



IDT International Limited
萬威國際有限公司

For Immediate Release

IDT International Announces FY2007/2008 Interim Results

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Restructured Business Achieves Turn Around Gross Profit Margin up from 34% to 37%

Highlights

	For the 6 months ended 30 September		Change
	2007 HK\$' million	2006 HK\$' million	
Turnover	1,055.7	1,160.1	- 9%
Gross Profit	389.8	392.1	-0.6%
Gross Profit Margin	37%	34%	+ 3% pt.
Operating Profit/ (Loss)	40.4	(19.7)	N/A
Net Profit/ (Loss) attributable to equity holders of the Company	2.0	(40.6)	N/A

(Hong Kong, 28 November 2007) -- Leading consumer electronic products manufacturer and brand distributor, **IDT International Limited** ("IDT International" or the "Group") (HKEx code: 167), today announced its interim results for the six months ended 30 September 2007.

During the period under review, the Group managed to improve overall profitability and delivered positive results by eliminating business of low profitability and concentrate on high margin business. Interim turnover dropped 9% to HK\$1,055.7 million while gross profit margin rose from 34% to 37% with gross profit maintained at HK\$389.8 million. With margin improved and expenses trimmed, the Group reported a net profit of HK\$2.0 million, compared to HK\$40.6 million loss for the corresponding period last year.

In addition, the Group's commitment to raising its cost competitiveness and operational effectiveness resulted in a reduction of total operating expenses by 12% to HK\$371.3 million, a comparable 35% of sales. The more streamlined cost structure lowered selling expenses by 14% to HK\$202.0 million and administrative expenses by 5% to HK\$121.0 million. R&D expenses also came down by 18% to HK\$48.3 million.

The Directors do not recommend the payment of interim dividend for the six months ended 30 September 2007 (2006: nil).

Dr. Raymond Chan, Chairman and CEO of IDT International, said, "I am delighted to report the encouraging interim results achieved, this was fruits of the Group's effort to turnaround its businesses amidst challenging market situation in the last two years. This improvement evidenced the success of the Group's a series of measures to improve cost effectiveness and operational efficiency, as well as re-aligning its product and pricing portfolios, which eventually boosted its profit margin. We will continue to restructure the operation of our overseas sales and marketing organizations and production facilities to further lower the costs."

A Summary of Operations Review

Oregon Scientific

In line with the strategy to cut low profitability products, sales of Oregon Scientific branded products decreased by 13% to HK\$625.1 million, representing 59% of the Group's turnover. A new innovative electronic learning product was launched and it opened many new channels in those markets making Europe the best performing region during this period and achieved a 12% growth in sales. Co-branding effort with a well-known water-sport brand has allowed Oregon Scientific to strengthen its position in outdoor sport products in Italy, its biggest market in Europe. Sales from Americas dropped as a result of delay in shipments to the US market. As for development of markets in the Asia Pacific region, it was slow. The brand will nevertheless keep up its effort to expand distribution channels in those markets.

LCD Consumer Electronic Products division

This division recorded sales of HK\$447.8 million, accounting for 42% of the Group's turnover. Europe continued to be its largest regional market, up 2% from last year's level. Sales in the Asia Pacific region surged 11%. The Group continued to diversify and develop more advanced and technology-driven products for its mainstream product category, namely time and weather products, such as sport and wellness products and security control devices.

Electronic Learning Products division

Sales decreased by 11% to HK\$409.4 million for the period, accounting for 39% of the Group's turnover. During the period under review, the innovative products developed for Oregon Scientific created very strong market demands and boosted sales in Europe by 41%. However, sales in Americas decreased 24% resulting from the shipment delay for some orders of new products. In Asia Pacific, the reduction in orders from a major customer lowered sales in the region by 39%. The Group saw the need to diversify its product offers, the division has developed new products for different age groups.

Telecommunications Products division

Sales decreased by 22% to HK\$160.5 million for the period, representing 15% of the Group's turnover. During the period, competition from mobile phones has impacted the global cordless phone market. Heeding this change in market environment, the division will reduce its low margin cordless phone business and focus on developing Electronic Manufacturing Services (EMS) business, transceivers and high frequency digital radio products that are more profitable. It will continue to consolidate its production facilities to support the new business strategy.

Outlook

Looking ahead, in order to strengthen its market position, Oregon Scientific will continue to develop and launch innovative products with higher margin. Since new product categories, such as the iSmart, electronic games and toddler products, introduced during the period have received enthusiastic market response, the Group will continue to invest in developing new product categories to capture business potentials. As for bracing its time and weather products against increasing market competition, the Group has taken measures to strengthen product planning and its technical competence to support product diversification. The Group has begun to sell its products on-line first in the US last year, followed by major European markets like Italy, Germany and the UK. The move brought satisfactory sales growth during the review period. The Group will strive to consolidate its marketing and distribution operations in Europe so as to facilitate sales to and expansion of business in the Pan-European region in the most cost effective manner.

The Group is investing in different new technologies and customizing creative designs for Oregon Scientific and ODM/OEM customers. These strategies will enable the Group to maintain leadership in the market as well as its status as the preferred vendor among ODM/OEM customers.

Dr. Chan concluded, "After implementing the strategy by focusing on selling new products with higher margin and streamline the cost structure, the Group has begun to see the results of its different initiatives to improve business performances. We will be aware of external factors such as increase in oil and materials, rising manufacturing cost and inflation that may impact the industry including the Group. We are full of confidence that the Group is well-positioned to take on those challenges and continue to strive for a better performance."

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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, sales 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>

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