



KANTONE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

INTERIM REPORT

For the six months ended 31 December 2005

FINANCIAL HIGHLIGHTS

- Total turnover was HK\$658 million, up 24%
- Profit attributable to equity holders was HK\$158 million, up 24%
- EBITDA was HK\$215 million, up 29%
- Profit before taxation (excluding HK\$25.9 million change in fair value of convertible bonds) was HK\$183 million, up 43%
- Interim dividend of HK1.1 cents per share

The directors of Kantone Holdings Limited (the “Company” or “Kantone”) are pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (together the “Group”) for the six months ended 31 December 2005 together with the comparative unaudited figures for the corresponding period last year as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2005

		Six months ended	
		31 December	
		2005	2004
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Turnover	4	658,020	530,063
Cost of sales		(354,606)	(311,516)
Gross profit		303,414	218,547
Other income		6,596	2,992
Distribution costs		(25,925)	(24,296)
General and administrative expenses		(41,883)	(30,353)
Depreciation and amortisation	5	(55,011)	(34,914)
Research and development		(1,715)	(836)
Change in fair value of convertible bonds carried at fair value through profit or loss		(25,901)	–
Finance costs		(2,604)	(3,531)
Profit before taxation		156,971	127,609
Taxation	6	(268)	(339)
Profit for the period		156,703	127,270
Attributable to:			
Equity holders of the Company		157,742	127,270
Minority interests		(1,039)	–
Profit for the period		156,703	127,270
Dividends	7	29,780	23,083
Earnings per share-Basic	8	6.27 cents	5.51 cents