



**IDT International Limited**  
萬威國際有限公司

[For Immediate Release]

## IDT International Announces FY2006 Interim Results

### Highlights

- 1H FY2006 sales decreased 11% to HK\$1,197.0 million.
- Sales of Oregon Scientific increased 17% to HK\$691.3 million, representing 58% of the total turnover. Double-digital growth was recorded in the US, Brazil and Asia Pacific.
- ODM/OEM sales amounted to HK\$505.7 million, representing 42% of the turnover.
- Electronic Learning Products reported a 29% increase in sales under Oregon Scientific brand and a 14% increase in sales under ODM/OEM.
- One-off stock provision of HK\$78.3 million was made for MP3 players, digital cameras, LCD Consumer Electronic Products and Telecommunications Products in the second quarter.
- Net loss amounted to HK\$184.2 million.

(Hong Kong, 10 November 2005) -- Leading consumer electronic products manufacturer and brand distributor, **IDT International Limited** ("IDT International" or the "Group") (HKSE code: 167), today reported its unaudited interim results for the six months ended 30 September 2005.

For 1H FY2006, the Group's turnover was HK\$1,197.0 million, representing a decrease of 11% compared to the same period last year. Oregon Scientific branded sales reported a 17% increment, accounting for 58% of the Group's turnover (1H FY2005: 44%). The growth was attributed to a 111% increase in the sales of Digital Media Products and a 29% increase in the sales of Electronic Learning Products.

In the second quarter, the Group made a one-off stock provision of HK\$78.3 million to fully cover the financial impact from the inventory clearance. Gross profit margin before and after the one-off stock provision was 28% and 22% respectively, compared to 36% in 1H FY2005. Net loss attributable to shareholders for the period was HK\$184.2 million. Excluding the one-off stock provision and the R&D expenses written off, the net loss would be HK\$98.4 million.

The Board has resolved not to declare any interim dividend for the year ending 31 March 2006.

**Dr. Raymond Chan, Chairman and CEO of IDT International**, said, "Leveraging the extensive sales and distribution networks in the US, European and Asian markets, Oregon Scientific continues to report double-digit growth in the first half of this financial year. Over the past six months, particular effort has been dedicated to improving product development, optimizing inventory holdings, as well as implementing new product planning processes and supply chain management. Owing to the fierce market competition and the new green rules to be adopted by the European countries, we will focus on selling out our latest products on hand through mass distribution channels. We have decided to make limited investment in new MP3 and digital camera products selectively in special projects under profitable business model."



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Dr. Chan added, "I am glad that the Group's LCD Consumer Electronic Products division has developed a new weather forecast product jointly with Microsoft for the US market during the review period. The first batch of orders had already been shipped in October this year. Moreover, another new co-branded product line under Oregon Scientific includes weather forecast devices and wireless real-time data weather forecast device have started the pipeline in filling the US market. We have been on track with the introduction of our much-anticipated new digital audio product category – the StyleFi series. Scheduled for retail launch in October, this new line of digital audio products with wireless speaker technology have received positive response from our customers. All of the above will strengthen the branding recognition for Oregon Scientific, and also the technological prominence for IDT. "

## **A Summary of Operations Review**

### **Oregon Scientific (58% of total turnover)**

Reported a sales growth of 17% amounting to HK\$691.3 million. Sales in Europe levelled with last year. In Americas, all product categories saw sales growth. Sales in the US continued to deliver double-digit growth, whereas sales in Brazil exceeded last year's level by 161%. Meanwhile, total sales in Asia Pacific grew by 58% and the Group's major market, Australia, recorded an increase of 47% in sales. However, the market conditions in the UK and Germany remained sluggish.

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

- 64% of the LCD Consumer Electronic Products division,
- 26% of the Telecommunications Products division,
- 53% of the Digital Media Products division, and
- 66% of the Electronic Learning Products division.

### **LCD Consumer Electronic Products (40% of total turnover)**

Remained the largest sales contributor at HK\$475.2 million. Sales under the Oregon Scientific brand were HK\$302.8 million, slightly down by 7% as compared with last year. The weakened sales in Europe offset the growth in the Americas and Asia Pacific. ODM/OEM sales were also down by 19% as fewer shipments were made to customers in all three regions.

### **Telecommunications Products (12% of total turnover)**

Sales decreased by 55% to HK\$147.1 million during the period. Sales under the Oregon Scientific brand were HK\$37.8 million, accounting for 26% of the division's total sales, up from 9% last year. ODM/OEM sales were 63% lower than 1H FY2005, standing at HK\$109.3 million.

### **Digital Media Products (18% of total turnover)**

Sales increased 15% to HK\$211.9 million, with contribution from Oregon Scientific jumping from 29% last year to 53% during the period under review. Consequent to the clearance actions on MP3 and digital camera products, sales of Oregon Scientific were up 111% to HK\$111.7 million. Competitive market conditions drove down ODM/OEM sales by 24% to HK\$100.2 million. A new digital audio product category, namely StyleFi, was launched at the end of the review period and the order level was ramping up satisfactorily. This unique collection is expected to generate sales and higher gross profit margin to the Group's branded sales in 2H FY2006.



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**Electronic Learning Products (30% of total turnover)**

Sales increased 24% to HK\$360.3 million. Sales under the Oregon Scientific brand were HK\$237.4 million, accounting for 66% of the division's total sales. Sales under the Oregon Scientific branded and of ODM/OEM were up by 29% and 14% respectively as compared with last year. The new licensed products contributed to strong growth of branded sales in Europe, Americas and the Asia Pacific regions. A greater number of shipments were also made to the major ODM/OEM customers.

**Dr. Raymond Chan** concluded, "Through the launching of new products, developing distribution channels, and improving the execution of our brand building initiatives, we believe that the sales under the Oregon Scientific brand will attain projected growth. To further strengthen our brand recognition and extend market reach, the Group will on one hand seek to penetrate more new markets and on the other hand, generate more synergies through cooperating with well-established brand names worldwide. Let's say in the US, we will open three Oregon Scientific stores in the third quarter of this financial year. Besides, Oregon Scientific has set foot in some of the high growth markets such as Japan and Latin America.

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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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