

REVIEW OF OPERATIONS AND FUTURE PROSPECTS

For the six months ended 30 June 2006 (the "Current Period"), Omnicorp Limited (the "Company") together with its subsidiaries (the "Group"), made a profit after tax and before minority interests of HK\$3,625,000 compared with a loss of HK\$13,236,000 for the same period last year. Net loss attributable to shareholders for the Current Period amounted to HK\$3,351,000 compared with a net loss of HK\$18,577,000 for the same period last year.

Total turnover of the Group amounted to HK\$102,096,000, an increase of 40.3% compared with the turnover of HK\$72,791,000 for the same period last year. The substantial increase in turnover was mainly attributable to the growth from the electronic component business.

Gross margin decreased from 13.3% to 10.4%. The decrease was mainly due to the rise of raw material costs, in particular, copper and plastic materials, and higher manufacturing costs due to labour shortage in the Pearl River Delta region in China.

The Group's electronic component division including its key operating unit, Lik Hang Holdings Limited recorded a 42.5% increase in revenue during the Current Period, which was mainly attributable to the successful product development programme and the expansion of sales in composite components, in particular power supply products. Despite the drop of gross margin, the electronic component division contributed a profit of HK\$3,929,000 and an increase of 31.0% over a profit of HK\$2,999,000 for 2005. This was mainly due to stringent cost control and increased turnover.

The trend of the electronic components' market in the second half of 2006 is cautiously optimistic. With increasing demand for energy saving high quality products which are presently under a tight resources supply environment, the power supply composite component products will be the driving force of the division's growth. As with other manufacturers operating in mainland China, this division is facing the challenges of escalating labour and raw material costs. Strict financial discipline and cost control measures will continue to be implemented. In line with the global trend, meeting international environment standards and delivering high quality products and services are still management's top priority in maintaining this division's competitiveness.

REVIEW OF OPERATIONS AND FUTURE PROSPECTS (continued)

During the Current Period, VFJ Technology Holdings Limited, the Group's technology division increased its turnover by 13.2% from HK\$1,069,000 in 2005 to HK\$1,210,000 in the Current Period. Operating loss decreased by 15.0% from HK\$2,588,000 in 2005 to HK\$2,200,000 in the Current Period. Although stringent cost control measures have been implemented, the operating results are still disappointing and the competitiveness and performance of this division is under close scrutiny by the Board.

Windsor Treasure Group Holdings Limited ("WTG"), the discontinued operations, contributed a profit of HK\$15,814,000, an increase of 23.5%, in the Current Period compared to a profit of HK\$12,802,000 in 2005. Although this home furniture division delivered a very satisfactory operating result, the Board decided to dispose of this division because of the substantial amount of financial resources and management efforts required in order to maintain its market position in the highly competitive home furniture industry in China. Given the reasonable purchase price offered, the Directors consider that it is the appropriate time for the Company to realise its investment in WTG.

The Group's overall results in 2005 had been adversely affected by two material items, a decline in market values of listed investments and the impairment loss on interest of an associate which did not occur again in the Current Period. As a result, loss from operating activities decreased significantly from HK\$24,023,000 in 2005 to HK\$6,789,000 in the Current Period. Thus contributed to the significant improvement of the operating results in the Current Period.

Equity attributable to the Company's shareholders as at 30 June 2006 amounted to HK\$198,080,000 or HK\$1.32 per share (31 December 2005: HK\$1.34 per share).