

Notes

1. Significant accounting policies

The unaudited interim financial statements of the Group, which are not statutory financial statements, have been prepared in compliance with Statement of Standard Accounting Practice (“SSAP”) 25 “Interim financial reporting”, and on a basis consistent with the accounting policies adopted in the preparation of the Group’s financial statements for the year ended 31 March 2000.

2. Turnover

	Turnover		Profit/(Loss) from	
	Six months ended		operating activities	
	30 September		Six months ended	
	2000	1999	2000	1999
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
By principal activity:				
Design and manufacture of electrical appliances	111,374	90,466	(9,446)	(2,375)
Trading of merchandise	15	3,520	(240)	566
Distribution of films, television dramas and sports programmes	<u>—⁽¹⁾</u>	<u>26,459</u>	<u>—⁽¹⁾</u>	<u>4,777</u>
	<u>111,389</u>	<u>120,445</u>	<u>(9,686)</u>	<u>2,968</u>
By geographical area:				
Western Europe	43,997	40,054	(3,732)	(461)
Eastern Europe	2,598	2,021	(220)	(5)
North America	28,725	25,679	(2,436)	(670)
South America	9,537	3,671	(809)	(96)
Asia Pacific	16,549	42,163 ⁽²⁾	(1,642)	4,370 ⁽²⁾
Middle East	3,589	1,818	(304)	(38)
Oceania	5,762	3,445	(489)	(90)
Africa	<u>632</u>	<u>1,594</u>	<u>(54)</u>	<u>(42)</u>
	<u>111,389</u>	<u>120,445</u>	<u>(9,686)</u>	<u>2,968</u>

Notes:

- (1) The Cosmedia Group ceased to be subsidiaries of the Group since the beginning of the period (see Note 4 below), hence its turnover is excluded from that of the Group.
- (2) Including turnover and profit of HK\$26,459,000 and HK\$4,777,000 respectively from the Cosmedia group, hence not comparable to the current period.

3. Profit/(loss) from operating activities

	Six months ended	
	30 September	
	2000	1999
	HK\$'000	HK\$'000
Profit/(Loss) from operating activities is arrived at after charging:		
Depreciation and amortisation	<u>6,099</u>	<u>7,363</u>

4. Gain on disposal of subsidiaries and associates

- (a) On 28 March 2000, the Group entered into a sale and purchase agreement to dispose of a 2% equity interests in the Group's subsidiaries — Cosmedia Group Co. Ltd. and Cosmedia Ltd. ("Cosmedia group") to an independent third party. The completion of this transaction took place on 18 April 2000. The profit before tax from disposal is approximately HK\$33,000. After the above disposal, Cosmedia group became associates of the Group.
- (b) On 15 August 2000, the Group entered into a sale and purchase agreement to dispose of a 20% equity interest in Cosmedia group to another independent third party. The completion of this transaction took place on 17 August 2000. The profit before tax from disposal is approximately HK\$12,537,000.

5. Taxation

The Group has no profits which arise in, nor are derived from Hong Kong during both periods. Accordingly, the Group has not provided any Hong Kong Profits Tax. Taxes on profits assessable elsewhere have been calculated at the rates of taxation prevailing in the country in which the Group operates.

6. Loss per share

The calculation of basic loss per share is based on the net loss attributable to shareholders for the period of HK\$796,000 (1999: HK\$1,838,000) and on the weighted average of 427,824,848 (1999: weighted average of 357,824,848) ordinary shares in issue during the period.

No disclosure of diluted loss per share for the six months ended 30 September 2000 and for the comparative period is shown as the effect of dilutive potential ordinary shares for both periods are anti-dilutive.

7. Property, plant and equipment

During the period, the Group spent approximately HK\$6,502,000 (1999: HK\$3,097,000) on additions to moulds and equipment to upgrade its manufacturing capabilities.

8. Trade receivables

The Group allows its trade customers with credit period normally ranging from 30 days to 60 days. A longer credit period is granted to a few customers with long business relationship and strong financial position.

An aging analysis of the trade receivables at the reporting dates is as follows:

	30 September 2000	31 March 2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 - 30 days	18,653	26,044
31 - 60 days	6,930	5,469
61 - 90 days	850	2,814
> 90 days	3,480	3,170
	<u>29,913</u>	<u>37,497</u>

9. Trade payables and accruals

The total trade payables and accruals of HK\$55,720,000 (31 March 2000: HK\$50,522,000) includes trade payables of HK\$44,578,000 (31 March 2000: HK\$34,433,000). An aging analysis of the trade payables at the reporting dates is as follows:

	30 September 2000	31 March 2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 - 30 days	11,747	14,613
31 - 60 days	11,015	4,705
61 - 90 days	8,838	7,405
> 90 days	12,978	7,710
	<u>44,578</u>	<u>34,433</u>

10. Share capital and share options

During the period there was no changes in the share capital and share options.

11. Reserves

	Share premium account <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Asset revaluation reserve <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at						
1 April 2000	103,948	2,789	27,143	(70)	11,822	145,632
Loss of the period	—	—	—	—	(796)	(796)
Exchange realignments	—	—	—	(19)	—	(19)
Balance at 30 September 2000	<u>103,948</u>	<u>2,789</u>	<u>27,143</u>	<u>(89)</u>	<u>11,026</u>	<u>144,817</u>
Reserves retained by :						
Company and subsidiaries	103,948	2,789	27,143	(89)	(10,073)	123,718
Associates	—	—	—	—	21,099	21,099
	<u>103,948</u>	<u>2,789</u>	<u>27,143</u>	<u>(89)</u>	<u>11,026</u>	<u>144,817</u>

12. Contingencies and capital commitments

	30 September 2000 <i>HK\$'000</i>	31 March 2000 <i>HK\$'000</i>
Capital commitments		
Authorised and contracted for	<u>293</u>	<u>750</u>

Contingencies

The Group had no contingent liabilities at both reporting dates.

13. Related party transactions

During the period, the Group had the following transactions with related parties:

Nature of transactions	Notes	Six months ended	
		2000	1999
		HK\$'000	HK\$'000
Gross rental received from an associate	(i)	120	120
Consultancy income received from associates	(ii)	420	300
Interest income received from an associate	(iii)	314	—

Notes:

- (i) The monthly rental of office premises leased to an associate was calculated by reference to open market rates.
- (ii) The consultancy fee income related to the provision of accounting and financial services to associates.
- (iii) The interest income related to loans provided to an associate at an interest rate of 9% per annum.