

The Directors of Pearl Oriental Innovation Limited (the "Company") announce the unaudited financial results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2006 with comparative figures for the previous corresponding period. The results have not been audited but have been reviewed by the Audit Committee of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

Six months ended 30 September

	<i>Notes</i>	2006 (Unaudited) HK\$'000	2005 (Unaudited) (Restated) HK\$'000
Turnover	3	33,534	41,045
Cost of sales		<u>(22,327)</u>	<u>(29,373)</u>
Gross profit		11,207	11,672
Other operating income		2,384	4,500
Selling and Distribution expenses		(1,982)	(3,058)
Administrative expenses		(17,510)	(11,756)
Unrealized holding loss on investments in securities		–	(9,864)
Loss from operations	4	<u>(5,901)</u>	<u>(8,506)</u>
Finance costs		(3,646)	(2,928)
Finance lease charges		–	(17)
Provision for doubtful debts		(7,187)	–
Impairment loss of investment securities		(9,357)	–
Gain on disposal of subsidiaries		–	19,711
(Loss) profit before taxation		<u>(26,091)</u>	<u>8,260</u>
Taxation	5	(307)	(637)
(Loss) profit for the period		<u>(26,398)</u>	<u>7,623</u>
Attributable to:			
Equity holders of the parent		(26,451)	7,387
Minority interests		53	236
		<u>(26,398)</u>	<u>7,623</u>
(Loss) earnings per share	7		
Basic		<u>(13) cents</u>	<u>7 cents</u>