

II. FINANCIAL RESULTS AND BUSINESS HIGHLIGHTS

Unaudited results for the six months ended 30 June 2005:

	For the six months ended 30 June		Increase / (decrease) RMB'000	Change in percentage
	2005 RMB'000	2004 RMB'000		
Turnover	1,643,434	2,418,755	(775,321)	-32%
Gross profit	170,543	558,960	(388,417)	-69%
Operating profit	3,188	389,057	(385,869)	-99%
(Loss)/profit before income tax	(32,266)	360,466	(392,732)	-109%
(Loss)/profit for the period	(40,950)	262,511	(303,461)	-116%
Attributable to:				
Equity holders of the Company	(30,840)	183,681	(214,521)	-117%
Minority interests	(10,110)	78,830	(88,940)	-113%
Gearing ratio	43%	41%	2%	5%

Business Highlights

- 1) As there was a significant decline in the colour picture tubes ("CPTs") market in the first half of 2005, the sales volume and operating results of the IRICO Group Electronics Company Limited (the "Company") and its subsidiaries (the "Group") suffered a significant decline.
- 2) Through various measures of saving costs, exploring potentials, and strengthening sales and marketing, the Group proactively coped with the difficulties in the CPTs industry, and managed to maintain its domestic leading position in the CPTs industry.