



IDT International Limited
萬威國際有限公司

[For Immediate Release]

IDT International Announces 2004/05 Interim Results

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Turnover Increases by 4% to HK\$1,346.0 Million

Net Profit Up 12% to HK\$105.1 Million

Sales of Oregon Scientific Products Accounts for 44% of Total Sales

Highlights

| | For the 6 months ended | | Changes % |
|----------------------------|-----------------------------------|-----------------------------------|------------------|
| | 30 September 2004 HK\$ million | 30 September 2003 HK\$ million | |
| Turnover | 1,346.0 | 1,292.8 | ↑ 4% |
| Gross Profit | 507.1 | 488.5 | ↑ 4% |
| Gross Profit Margin | 38% | 38% | unchanged |
| Operating Profit | 142.1 | 133.4 | ↑ 7% |
| Net Profit | 105.1 | 93.8 | ↑ 12% |
| Net Profit Margin | 8% | 7% | ↑ 1 pt |
| Earnings Per Share | 5.0 cents | 4.5 cents | ↑ 11% |

(Hong Kong, 10 November 2004) -- Leading consumer electronic products manufacturer and brand distributor, **IDT International Limited** ("IDT International" or the "Group") (SEHK code: 167), today announced its unaudited interim results for the six months ended 30 September 2004.

During the first half of the fiscal year, the Group's turnover increased 4% to HK\$1,346.0 million, compared with last year's HK\$1,292.8 million. The increase was mainly attributable to the increased sales of the LCD Consumer Electronic Products division. Net profit increased 12% to HK\$105.1 million, while profit from operations was HK\$142.1 million, representing an increase of 7% over last year's result. Earnings per share were 5.0 HK cents (2003/04 Interim: 4.5 HK cents per share).

The Board of Directors has declared an interim dividend of 3.0 HK cents per share for the six months ended 30 September 2004.

Dr. Raymond Chan, Chairman and CEO of IDT International, said, "The overall market environment remained challenging over the last 6 months. We are therefore pleased that with the outstanding performance of the LCD Consumer Electronic Products, exciting new products launch and strategic expansion of our sales and distribution network, we were able to achieve higher profitability."

Mr. Alain Li, Executive Director and CFO of IDT International, said, "Our growth initiatives for our brand and ODM/OEM businesses supported by our more efficient operations are yielding higher sales and satisfactory margins. Furthermore, with the groundwork laid in new markets, namely the Asia Pacific, we look forward to further extending Oregon Scientific's brand presence."



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In the period under review, sales from Oregon Scientific amounted to HK\$591.9 million, which accounted for 44% of the Group's total turnover. Asia Pacific was the fastest growing region, achieving an 89% increase in sales. The impressive growth was supported by the Group's ongoing investment in building the Oregon Scientific brand in the region, by opening new retail stores and expanding its distribution channels in Hong Kong, China and South East Asia. All European markets achieved growth, recording an increase of 8% in total. This was achieved despite strikes in Italy which had delayed delivery of product at the end of September 2004. The US market posted a drop in sales of 20% compared with the same period last year mainly because of the keenly competitive digital camera business and the consolidation of the electronic learning products business. However, this was partly compensated by the Group's core LCD consumer electronic products business, which recorded a 159% increase in sales in first half 2004.

The Group maintained prudent financial management. During the first half of the year, it continued to finance its operations from internal cash flows. Net cash and deposits stood at HK\$300.9 million as at 30 September 2004, indicating that the Group has sufficient financial resources to fund its operations, its current investment needs and development plans.

Mr. Li added, "In light of uncertain economic conditions caused by rising interest rates and oil prices potentially affecting consumer confidence, customers have delayed confirmation of their orders for this season. However, the Group's order book is above last year's level. We will continue to enhance the competitiveness of our products across every division, and invest in research and development, brand building and our sales organization to fulfill the growth potential of our business. Though the market conditions for telecommunications and electronic learning products remain challenging, it is expected that LCD Consumer Electronic Products division and Digital Media Products division will be our main drivers in the second half of the year."

Dr. Chan concluded, "We will concentrate management resources on growing our business through initiatives such as launching a range of new products, cultivating our current markets and exploring new markets which offer significant potential. We will also continue to develop both our ODM/OEM and Oregon Scientific businesses so as to fully exploit market opportunities. These efforts will further strengthen IDT International's foundation and business prospects."

A Summary of Operations Review

Oregon Scientific (44% of total turnover)

In terms of contribution to individual product divisions, Oregon Scientific sales accounted for:

- 60% of the LCD Consumer Electronic Products division,
- 9% of the Telecommunication Products division,
- 29% of the Digital Media Products division (formerly known as Electronic Personal Information Products division), and
- 63% of the Electronic Learning Products division.

LCD Consumer Electronic Products (40% of total turnover)

The segment continued to be the largest sales contributor with sales of HK\$537.3 million, up 39% from the same period last year. The sales growth was attributable to a 42% growth in Oregon Scientific branded sales to HK\$324.0 million and 35% growth in ODM/OEM sales to HK\$213.3 million.



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Telecommunication Products (24% of total turnover)

Operating in a highly competitive market, the division posted a 9% drop in sales to HK\$327.6 million. During the period, sales of Oregon Scientific were HK\$28.3 million, a 10% drop compared with HK\$31.6 million last year. Oregon Scientific accounted for 9% of the division's total sales for the period. ODM/OEM sales were HK\$299.3 million, representing a 9% decrease from last year's sales of HK\$328.1 million.

ODM/OEM sales were affected by the difficult market conditions, especially in the highly competitive cordless phone business in the US. Nevertheless, the division enjoyed satisfactory growth in ODM/OEM sales in both Europe and the Asia Pacific. A number of new transceiver products customers were developed and sales to network operators were higher in the first half of this year.

Digital Media Products (14% of total turnover)

The division recorded sales of HK\$184.6 million. Although ODM/OEM sales recorded HK\$131.5 million, up an impressive 62% from the same period last year, Oregon Scientific branded sales were HK\$53.1 million, down 54% from the same period last year. About 29% of this division's sales were through Oregon Scientific brand, compared with 58% a year ago.

The drop in Oregon Scientific branded sales was mainly caused by timing in new product delivery and keen competition in the digital camera business. On the other hand, ODM/OEM business recorded increases in both number of units sold and average selling price prompted by new customer gains in Asia and the US.

Electronic Learning Products (22% of total turnover)

The division achieved HK\$291.5 million of sales for the first half of the fiscal year. Both Oregon Scientific branded sales (HK\$183.9 million) and ODM/OEM sales (HK\$107.6 million) retreated primarily due to the difficult conditions in the US market and the smaller orders from some existing customers.

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About IDT International:

IDT International is a holding company whose shares are publicly listed on The Stock Exchange of Hong Kong Limited.

Headquartered in Hong Kong, IDT International and member company, IDT Holdings (Singapore) Limited (listed on The Singapore Exchange Securities Trading Limited), are engaged in the design, development, manufacture, sale and marketing of innovative consumer electronic products featuring state-of-the-art liquid crystal display and microprocessor technology. The core businesses include LCD Consumer Electronic Products, Telecommunication Products, Digital Media Products and Electronic Learning Products. Marketing is undertaken globally through 15 sales and marketing offices in the US, Italy, the UK, Spain, France, Germany, Australia, Brazil, China, Japan, Singapore and Hong Kong. Research and development resources have been established in both Hong Kong and China while manufacturing facilities are centred in Xixian and Shenzhen, China.

For more corporate and product information on the IDT Group and Oregon Scientific, please access our websites at <http://www.idthk.com> or <http://www.oregonscientific.com>

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