

# interim financial report

MAGNUM INTERNATIONAL HOLDINGS LIMITED

The directors of Magnum International Holdings Limited (the "Company") herein present the unaudited consolidated financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30th June 2004 together with the comparative figures as follows:

## CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		<b>Unaudited Six months ended 30th June</b>	
	Notes	<b>2004 HK\$</b>	2003 HK\$ (Restated)
TURNOVER	3	<b>4,267,645</b>	3,331,550
Other revenue and gains		<b>1,370,876</b>	409,047
Administrative expenses		<b>(6,180,182)</b>	(6,803,765)
Other operating expenses		<b>(1,535,966)</b>	(1,499,269)
Unrealised holding gains/(losses) on short term investments		<b>(635,355)</b>	1,120,144
Provision for doubtful debts		<b>(197,132)</b>	(347,123)
LOSS FROM OPERATING ACTIVITIES	6	<b>(2,910,114)</b>	(3,789,416)
Finance costs	7	<b>(3,161,869)</b>	(3,554,162)
LOSS BEFORE TAX		<b>(6,071,983)</b>	(7,343,578)
Tax	8	—	(50,037)
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		<b>(6,071,983)</b>	(7,393,615)
LOSS PER SHARE	9		
Basic		<b>(0.99 cent)</b>	(1.20 cents)
Diluted		<b>N/A</b>	N/A
INTERIM DIVIDEND	10	<b>Nil</b>	Nil

**CONDENSED CONSOLIDATED BALANCE SHEET**

	Notes	<b>Unaudited 30th June 2004 HK\$</b>	Audited 31st December 2003 HK\$
<b>NON-CURRENT ASSETS</b>			
Fixed assets		<b>181,288</b>	298,778
Investment properties		<b>27,010,000</b>	27,010,000
Intangible assets	11	<b>4,123,771</b>	4,376,726
		<b>31,315,059</b>	31,685,504
<b>CURRENT ASSETS</b>			
Loans receivable		<b>23,217,560</b>	31,312,463
Accounts receivable	12	<b>2,848,776</b>	7,291,491
Prepayments and other debtors		<b>1,434,511</b>	1,751,042
Short term investments	13	<b>1,544,404</b>	14,798,510
Client trust bank accounts		<b>3,929,020</b>	2,567,956
Fixed deposits, pledged		<b>5,000,000</b>	5,000,000
Cash and bank balances		<b>7,284,003</b>	1,498,718
		<b>45,258,274</b>	64,220,180
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	12	<b>46,134,868</b>	44,791,728
Amount due to a fellow subsidiary		—	1,932,500
Amount due to the immediate holding company		—	12,067,500
Bank overdrafts, secured		<b>869,297</b>	307,658
Bank loans, secured		<b>396,531</b>	1,561,678
Tax payable		<b>52,034</b>	52,034
		<b>47,452,730</b>	60,713,098
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>(2,194,456)</b>	3,507,082

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## CONDENSED CONSOLIDATED BALANCE SHEET (continued)

	Notes	Unaudited 30th June 2004 HK\$	Audited 31st December 2003 HK\$
TOTAL ASSETS LESS CURRENT LIABILITIES		<b>29,120,603</b>	35,192,586
NON-CURRENT LIABILITIES			
Amount due to immediate holding company		<b>42,999,147</b>	42,999,147
Amount due to an intermediate holding company		<b>30,920,000</b>	30,920,000
Deferred tax liabilities		<b>351,507</b>	351,507
		<b>74,270,654</b>	74,270,654
		<b>(45,150,051)</b>	(39,078,068)
CAPITAL AND RESERVES			
Issued capital	14	<b>61,502,418</b>	61,502,418
Reserves		<b>(106,652,469)</b>	(100,580,486)
		<b>(45,150,051)</b>	(39,078,068)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited six months ended 30th June 2004						
	Share capital	Share		Fixed assets		Accumulated losses	Total
		premium account	Contributed surplus	revaluation reserve			
		HK\$	HK\$	HK\$	HK\$		
At 1st January 2004 (audited)	61,502,418	168,315,330	36,548,052	1,731,450	(307,175,318)	(39,078,068)	
Net loss for the period	—	—	—	—	(6,071,983)	(6,071,983)	
At 30th June 2004	61,502,418	168,315,330*	36,548,052*	1,731,450*	(313,247,301)*	(45,150,051)	

	Unaudited six months ended 30th June 2003						
	Share capital	Share premium account	Contributed surplus	Fixed assets		Accumulated losses	Total
				revaluation reserve			
				HK\$	HK\$		
At 1st January 2003 (audited)	61,502,418	168,315,330	36,548,052	1,731,450	(295,579,011)	(27,481,761)	
Net loss for the period	—	—	—	—	(7,393,615)	(7,393,615)	
At 30th June 2003	61,502,418	168,315,330	36,548,052	1,731,450	(302,972,626)	(34,875,376)	

(Restated)

\* The consolidated reserves in the consolidated balance sheet comprise share premium account, contributed surplus, fixed assets revaluation reserve and accumulated losses with a total debit balance of HK\$106,652,469 (2003: HK\$96,377,794 (restated)).

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## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	<b>Unaudited Six months ended 30th June</b>	
	<b>2004 HK\$</b>	2003 HK\$
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	<b>20,410,353</b>	(1,011,172)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	<b>(21,560)</b>	322,542
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	<b>(15,165,147)</b>	(1,095,122)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<b>5,223,646</b>	(1,783,752)
Cash and cash equivalents at beginning of period	<b>6,191,060</b>	26,258,430
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<b>11,414,706</b>	24,474,678
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<b>7,284,003</b>	4,474,678
Bank overdrafts, secured	<b>(869,297)</b>	—
Non-pledged time deposits with original maturity of less than three months when acquired	—	15,000,000
Time deposits with original maturity of less than three months when acquired, pledged as securities for a bank overdraft facility	<b>5,000,000</b>	5,000,000
	<b>11,414,706</b>	24,474,678