

INTERIM RESULTS

The board of directors of China Star Entertainment Limited (the "Company") presents the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th June 2006 together with comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June 2006

		Six months ended 30th June	
		2006	2005
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Turnover	2	56,042	46,411
Cost of sales		(33,125)	(28,936)
Gross profit		22,917	17,475
Other revenue	3	4,063	3,658
Other income		2,105	1,506
Administrative expenses		(17,581)	(31,886)
Marketing and distribution expenses		(9,009)	(12,964)
Net gain on disposal of financial assets at fair value through profit or loss		4,936	598
Unrealized (loss)/gain on financial assets at fair value through profit or loss		(12,069)	1,452
Loss from operations	4	(4,638)	(20,161)
Finance costs		(984)	(910)
Share of results of associates		(1,043)	(5,357)
Gain on disposal of an associate		21,400	–
Gain on deemed disposal of interest in an associate		62,582	–
Impairment loss recognized in respect of goodwill arising on acquisition of associates		(6,300)	–
Profit/(loss) before taxation		71,017	(26,428)
Taxation	5	(28)	(47)
Profit/(loss) for the period		70,989	(26,475)
Attributable to:			
Equity holders of the Company		71,002	(26,458)
Minority interests		(13)	(17)
		70,989	(26,475)
Earnings/(loss) per share			
Basic and diluted	6	13.17 cents	(5.49 cents)

The accompanying notes form an integral part of these financial statements.

All of the Group operations are classed as continuing.