



IDT International Limited
萬威國際有限公司

For Immediate Release

IDT International Announces 2005/06 Third Quarter Results

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Net profit reaches HK\$20.2 million
Inventory turnover reduces to 87 days

Highlights

	For the 3 months ended 31 December 2005 HK\$ million	For the 9 months ended 31 December 2005 HK\$ million
Turnover	812.6	2,009.6
Gross Profit	303.2	562.3
Gross Profit Margin	37%	28%
Profit / (Loss) from operations	47.6	(123.8)
Net Profit / (Loss) attributable to equity holders of the parent	20.2	(164.0)

(Hong Kong, 14 February 2006) -- Leading consumer electronic products enterprise, **IDT International Limited** ("IDT International" or the "Group") (SEHK code: 167), today announced its unaudited third quarter results for the nine months ended 31 December 2005.

For the three months ended 31 December 2005, the Group recorded a turnover and gross profit of HK\$812.6 million and HK\$303.2 million respectively, with gross profit margin of 37%. The net profit attributable to equity holders of the parent was HK\$20.2 million.

For the nine months ended, the Group recorded a turnover of HK\$2,009.6 million (2004: HK\$2,402.4 million). Net loss attributable to equity holders of the parent amounted to HK\$164.0 million, as compared with the net profit of HK\$229.1 million in the same period last year. The decrease of both turnover and profit were mainly attributable to the inventory clearance at lowered prices and discontinuation of sale of certain price competitive models.

Oregon Scientific branded sales was at the same level as the corresponding period last year, accounting for 63% of the Group's turnover. The remaining 37% was generated from ODM/OEM sales.

The Directors do not recommend the payment of a dividend for the three months ended December 31, 2005.

Dr. Raymond Chan, Chairman and CEO of IDT International, said, "During the review period, we have taken a number of initiatives to improve the cost structure and productivity. As a result, we have successfully reduced trade receivables and trade payables by 26% and 50% respectively. Operating expenses were also controlled down to a level lower than last year. A surplus in net cash position was sustained and the Group's balance sheet has been significantly strengthened."

A Summary of Operations Review for the nine months ended December 31, 2005

Oregon Scientific (63% of total turnover)

Oregon Scientific recorded sales of HK\$1,268.0 million. The US continued to record double-digit growth in sales. Sales in Brazil was 78% higher than in the corresponding period last year. Total sales in Asia Pacific increased by 26% while that in Europe decreased by 15% mainly attributable to the Group's efforts to reduce inventory by lowering the prices of LCD consumer electronic products, MP3 players and digital cameras.

In terms of revenue contribution to individual product divisions, sales from the Oregon Scientific brand accounted for:

- 70% - LCD Consumer Electronic Products Division
- 66% - Electronic Learning Products Division
- 29% - Telecommunications Products Division
- 62% - Digital Media Products Division

LCD Consumer Electronic Products Division (41% of total turnover)

It remained as the Group's largest revenue contributor with sales at HK\$827.3 million, down 18% from last year. Sales from the Oregon Scientific brand were HK\$578.0 million, down by 16% compared with the same period last year. The drop was mainly due to the sales of high-end models in inventory at lowered prices. ODM/OEM sales were also down by 22% as fewer orders were received from customers for certain product categories.

Electronic Learning Products Division (33% of total turnover)

Sales increased 20% to HK\$652.6 million. Sales from the Oregon Scientific brand were HK\$433.1 million. Oregon Scientific brand sales and ODM/OEM sales were up by 12% and 41% respectively as compared with the corresponding period last year. Driven by strong sales of newly licensed products, Oregon Scientific sales grew in Americas, Europe and Asia Pacific. Some of them received international recognitions and best educational and children's product awards.

Telecommunications Products Division (11% of total turnover)

Sales decreased by 52% to HK\$220.1 million during the period, accounting for 11% of the Group's turnover, down from 19% in the same period last year. Sales from the Oregon Scientific brand were HK\$62.8 million, accounting for 29% of the division's total sales, up from 12% last year. ODM/OEM sales at HK\$157.4 million were 61% lower than last year largely attributed to exit of low margin products. New products have been launched to cultivate new anchor customers. At the relentless effort of the division, new key customers have come on board and new product offerings have received very positive market responses.

Digital Media Products Division (15% of total turnover)

Sales were HK\$304.2 million, representing 15% of the Group's turnover, down from 16% last year. Oregon Scientific brought in 62% of the division's sales, compared to 36% in the same period last year. The clearance of MP3 and digital camera products drove up Oregon Scientific sales by 38% to HK\$189.6 million. Meanwhile, ODM/OEM sales decreased 54% to HK\$114.5 million, the result of fierce competition in the market.

Outlook

Looking ahead, the fourth quarter is the traditional slow selling season. The impact of RoHS, the European environmental directive that will become mandatory in July 2006, will add pressure on gross margins as it continues to clear inventory with non-green components in the quarter. In addition, the sales contribution from ODM/OEM business of digital media products in the last quarter of the year is expected to be significantly lower than that of the fourth quarter last year. Expenses in relation to reduction in headcounts of loss-making subsidiaries and continued liquidation of inventory of MP3 and digital camera products will also have negative effect on the Group's results. Taking the aforementioned factors into consideration, the directors and the management are making every effort to minimise the impact on the Group.

However, the Group will take further action to strengthen financial management and develop innovative products that can meet the demand of consumers and the expectation of retailers. It has also spent substantial efforts to strengthen supply chain management in order to shorten the manufacturing cycle and reduce distribution expenses.

Apart from the traditional distribution channels, Oregon Scientific will explore and exploit new sales channels such as B2B and e-commerce platforms, which will also serve well to promote awareness and heighten margins of the brand.

Dr. Raymond Chan concluded, "These strategic refinements have seen the Group weathered the business consolidation and emerged with a clearer direction. We will deploy resources only on businesses with adequate margins and continue to grow both Oregon Scientific and its ODM/OEM businesses, focusing on enhancing value to customers and shareholders. The management is striving to remedy the situation and we are confident that the Group's performance will be turned around in the foreseeable future."

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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. Its core businesses include LCD Consumer Electronic Products, Telecommunications 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 its manufacturing facilities are centred in Xixian, 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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