IDT INTERNATIONAL LIMITED

萬 威 國 際 有 限 公 司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 167)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE PERIOD FROM APRIL 1, 2015 TO DECEMBER 31, 2015

IDT INTERNATIONAL LIMITED is an investment holding company with subsidiaries engaged in investment holdings, the design, development, manufacture, and sales and marketing of various consumer electronic products.

Financial highlights

During the current financial period, the reporting period end date of IDT International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") was changed from March 31 to December 31 because the directors of the Company determined to bring the annual reporting period end date of the Group in line with that of the ultimate holding company. Accordingly, the consolidated financial statements for the current period cover the nine-month period ended December 31, 2015. The corresponding comparative amounts shown for the consolidated statement of profit or loss and other comprehensive income and related notes cover a twelve month period from April 1, 2014 to March 31, 2015 ("FY2014/15") and therefore may not be comparable with amounts shown for the current period.

- Turnover amounted to HK$536.6 million (FY2014/15: HK$1,100.4 million).
- Gross profit amounted to HK$107.8 million (FY2014/15: HK$228.7 million).
- Total operating expenses amounted to HK$203.5 million (FY2014/15: HK$344.8 million).
- Loss for the period amounted to HK$86.2 million (FY2014/15: HK$67.0 million).
- Group net cash balances decreased 21.9% to HK$169.4 million (March 31, 2015: HK$216.8 million) with decrease in bank balances and cash.

RESULTS

The board of directors (the "Board") of the Company hereby announces the audited consolidated results of the Group for the period from April 1, 2015 to December 31, 2015, together with comparative audited figures for the year ended March 31, 2015 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	**Nine-month period ended December 31, 2015** *HK$'M*	Year ended March 31, 2015 *HK$'M*
Turnover	*3*	**536.6**	1,100.4
Cost of goods sold		**(428.8)**	(871.7)
Gross profit		**107.8**	228.7
Other income		**15.7**	14.9
Other gains and losses		**(6.0)**	46.5
Research and development costs		**(21.8)**	(34.7)
Distribution and selling expenses		**(91.2)**	(155.2)
General administrative expenses		**(90.5)**	(154.9)
Interest on bank and other borrowings		**(0.1)**	(2.5)
Loss before taxation	*4*	**(86.1)**	(57.2)
Taxation	*5*	**(0.1)**	(9.8)
Loss for the period/year attributable to owners of the Company		**(86.2)**	(67.0)
Other comprehensive income (expense):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**0.8**	(19.5)
Total comprehensive expenses for the period/year		**(85.4)**	(86.5)
Loss per share			
– Basic and diluted	*6*	**(3.32) HK cents**	(2.59) HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	**As at December 31, 2015** *HK$'M*	As at March 31, 2015 *HK$'M*
Non-current assets			
Property, plant and equipment		**29.0**	34.3
Intangible assets		**5.3**	7.3
Goodwill		**33.8**	33.8
Available-for-sale investments		**0.9**	0.9
Deferred tax assets		**2.0**	2.0
		71.0	78.3
Current assets			
Inventories		**140.4**	166.7
Trade and other receivables	*7*	**138.6**	174.0
Forward contract assets		**0.1**	1.0
Short-term bank deposits		**–**	50.7
Bank balances and cash		**169.4**	185.0
		448.5	577.4
Current liabilities			
Trade and other payables and accruals	*8*	**187.2**	225.4
Taxation payable		**0.8**	1.4
Bank loans		**–**	18.9
		188.0	245.7
Net current assets		**260.5**	331.7
Net assets		**331.5**	410.0
Capital and reserves			
Share capital		**260.0**	258.9
Reserves		**71.4**	151.0
Equity attributable to owners of the Company		**331.4**	409.9
Non-controlling interests		**0.1**	0.1
Total equity		**331.5**	410.0

NOTES:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated results were prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current period:

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle

The application of the above amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and position for the current and prior period/years and/or the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers[1]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[2]
Amendments to HKAS 1	Disclosure initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[2]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[2]

[1] Effective for annual periods beginning on or after January 1, 2018.
[2] Effective for annual periods beginning on or after January 1, 2016.
[3] Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 "Financial instruments"

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, further amended in 2013 to include the new requirements for hedging accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

HKFRS 15 "Revenue from contracts with customers"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company are aware of the above new and revised HKFRSs and has considered the impact of the application. Except for the possibility that the applicable of HKFRS 9 and HKFRS 15 in the future may have a potential impact on the amounts reported and disclosures made in the Group's consolidated financial statements. The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. SEGMENT INFORMATION

Turnover represents the amounts received and receivable for goods sold by the Group to outside customers, net of discounts and sales related taxes. Turnover represents mainly Oregon Scientific branded sales ("Branded sales") and Original Equipment Manufacturer and Original Design Manufacturer sales ("OEM/ODM sales").

The Group disaggregated its turnover based on branded sales and OEM/ODM sales and reported to the Chief operating decision maker ("CODM"). No separate results of branded sales and OEM/ODM sales were reported to the CODM.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

	Sports, Fitness and Healthcare *HK$'M*	Smart Learning Products *HK$'M*	Time and Weather *HK$'M*	Telecom-munication *HK$'M*	Wellness and Beauty *HK$'M*	Reportable segments total *HK$'M*	Others *HK$'M*	Total *HK$'M*
Period from April 1, 2015 to December 31, 2015								
Segment revenue								
Branded sales	**14.2**	**35.6**	**122.2**	**–**	**17.9**	**189.9**	**1.8**	**191.7**
OEM/ODM sales	**247.8**	**–**	**29.1**	**51.5**	**–**	**328.4**	**16.5**	**344.9**
Total segment revenue	**262.0**	**35.6**	**151.3**	**51.5**	**17.9**	**518.3**	**18.3**	**536.6**
Segment (loss) profit	**(3.8)**	**(8.5)**	**(23.7)**	**2.0**	**(6.1)**	**(40.1)**	**(0.1)**	**(40.2)**
Loss on deregistration of a subsidiary								**(5.4)**
Unallocated income								**0.9**
Unallocated expense								**(41.3)**
Finance costs								**(0.1)**
Loss before taxation								**(86.1)**
Year ended March 31, 2015								
Segment revenue								
Branded sales	42.2	65.2	193.4	–	38.5	339.3	9.4	348.7
OEM/ODM sales	559.3	–	61.2	94.3	–	714.8	36.9	751.7
Total segment revenue	601.5	65.2	254.6	94.3	38.5	1,054.1	46.3	1,100.4
Segment profit (loss)	3.8	(51.9)	(0.3)	0.7	(17.8)	(65.5)	(2.3)	(67.8)
Gain on disposal of leasehold land and building								53.3
Unallocated income								1.0
Unallocated expense								(41.2)
Finance costs								(2.5)
Loss before taxation								(57.2)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the period/year.

Segment profit (loss) represents the profit (loss) earned by each segment without allocation of interest income, loss on deregistration of a subsidiary, gain on disposal of leasehold land and building, unallocated expense such as central administrative cost and finance costs. This is the measure reported to the Group's CODM, for the purposes of resource allocation and performance assessment.

Information about major customers

The Group has a very wide customer base, no single customer contributed over 10% of the total revenue of the Group for the period/year.

4. LOSS BEFORE TAXATION

	Nine-month period ended December 31, 2015 *HK$'M*	Year ended March 31, 2015 *HK$'M*
Loss before taxation has been arrived at after charging:		
Directors' emolument	**2.2**	9.9
Retirement benefits scheme contributions for other staff	**15.8**	17.2
Share option benefits expenses for other staff	**–**	0.5
Salaries for other staff	**170.5**	262.6
Others benefits for staff other than directors	**1.5**	12.4
Other staff costs	**187.8**	292.7
Total staff costs	**190.0**	302.6
Less: Staff costs included in research and development costs	**(5.7)**	(7.1)
	184.3	295.5
Amortisation of product development costs (included in research and development costs)	**1.6**	8.3
Amortisation of patents and trademarks	**1.5**	2.2
Auditors' remuneration	**4.2**	4.1
Cost of inventories recognised as expense (including reversals of inventories amounting to HKD5.1 million (FY2014/15: write-down of inventories HKD41.5 million))	**428.8**	871.7
Depreciation of property, plant and equipment	**13.5**	21.7
Operating lease rentals in respect of		
– office equipment and motor vehicles	**0.4**	1.8
– rented premises	**26.0**	36.9
and after crediting to other income:		
Interest income	**0.9**	1.0
Sales of moulds and scraps	**5.7**	2.9

5. TAXATION

The charge comprises:

	Nine-month period ended December 31, 2015 *HK$'M*	Year ended March 31, 2015 *HK$'M*
Hong Kong Profits Tax		
– current period/year	**0.5**	3.5
– overprovision in prior years	**(0.4)**	(1.0)
	0.1	2.5
Deferred taxation	**–**	7.3
	0.1	9.8

Hong Kong Profits Tax is calculated at 16.5% of estimated assessable profits for the period/year. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

6. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company for the period/year is based on the following data:

	Nine-month period ended December 31, 2015 *HK$'M*	Year ended March 31, 2015 *HK$'M*
Loss:		
Loss for the period/year attributable to owners of the Company and loss for the purposes of basic and diluted loss per share	**(86.2)**	(67.0)

	As at December 31, 2015	As at March 31, 2015
Number of ordinary shares:		
Number of ordinary shares for the purposes of basic and diluted loss per share	**2,599,993,088**	2,588,973,088

The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options as the inclusion of those options would result in decrease in loss per share for the period/year.

7. TRADE AND OTHER RECEIVABLES

The following is an aged analysis of trade receivables (net of allowance for doubtful debts) presented based on the invoice date which approximate the respective revenue recognition date at the reporting date.

	As at December 31, 2015 *HK$'M*	As at March 31, 2015 *HK$'M*
0 to 30 days	**52.6**	60.7
31 to 90 days	**42.7**	19.0
Over 90 days	**4.6**	7.9
Trade receivables	**99.9**	87.6
Other receivables	**38.7**	86.4
Total trade and other receivables	**138.6**	174.0

The Group normally allows credit period of 30 to 60 days to its trade customers. Customers with long business relationship and strong financial position are allowed to settle their balances beyond the normal credit terms up to 90 days.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK$10.6 million (March 31, 2015: HK$14.2 million) which are past due at the reporting date for which the Group has not provided for impairment loss as the directors assessed that the balance will be recovered based on their past settlement records. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired:

	As at December 31, 2015 *HK$'M*	As at March 31, 2015 *HK$'M*
Overdue less than 30 days	**8.3**	7.8
Overdue 31 to 90 days	**1.6**	3.0
Overdue more than 90 days	**0.7**	3.4
	10.6	14.2

8. TRADE AND OTHER PAYABLES AND ACCRUALS

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	As at December 31, 2015 *HK$'M*	As at March 31, 2015 *HK$'M*
0 to 30 days	**37.7**	33.7
31 to 90 days	**20.4**	25.4
Over 90 days	**5.0**	5.6
Trade payables	**63.1**	64.7
Other payables and accruals	**124.1**	160.7
Total trade and other payables and accruals	**187.2**	225.4

FINANCIAL REVIEW

Due to the change in the reporting period end date of the financial year, this reporting period only covered nine months of the Group's business performance. The global economic environment has remained sluggish, particularly in the retail market. Consequently, the Group has recorded a decrease in both turnover and gross profit for the period from April 1, 2015 to December 31, 2015 (the "period"). The loss for the period has increased to HK$86.2 million, compared to a loss of HK$67.0 million for the year ended March 31, 2015.

The Group's total turnover amounted to HK$536.6 million (FY2014/15: HK$1,100.4 million), which was primarily due to the difficult retail market conditions in America and Europe. Gross profit totaled HK$107.8 million (FY2014/15: HK$228.7 million) and gross margin slightly dropped by 0.7 percentage points to 20.1%.

OPERATIONS REVIEW

The Group continued to place significant effort on executing stringent cost controls and streamlining its organizational structure and operational processes. Total operating expenses of the Group, including research and development costs, distribution and selling expenses, and general administrative expenses, amounted to HK$203.5 million (FY2014/15: HK$344.8 million).

Other gains and losses during the period were recorded as losses of HK$6.0 million, mainly from the deregistration of a subsidiary, while gains of FY2014/15 amounted to HK$46.5 million.

The Group was able to continue making significant improvements in its cash management during the period. The decrease in average bank loans and other borrowings resulted in a substantial decrease in interest expenses from HK$2.5 million to HK$0.1 million – a decline of 96.0% when compared to March 31, 2015. The net cash position of the Group decreased from HK$216.8 million recorded in March 31, 2015 to HK$169.4 million as at December 31, 2015.

Taxation amounted to HK$0.1 million (FY2014/15: HK$9.8 million). Tax for the period mainly comprised a provision for Hong Kong profits tax of HK$0.1 million made during the period.

BUSINESS REVIEW

Oregon Scientific ("OS")

The Time & Weather ("T&W") category continued to be the key contributor in terms of sales revenue and margin to OS. Three major lines were introduced during the period, the "Alize" Weather station, the "Proji" Projection clock and the "Prysmachrome" sleek weather station as well as several new color versions of our iconic products, which were well-received by the customers. The substantially weakened Euro and other currencies such as the Russian Ruble and Brazilian Real in year 2015 affected the sales revenue. The current depreciation also affected the purchasing desire of FOB customers who pay in US dollars and, in turn, our margin.

The Smart Learning Products ("SLP") category accounted for 18.6% of total OS sales revenue. The "SmartGlobes" collections were still the key revenue and margin contributors for this product category, and also continued to be the leader in the electronic learning category in the market as it garnered the most important toy award in Spain, the "Toy of the year 2015". Several new versions were introduced with sophisticated features such as 2.4" LCD screen, 7" LCD screen and enriched content to improve image, broaden the consumer base and stay ahead of the competition. The new Smart Anatomy, which masterfully matches the study of human anatomy with games to encourage kids to explore and learn, was successfully launched to good product reviews.

The Sport, Fitness and Health ("SFH") category accounted for 7.4% of total OS sales revenue. We made the strategic decision to not expand this category due to strong competition. Our focus is to customize gift promotion projects for B2B corporate accounts.

The Wellness & Beauty ("W&B") category accounted for 9.3% of total OS sales revenue. During the period, we experienced challenges in delivering new products. Nonetheless two new models were brought to market – the AuraBreeze aroma diffuser with a mood light and soothing sound, and the BlisScent aroma diffuser, a genuine handmade stylish glass cover with dissolving lighting effects to create a relaxing ambiance.

E-commerce continued to be an area of increasing focus for OS, as this channel enables us to build stronger relationships directly with consumers, understand their needs and provide quick feedback. The year 2015 was a challenging year due to the substantially weakened Euro, and the aggressive online pricing from resellers added challenges in this business. But we also had reasonable growth in key markets such as the UK because of the good collaboration with leading online platforms to leverage the traffic and user reviews.

To further strengthen the brand presence in global markets, OS has exhibited at IFA in Berlin, one of world's leading trade shows for the consumer electronics and home appliances sectors.

Value Manufacturing Services ("VMS")

Sales revenue from VMS for the period from April 1, 2015 to December 31, 2015 totaled HK$344.9 million, which accounted for 64.3% of the Group's total revenue (FY2014/15: HK$751.7 million). The decrease in revenue was mainly due to several reasons: (1) one of the major customers of the SFH product category closed its electronics business during the period; (2) the decrease of ODM and OEM customers for all product categories due to the weak global economy; and (3) the change of the Group's business strategy of dropping the low-margin OEM business line.

In terms of business segment performance, SFH continued to be the largest product category, accounting for 71.8% of VMS revenue. The telecommunication products category was the second-largest product category based on sales. This performance is in line with the Group's product strategy, which is to focus on SFH products such as GPS watches, activity monitors, blood glucose meters, fitness computer consoles and heart rate monitors. The majority of these products are apps-based and connected to smart devices.

OUTLOOK

Despite the negative impact of the global economic turmoil, the Group remains confident and has launched a number of initiatives and projects underlining this sentiment. It is focusing on streamlining factory operations, driving more ODM businesses to improve margins and investing in wearables and medical technology to differentiate ourselves from our competitors. The Group also maintains its commitment to employ stringent controls over inventory and operating costs, while continuing to develop innovative products and explore new markets.

Oregon Scientific ("OS")

OS will continue to focus on business growth through launching new products, expanding geographically, developing its sales channels and strengthening business relationships with strategic partners, while continuing to enhance internal operational effectiveness and efficiency. Leveraging its core competence and learning new skills and technologies among the teams will also be one of the focuses to uplift internal professional performance.

By in light of the stagnant economy in our key market economies, we are prepared to support our channel partners to overcome the difficult times and expand market presence during the year.

Connected products with apps performing personal services are embedded in consumers' daily lives, and OS will ride on our existing core competencies in technological innovation and fashionable design, to continue to bring more connected products to our customers and ultimately to capitalize on the new business opportunities.

In the T&W category, OS will continue to put emphasis on and allocate resources to strengthen the leading position of the brand in this category. There are several new products in the pipeline which will be introduced in Fall 2016, with style in line with our identity and most importantly, highly interactive with users to bring different experience to consumers.

The W&B category will continue to be the focus of the Asian markets. However, OS will prepare to meet the growing demand in Europe, particularly in Italy and France for aroma diffuser and sleep enhancement products.

As for the SLP category, OS will aim at significant growth by continuing to leverage the mature OID technology utilized by "SmartGlobes" to apply on other kids' products and develop more customized projects with strategic channel partners. OS will continue to expand this category into new markets such as the Middle East and South America.

E-commerce remains a key growth engine for OS. In order to maintain success, we continue to improve the online shopping experience and extend our customer reach with new affiliate channels and market platforms. To complement these efforts, we are rolling out marketing initiatives through our social and digital media to increase traffic and market awareness.

Value Manufacturing Services

VMS will continue to be the major revenue contributor of the Group. It operates based on its proven strategy – centering on two well-established drivers: SFH and Energy Management. The SFH business will continue to benefit from the growth of wearable business worldwide although that market is becoming increasingly competitive. It is anticipated that this trend will be sustained thus the Group shall continue to commit resources to provide innovative products with the latest technologies, supporting both our existing and potential new customers. While continuing to strengthen our quality and service to ensure customer retention, this year the group will put a focus on acquisition of new accounts. Additionally, devices related to the Internet of Things ("IOT") concept are gaining momentum, and the Group is currently investing together with business partners on development of new products to be supported by our in-house technical and manufacturing capabilities.

Making use of our traceability expertise in the manufacturing process and being a qualified Food and Drug Administration ("FDA") factory, VMS will continue to serve customers from the health and medical industries. In order to maintain a better profit margin, VMS will continue to focus on inventory control, while streamlining operations in order to become more efficient and bolster our competitive position.

WORKING CAPITAL

The inventory balance at December 31, 2015 was HK$140.4 million, decreased by 15.8% compared to the HK$166.7 million at March 31, 2015. The inventory turnover days increased to 90 days (March 31, 2015: 70 days).

Trade debtor balances at December 31, 2015 was HK$99.9 million, increased by 14.0% compared to the HK$87.6 million shown at March 31, 2015. Trade debtor's turnover days increased to 51 days (March 31, 2015: 29 days).

LIQUIDITY AND TREASURY MANAGEMENT

At December 31, 2015, bank balances and cash of the Group, including short term bank deposits, were HK$169.4 million (March 31, 2015: HK$235.7 million).

During the period, the Group generated its funds mainly from operating activities and bank borrowings. The net cash position (bank balances and cash less total bank borrowings) at December 31, 2015 amounted to HK$169.4 million (March 31, 2015: HK$216.8 million). The Group maintained sufficient financial resources to meet all working capital requirements and finances of its commitments.

The Group's exposure to foreign currency stems mainly from the net cash flow and net working capital translation achieved in its overseas subsidiaries. Hedging of foreign currency exposures is arranged through a combination of natural hedges and forward forex contracts. At December 31, 2015, there were forward contracts in place to hedge against possible exchange movements of future net cash flows. Speculative currency transactions are strictly prohibited. Management of currency risk is the responsibility of the Group's headquarters in Hong Kong.

DEBTS AND GEARING RATIO

There were no bank borrowings as at December 31, 2015 (March 31, 2015: HK$18.9 million). The borrowings as at March 31, 2015 consisted of short term bank loans only. They are mainly denominated in HK dollars and on floating rates bases.

The debts incurred by the Group are mainly used for general corporate purposes, including capital or long term expenditures and working capital requirements.

The gearing ratio (total borrowings over total equity) as at March 31, 2015 amounted to 4.6%.

CHARGES ON GROUP ASSETS

At December 31, 2015, there were no finance charges on the Group's assets.

CAPITAL EXPENDITURE

Capital expenditure on property, plant and equipment for the period from April 1, 2015 to December 31, 2015 amounted to HK$8.9 million (FY2014/15: HK$15.1 million) which was all used for business operations and product development. Source of funds were financed by internal resources and borrowings.

There were no material acquisitions or disposals of subsidiaries and associated companies in the course of the period from April 1, 2015 to December 31, 2015.

DIVIDEND

The Board does not recommend the payment of a final dividend for the period from April 1, 2015 to December 31, 2015.

CONTINGENT LIABILITIES

At December 31, 2015, the Group had no contingent liabilities (March 31, 2015: nil).

HUMAN RESOURCES AND REMUNERATION POLICY

As at December 31, 2015, the Group had 1,893 employees. The Group fully recognizes the importance of its employees who contribute significantly to its success and continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training.

The Group's remuneration policy is to provide compensation packages at market rates which reward individual's performance and attract, retain and motivate high quality employees. The compensation packages offered by the Group are comparable with other organizations of similar size and business nature and are reviewed annually. The components of employee's remuneration package consist of base salary, double pay, fringe benefits including pension scheme, medical insurance, life and personal accident insurance, employee compensation and business travel insurance as well as incentives like discretionary cash bonus.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the period from April 1, 2015 to December 31, 2015.

CORPORATE GOVERNANCE

The Group is committed to achieving high standards of corporate governance. Throughout the nine months ended December 31, 2015, the Company has applied the principles and complied with all Code Provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, with the exception of Code Provisions A.2.1 (separation of roles of the chairman and chief executive officer) and Code Provision A.6.7, this Code provision stipulates, inter alia, Independent Non-executive Directors and other Non-executive Directors, as equal Board members, should attend general meetings and develop a balanced understanding of the views of shareholders. The Group's compliance with the Code Provisions of the Corporate Governance Code together with the considered reasons for any deviations are set out in the Corporate Governance Report contained in the Company's Annual Report.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed with management and external auditors the results of the Group for the period from April 1, 2015 to December 31, 2015.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the period from 1 April 2015 to 31 December 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the period. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

APPRECIATION

On behalf of the Board of Directors, I wish to express my gratitude to our shareholders and business associates for the continued support. I also extend our appreciation to our management team and staff members for their hard work and dedication in the past financial period.

On behalf of the Board of Directors of
IDT International Limited
Foo Piau Phang
Chairman

Hong Kong, March 24, 2016

As at the date of this announcement, the executive Director is Mr. Foo Piau Phang (Chairman); the non-executive Directors are Mr. Xin Kexia, Mr. Song Rongrong, Ms. Wang Yang, Mr. Qi Miao and Mr. Shi Changyun; and the independent non-executive Directors are Mr. Yang Xiongsheng, Ms. Zhao Yuhong, Dr. Li Quan and Mr. Duh Jia-Bin.

Website: http://www.idthk.com

* *For identification purpose only*