



PANORAMA INTERNATIONAL HOLDINGS LIMITED

鐳射國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8173)

INTERIM REPORT

2006/2007

For the six months ended

30 September, 2006

* *For identification purposes only*

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This report, for which the directors of Panorama International Holdings Limited (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to Panorama International Holdings Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2006 – UNAUDITED

The board of Directors (the “Board”) of Panorama International Holdings Limited (the “Company”) is pleased to report the unaudited consolidated results of the Company and its subsidiaries (the “Group” or “Panorama”) for the three and six months ended 30 September, 2006 together with the comparative figures for the corresponding period in 2005 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED

For the three and six months ended 30 September, 2006

	Notes	Three months ended 30 September,		Six months ended 30 September,	
		2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Turnover	2	14,227	19,362	29,371	42,601
Cost of Sales		(12,825)	(13,285)	(23,708)	(28,374)
Gross Profit		1,402	6,077	5,663	14,227
Other operating income		212	99	332	685
Distribution costs		(214)	(280)	(351)	(704)
Administrative expenses		(3,851)	(4,618)	(7,886)	(9,600)
Other operating expenses		(596)	(608)	(987)	(1,253)
(Loss) profit from operations	4	(3,047)	670	(3,229)	3,355
Finance costs		(870)	(466)	(1,533)	(812)
(Loss) profit before taxation		(3,917)	204	(4,762)	2,543
Taxation	5	841	159	508	(764)
(Loss) profit for the period		(3,076)	363	(4,254)	1,779
Attributable to:					
Equity holders of the Company		(2,869)	545	(3,846)	1,756
Minority interests		(207)	(182)	(408)	23
		(3,076)	363	(4,254)	1,779
(Loss) earnings per share – Basic	6	(0.71) cent	0.14 cent	(0.96) cent	0.44 cent
– Diluted	6	n/a	0.13 cent	n/a	0.43 cent

CONDENSED CONSOLIDATED BALANCE SHEET

		(Unaudited) 30 September, 2006 HK\$'000	(Audited) 31 March, 2006 HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	7	4,289	4,898
Film rights	8	66,560	72,461
Films in progress		6,079	793
Trademark		8	15
Payment for acquisition of film rights		2,255	2,066
		<u>79,191</u>	<u>80,233</u>
CURRENT ASSETS			
Inventories		22,613	22,377
Trade and other receivables	9	30,928	26,853
Amount due from a related company		2,961	6,537
Pledged bank deposits		10,370	8,218
Bank balance and cash		1,268	6,796
		<u>68,140</u>	<u>70,781</u>
CURRENT LIABILITIES			
Trade and other payables	10	39,823	37,716
Amounts due to a related companies		3	3
Taxation payable		4	105
Obligations under finance leases			
– due within one year	11	362	430
Bank and other borrowings			
– due within one year	12	26,584	27,187
		<u>66,776</u>	<u>65,441</u>
NET CURRENT ASSETS			
		<u>1,364</u>	<u>5,340</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>80,555</u>	<u>85,573</u>
NON-CURRENT LIABILITIES			
Other payables		4,976	6,596
Obligations under finance leases			
– due after one year	11	831	1,099
Bank and other borrowings			
– due after one year	12	8,323	6,760
Deferred tax liabilities		3,669	4,177
		<u>17,799</u>	<u>18,632</u>
		<u>62,756</u>	<u>66,941</u>
CAPITAL AND RESERVES			
Share capital	13	4,044	4,023
Reserves		52,375	56,173
		<u>56,419</u>	<u>60,196</u>
MINORITY INTERESTS			
		<u>6,337</u>	<u>6,745</u>
TOTAL EQUITY			
		<u>62,756</u>	<u>66,941</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT – UNAUDITED

	Six months ended 30 September,	
	2006	2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated from operating activities	10,332	12,854
Net cash used in investing activities	(16,976)	(17,643)
Net cash generated from financing activities	5,366	8,225
	<u> </u>	<u> </u>
Net increase (decrease) in cash and cash equivalents	(1,278)	3,436
Cash and cash equivalents at beginning of period	(11,072)	(17,234)
	<u> </u>	<u> </u>
Cash and cash equivalents at end of period	<u>(12,350)</u>	<u>(13,798)</u>
Analysis of the balances of cash and cash equivalents:		
Bank balances and cash	1,268	4,435
Bank overdrafts	(13,618)	(18,233)
	<u> </u>	<u> </u>
	<u>(12,350)</u>	<u>(13,798)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

	Share capital	Share premium	Special reserve	Translation reserve	Retained profits	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April, 2005	4,023	12,953	10,440	67	28,888	56,371
Net profit for the period	–	–	–	–	1,756	1,756
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 September, 2005	<u>4,023</u>	<u>12,953</u>	<u>10,440</u>	<u>67</u>	<u>30,644</u>	<u>58,127</u>
At 1 April, 2006	4,023	12,953	10,440	67	32,713	60,196
Issue of share on exercise of share options	21	48	–	–	–	69
Net loss for the period	–	–	–	–	(3,846)	(3,846)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 September, 2006	<u>4,044</u>	<u>13,001</u>	<u>10,440</u>	<u>67</u>	<u>28,867</u>	<u>56,419</u>

NOTES TO CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The unaudited consolidated result have been prepared under the historical cost convention and in accordance with accounting standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of Hong Kong Company Ordinance and the GEM Listing Rules.

The accounting policies adopted in preparing the unaudited consolidated results are consistent with those in the preparation of the annual financial statements for the year ended 31 March, 2006.

2. TURNOVER

Turnover represents the net amounts received and receivable for sales of goods by the Group to outside customers, less returns and allowances, and revenue received and receivable from sub-licensing of film rights, film exhibition and film distribution, and is analysed as follows:

	Three months ended		Six months ended	
	30 September,		30 September,	
	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales of goods	11,355	14,797	21,563	29,537
Sub-licensing of film rights	950	1,484	4,905	6,639
Film exhibition and film distribution income	1,922	3,081	2,903	6,425
	<u>14,227</u>	<u>19,362</u>	<u>29,371</u>	<u>42,601</u>

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

Turnover and contribution to operating results and assets and liabilities by business segment has not been prepared as the Group has only one business segment which is the distribution of film rights by different audio-visual programmes and sub-licensing.

As the Group's turnover for the period ended 30 September, 2006 are substantially made to customers based in Hong Kong and the operations of the Group are substantially located in Hong Kong, no analysis for the geographical segment information is provided accordingly.

4. (LOSS) PROFIT FROM OPERATIONS

	Three months ended		Six months ended	
	30 September,		30 September,	
	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Loss) profit from operations has been arrived at after charging:				
Auditors' remuneration	75	79	150	141
Amortisation of film rights included in cost of sales	7,722	6,261	15,134	12,426
Amortisation of trademark included in administrative expenses	3	3	7	7
Cost of inventories included in cost of sales	2,574	3,948	4,507	9,481
Depreciation				
– Owned assets	188	202	407	347
– Assets under finance leases	170	350	354	689
Staff costs including directors' remuneration	2,704	3,279	5,584	6,594
Staff retirement benefits scheme contributions	105	111	217	226
and after crediting:				
Interest income	<u>74</u>	<u>39</u>	<u>150</u>	<u>76</u>

5. TAXATION

	Three months ended		Six months ended	
	30 September,		30 September,	
	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The credit (charge) comprises:				
Hong Kong Profits Tax	–	50	–	(4)
Taxation in other jurisdictions	–	–	–	–
Deferred tax credit (charge)	<u>841</u>	<u>109</u>	<u>508</u>	<u>(760)</u>
	<u>841</u>	<u>159</u>	<u>508</u>	<u>(764)</u>

Hong Kong Profits Tax is calculated at 17.5% (2005: 17.5%) of the estimated assessable profit for the three months and six months ended 30 September, 2006. Taxation in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

6. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share is based on the unaudited net (loss) for the three months and six months ended 30 September, 2006 of approximately HK\$(2,869,000) and HK\$(3,846,000) respectively (three months and six months ended 30 September, 2005: profit for the period of approximately HK\$545,000 and HK\$1,756,000 respectively) and the weighted average number of approximately 402,391,000 and 402,346,000 ordinary shares respectively for the three months and six months ended 30 September, 2006 (three months and six months ended 30 September, 2005: approximately: 402,300,000 and 402,300,000 ordinary shares).

For the three months and six months ended 30 September, 2006, no diluted loss per share is presented as it is anti-dilutive.

The calculation of diluted earnings per share for the three months and six months ended 30 September, 2005 were calculated based on the profit for the three months and six months ended 30 September, 2005 of approximately HK\$545,000 and HK\$1,756,000 respectively and the diluted weighted average number of shares in issue of approximately 412,469,000 and 412,305,000 respectively for the three months and six months ended 30 September, 2005.

They have been calculated after taking into account all dilutive instruments outstanding as at 30 September, 2005. The effect of the dilutive potential ordinary shares resulting from the exercise of the outstanding share options on the weighted average number of shares in issue during the three months and six months ended 30 September, 2005 were approximately 10,169,000 and 10,005,000 ordinary shares respectively which were deemed to have been issued at no consideration as if all outstanding share options have been exercised on the date the options were granted.

7. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost					
At 1 April, 2006	2,528	1,632	3,766	3,191	11,117
Addition	80	9	155	–	244
Disposal	–	(250)	(93)	(391)	(734)
	<u>2,608</u>	<u>1,391</u>	<u>3,828</u>	<u>2,800</u>	<u>10,627</u>
At 30 September, 2006	<u>2,608</u>	<u>1,391</u>	<u>3,828</u>	<u>2,800</u>	<u>10,627</u>
Accumulated Depreciation					
At 1 April, 2006	232	981	3,387	1,619	6,219
Provided for the period	130	141	136	354	761
Disposal	–	(250)	(93)	(299)	(642)
	<u>362</u>	<u>872</u>	<u>3,430</u>	<u>1,674</u>	<u>6,338</u>
At 30 September, 2006	<u>362</u>	<u>872</u>	<u>3,430</u>	<u>1,674</u>	<u>6,338</u>
Net Book Values					
At 30 September, 2006	<u>2,246</u>	<u>519</u>	<u>398</u>	<u>1,126</u>	<u>4,289</u>
At 31 March, 2006	<u>2,296</u>	<u>651</u>	<u>379</u>	<u>1,572</u>	<u>4,898</u>

8. FILM RIGHTS

	<i>HK\$'000</i>
Cost	
At 1 April, 2006	184,776
Additions	<u>9,233</u>
At 30 September, 2006	<u>194,009</u>
Amortisation and Impairment	
At 1 April, 2006	112,315
Provided for the period	<u>15,134</u>
At 30 September, 2006	<u>127,449</u>
Carrying Amount	
At 30 September, 2006	<u><u>66,560</u></u>
At 31 March, 2006	<u><u>72,461</u></u>

9. TRADE AND OTHER RECEIVABLES

	30 September, 2006 <i>HK\$'000</i>	31 March, 2006 <i>HK\$'000</i>
Trade receivables:		
0 – 30 days	6,869	5,640
31 – 60 days	1,944	2,885
61 – 90 days	1,212	2,852
91 – 180 days	2,195	6,369
Over 180 days	9,793	5,337
	<u>22,013</u>	23,083
Other receivables	8,915	3,770
	<u>30,928</u>	<u>26,853</u>

10. TRADE AND OTHER PAYABLES

	30 September, 2006 <i>HK\$'000</i>	31 March, 2006 <i>HK\$'000</i>
Trade payables:		
0 – 30 days	10,785	5,732
31 – 60 days	3,072	3,285
61 – 180 days	4,912	8,531
Over 180 days	7,691	9,504
	<u>26,460</u>	27,052
Other payables	13,363	10,664
	<u>39,823</u>	<u>37,716</u>

11. OBLIGATIONS UNDER FINANCE LEASES

	Present value of minimum lease payments		Minimum lease payments	
	30 September, 2006 HK\$'000	31 March, 2006 HK\$'000	30 September, 2006 HK\$'000	31 March, 2006 HK\$'000
Amounts payable under finance leases are as follows				
Within one year	362	430	413	493
In the second to fifth years inclusive	831	1,099	927	1,230
	<u>1,193</u>	<u>1,529</u>	<u>1,340</u>	<u>1,723</u>
Less: Future finance charges	–	–	(147)	(194)
Present value of lease obligations	<u>1,193</u>	<u>1,529</u>	<u>1,193</u>	<u>1,529</u>
Less: Amount due within one year shown under current liabilities	<u>(362)</u>	<u>(430)</u>		
Amount due after one year	<u>831</u>	<u>1,099</u>		

12. BANK AND OTHER BORROWINGS

	30 September, 2006 HK\$'000	31 March, 2006 HK\$'000
Bank overdrafts	13,618	17,868
Bank borrowings	20,544	14,867
Other borrowings	745	1,212
	<u>34,907</u>	<u>33,947</u>
Analysed as:		
Secured	34,907	32,467
Unsecured	–	1,480
	<u>34,907</u>	<u>33,947</u>
The maturity profile of the above loans and overdrafts is as follows:		
On demand or within one year	26,584	27,187
More than one year, but not exceeding two years	8,323	6,760
	<u>34,907</u>	<u>33,947</u>
Less: Amounts due within one year shown under current liabilities	<u>(26,584)</u>	<u>(27,187)</u>
Amount due after one year	<u>8,323</u>	<u>6,760</u>

13. SHARE CAPITAL

	Number of shares	Nominal Value <i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.01 each at 1 April, 2006 and at 30 September, 2006	<u>1,500,000,000</u>	<u>15,000</u>
Issued and fully paid:		
At 1 April, 2006	402,300,000	4,023
Exercise of share options	<u>2,100,000</u>	<u>21</u>
At 30 September, 2006	<u>404,400,000</u>	<u>4,044</u>

14. OPERATING LEASE ARRANGEMENTS

	30 September, 2006 <i>HK\$'000</i>	31 March, 2006 <i>HK\$'000</i>
Minimum lease payments under operating leases during the period		
Premises	1,195	2,932
Office equipment	<u>82</u>	<u>232</u>
	<u>1,277</u>	<u>3,164</u>

As at 30 September, 2006, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of premises and office equipment which fall due as follows:

	30 September, 2006 <i>HK\$'000</i>	31 March, 2006 <i>HK\$'000</i>
Premises		
Within one year	590	433
In the second to fifth years inclusive	<u>171</u>	<u>161</u>
	<u>761</u>	<u>594</u>
Office equipment		
Within one year	164	164
In the second to fifth years inclusive	<u>478</u>	<u>559</u>
	<u>642</u>	<u>723</u>
	<u>1,403</u>	<u>1,317</u>

15. OTHER COMMITMENTS

	30 September, 2006 <i>HK\$'000</i>	31 March, 2006 <i>HK\$'000</i>
Contracted for but not provided for in the financial statements	<u>14,294</u>	<u>15,069</u>

Other commitments represent license fees commitment to licensors for which film master materials have not been delivered to the Group.

The Company did not have any significant commitments as at 30 September, 2006.

INTERIM DIVIDEND

The Directors do not recommend the payment of a dividend for the six months ended 30 September, 2006 (2005: Nil).

BUSINESS AND FINANCIAL REVIEW

During the interim period of 2006-07 ended 30 September, 2006 (the “Six-Month Period”), amidst the challenges presented by continuing weak consumer sentiment and the poor retail business in the region, the Group remains well positioned to sustain our market standing as one of the leading entertainment providers in Asia. With our comprehensive range of quality entertainment content, the Group is able to offer extensive variety and choice to its audiences.

On the financial side, the Group’s turnover for the Six-Month Period amounted to approximately HK\$29,371,000 (2005: HK\$42,601,000), representing approximately 31% decrease as compared to that of the same period in 2005. Sales of goods for the Six-Month Period amounted to approximately HK\$21,563,000 (2005: HK\$29,537,000) representing a drop of approximately 27% over the corresponding period last year. Sub-licensing income for the Six-Month Period was approximately HK\$4,905,000 (2005: HK\$6,639,000), representing a decrease of approximately 26% over the corresponding period last year. Film exhibition and distribution income for the Six-Month Period was approximately HK\$2,903,000 (2005: HK\$6,425,000), representing a decrease of approximately 55% when compared to that of the same period last year. Loss for the Six-Month Period amounted to approximately HK\$3,846,000 (2005: Profit for the six months ended 30 September, 2005 HK\$1,756,000).

During the three months ended 30 September, 2006 (the “Three-Month Period”), the decline in turnover and profit over the last three months can be largely attributed to the downturn in consumer spending due to the decline in the general entertainment business, as well as the increased pricing pressure from competitors.

On the operation side, the Group has acquired film rights of worldwide blockbusters, which enjoyed both critical and commercial success during theatrical release. The Group has also acquired the films rights of several successful local productions, and numerous TV series for video distribution and achieved desirable sales records.

In the Three-Month Period, Panorama witnessed the theatrical release of the following film titles: STORMBREAKER, a Hollywood-style action adventure franchise in the tradition of James Bond, based on the best-selling series of Alex Rider novels by Anthony Horowitz; LUCKY NUMBER SLEVIN, the intelligent crime thriller starring Bruce Willis, Josh Hartnett, Morgan Freeman and Lucy Liu; MEMORIES OF MATSUKO, a perfect blend of comedy, fantasy and fairy tale directed by Nakamishi Tetsuya of KAMAKAZE GIRLS, which stars Nakatani Miki of TRAIN MAN.

As for the video market, the Group has continued to release popular titles that are appealing to both households and film buffs. During the summer, Panorama has specially packaged, released and promoted the following blockbusters with outstanding sales: ELECTION 2, the much-anticipated sequel to the critically acclaimed and commercially successful ELECTION, which stars Louis Koo and Simon Yam; and the special edition of FINAL DESTINATION 3, which provides a “Choose Their Fate” interactive feature that enables the consumers to choose the destinies of the characters in the film.

Other major video releases include classics such as THE THREE COLOURS TRILOGY: BLUE, WHITE and RED, directed by the master filmmaker Krzysztof Kieslowski; APRIL STORY and SWALLOWTAIL BUTTERFLY, two popular classic films by the Japanese filmmaker IWAI SHUNJI; and MATCH POINT, one of the best films of the year, directed by the legendary filmmaker Woody Allen, and starring Scarlett Johansson. Other notable releases include THE DARK, the suspense horror which stars Sean Bean and Maria Bello; FLOWER AND SNAKE, the Japanese erotic thriller that enjoyed tremendous success in the video market; DEEP BLUE, the wonderful documentary about the deep oceans, which was shot by the same team that produced the BBC series “The Blue Planet”; and PANDA-Z: THE ROBONIMATION, a series of animated short films that has already become a beloved figure among the children in both Japan and Hong Kong.

PROSPECTS

The Group will continue its commitment to acquiring more films of high quality and commercial value, fostering strategic partnerships for video releases, and expanding distribution network to reach a wider spectrum of audiences, especially in the Southeast Asia regions.

The highly anticipated MR. 3 MINUTES, a comedy that features Ronald Cheng, the comedy actor of several successful local blockbusters in the past few years, will be released in the coming November. This is a major theatrical release of local production for our Group in the financial year 2006/07. Another theatrical release is BREAKFAST ON PLUTO, an English film about a transvestite who is in search of his birth mother, which opened the Hong Kong Lesbian and Gay Film Festival in November to great success.

The Group has acquired a number of commercial and art-house titles for theatrical and video release in this financial year. Among them are DEVILMAN, one of the most popular Japanese CGI animation of the year; HELEN, THE BABY FOX, the Japanese feel-good drama about the friendship between a boy and his pet fox, in the tradition of QUILL; INVISIBLE WAVES, the controversial film that was one of the contenders in competition at the Berlin Film Festival; TOKYO FRIENDS, the most talked about TV drama of the year in Japan; and TAKESHIS’, the new film by director and actor Kitano Takeshi.

Besides acquiring high quality and commercial value film titles worldwide for distribution in the Southeast Asia regions, to expand further its business scope, the Group is contemplating to enter into the business of animation production and distribution in China (PRC). The Group strongly believes this will be a fast growing industry in the mainland and that will provide a very promising revenue stream in the near future.

In 2005 the production value of animation industry in China is approximately RMB20 billion. The Chinese government has recently given sturdy support to the development of the industry by implementing policies such as opening up more animated channels across China and forbidding foreign produced animation programmes to be broadcasted during prime time, with the intention to have this industry grown until its production value reaches 1% of the country’s GDP, that means approximately RMB150 billion. As a result, a fast growing demand for high quality animation programming is stimulated.

The Group foresees the business opportunity in production and propagation of original animated content throughout China, which is vertically integrated with its existing distribution business model. Other related business opportunities arise from this will include international sales and distribution of programmes, stage shows productions, licensing for animation characters merchandizes and media advertising. Furthermore, the Group could act as the ambassador of Chinese animation to international market and that may lead to the possibilities of developing cooperative ventures with renowned industry players.

LIQUIDITY AND FINANCIAL RESOURCES

Regarding the Group's liquidity position, its current ratio as at 30 September, 2006 was approximately 102% representing a decrease of approximately 6% when compared to that of the previous financial year. Gearing ratio, calculated based on non-current liabilities of approximately HK\$17,799,000 (as at 31 March, 2006 of approximately HK\$18,632,000) and shareholders' funds of approximately HK\$56,419,000 (as at 31 March, 2006 of approximately HK\$60,196,000), was approximately 32% as at 30 September, 2006, representing an increase of 1% as compared to the last year end figure.

PLEDGE OF ASSETS

As at 30 September, 2006, the Group pledged time deposits of approximately HK\$10,370,000 to banks to secure banking facilities granted to the Group.

EXCHANGE RATE RISK

The Group conducts its business mainly in the denomination of Hong Kong dollars. For transactions in other foreign currencies, the Group has not made any arrangement to hedge the Group's exchange rate risks. Besides, as the majority of the Group's assets are situated in Hong Kong, our exposure to exchange rate fluctuations is minimal.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

CONTINGENT LIABILITIES

As at 30 September, 2006, the Company's contingent liabilities were corporate guarantees given to banks of approximately HK\$41,050,000 for banking facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

The Directors believe that the quality of its employees is the most important single factor in sustaining the Group's reputation and improving its profitability. The staff are remunerated according to their work performance and experience. In addition to basic salaries, pension fund and medical schemes, discretionary bonuses and share options are awarded to some staff based on the assessment of individual performance.

SIGNIFICANT INVESTMENT AND ACQUISITIONS

During the period under review, the Group made no significant investments and had no material acquisitions or disposals of subsidiaries or associates.

RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme (the “Scheme”) for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the Scheme, which contribution is matched by employees.

The employees of the subsidiary in Singapore are members of a state-managed retirement benefits scheme operated by the government of Singapore. The subsidiary is required to contribute certain percentage of their payroll costs, depending on the age of individual employee and its nationality, to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September, 2006, the interests of the Directors and chief executives of the Company in the shares of the Company (the “Shares”), underlying Shares and debentures of the Company and its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (“SFO”)) which require notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests and short positions which they were taken or deemed to have under such provisions of SFO), or which were required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein, or which required, pursuant to the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

The Company

(a) Long positions in Shares

Name of directors	Beneficial interests	Family interests	Corporate interests	Other interests	Total interests	Approximate percentage of issued shares
Mr. Au Lik Man, Simon	1,000,000	–	–	–	1,000,000	0.2473%

(b) Long positions in underlying Shares of equity derivatives of the Company

Name of directors	Date of grant	Type of interests	Number of underlying shares attributable to		Number of underlying shares	Approximate percentage of issued shares
			Pool A options	Pool B options		
Mr. Fung Yu Hing, Allan	25 April, 2002	Beneficial	4,000,000	3,000,000	7,000,000	1.7310%
Ms. Leung Siu Kuen, Janet	25 April, 2002	Beneficial	4,000,000	2,000,000	6,000,000	1.4837%
Mr. Fung Yee Sang	25 April, 2002	Beneficial	4,000,000	2,000,000	6,000,000	1.4837%
Mr. Au Lik Man, Simon	25 April, 2002	Beneficial	–	1,000,000	1,000,000	0.2473%
Dr. Lo Wing Yan, William	25 April, 2002	Beneficial	1,800,000	500,000	2,300,000	0.5687%
Ms. Fung Suen Lai, Jacqueline	25 April, 2002	Beneficial	–	500,000	500,000	0.1236%
Mr. Chan Koon Chung, Johnny	25 April, 2002	Beneficial	–	500,000	500,000	0.1236%
Mr. Chau, Stephen	25 April, 2002	Beneficial	–	500,000	500,000	0.1236%

These are share options to subscribe for shares of the Company granted pursuant to the Pre-IPO Share Option Scheme. Details of such options and the Pre-IPO Share Option Scheme are set out in Note 27 to the financial statements for the year ended 31 March, 2006.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSABLE UNDER THE SFO

As at 30 September, 2006, the following persons had an interest and/or a short position in the Shares or underlying Shares in respect of equity derivatives of the Company that has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO):–

(a) Long positions in Shares

Name	Beneficial interests	Family interests	Corporate interests	Total interests	Approximate percentage of issued shares
Nice Hill Investments Limited	283,335,000 (Note 1)	–	–	283,335,000	70.0631%
Mr. Chin Wai Keung, Richard	–	–	283,335,000 (Note 1)	283,335,000	70.0631%
Ms. Kwan Yuet Wah, Rosanna	–	283,335,000 (Note 2)	–	283,335,000	70.0631%

Notes:

1. These 283,335,000 shares are beneficially owned by and registered in the name of Nice Hill Investments Limited, which is beneficially owned as to 100% by Mr. Chin Wai Keung, Richard. Accordingly, Mr. Chin Wai Keung, Richard is deemed to be interested in the 283,335,000 shares held by Nice Hill Investments Limited under SFO.
2. As Ms. Kwan Yuet Wah, Rosanna is the wife of Mr. Chin Wai Keung, Richard, Ms. Kwan is deemed to be interested in the 283,335,000 shares in which Mr. Chin is deemed to be interested under the SFO.

CHANGE IN SUBSTANTIAL SHAREHOLDER AND UNCONDITIONAL GENERAL OFFER

On 30 August, 2006, Nice Hill Investments Limited (the “Offeror”) acquired from Allan Fung Assets Limited, Mr. Fung Yu Hing, Allan and Mr. Fung Yee Sang (collectively the “Vendors”) an aggregate of 283,335,000 shares in the Company at a consideration of HK\$0.04 per share. The sale shares represents approximately 70.43% of the issued share capital of the Company as at the date of transaction. Following the purchase, the Offeror and parties acting in concert with it are interested in 283,335,000 shares, representing 70.43% of the issued share capital of the Company.

On 5 September, 2006, the Offeror and the Company jointly announced that Kingston Securities Limited, on behalf of the Offeror, made a mandatory unconditional cash offers for all the issued shares and all outstanding options not already owned by the Offeror and parties acting in concert with it respectively. The offers were made in compliance with the Hong Kong Code on Takeovers and Mergers.

Up to 17 October, 2006, valid acceptance in respect of a total of 180,000 shares under the share offer, representing approximately 0.04% of the issued share capital of the Company, and a total of 25,550,000 options under the option offer, representing approximately 92.07% of the outstanding options of the Company as at the date of offer, were received by the Offeror. During the offer period, 2,100,000 options were exercised and 100,000 options were lapsed. All the accepted options were then cancelled by the Company.

Taking into account the 283,335,000 shares held by the Offeror and parties acting in concert with it before commencement of the offers, and the valid acceptance of 180,000 shares acquired under the share offer up to 17 October, 2006, the Offeror and parties acting in concert with it in aggregate owned or controlled 283,515,000 shares, representing approximately 70.11% of the issued share capital and voting rights of the Company as at 17 October, 2006.

CHANGE IN DIRECTORS

On 3 November, 2006, Mr. Chin Wai Keung, Richard and Mr. Tso Kin Nam were appointed as executive Directors of the Company; Mr. Chow Shiu Ki, Mr. Hung Tik and Mr. Lam Wai Leung were appointed as independent non-executive Directors and members of audit committee and remuneration committee of the Company. On the same date, Dr. Lo Wing Yan, William, JP and Ms. Fung Suen Lai, Jacqueline resigned as non-executive Directors; Mr. Chan Koon Chung, Johnny, Mr. Chau, Stephen and Mr. Hui Kwok Wah resigned as independent non-executive Directors. Details of the biography of the appointed Directors are as shown in the Company's announcement dated 6 November, 2006.

COMPETING INTERESTS

None of the Directors, management shareholders or controlling shareholders (as defined in the GEM Listing Rules) of the Company had an interest in a business which competes or may compete with the business of the Group during the six months ended 30 September, 2006.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed securities during the six months ended 30 September, 2006. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the six months ended 30 September, 2006.

CORPORATE GOVERNANCE

Save and except the following deviation from the code of provision set out in the Code on Corporate Governance Practice as contained in Appendix 15 to the GEM Listing Rules (the "CCGP"), the Company had, during the period under review, complied with the CCGP:

Code provisions set out in the CCGP	Reason for deviations
A.2 The Chairman and Chief Executive Officer of the Company were performed by the same individual	The Company size is still relatively small and thus not justified in separating the role of Chairman and Chief Executive Officer; The Group has in place an internal control system to perform the check and balance function.

The Company was also in the progress of assessing the effect of the implementation of CCGP on the Company's operation. Save as disclosed, the Company has met the code provisions set out in the CCGP throughout the six months ended 30 September, 2006.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by Directors set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding securities transactions by Directors. The Company confirms that, having made specific enquiry from all Directors, the Directors have complied with the required standard of dealings and its code of conduct regarding securities transactions by Directors for the six months ended 30 September, 2006.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The audit committee has three members comprising Mr. Chow Shiu Ki, Mr. Hung Tik and Mr. Lam Wai Leung.

The primary duties of the audit committee are to review the Company's annual report and account, interim reports and quarterly reports and to provide advice and comments thereon to the Board. The audit committee has met four times a year to review with management the accounting principles and practices adopted by the Group and to discuss auditing, internal control procedures and financial reporting matters.

The Group's financial statements for the six months ended 30 September, 2006 have been reviewed by the audit committee, who was of the opinion that such financial statements complied with applicable accounting standards, the GEM Listing Rules, and that adequate disclosures had been made.

By Order of the Board
Panorama International Holdings Limited
Fung Yu Hing, Allan
Chairman

Hong Kong, 13 November, 2006

As at the date of this report, the Board comprises four executive Directors, Mr. Fung Yu Hing, Allan, Mr. Fung Yee Sang, Mr. Chin Wai Keung, Richard and Mr. Tso Kin Nam; and three independent non-executive Directors, Mr. Chow Shiu Ki, Mr. Hung Tik and Mr. Lam Wai Leung.