

The Board of Directors of SW Kingsway Capital Holdings Limited (the “Company”) is pleased to present the interim report and unaudited condensed financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2006. The condensed financial statements have not been audited, but have been reviewed by KPMG in accordance with Statement of Auditing Standards 700, Engagements to review interim financial reports, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). KPMG’s independent review report to the Board of Directors of the Company is included on page 32. The interim report has been reviewed by the Company’s Audit Committee.

## Condensed Consolidated Income Statement

For the six months ended 31 December 2006 – unaudited (Expressed in Hong Kong dollars)

	Note	Six months ended 31 December 2006	2005 (restated)
<b>Continuing operations:</b>			
<b>Turnover</b>			
Net gain on disposal of financial assets at fair value through profit or loss and remeasurement to fair value		\$ 17,253,353	\$ 20,584,454
Commission and fee income		33,992,102	39,005,654
Interest and dividend income		14,567,890	11,378,649
		\$ 65,813,345	\$ 70,968,757
<b>Other income</b>		2,285,995	2,398,817
		\$ 68,099,340	\$ 73,367,574
<b>Valuation gains on investment properties</b>	3	4,538,858	46,362,050
<b>Gain on disposal of subsidiaries</b>	8	1,763,253	–
<b>Operating expenses</b>			
Commission expenses		(5,004,554)	(6,842,564)
General and administrative expenses		(48,595,908)	(56,824,040)
Reversal of revaluation loss on property held for own use		548,409	–
		\$ 21,349,398	\$ 56,063,020
<b>Profit from operations</b>		(8,835,700)	(6,051,278)
Finance costs			
	3	\$ 12,513,698	\$ 50,011,742
Share of losses of associates	3	(616,364)	(257,333)
Share of losses of jointly controlled entities	3	(719,183)	–
		\$ 11,178,151	\$ 49,754,409
<b>Profit before taxation</b>	4	(2,015,713)	(16,310,127)
Income tax	5		
		\$ 9,162,438	\$ 33,444,282
<b>Profit for the period from continuing operations</b>			
<b>Discontinued operations:</b>			
<b>Profit for the period from discontinued operations</b>	2, 3	1,232,449	583,240
<b>Profit for the period</b>		\$ 10,394,887	\$ 34,027,522
<b>Attributable to:</b>			
Equity shareholders of the Company		\$ 13,438,870	\$ 26,214,660
Minority interests		(3,043,983)	7,812,862
		\$ 10,394,887	\$ 34,027,522
<b>Profit for the period</b>			
<b>Interim dividend</b>	6(a)	\$ 10,719,139	\$ 10,719,139
<b>Basic earnings per share</b>	7		
From continuing and discontinued operations		0.41 cent	0.81 cent
From continuing operations		0.37 cent	0.79 cent
From discontinued operations		0.04 cent	0.02 cent
<b>Diluted earnings per share</b>		N/A	N/A

The notes on pages 6 to 20 form part of these condensed interim financial statements.