

INTERIM FINANCIAL REPORT

The Board of Directors of Inner Mongolia Development (Holdings) Limited (the “Company”) presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 30th September, 2005 as follows:

Condensed Consolidated Income Statement

For the six months ended 30th September, 2005

	Notes	For the six months ended 30th September,	
		2005 HK\$'000 (Unaudited)	2004 HK\$'000 (Unaudited)
Turnover	4	37,971	34,108
Cost of sales		<u>(23,689)</u>	<u>(17,785)</u>
Gross profit		14,282	16,323
Other income		162	(26)
Impairment loss recognised in respect of available-for-sale investments	6	(6,000)	–
Administrative and other expenses		<u>(8,148)</u>	<u>(6,433)</u>
Profit from operations	7	296	9,864
Finance costs		(13)	(1)
Share of results of an associate		<u>400</u>	<u>114</u>
Profit before taxation		683	9,977
Taxation	8	<u>(1,229)</u>	<u>(919)</u>
Net (loss) profit for the period		<u><u>(546)</u></u>	<u><u>9,058</u></u>
(Loss) earnings per share – basic	10	<u><u>HK(0.27) cent</u></u>	<u><u>HK4.96 cents</u></u>