



IDT International Limited
萬威國際有限公司

For Immediate Release

IDT International Announces FY 2006/07 First Quarter Results

Highlights

	For the 3 months ended 30 June 2006 HK\$ million	For the 3 months ended 30 June 2005 HK\$ million	Change
Turnover	461.6	554.8	-17%
Gross Profit	140.9	133.0	+6%
Gross Profit Margin	31%	24%	+7% pt.
Net Loss attributable to equity holders of the Company	(45.3)	(71.6)	Reduce HK\$26.3 million

(Hong Kong, 28 August 2006) -- Leading consumer electronic products enterprise, **IDT International Limited** ("IDT International" or the "Group") (SEHK code: 167), today announced its unaudited results for the three months ended 30 June 2006.

During the review period, the Group recorded a turnover of HK\$461.6 million, a 17% decrease as compared with the corresponding period last year. This was primarily due to the Group exited the loss making business of Digital Media Products, affecting both Oregon Scientific branded sales and ODM/OEM sales decreasing by 15% and 19% respectively.

Gross profit increased by 6% to HK\$140.9 million and gross profit margin increased from 24% to 31%, as the Group concentrating on profitable business and reduction of inventory clearance sales. The net loss attributable to equity holders of the Company for the three months ended 30 June 2006 dropped to HK\$45.3 million (2005/06: HK\$71.6 million).

Dr. Raymond Chan, Chairman and CEO of IDT International, said, "I am pleased to report that IDT International's results are improving. During the review period, we undertook a series of cost control measures, which had been successful in reducing our operating expenses and improving our gross profit margin."

During the review period, the Group's operating expenses reduced by 9% to HK\$183.1 million, and selling expenses and administrative expenses decreased by 14% and 9% to HK\$97.0 million and HK\$55.3 million respectively thanks to the Group restructuring and right-sizing efforts. To support the continuous development of innovative products, the Group strengthened its facilities and product engineering capabilities. As a result, R&D expenses increased by 10% to HK\$30.8 million.

A Summary of Operations Review

Oregon Scientific

Sales of Oregon Scientific products decreased by 15% to HK\$242.5 million, accounting for 53% of the Group's turnover. Sales in Europe decreased by 26%. The exit of Digital Media Products and the soft market environment led to a drop in sales in Europe. In the US, both LCD Consumer Electronic Products and Electronic Learning Products registered growth. In Asia Pacific, the 5% drop in sales as a result of the slide in sales of Digital Media Products.

LCD Consumer Electronic Products Division

This division recorded sales of HK\$197.1 million, down 11% from the amount in the same period last year. As the largest division of the Group, it accounted for 43% of the Group's turnover. Oregon Scientific branded sales were down by 6%, representing 71% of the division's total sales in the period as compared to last year's 67%. Despite that sales in both the Americas and Asia Pacific grew as compared with last year, the Europe market was soft during the period under review. Meanwhile, ODM/OEM sales remained slow and recorded a decrease of 21%.

Telecommunications Products Division

Sales increased by 76% to HK\$121.9 million for the period. This division represented 26% of Group's turnover, up from 12% last year. During the review period, sales of Oregon Scientific brand products grew by 12% to HK\$22.4 million, which accounted for 18% of the division's total sales. ODM/OEM sales was HK\$99.6 million, 102% higher than last year, which is attributable to the sales of innovative products to both Oregon Scientific and ODM/OEM customers in the US and Europe.

Electronic Learning Products Division

This division recorded sales of HK\$105.6 million for the period, representing 23% of the Group's turnover. Europe recorded a strong growth in Oregon Scientific branded sales of 53%. Oregon Scientific branded sales increased 8% to HK\$60.9 million, which accounted for 58% of the division's total sales. On the other hand, ODM/OEM sales were down by 27% to HK\$44.7 million due to a substantial reduction in orders from a major OEM customer. However, some new OEM projects are underway.

Prospects

Looking ahead, the margin of LCD Consumer Electronic Products division will continue to be affected by market competition and price pressure arising from such factors as rising of oil prices and increase in raw materials and labour costs. To counter such pressure, the Group will increase the proportion of sub-contracted manufacturing to meet the short delivery lead time of Oregon Scientific and other private label customers. In the second quarter, the Group has launched new products, including the world's first daylight projection clock and world's first touch-screen heart rate monitor. These new products will stimulate sales and market demand for the Group's products.

The Electronic Learning Products division will ride on the anticipated hype of an American superhero movie to maximize the sales of its new flagship licenced children learning laptop computer. Also, all major markets have shown strong interest in the Group's award winning "SmartGlobe™" product and some key customers in the US and Europe have placed orders. Leveraging the interactive learning platform of "SmartPen™", the division will extend applications for its products. The European sales teams continue to focus their efforts on penetrating specialized educational channels to expand the distribution networks of Oregon Scientific. The branded sales of Electronic Learning Products is expected to increase in the second quarter.

The Telecommunications Products division has begun to ship more products to its key ODM/OEM customers. It will continue to develop and explore advanced technology solutions for cordless phones, private mobiles radios and marine radio products to meet customer and market demands.

Dr. Raymond Chan concluded, "We have an encouraging first quarter. To further boost our productivity and efficiency, we will continue to optimize our operations and consolidate our strengths. For example, we will adopt a new computer system to help us re-align and streamline workflow and operational processes. We will also allocate more resources to product development and advanced technology deployment to maintain our leadership in product innovation. Barring any unforeseen circumstances, the Group expects its financial results for the second quarter to improve."

~ End ~

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 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>

For press enquiries:

Strategic Financial Relations Limited

Eveline Wan/ Shirley Lo/ Celia Chan

Tel: (852) 2864 4822/ 2864 4847/ 2864 4873

Fax: (852) 2527 1196/ 2111 9089

Email: eveline@strategic.com.hk/ shirley.lo@strategic.com.hk/ celia.chan@strategic.com.hk