



IDT International Limited
萬威國際有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 167

Interim Report

2007

IDT INTERNATIONAL LIMITED is a holding company with subsidiaries engaged in the design, development, manufacturing, marketing and distribution of lifestyle consumer electronic products through the application of innovative liquid crystal display and microprocessor technology.

FINANCIAL HIGHLIGHTS of the second quarter for the three months ended September 30, 2006 (when comparing with the corresponding period last year)

- Turnover increased 9% to HK\$698.5 million
- Gross profit margin increased from 19% to 36%
- Operating expenses reduced from HK\$247.7 million to HK\$239.5 million
- Net profit attributable to equity holders of the Company for the period was HK\$4.7 million as compared with a loss of HK\$112.6 million last year

CORPORATE INFORMATION

DIRECTORS

Executive:

Raymond Chan, *JP*,
Chairman & Chief Executive Officer
Chan Pau Shiu Yeng, Shirley

Non-Executive:

Lo Kai Yiu, Anthony*
Kao Ying Lun*
Jack Schmuckli*
Kenichi Ohmae*
Woo Chia Wei
Yoram (Jerry) Wind*

* *Independent Non-Executive Director*

AUDIT COMMITTEE

Lo Kai Yiu, Anthony, *Chairman*
Kao Ying Lun
Jack Schmuckli

NOMINATION COMMITTEE

Jack Schmuckli, *Chairman*
Kao Ying Lun
Chan Pau Shiu Yeng, Shirley

REMUNERATION COMMITTEE

Jack Schmuckli, *Chairman*
Kao Ying Lun
Chan Pau Shiu Yeng, Shirley

QUALIFIED ACCOUNTANT

Shao Kwok Keung

COMPANY SECRETARY

Yeung Yee Har

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
Citibank, N.A.

AUDITORS

Deloitte Touche Tohmatsu

SHARE REGISTRARS

Bermuda:

The Bank of Bermuda Limited
Bank of Bermuda Building
6 Front Street
Hamilton HM 11
Bermuda

Hong Kong:

Union Registrars Limited
Room 1803, Fook Lee Commercial Centre
Town Place, 33 Lockhart Road
Wanchai
Hong Kong

BERMUDA REGISTERED OFFICE

Clarendon House, Church Street
Hamilton HM 11
Bermuda

HONG KONG PRINCIPAL PLACE OF BUSINESS

Block C, 9th Floor, Kaiser Estate Phase 1
41 Man Yue Street
Hung Hom, Kowloon
Hong Kong

STOCK CODE

167

WEBSITE

www.idthk.com
www.oregonscientific.com

INVESTOR RELATIONS CONSULTANT

Strategic Financial Relations Limited

UNAUDITED INTERIM RESULTS

The directors (the "Directors") of IDT International Limited (the "Company") are pleased to announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (the "Group") for the three months and six months ended September 30, 2006 together with the unaudited comparative figures for the corresponding periods in 2005.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended September 30,		Three months ended September 30,		Year ended March 31,
	Notes	2006 (Unaudited) HK\$'m	2005 (Restated) HK\$'m	2006 (Unaudited) HK\$'m	2005 (Restated) HK\$'m	2006 (Audited) HK\$'m
Turnover	3	1,160.1	1,197.0	698.5	642.2	2,372.2
Cost of goods sold		(768.0)	(939.0)	(447.3)	(517.2)	(1,749.3)
Gross profit		392.1	258.0	251.2	125.0	622.9
Other operating income		10.8	20.2	4.6	12.7	37.2
Research and development costs		(59.1)	(64.7)	(28.3)	(36.8)	(109.5)
Distribution and selling expenses		(235.5)	(247.5)	(138.5)	(134.1)	(496.9)
Administrative expenses		(128.0)	(137.4)	(72.7)	(76.8)	(271.0)
Interest on bank and other borrowings wholly repayable within five years		(14.9)	(9.9)	(7.4)	(5.7)	(24.2)
(Loss)/Profit before taxation	4	(34.6)	(181.3)	8.9	(115.7)	(241.5)
Taxation	5	5.9	7.6	3.0	4.2	(5.8)
Net (loss)/profit for the period		(28.7)	(173.7)	11.9	(111.5)	(247.3)
Attributable to:						
Equity holders of the Company		(40.6)	(184.2)	4.7	(112.6)	(263.4)
Minority interests		11.9	10.5	7.2	1.1	16.1
		(28.7)	(173.7)	11.9	(111.5)	(247.3)
(Loss)/earnings per share	6					
- basic (HK cents)		(1.76)	(8.47)	0.32	(5.18)	(12.63)
- diluted (HK cents)		N/A	N/A	0.32	N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

	At September 30, 2006 (Unaudited) HK\$'m	At September 30, 2005 (Restated) HK\$'m	At March 31, 2006 (Audited) HK\$'m
Notes			
Non-current assets			
Investment properties	–	14.8	–
Property, plant and equipment	291.1	307.0	307.1
Intangible assets	81.7	87.5	89.5
Goodwill	33.7	30.1	33.6
Long-term bank deposits	273.0	273.0	273.0
Deferred tax assets	99.5	84.7	80.5
	779.0	797.1	783.7
Current assets			
Inventories	541.0	617.6	448.6
Property held for resale	–	1.6	–
Trade and other receivables	632.1	599.8	356.8
Forward asset	2.6	10.7	–
Tax reserve certificate	42.9	42.9	42.9
Taxation recoverable	6.8	11.1	13.9
Bank balances and cash	240.4	309.6	338.5
	1,465.8	1,593.3	1,200.7
Current liabilities			
Trade and other payables	621.3	597.3	369.9
Bills payables	7.6	41.5	16.1
Obligations under finance leases due within one year	0.1	0.1	0.2
Forward liabilities	–	–	0.2
Taxation payable	23.7	17.4	11.2
Short-term bank loans	407.7	570.5	489.4
Bank overdrafts	6.7	–	3.9
	1,067.1	1,226.8	890.9
Net-current assets	398.7	366.5	309.8
Total assets less current liabilities	1,177.7	1,163.6	1,093.5
Non-current liabilities			
Obligations under finance leases due after one year	0.1	0.2	0.1
Deferred tax liabilities	20.2	20.2	21.5
	20.3	20.4	21.6
Net assets	1,157.4	1,143.2	1,071.9
Capital and reserves			
Share capital	250.2	208.5	208.5
Reserves	646.5	684.5	607.0
Equity attributable to equity holders of the Company	896.7	893.0	815.5
Minority interests	260.7	250.2	256.4
Total equity	1,157.4	1,143.2	1,071.9

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company									
	Share capital	Share premium	Properties revaluation reserve	Share options reserve	Capital reserve	Translation reserve	Revenue reserve	Total	Minority interests	Total
	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m
At April 1, 2006	208.5	69.1	27.9	1.2	-	0.9	507.9	815.5	256.4	1,071.9
Exchange differences arising from translation of financial statements of overseas operations recognized directly in equity	-	-	-	-	-	(3.5)	-	(3.5)	0.3	(3.2)
(Loss)/profit for the period	-	-	-	-	-	-	(40.6)	(40.6)	11.9	(28.7)
Total recognized income and expenses for the period	-	-	-	-	-	(3.5)	(40.6)	(44.1)	12.2	(31.9)
Issue of shares	41.7	82.5	-	-	-	-	-	124.2	-	124.2
Deemed partial disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-
2005 final dividend paid	-	-	-	-	-	-	-	-	(7.9)	(7.9)
Recognition of equity-settled share-based payments	-	-	-	1.1	-	-	-	1.1	-	1.1
At September 30, 2006	250.2	151.6	27.9	2.3	-	(2.6)	467.3	896.7	260.7	1,157.4
At April 1, 2005 (Originally stated)	208.5	68.8	27.9	-	6.9	6.8	869.2	1,188.1	276.1	1,464.2
Effects of changes in accounting policies	-	-	-	-	(6.9)	-	6.9	-	-	-
Prior period adjustment - share-based payments	-	-	-	0.5	-	-	(0.5)	-	-	-
At April 1, 2005 (Restated)	208.5	68.8	27.9	0.5	-	6.8	875.6	1,188.1	276.1	1,464.2
Exchange differences arising from translation of financial statements of foreign operations recognized directly in equity	-	-	-	-	-	(7.1)	-	(7.1)	(1.3)	(8.4)
(Loss)/profit for the period	-	-	-	-	-	-	(184.2)	(184.2)	10.5	(173.7)
Total recognized income and expenses for the period	-	-	-	-	-	(7.1)	(184.2)	(191.3)	9.2	(182.1)
Issue of shares	-	0.3	-	-	-	-	-	0.3	-	0.3
Capital contributed by minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	0.6	0.6
Deemed partial disposal of a subsidiary	-	-	-	-	-	-	-	-	(0.2)	(0.2)
Reduction arising from repurchase by a subsidiary of its own shares	-	-	-	-	-	-	-	-	(5.5)	(5.5)
Recognition of equity-settled share-based payments	-	-	-	0.1	-	-	-	0.1	-	0.1
2005 final dividend paid	-	-	-	-	-	-	(104.2)	(104.2)	(30.0)	(134.2)
At September 30, 2005 (Restated)	208.5	69.1	27.9	0.6	-	(0.3)	587.2	893.0	250.2	1,143.2

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended	
	September 30,	
	2006	2005
	(Unaudited)	(Restated)
	<i>HK\$'m</i>	<i>HK\$'m</i>
Net cash (used in)/from operating activities	(85.3)	14.1
Net cash used in investing activities	(34.1)	(46.1)
Net cash from financing activities	15.3	39.1
Net (decrease)/increase in cash and cash equivalents	(104.1)	7.1
Cash and cash equivalents at April 1,	334.6	307.2
Effect of foreign exchange rate changes	3.2	(4.7)
Cash and cash equivalents at September 30,	233.7	309.6
Analysis of the balances of cash and cash equivalents:		
Bank deposits, bank balances and cash	240.4	309.6
Bank overdrafts	(6.7)	-
	233.7	309.6

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Directors are responsible for preparing the Group’s unaudited interim financials. These unaudited interim financials have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRs”), which also include Hong Kong Accounting Standards (“HKASs”) and Interpretations, including Hong Kong (International Financial Reporting Interpretations Committee) Interpretation (“HK(IFRIC)-INT”), issued by the Hong Kong Institute of Certified Public Accountants (“the HKICPA”), and accounting principles generally accepted in Hong Kong.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the Consolidated Financial Statements for the year ended March 31, 2006.

The following new standards, amendments to standards and interpretations which are relevant to the Group’s operations are mandatory for financial year ending March 31, 2006:

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plan and Disclosures
HKAS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates – Net investment in a foreign operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 & HKFRS 4 (Amendments)	Financial Guarantee Contracts
HK(IFRIC)-INT 4	Determining whether an arrangement contains a lease

The adoption of new/revised HKAS 19 (Amendment), 21 (Amendment), 39 (Amendment), HKFRS 4 (Amendment) and HK(IFRIC)-INT 4 did not result in substantial changes to the Group’s accounting policies.

The following new standards, amendments to standards and interpretations relevant to the Group’s operations have been issued but are not effective for 2006 and have not been early adopted:

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC)-INT 8	Scope of HKFRS 2
HK(IFRIC)-INT 9	Reassessment of Embedded Derivatives
HK(IFRIC)-INT 10	Interim Financial Reporting and Impairment

3. SEGMENT INFORMATION

An analysis of the Group's turnover and contribution to (loss)/profit from operations by business segments is as follows:

	Turnover		Contribution to (loss)/ profit from operations	
	Six months ended		Six months ended	
	September 30,		September 30,	
	2006	2005	2006	2005
	HK\$'m	HK\$'m	HK\$'m	HK\$'m
Sales and manufacture of:				
LCD Consumer Electronic Products	444.4	475.2	(34.6)	(25.0)
Telecommunication Products	204.5	147.1	(19.6)	(40.1)
Electronic Learning Products	462.2	360.3	65.3	11.7
Other consumer electronic products	49.0	214.4	(27.0)	(117.7)
	1,160.1	1,197.0	(15.9)	(171.1)
Interest income			2.9	3.6
Unallocated corporate expense			(6.7)	(3.9)
Finance costs			(14.9)	(9.9)
Loss before taxation			(34.6)	(181.3)
Taxation			5.9	7.6
Loss for the period			(28.7)	(173.7)

An analysis of the Group's turnover by geographical market of its customers is as follows:

	Turnover	
	Six months ended	
	September 30,	
	2006	2005
	HK\$'m	HK\$'m
Americas	608.5	527.2
Europe	411.1	412.8
Asia Pacific	140.5	257.0
	1,160.1	1,197.0

4. LOSS BEFORE TAXATION

	Six months ended September 30,	
	2006 HK\$'m	2005 HK\$'m
Loss before taxation has been arrived at after charging:		
Depreciation and amortisation of property, plant and equipment	29.6	35.0
Amortisation of intangible assets	26.9	32.1
Loss on disposal of property, plant and equipment	5.2	2.4
and after crediting:		
Interest income	2.9	3.6

5. TAXATION

The credit (charge) consists of:

	Six months ended September 30,	
	2006 HK\$'m	2005 HK\$'m
Taxation of the Company and its subsidiaries:		
Hong Kong Profits Tax	(13.5)	(7.6)
Tax in other jurisdictions	(0.1)	0.1
Deferred taxation	19.5	15.1
	5.9	7.6

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profit for the period. Taxation in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

As previously announced, protective assessments totalling approximately HK\$57.4 million relating to years of assessment from 1997/98 to 2004/05 have been raised to one of the Group's subsidiaries on its offshore tax claim. The Group, with the advice from its tax advisor, is working on an appropriate basis of settlement with the Hong Kong Inland Revenue Department (the "HK IRD"). In the meantime, the Group has purchased tax reserve certificates of HK\$42.9 million in relation to years of assessment from 1997/98 to 2003/04 and has issued a bank guarantee of HK\$3.6 million in relation to year of assessment 2004/05. The amount of tax reserve certificates is included as "tax reserve certificate" in the balance sheet. No provision for Hong Kong Profits Tax had been made in the financial statements of the Group. The Group cannot predict when this issue will be resolved and further announcement will be made once an appropriate basis of settlement is agreed with the HK IRD and the extent of tax liability is known.

6. LOSS PER SHARE

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

	Six months ended September 30,	
	2006 HK\$'m	2005 HK\$'m
Loss for the period attributable to equity holders of the Company and loss for the purposes of basic and diluted earnings per share	(40.6)	(184.2)
Number of ordinary shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,298,950,415	2,175,659,820
Effect of dilutive potential ordinary shares:		
Share options	101,033	1,465,338
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,299,051,448	2,177,125,158

The computation of diluted loss per share during both periods does not assume the exercise of the Company's share options since their conversion would result in a decrease in loss per share.

7. TRADE AND OTHER RECEIVABLES

The Group allows its trade customers a credit period normally ranging from letter of credit at sight to 60 days open account to customers with long business relationship and strong financial position.

The following is an aged analysis of trade receivables at the reporting date:

	At September 30, 2006 HK\$'m	At March 31, 2006 HK\$'m
Not yet due	499.2	217.5
Overdue less than 31 days	26.9	17.8
Overdue 31 to 90 days	3.9	22.4
Overdue more than 90 days	1.7	6.2
	531.7	263.9
Other receivables	100.4	92.9
	632.1	356.8

The Group's trade receivables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	RMB HK\$'m	US Dollars HK\$'m	Euro Dollars HK\$'m	British Pounds HK\$'m	Singapore Dollars HK\$'m	New Zealand Dollars HK\$'m
As at September 30, 2006	-	232.3	-	0.1	0.2	1.1
As at March 31, 2006	1.8	84.8	3.1	-	-	-

8. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables at the reporting date:

	At September 30, 2006 HK\$'m	At March 31, 2006 HK\$'m
Not yet due	161.5	84.6
Overdue less than 31 days	63.6	40.4
Overdue 31 to 90 days	7.4	17.3
Overdue more than 90 days	7.1	12.6
	239.6	154.9
Other payables	381.7	215.0
	621.3	369.9

The Group's trade payables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	JPY HK\$'m	RMB HK\$'m	US Dollars HK\$'m	Euro Dollars HK\$'m	New Zealand Dollars HK\$'m
As at September 30, 2006	2.8	2.2	85.2	0.3	0.1
As at March 31, 2006	0.8	1.5	54.5	0.5	-

9. SHARE CAPITAL

	Number of shares	Amount HK\$'m
At April 1, 2006	2,085,225,907	208.5
Issue of shares on the rights issue	417,045,181	41.7
At September 30, 2006	2,502,271,088	250.2

BUSINESS REVIEW

Results For The Three Months Ended September 30, 2006

Turnover of the Group for the three months ended September 30, 2006 was HK\$698.5 million, representing an increase of 9% from that in the corresponding period of the previous financial year. The launch of new innovative products in all product categories saw Oregon Scientific branded sales up 16% to HK\$473.4 million which accounted for 68% of the Group's total turnover. On the ODM/OEM side, both Electronic Learning Products and Telecommunications Products performed well, while LCD Consumer Electronic Products slowed down, resulting in a 4% decrease in sales to HK\$225.1 million.

Following an improvement to 31% in the preceding quarter, gross profit margin continued to advance further to 36% in the second quarter in comparison with 19% in the corresponding period last year.

At the increase in both turnover and profit margin, the Group's gross profit doubled to HK\$251.2 million.

Profit before tax for the period was HK\$8.9 million, compared with a loss of HK\$115.7 million for the corresponding period last year. Total operating expenses decreased by 3% to HK\$239.5 million, comparable to 34% of sales against 39% last year. Whilst administrative expenses and R & D expenses decreased by 5% to HK\$72.7 million and 23% to HK\$28.3 million respectively, selling expenses increased by 3% to HK\$138.5 million attributable to the increase in royalty fees in line with sales growth of licensed Electronic Learning Products.

Net profit attributable to equity holders of the Company for the three months ended September 30, 2006 was HK\$4.7 million, as compared with a loss of HK\$112.6 million in the corresponding period last year.

Results For The Six Months Ended September 30, 2006

Turnover of the Group for the six months ended September 30, 2006 was HK\$1,160.1 million, representing a decrease of 3% from the corresponding period in the last financial year. Strong sales growth of Oregon Scientific accounted for 62% of the Group's turnover whilst ODM/OEM sales made up the rest.

Gross profit margin for the period was HK\$392.1 million or 34% of sales, representing a 52% increase as compared with the corresponding period last year.

Total operating expenses for the period decreased by 6% to HK\$422.6 million, a comparable to 36% of sales against 38% in the same period last year, attributable to a 5% reduction in selling expenses to HK\$235.5 million, a 7% reduction in administrative expenses to HK\$128.0 million and a 9% reduction in R & D expenses to HK\$59.1 million. Consequently, loss before tax was down by 81% to HK\$34.6 million.

Net loss attributable to equity holders of the Company for the six months ended September 30, 2006 was HK\$40.6 million, a notable improvement against a loss of HK\$184.2 million in the corresponding period last year.

The major development of each business division is described below.

Oregon Scientific sales increased by 4% to HK\$715.9 million, representing 62% of the Group's turnover. The sales in Europe was down by 18% in the first half as compared with the same period last year due to loss of sales in Digital Media Products. Germany and the UK reported moderate growth of 3% and 5% in sales respectively. In the Americas, the US achieved strong double-digit growth in Electronic Learning Products, thanks to broader distribution of new innovative products. Moreover, Brazil reported strong double-digit growth in both LCD Consumer Electronic Products and Electronic Learning Products. In Asia Pacific, sales were dragged down 22% by the loss in sales of Digital Media Products and a one-time promotion order of Electronic Learning Products.

Electronic Learning Products division achieved sales of HK\$462.3 million, up 28% when compared with the same period last year and representing 40% of the Group's turnover. Oregon Scientific branded sales increased by 46% to HK\$346.5 million, which accounted for 75% of the division's total sales. Both Europe and Americas placed very strong orders for the children learning laptop computer as well as the new innovative learning products. Demand for new products such as SmartGlobe™ is expected to remain strong in the next quarter. The sales of ODM/OEM business were down by 6% to HK\$115.8 million.

LCD Consumer Electronic Products division recorded 7% drop in sales to HK\$444.4 million as compared with last year as a result of late delivery of new products. The amount represented 38% of the Group's turnover. Oregon Scientific branded sales were HK\$299.4 million which accounted for 67% of the division's total sales in the period as compared to last year's 64%. Meanwhile, ODM/OEM sales reported a 16% decline to HK\$145.0 million which was attributable to substantial reduction of orders from a few major ODM/OEM customers due to realignment of the product lineup and business strategies.

Telecommunications Products division sales increased by 39% to HK\$204.5 million in the period, accounting for 18% of the Group's turnover, against 12% for the same period last year. During the period, sales of the Oregon Scientific brand grew by 6% to HK\$40.1 million, which accounted for 20% of the division's total sales. The surge was mainly driven by the successful launch of keyless touch phone products. ODM/OEM sales were HK\$164.3 million, a 50% improvement when compared with the same period last year.

PROSPECTS

The Group achieved encouraging recovery results in the first half of this financial year bolstered by rising gross profit margin and lowering operating costs, particularly noteworthy as the Group has yet to enter its peak selling seasons.

Oregon Scientific has had strong business growth with its Electronic Learning Products boasting strong appeal across all markets. The Group's Electronic Learning Products division will secure a 3-year Star Wars license for children learning laptop computers and hand-held electronic learning products for worldwide distribution. The Group will continue to invest in widening scope of its learning products for children adding to it new product categories.

LCD Consumer Electronic Products division has been a leader in the market of time and weather and sports and fitness products with innovative features and applications. The Group launched the world first daylight projection clock and the world first touch-screen heart rate monitor in the second quarter. It will continue to introduce new products of unique design and supported by innovative technology to meet market and customer demands.

The Group's world first keyless touch phone has received strong interest from customers in Europe, the US and Hong Kong. This innovative phone product has enabled the Telecommunication Products division to increase Oregon Scientific branded sales and sales from private label customers in both Europe and the US. The Group will continue its strategy of providing advanced technological solutions in cordless phones, private mobile radios and marine radio products.

Initiatives to enhance cost and operational efficiencies and effectiveness have been implemented in all product divisions and Oregon Scientific subsidiaries. The Group is ready to transform challenges into business opportunities. Committed to executing those improvement initiatives and new business strategies, it is confident of achieving stronger results in the future.

WORKING CAPITAL AND TREASURY MANAGEMENT

Net current assets as at September 30, 2006 amounted to HK\$398.7 million, increased by 9% from last year. In comparison with the same period last year, inventories dropped by 12% to HK\$541.0 million trade receivables increased by 9% to HK\$531.7 million and trade payable increased by 32% to HK\$239.6 million. Inventories turnover was 129 days, up from 120 days last year and debtors turnover was 84 days, up from 74 days last year.

Net cash balances at September 30, 2006 were HK\$91.4 million, compared with net cash deficit of HK\$29.4 million last year. After completing the rights issue of HK\$124.2 million in July this year, the Group's working capital situation has been much strengthened.

As at September 30, 2006, short-term bank borrowings was HK\$422.0 million, it was significantly lower than HK\$612.0 million of last year. Short-term bank borrowings were in relation to bills payable, import loans, revolving bank loans used for currency hedging purposes and bank overdrafts.

The Group maintained with Double-A rated financial institutions the level of HK\$273.0 million high yield deposits as at September 30, 2006 which is the same as last year. These instruments do carry a level of risk because interest earnings could be nil if certain conditions are met.

The Group's exposure to foreign currency mainly stems from the net cash flow and net working capital translation of its overseas subsidiaries. Hedging of foreign currency exposures is actively done through natural hedges, forward contracts and options. As at September 30, 2006, there were forward contracts in place to hedge against possible exchange differences from future net cash flows. Speculative currency transactions are strictly prohibited. The responsibility of currency risk management rests with the Group's headquarters in Hong Kong.

DIVIDEND

The board of Directors has resolved not to declare any interim dividend for the year ending March 31, 2007 (2006: nil).

CONTINGENT LIABILITIES

As at September 30, 2006, the Group had no contingent liabilities (2005: nil).

DIRECTORS' INTERESTS IN SECURITIES

As at September 30, 2006, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under the provisions of the SFO) or which were recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") contained in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Name	No. of Shares held			Total no. of shares	% of the issued capital	Number of underlying shares held under equity derivatives (Note 3)
	Personal interests	Family interests	Corporate interests			
Raymond Chan	88,729,102	293,948,303 (Note 1)	1,010,730,270 (Note 2)	1,393,407,675	55.69%	3,120,000
Chan Pau Shiu Yeng, Shirley	88,757,431	1,099,459,372 (Note 1)	205,190,872 (Note 2)	1,393,407,675	55.69%	2,080,000
Lo Kai Yiu, Anthony	1,711,779	-	-	1,711,779	0.07%	1,040,000
Kao Ying Lun	-	-	-	-	-	1,040,000
Jack Schmuckli	1,667,200	-	-	1,667,200	0.07%	1,040,000
Kenichi Ohmae	-	-	-	-	-	1,040,000
Woo Chia Wei	-	-	-	-	-	1,040,000
Yoram (Jerry) Wind	-	-	-	-	-	1,040,000

All interests disclosed above represent long positions in the shares/underlying shares of the Company.

Notes:

- (1) Mrs. Chan Pau Shiu Yeng, Shirley is the spouse of Dr. Raymond Chan. The personal and corporate interests of Mrs. Chan Pau Shiu Yeng, Shirley are disclosed as the family interests of Dr. Raymond Chan. The personal and corporate interests of Dr. Raymond Chan are disclosed as the family interests of Mrs. Chan Pau Shiu Yeng, Shirley.
- (2) 1,010,730,270 ordinary shares are held by Integrated Display Technology Limited, a company incorporated in the British Virgin Islands, which is wholly owned by Dr. Raymond Chan. 205,190,872 ordinary shares are held by Raymax Time Company Limited, a company incorporated in the British Virgin Islands, which is wholly owned by Mrs. Chan Pau Shiu Yeng, Shirley.
- (3) These represent the interests in underlying shares in respect of the share options granted by the Company, the details of which are set out in the sub-section entitled "Share Option Schemes" below.

Save as disclosed above, none of the directors or the chief executives of the Company or any of their associates had, as at September 30, 2006, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under the provisions of the SFO) or which were recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

As at September 30, 2006, the following persons (other than the directors or the chief executives of the Company), had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO or as otherwise notified to the Company were as follows:

Name	No. of shares held	% of the issued share capital
Integrated Display Technology Limited (<i>Note 1</i>)	1,010,730,270	40.39%
Raymax Time Company Limited (<i>Note 2</i>)	205,190,872	8.20%

All interests disclosed above represent long positions in the shares of the Company.

Notes:

- (1) Integrated Display Technology Limited, a company incorporated in the British Virgin Islands, is wholly owned by Dr. Raymond Chan. Such corporate interests are also disclosed in the sub-section entitled "Directors' Interests in Securities" above.
- (2) Raymax Time Company Limited, a company incorporated in the British Virgin Islands, is wholly owned by Mrs. Chan Pau Shiu Yeng, Shirley. Such corporate interests are also disclosed in the sub-section entitled "Directors' Interests in Securities" above.

Save as disclosed above, the Company had not been notified by any person (other than the directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company as at September 30, 2006 which were required to be disclosed to the Company under Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEMES

Particulars of outstanding options at the beginning and at the end of the financial period for the six months ended September 30, 2006 and options granted, exercised, cancelled and lapsed during the period under each of share option scheme adopted on September 28, 1993 ("1993 IDT International Option Scheme"), share option scheme adopted on August 28, 2002 ("2002 IDT International Option Scheme") and share option scheme operated by a subsidiary of the Company, IDT Holdings (Singapore) Limited ("IDTS Option Scheme"), were as follows:

(1) 1993 IDT International Option Scheme

Participants	Date of grant (M/D/Y)	Period during which options are exercisable (M/D/Y)	Outstanding at 4.1.2006	Number of options		
				Exercise price per share ⁽¹⁾ HK\$	Adjustmen ⁽¹⁾	Outstanding at 9.30.2006 ⁽¹⁾
Employees	12.29.1998	12.30.1999 to 12.29.2008	525,000*	0.489	21,000	546,000
	12.29.1998	12.30.2000 to 12.29.2008	525,000*	0.489	21,000	546,000
			1,050,000		42,000	1,092,000

Notes :

⁽¹⁾ Pursuant to the 1993 IDT International Option Scheme, the number of unexercised options and the exercise price are subject to alterations in the event of any reorganisation of capital structure of the Company. The rights issue completed on July 26, 2006 constituted an event which gave rise to adjustments to the number of unexercised options and exercise price.

* The number of share options were adjusted as a result of the three-for-four bonus issue of shares made by the Company in August 1999.

No option was granted or exercised or cancelled or lapsed under the 1993 IDT International Option Scheme during the period.

(2) 2002 IDT International Option Scheme

Participants	Date of grant (M/D/Y)	Period during which options are exercisable (M/D/Y)	Outstanding at 4.1.2006	Number of options		Lapsed/ cancelled during the period	Outstanding at 9.30.2006 ⁽¹⁾
				Subscription price per share ⁽¹⁾ HK\$	Adjustment ⁽¹⁾		
Directors							
Raymond Chan	11.30.2005	12.01.2006 to 11.30.2015	3,000,000	0.529	120,000	-	3,120,000
Chan Pau Shiu Yeng, Shirley	11.30.2005	12.01.2006 to 11.30.2015	2,000,000	0.529	80,000	-	2,080,000
Lo Kai Yiu, Anthony	11.30.2005	12.01.2006 to 11.30.2015	1,000,000	0.529	40,000	-	1,040,000
Kao Ying Lun	11.30.2005	12.01.2006 to 11.30.2015	1,000,000	0.529	40,000	-	1,040,000
Jack Schmuckli	11.30.2005	12.01.2006 to 11.30.2015	1,000,000	0.529	40,000	-	1,040,000
Kenichi Ohmae	11.30.2005	12.01.2006 to 11.30.2015	1,000,000	0.529	40,000	-	1,040,000
Woo Chia Wei	11.30.2005	12.01.2006 to 11.30.2015	1,000,000	0.529	40,000	-	1,040,000
Yoram (Jerry) Wind	11.30.2005	12.01.2006 to 11.30.2015	1,000,000	0.529	40,000	-	1,040,000
Employees							
	5.21.2003	5.21.2005 to 5.20.2013	250,000	0.798	10,000	-	260,000
	5.21.2003	5.21.2006 to 5.20.2013	250,000	0.798	10,000	-	260,000
	7.5.2004	7.6.2006 to 7.5.2014	500,000	1.860 ⁽²⁾	-	500,000 ⁽²⁾	-
	7.5.2004	7.6.2007 to 7.5.2014	500,000	1.860 ⁽²⁾	-	500,000 ⁽²⁾	-
	10.7.2004	10.8.2006 to 10.7.2014	250,000	1.808	10,000	-	260,000
	10.7.2004	10.8.2007 to 10.7.2014	250,000	1.808	10,000	-	260,000
	11.12.2004	11.13.2005 to 11.12.2014	500,000	1.788	20,000	-	520,000
	11.12.2004	11.13.2007 to 11.12.2014	500,000	1.788	20,000	-	520,000
	11.28.2005	11.29.2006 to 11.28.2015	400,000	0.570 ⁽²⁾	-	400,000 ⁽²⁾	-
	11.28.2005	11.29.2006 to 11.28.2015	2,050,000	0.548	82,000	-	2,132,000
	11.28.2005	11.29.2007 to 11.28.2015	1,325,000	0.570 ⁽²⁾	-	1,325,000 ⁽²⁾	-
	11.28.2005	11.29.2007 to 11.28.2015	10,100,000	0.548	404,000	494,000	10,010,000
	11.28.2005	11.29.2008 to 11.28.2015	925,000	0.570 ⁽²⁾	-	925,000 ⁽²⁾	-
	11.28.2005	11.29.2008 to 11.28.2015	8,050,000	0.548	322,000	494,000	7,878,000
			36,850,000		1,328,000	4,638,000	33,540,000

Notes:

- (1) Pursuant to the 2002 IDT International Option Scheme, the number of outstanding options and the subscription price are subject to adjustments in the event of any reorganisation of capital structure of the Company. The rights issue completed on July 26, 2006 constituted an event which gave rise to adjustments in outstanding options and the subscription prices.
- (2) These options lapsed before the completion of the rights issue and were not subject to any adjustments in note (1) above.

No option was granted or exercised under the 2002 IDT International Option Scheme during the period.

(3) IDTS Option Scheme

There is no outstanding share option at the beginning of the financial period for the six months ended September 30, 2006. No option was granted during the period under the IDTS Option Scheme.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by officers of the Group (the "Code") on terms no less exacting than the Model Code contained in Appendix 10 of the Listing Rules. Having made specific enquiry of all directors, they have confirmed that they fully complied with the required standards set out in both the Model Code and the Code throughout the six months period ended September 30, 2006.

CORPORATE GOVERNANCE

The Group is committed to achieving high standards of corporate governance. In the six months ended September 30, 2006, the Group had applied the principles and complied with the requirements set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Listing Rules, with a major deviation from CG Code provision A.2.1 in respect of the separation of roles of the chairman and chief executive officer. The Group's compliance with the provisions and recommended best practices of the CG Code together with the reasons for any deviations are set out in the Corporate Governance Report contained in the Company's 2006 Annual Report issued in July 2006.

AUDIT COMMITTEE

The audit committee, comprising three independent non-executive directors, Mr. Lo Kai Yiu, Anthony (Chairman), Mr. Kao Ying Lun and Mr. Jack Schmuckli, had reviewed with the management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited financial statements and the results of the Group for the six months ended September 30, 2006.

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 six months ended September 30, 2006.

APPRECIATION

On behalf of the Board, I wish to express my gratitude to our management team and staff members for their hard work, dedication and support throughout the period.

On behalf of the board of directors



Dr. Raymond Chan, JP
Chairman & Chief Executive Officer

Hong Kong, November 13, 2006