

**chinadotcom corporation**  
**Consolidated Statement of Operations**  
(Amounts in thousands of U.S. dollars, except per share data)

	Quarter ended March 31, 2003 <u>(unaudited)</u>	Quarter ended June 30, 2003 <u>(unaudited)</u>
<b>Revenues</b>		
Software and consulting services	7,003	11,700
Advertising and marketing activities	6,747	4,030
Mobile services and applications	-	5,056
Other income	801	1,129
	<hr/> 14,551	<hr/> 21,915
<b>Cost of revenues</b>		
Software and consulting services	(4,413)	(8,118)
Advertising and marketing activities	(4,733)	(3,235)
Mobile services and applications	-	(692)
Other income	(321)	(273)
	<hr/> (9,467)	<hr/> (12,318)
<b>Gross margin</b>	5,084	9,597
Selling, general and administrative expenses	(5,744)	(8,140)
Depreciation and amortization expenses	(1,953)	(1,676)
Stock compensation expense	(54)	(50)
	<hr/> (2,667)	<hr/> (269)
<b>Operating loss</b>	(2,667)	(269)
Interest income	3,953	3,384
Interest expense	-	(273)
Gain on disposal of available-for-sale securities	1,661	1,343
Gain/(loss) on disposal of subsidiaries and investments	295	(182)
Other non-operating gains	-	-
Other non-operating losses	(35)	(519)
Dividend income, net of related expenses	-	(113)
Share of income in equity investees	-	11
	<hr/> 3,207	<hr/> 3,382
<b>Gain before income taxes</b>	3,207	3,382
Income taxes benefits/(expenses)	100	(591)
	<hr/> 3,307	<hr/> 2,791
Gain before minority interests	3,307	2,791
Minority interests in income of consolidated subsidiaries	(571)	(136)
	<hr/> 2,736	<hr/> 2,655
<b>Income from continuing operations</b>	2,736	2,655
Discontinued operations		
Loss from operations	(1,521)	(877)
Income from disposals	95	2,300
	<hr/> 1,310	<hr/> 4,078
<b>Net income</b>	<u>1,310</u>	<u>4,078</u>
Basic and diluted earnings per share	<u>0.01</u>	<u>0.04</u>

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**Consolidated Balance Sheets**  
(Amounts in thousands of U.S. dollars)

	<b>March 31, 2003 <u>(unaudited)</u></b>	<b>June 30, 2003 <u>(unaudited)</u></b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	164,789	60,796
Restricted cash	42	59
Accounts receivable	14,078	17,525
Deposits, prepayments and other receivables	13,190	8,018
Available-for-sale debt securities	176,224	271,167
Restricted debt securities	93,956	47,312
Total current assets	<u>462,279</u>	<u>404,877</u>
Property, plant and equipment, net	8,422	7,239
Available-for-sale marketable securities	1,999	2,198
Available-for-sale debt securities	20,000	20,000
Goodwill	17,264	29,581
Intangible assets	16,641	16,356
Restricted debt securities	11,882	11,894
Investment in equity investees	330	409
Investments	536	889
Other assets	3,840	3,822
Total assets	<u><u>543,193</u></u>	<u><u>497,265</u></u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	11,739	13,620
Other payables	11,814	8,412
Accrued liabilities	11,168	9,645
Short-term bank loans	89,609	39,197
Long-term bank loans, current portion	152	155
Deferred revenue	2,589	2,409
Taxation	291	-
Amount due to related companies	684	684
Total current liabilities	<u>128,046</u>	<u>74,122</u>
Long term debts, less current portion	11,546	11,498
Minority interests	35,898	34,718
Shareholders' equity:		
Share capital	25	25
Additional paid-in capital	605,416	608,573
Treasury stock	(5,659)	(4,402)
Accumulated other comprehensive income	1,028	1,760
Accumulated deficit	(233,107)	(229,029)
Total shareholders' equity	<u>367,703</u>	<u>376,927</u>
Total liabilities and shareholders' equity	<u><u>543,193</u></u>	<u><u>497,265</u></u>