

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

	Year Ended Dec 31, 2002 (unaudited)	Year Ended Dec 31, 2003 (unaudited)
Revenues		
Software and consulting services	15,505	50,699
Advertising and marketing activities	26,682	19,558
Mobile services and applications	-	16,876
Other income	1,821	2,299
	<u>44,008</u>	<u>89,432</u>
Cost of revenues		
Software and consulting services	(6,923)	(31,820)
Advertising and marketing activities	(19,999)	(12,966)
Mobile services and applications	-	(2,247)
Other income	(845)	(1,084)
	<u>(27,767)</u>	<u>(48,117)</u>
Gross Margin	16,241	41,315
Gross Margin %	37%	46%
Selling, general and administrative expenses	(26,852)	(33,997)
Depreciation and amortization expenses	(9,882)	(7,182)
Stock compensation expense	(309)	(328)
	<u>(37,043)</u>	<u>(41,507)</u>
Operating loss	(20,802)	(192)
Interest income	23,713	13,440
Interest expense	(2,463)	(1,070)
Gain/(loss) on disposal of available-for-sale securities	(163)	4,599
Gain/(loss) on disposal of subsidiaries and cost investments	(66)	469
Other non-operating gains	508	961
Other non-operating losses	(288)	(153)
Impairment of cost investments and available-for-sale securities	(5,351)	-
Share of income/(losses) in equity investees	682	(115)
Income/(Loss) before income taxes	(4,230)	17,939
Income taxes benefits/(expenses)	(113)	689
Income/(loss) before minority interests	<u>(4,343)</u>	<u>18,628</u>
Minority interests in losses/(income) of consolidated subsidiaries	248	(2,204)
Income/(loss) from continuing operations	(4,095)	16,424
Discontinued operations		
Loss from operations	(14,681)	(3,027)
Income from disposals	545	2,127
Net income/(loss)	(18,231)	15,524
Basic earnings/(loss) per share	<u>(0.18)</u>	<u>0.15</u>
Diluted earnings/(loss) per share	<u>(0.18)</u>	<u>0.15</u>
Weighted average number of ordinary shares, basic	<u>102,269,735</u>	<u>100,532,594</u>
Weighted average number of ordinary shares, diluted	<u>102,269,735</u>	<u>103,199,421</u>

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	Quarter Ended Sep 30, 2003 <u>(unaudited)</u>	Quarter Ended Dec 31, 2003 <u>(unaudited)</u>
Revenues		
Software and consulting services	13,428	19,270
Advertising and marketing activities	4,662	3,604
Mobile services and applications	5,942	5,878
Other income	394	564
	<u>24,426</u>	<u>29,316</u>
Cost of revenues		
Software and consulting services	(8,961)	(10,907)
Advertising and marketing activities	(2,946)	(1,994)
Mobile services and applications	(543)	(1,012)
Other income	(192)	(399)
	<u>(12,642)</u>	<u>(14,312)</u>
Gross Margin	11,784	15,004
Gross Margin %	48%	51%
Selling, general and administrative expenses	(9,305)	(11,343)
Depreciation and amortization expenses	(708)	(2,986)
Stock compensation expense	(49)	(175)
	<u>(10,062)</u>	<u>(14,504)</u>
Operating income	1,722	500
Interest income	3,228	2,876
Interest expense	(278)	(519)
Gain on disposal of available-for-sale securities	879	716
Gain on disposal of subsidiaries and cost investments	350	6
Other non-operating gains	998	503
Other non-operating losses	-	(37)
Share of income/(losses) in equity investees	84	(210)
Income before income taxes	6,983	3,835
Income taxes benefits	401	779
Income before minority interests	<u>7,384</u>	<u>4,614</u>
Minority interests in income of consolidated subsidiaries	(1,014)	(483)
Income from continuing operations	6,370	4,131
Discontinued operations		
Loss from operations	(12)	(85)
Loss from disposals	(268)	-
Net income	6,090	4,046
Basic earnings per share	<u>0.06</u>	<u>0.04</u>
Diluted earnings per share	<u>0.06</u>	<u>0.04</u>
Weighted average number of ordinary shares, basic	<u>101,265,249</u>	<u>101,350,257</u>
Weighted average number of ordinary shares, diluted	<u>105,901,663</u>	<u>104,920,749</u>

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

	December 31, 2002 <u>(unaudited)</u>	December 31, 2003 <u>(unaudited)</u>
ASSETS		
Current assets:		
Cash and cash equivalents	33,153	55,508
Restricted cash	109	238
Accounts receivable	15,030	16,562
Deposits, prepayments and other receivables	8,363	10,425
Available-for-sale debt securities	300,056	262,745
Restricted debt securities	139,255	19,213
Deferred tax assets	-	240
Amount due to related parties	-	36
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Total current assets	495,966	364,967
Property, plant and equipment, net	9,375	7,210
Available-for-sale equity securities	2,050	590
Available-for-sale debt securities	20,000	19,400
Goodwill	12,016	82,656
Intangible assets	16,980	28,880
Restricted debt securities	11,868	11,896
Investment in equity investees	330	434
Investments under cost method	387	609
Deferred tax assets	-	305
Loan receivables	5,325	27,000
Other assets	6,660	3,336
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Total assets	580,957	547,283
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	13,662	7,800
Other payables	12,952	10,310
Purchase consideration payable	-	41,000
Accrued liabilities	9,064	12,295
Short-term bank loans	115,650	15,199
Long-term bank loans, current portion	149	171
Deferred revenue	2,693	9,357
Taxation	636	656
Amount due to related parties	684	-
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Total current liabilities	155,490	96,788
Long-term bank loans, net of current portion	11,585	11,456
Deferred tax liabilities	-	1,618
Minority interests	36,182	46,975
Shareholders' equity:		
Share capital	25	25
Additional paid-in capital	610,340	614,721
Treasury stocks	(238)	(4,067)
Accumulated other comprehensive income	1,990	(1,340)
Accumulated deficits	(234,417)	(218,893)
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Total shareholders' equity	377,700	390,446
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Total liabilities and shareholders' equity	580,957	547,283