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### 1. Principal accounting policies

These unaudited condensed consolidated interim accounts ("interim accounts") are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting", issued by the Hong Kong Institute of Certified Public Accountants, and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These interim accounts should be read in conjunction with the 2004 annual accounts.

The accounting policies and methods of computation used in the preparation of these condensed accounts are consistent with those used in the annual accounts for the year ended March 31, 2004.

### 2. Segment information

An analysis of the Group's turnover and contribution to profit from operations by each principal business activity is as follows:

	Turnover		Contribution to profit from operations	
	Six months ended September 30,		Six months ended September 30,	
	2004 HK\$'m	2003 HK\$'m	2004 HK\$'m	2003 HK\$'m
Sales and manufacture of:				
LCD Consumer Electronic Products	537.3	385.8	93.1	32.5
Telecommunication Products	327.6	359.7	24.5	34.5
Digital Media Products	184.6	195.5	(25.7)	7.5
Electronic Learning Products	291.5	347.1	37.3	49.8
Other consumer electronic products	5.0	4.7	2.4	(1.5)
	<u>1,346.0</u>	<u>1,292.8</u>	<u>131.6</u>	<u>122.8</u>
Interest income			11.0	9.5
Unallocated corporate (expense) income			(0.5)	1.1
Profit from operations			<u>142.1</u>	<u>133.4</u>

An analysis of the Group's turnover by geographical market is as follows:

	Turnover	
	Six months ended September 30,	
	2004 HK\$'m	2003 HK\$'m
Americas	596.7	611.2
Europe	472.8	474.5
Asia Pacific	276.5	207.1
	<u>1,346.0</u>	<u>1,292.8</u>

### 3. Profit from operations

	Six months ended September 30,	
	2004 HK\$'m	2003 HK\$'m
Profit from operations has been arrived at after charging:		
Depreciation and amortisation of property, plant and equipment	29.6	29.8
Amortisation of intangible assets	19.8	19.7
Loss on disposal of property, plant and equipment	2.5	1.0
and after crediting:		
Interest income	11.0	9.5
	11.0	9.5

### 4. Taxation

The credit (charge) consists of:

	Six months ended September 30,	
	2004 HK\$'m	2003 HK\$'m
Hong Kong Profits Tax	(16.5)	(22.5)
Tax in other jurisdictions	(4.7)	(6.0)
Deferred taxation credit	21.4	15.0
	0.2	(13.5)

Hong Kong Profits Tax is calculated at 17.5% (2003: 17.5%) on the estimated assessable profit for the period. Taxation in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

### 5. Dividends

	Six months ended September 30,	
	2004 HK\$'m	2003 HK\$'m
2004 final dividend paid of 6.0 HK cents per share in cash (2003: 5.0 HK cents per share in cash)	(125.1)	(103.7)
2005 interim dividend of 3.0 HK cents per share in cash (2004: 2.0 HK cents per share in cash)	(62.5)	(41.6)
	(187.6)	(145.3)

## 6. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended September 30,	
	2004 HK\$'m	2003 HK\$'m
Net profit for the period attributable to shareholders and earnings for the purposes of basic earnings per share	105.1	93.8
Effect of dilutive potential ordinary shares: Adjustment to the share of profits of a subsidiary based on dilution of its earnings per share	-	(0.1)
Earnings for the purpose of diluted earnings per share	<u>105.1</u>	<u>93.7</u>
Number of ordinary shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,084,119,306	2,072,560,295
Effect of dilutive potential ordinary shares: Share options	<u>3,529,979</u>	<u>6,535,637</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>2,087,649,285</u>	<u>2,079,095,932</u>

## 7. Trade and other receivables

The Group allows its trade customers a credit period normally ranging from letter of credit at sight to 30 days. A longer credit period of 45 to 60 days is granted to a few customers with long business relationship and strong financial position.

The following is an aged analysis of trade receivables at the reporting date:

	At September 30, 2004 HK\$'m	At March 31, 2004 HK\$'m
Not yet due	454.3	264.1
Overdue less than 31 days	90.9	38.7
Overdue 31 to 90 days	9.9	17.5
Overdue more than 90 days	<u>4.3</u>	<u>11.1</u>
	559.4	331.4
Other receivables	<u>119.0</u>	<u>69.0</u>
	<u>678.4</u>	<u>400.4</u>

## 8. Trade and other payables

The following is an aged analysis of trade payables at the reporting date:

	At September 30, 2004 HK\$'m	At March 31, 2004 HK\$'m
Not yet due	199.5	159.7
Overdue less than 31 days	128.6	63.3
Overdue 31 to 90 days	23.0	10.6
Overdue more than 90 days	2.4	7.2
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	353.5	240.8
Other payables	336.1	188.5
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	<b>689.6</b>	<b>429.3</b>
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## 9. Share capital

	Number of shares	Amount HK\$'m
At April 1, 2004	2,082,449,907	208.2
Issue of shares on the exercise of share options	2,250,000	0.3
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<b>At September 30, 2004</b>	<b>2,084,699,907</b>	<b>208.5</b>
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## BUSINESS REVIEWS

Turnover of the Group for the six months ended September 30, 2004 was HK\$1,346.0 million, representing an increase of approximately 4% from the corresponding period last year. This increase was mainly attributable to the LCD Consumer Electronic Products division. Over the same period, the Group's Oregon Scientific branded sales were HK\$591.9 million and accounted for 44% of the Group's turnover, compared with 46% for the same period last year. The Oregon Scientific branded sales were impacted by delays in new products and a port strike in Italy which accounted for HK\$55.0 million.

Gross profit increased by 4% to HK\$507.1 million while gross profit margin was maintained at 38%.

Total operating expenses remained under tight control with a modest increase of 4% to HK\$385.9 million. As a result, profit from operations was HK\$142.1 million, compared with HK\$133.4 million of the same period last year. It represented an increase of 7% and a return on sales of 11%, up from last year's 10%.

Profit attributable to shareholders for the period was HK\$105.1 million, which represented a 12% increase from the corresponding period last year. In terms of profitability, net profit margin for the period was 8%, compared with last year's 7%.