

II. FINANCIAL RESULTS AND BUSINESS HIGHLIGHTS

Unaudited results for the six months ended 30th June 2006:

	Six months ended 30th June		Increase / (decrease) RMB'000	Change in percentage
	2006 RMB'000	2005 RMB'000		
Turnover	1,887,894	1,643,434	244,460	14.9%
Gross profit	254,422	170,543	83,879	49.2%
Operating profit	84,446	3,188	81,258	2,548.9%
Profit / (Loss) before income tax	54,408	(32,266)	86,674	NA
Profit / (Loss) for the period	44,279	(40,950)	85,229	NA
Attributable to:				
Equity holders of the Company	34,738	(30,840)	65,578	NA
Minority interests	9,541	(10,110)	19,651	NA
Gearing ratio	45%	43%	2%	4.7%

Business Highlights

- 1) Through measures such as strengthening marketing, reducing costs and implementing technology innovation, along with the dedicated work of all staff, IRICO Group Electronics Company Limited (the "Company") and its subsidiaries (the "Group") achieved a turnaround from loss to profits in the first half of 2006. Sales revenue, overall gross profit margin, profit attributable to equity holders amounted to RMB1,887,894,000, 13% and RMB34,738,000 respectively, of which sales revenue and overall gross profit margin increased by 15% and 30% respectively as compared with the corresponding period in 2005.
- 2) In the first half of 2006, the Group sold 7,527,000 units of colour picture tubes ("CPTs"), which hits the historical high and increased by 43% as compared with the corresponding period in 2005. The percentage of sales of CPTs of the Group to the total sales volume of CPTs produced by domestic manufacturers reached 25%, representing an increase of four percentage points as compared with the corresponding period in 2005.