

ARTFIELD GROUP<01229> - Results Announcement

Artfield Group Limited announced on 30/07/2003:

(stock code: 01229)

Year end date: 31/03/2003

Currency: HKD

Auditors' Report: Qualified

	(Audited) Current Period from 01/04/2002 to 31/03/2003 Note ('000)	(Audited) Last Corresponding Period from 01/04/2001 to 31/03/2002 ('000)
Turnover	: 268,853	272,556
Profit/(Loss) from Operations	: 4,912	(1,630)
Finance cost	: (2,341)	(1,961)
Share of Profit/(Loss) of Associates	: N/A	N/A
Share of Profit/(Loss) of Jointly Controlled Entities	: (48)	(485)
Profit/(Loss) after Tax & MI	: 1,722	(2,806)
% Change over Last Period	: N/A	%
EPS/(LPS)-Basic (in dollars)	: 0.0071	(0.0116)
-Diluted (in dollars)	: 0.007	N/A
Extraordinary (ETD) Gain/(Loss)	: N/A	N/A
Profit/(Loss) after ETD Items	: 1,722	(2,806)
Final Dividend per Share	: NIL	NIL
(Specify if with other options)	: N/A	N/A
B/C Dates for Final Dividend	: N/A	
Payable Date	: N/A	
B/C Dates for Annual General Meeting	: 22/08/2003	to 28/08/2003bdi.
Other Distribution for Current Period	: N/A	
B/C Dates for Other Distribution	: N/A	

Remarks:

1. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the net profit from ordinary activities attributable to shareholders for the year of HK\$1,722,000 (2002: net loss of HK\$2,806,000) and the weighted average number of 242,264,656 (2002: 242,807,500) ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the net profit from ordinary activities attributable to shareholders for the year of HK\$1,722,000. The weighted average number of ordinary shares used in the calculation is the 242,264,656 ordinary shares in issue during the year, as used in the basic earnings per share calculation; and the weighted average number of 4,940,776 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all options outstanding during the year. The exercise price of the warrants outstanding during the year was higher than the average market price of the Company's shares and no dilutive effect on the basic earnings per share.

No diluted loss per share was shown for the year ended 31 March 2002 as the effect of the Company's share options outstanding during that year was anti-dilutive. In addition, the exercise price of the warrants granted and outstanding during that year, was higher than the average market price of the Company's shares and, accordingly, there was no dilutive effect on the basic loss per share for the year ended 31 March 2002.

2. EXTRACT OF OPINION FROM AUDITORS

Scope limitation - acquisition of a subsidiary

The Group acquired a subsidiary (the "Acquisition") for a consideration of HK\$20 million during the year. The evidence available to the auditors in connection with the acquisition of this company was limited. Notwithstanding that the auditors understand the acquired subsidiary has been in the metals distribution business for some three years, no proper books and records in connection with the subsidiary company's activities prior to the Acquisition, other than in respect of the fixed assets and other receivable, were available for their audit. Accordingly, the auditors were unable to obtain sufficient evidence to assess or confirm the accounting for the Acquisition, to ascertain the reasonableness of the amounts paid for the Acquisition or otherwise determine how the payments of HK\$20 million should be reflected in the underlying transaction. As a result of this scope limitation, the auditors were not able to perform the procedures they considered necessary to assess the transaction as a whole and, accordingly, the carrying value of the goodwill arising from the acquisition at 31 March 2003. Any adjustment to either the goodwill and/or the net assets acquired arising from the acquisition of the subsidiary would have a consequential impact on the Group's net assets as at 31 March 2003 and its profit for the year then ended.

Qualified opinion arising from limitation of audit scope

Except for any adjustments or disclosures that might have been found to be necessary had the auditors been able to satisfy themselves regarding the matter discussed in the preceding paragraph, in their opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2003 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

In respect alone of the limitation on auditors' work relating to the acquisition of the subsidiary,

- the auditors have not obtained all the information and explanations that they considered necessary for the purpose of their audit; and
- the auditors were unable to determine whether proper books of account had been kept.