

NOTES TO THE CONDENSED FINANCIAL STATEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER, 2002

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.

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, 2002 except the newly adopted accounting standards which are effective for the accounting periods commencing on or after 1 January, 2002:

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 11 (revised)	:	Foreign currency translation
SSAP 15 (revised)	:	Cash flow statements
SSAP 34	:	Employees benefits

The new/revised SSAP’s adopted during the six months ended 31 December, 2002 do not have any material impact to the Group’s accounting policies applicable to the preparation of the interim financial statements except that certain comparative figures presented have been restated to conform to the new disclosure requirements.

2. SEGMENT INFORMATION

	Turnover		Loss from operations	
	1/7/2002 to 31/12/2002 <i>HK\$’000</i>	1/7/2001 to 31/12/2001 <i>HK\$’000</i>	1/7/2002 to 31/12/2002 <i>HK\$’000</i>	1/7/2001 to 31/12/2001 <i>HK\$’000</i>
Business segments				
Continuing operations:				
Textile trading	<u>10,338</u>	<u>7,548</u>	<u>(7,205)</u>	<u>(6,589)</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 Group 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\$23,026,000 (2001: HK\$23,868,000) and on 528,271,615 (2001: 528,271,615) ordinary shares in issue during the period.

5. INVESTMENT SECURITIES

	31/12/2002 & 30/6/2002	
	<i>HK\$'000</i>	
Unlisted investments, at cost		60,049
Less: Provision for impairment		(50,971)
		<u>9,078</u>

6. SECURED BANK LOANS

	31/12/2002	30/6/2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
The secured bank loans are repayable within one year or on demand and shown under current liabilities	<u>696,394</u>	<u>685,730</u>

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 and will be completed within one year. The Group is still looking for new investment opportunities.