Six months ended 30th June	
		2002 HK\$	2001 HK\$
Interest expenses charged by a fellow subsidiary	(i)	10,945	40,423
Interest expenses charged by immediate holding company	(ii)	1,865,061	1,848,830
Interest expenses charged by an intermediate holding company	(iii)	1,478,952	1,438,397
		3,354,958	3,327,650



**5. RELATED PARTY TRANSACTIONS (continued)**

Notes:

- (i) The balance is unsecured, bears interest at rate 1.03% (2001: 3.06% to 4.94%) per annum and is not repayable within one year.
- (ii) The balance is unsecured, bears interest at rate 7% (2001: 7%) per annum and is not repayable within one year.
- (iii) The balance is unsecured, bears interest at 6.9% (2001: 7.2%) per annum and is not repayable within one year.

**6. LOSS FROM OPERATING ACTIVITIES**

	<b>Unaudited</b>	
	<b>Six months ended 30th June</b>	
	<b>2002</b>	2001
	<b>HK\$</b>	<b>HK\$</b>
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This is arrived at after charging:		
Loss on disposal of short term investments	—	112,500
Depreciation	<b>565,719</b>	846,200
Amortisation of intangible asset	<b>252,955</b>	252,955
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and after crediting:		
Gain on disposal of short term investments	<b>44,344</b>	—
Gain on disposal of fixed assets	<b>70,292</b>	—
Interest income	<b>2,224,788</b>	3,659,085
Dividend income from listed investments	<b>188,524</b>	210,183
Gross rental income	<b>1,378,866</b>	880,399
Less: Outgoings	<b>(28,350)</b>	(41,650)
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Net rental income	<b>1,350,516</b>	838,749



**7. FINANCE COSTS**

	<b>Unaudited</b>	
	<b>Six months ended 30th June</b>	
	<b>2002</b>	<b>2001</b>
	<b>HK\$</b>	<b>HK\$</b>
Interest on bank loans and overdrafts wholly repayable within five years	<b>280,954</b>	903,438
Interest expenses on amounts due to related parties	<b>3,354,958</b>	3,327,650
	<b>3,635,912</b>	4,231,088

**8. TAX**

No provision for profits tax has been made as the Group had no assessable profits for the period (2001: Nil).

**9. LOSS PER SHARE**

The calculation of basic loss per share is based on the net loss attributable to shareholders for the period of HK\$5,558,817 (2001: HK\$10,853,353) and on the 615,024,175 (2001: 615,024,175) ordinary shares in issue throughout the period.

The diluted loss per share for the periods ended 30th June 2002 and 2001 have not been shown as the share options outstanding during these periods had an anti-dilutive effect on the basic loss per share for these periods.

**10. INTERIM DIVIDEND**

As at 30th June 2002, the Company did not have any reserves available for cash/in specie dividend distribution.



**11. INTANGIBLE ASSET**

	<b>Unaudited HK\$</b>
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Cost:	
At 1st January 2002 and 30th June 2002	<u>5,059,100</u>
Accumulated amortisation:	
At 1st January 2002	885,342
Provided during the period	<u>252,955</u>
At 30th June 2002	<u>1,138,297</u>
Net book value:	
At 30th June 2002	<u>3,920,803</u>
At 31st December 2001	<u>4,173,758</u>

**12. OTHER ASSETS**

	<b>Unaudited HK\$</b>
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Share in the Philippine Stock Exchange, Inc., at cost:	
At 1st January 2002	11,794,118
Exchange adjustments	<u>544,344</u>
At 30th June 2002	<u>12,338,462</u>
Provision for impairment:	
At 1st January 2002	8,125,000
Exchange adjustments	<u>375,000</u>
At 30th June 2002	<u>8,500,000</u>
Carrying value:	
At 30th June 2002	<u>3,838,462</u>
At 31st December 2001	<u>3,669,118</u>



**13. ACCOUNTS RECEIVABLE/ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

- (a) The credit terms provided to customers are consistent with the practice of the securities dealing industries. Details of the accounts receivable of the Group as at the balance sheet date, based on transaction date and net of provisions, are as follows:

**Accounts receivable:**

	<b>Unaudited 30th June 2002 HK\$</b>	Audited 31st December 2001 HK\$
Not yet due	<b>2,478,250</b>	2,416,483
0–30 days	<b>2,088,603</b>	2,591,214
Over 30 days	<b>—</b>	448,529
	<b>4,566,853</b>	5,456,226

- (b) Details of the accounts payable and accrued liabilities of the Group as at the balance sheet date are as follows:

**Accounts payable:**

	<b>Unaudited 30th June 2002 HK\$</b>	Audited 31st December 2001 HK\$
Not yet due	<b>5,206,721</b>	4,438,723
0–30 days	<b>4,564,036</b>	157,318
Over 30 days	<b>19,240,715</b>	9,292,415
	<b>29,011,472</b>	13,888,456
Accrued liabilities	<b>28,503,562</b>	51,997,594
	<b>57,515,034</b>	65,886,050





**14. SHORT TERM INVESTMENTS**

	<b>Unaudited 30th June 2002 HK\$</b>	Audited 31st December 2001 HK\$
Listed equity investments, at market value:		
Hong Kong	<b>10,955,750</b>	10,416,750
Elsewhere	<b>78,737</b>	76,000
	<b>11,034,487</b>	10,492,750

**15. ISSUED CAPITAL**

	<b>Unaudited 30th June 2002 HK\$</b>	Audited 31st December 2001 HK\$
Authorised:		
1,000,000,000 ordinary shares of HK\$0.10 each	<b>100,000,000</b>	100,000,000
Issued and fully paid:		
615,024,175 ordinary shares of HK\$0.10 each	<b>61,502,418</b>	61,502,418

**16. COMPARATIVE AMOUNTS**

As explained in note 2 to the financial statements, due to the adoption of the revised SSAP 15 during the period, the presentation of the condensed consolidated cash flow statement has been revised to comply with the new disclosure requirement. Accordingly, certain comparative amounts in the condensed consolidated cash flow statement have been reclassified to conform with the current period's presentation.



**16. COMPARATIVE AMOUNTS** (continued)

Since the property investment became significant to the Group's operation during the period, property rental income was included in the turnover of the current period's condensed consolidated profit and loss account. This has resulted in the comparative amounts being correspondingly reclassified from other income to turnover of the 2001 comparative condensed consolidated profit and loss account.

**17. APPROVAL OF THE INTERIM FINANCIAL REPORT**

These interim financial report was approved by the board of directors on 12th September 2002.