

**ARNHOLD HOLDINGS LTD:  
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**Are These Shares Worth \$HK1.46, Each ?**

It would be interesting to learn how one could justify paying \$HK1.46 per share in the Issued and Fully Paid-Up Share Capital of Arnhold Holdings Ltd () (Code: 102, Main Board, The Stock Exchange of Hongkong Ltd) – because the company has proved itself to be a dud over the past 6 Financial Years, ended December 31, 2006.

If the shares are worth \$HK1.46 each, then, somebody knows something that has yet to be published, officially, by Management of this publicly listed company.

Which is, of course, quite possible, if not quite probable.

The company is controlled by the father-and-son team of Mr Michael John Green, the 66-year-old Chairman, and Mr Daniel George Green, the 32-year-old Deputy Managing Director.

While it is well known that the Green Family is one of the richest Jewish families in Hongkong, enjoying a completely untarnished reputation for honesty, at the same time, the Green Family does seem to lack something, such as a reasonable knowledge of the business in which they are engaged.

Last Friday, Arnhold Holdings released its Financial Results for the 2006 Financial Year, ended December 31.

The highlights of that report are as follows:

	<b><u>2006</u></b>	<b><u>2005</u></b>
Turnover	\$HK297.55 million	\$HK262.44 million
Gross Profit	\$HK65.69 million	\$HK58.67 million
Operating Expenses	(\$HK65.40 million)	(\$HK60.52 million)
Operating Profit	\$HK4.29 million	\$HK1.95 million
Share of Loss of Associates	(\$HK1.77 million)	Nil
Profit before Income Tax	\$HK2.32 million	\$HK1.93 million
Net Profit Attributable to Shareholders	\$HK2.14 million	\$HK1.62 million

Not very exciting news, in **TARGET**'s opinion.

But this is not the end of the story, not by a long shot.

According to Note 3 to the Profit and Loss account, the Profit Before Income Tax included the credit of about \$HK1.75 million, that amount of money, being interest income on the company's cash balance.

In the 2005-Year, the company posted a credit in the Profit and Loss Account of about \$HK1.36 million, also due to interest income.

If one subtracts those figures from the Bottom Lines of Arnhold Holdings for the relevant Financial Years, the resultant notional adjustments would be that, in the 2006-Year, the company would have seen its Net Profit Attributable to Shareholders shaved down to about \$HK390,000 and, as for the 2005-Year, its Net

Profit Attributable to Shareholders would have been reduced to about \$HK260,000.

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