MOBICON GROUP<01213> - Results Announcement

Mobicon Group Limited announced on 07/07/2005:
(stock code: 01213)
Year end date: 31/03/2005
Currency: HKD
Auditors' Report: Unqualified

	Note	(Audited) Current Period from 01/04/2004 to 31/03/2005 ('000)	(Audited) Last Corresponding Period from 01/04/2003 to 31/03/2004 ('000)
Turnover	:	1,280,392	1,159,929
Profit/(Loss) from Operations	:	46,635	39,616
Finance cost	:	(1,710)	(847)
Share of Profit/(Loss) of Associates	:	(132)	(274)
Share of Profit/(Loss) of Jointly Controlled Entities	:	0	0
Profit/(Loss) after Tax & MI	:	32,455	28,635
% Change over Last Period	:	+13.3 %	
EPS/(LPS)-Basic (in dollars)	:	0.162	0.143
-Diluted (in dollars)	:	N/A	N/A
Extraordinary (ETD) Gain/(Loss)	:	0	0
Profit/(Loss) after ETD Items	:	32,455	28,635
Final Dividend per Share	:	3.0 cents	3.0 cents
(Specify if with other options)	:	N/A	N/A
B/C Dates for Final Dividend	:	04/08/2005	to 05/08/2005 bdi.
Payable Date	:	18/08/2005	
B/C Dates for (-) General Meeting	:	N/A	
Other Distribution for Current Period	:	N/A	
B/C Dates for Other Distribution	:	N/A	

Remarks:

1 Principal accounting policies

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention.

HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods beginning on or after 1st January 2005. The Group has not early adopted these new HKFRSs in the accounts for the year ended 31st March 2005. The Group has commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

2 Turnover, revenue and segment information

The Group is principally engaged in the trading and distribution of electronic parts, components and equipment and computer products and accessories. Revenue recognised during the year are as follows:

	2005 HK$'000	2004 HK$'000
Turnover		
Sales of electronic parts, components and equipment	798,211	591,684
Sales of computer products and accessories	482,181	568,245
	1,280,392	1,159,929
Other revenue		
Management fee from an associated company	129	138
Commission income	26	56
Interest income from bank deposits	16	58
Interest income from an associated company	61	75
	232	327
Total revenue	1,280,624	1,160,256

Primary reporting format - business segments

The Group is organised into two main business segments:

Electronic products - Trading and distribution of electronic parts, components and equipment
Computer products - Trading and distribution of computer products and accessories
There are no sales between the business segments.

2005

	Electronic products HK$'000	Computer products HK$'000	Total HK$'000
Turnover	798,211	482,181	1,280,392
Segment results	53,268	(3,859)	49,409
Unallocated costs			(2,774)
Operating profit			46,635
Finance costs			(1,710)
Share of loss of an associated company			(132)
Profit before taxation			44,793
Taxation			(9,502)
Profit after taxation			35,291
Minority interests			(2,836)
Profit attributable to shareholders			32,455

2004

	Electronic products HK$'000	Computer products HK$'000	Total HK$'000
Turnover	591,684	568,245	1,159,929
Segment results	40,052	(268)	39,784
Unallocated costs			(168)
Operating profit			39,616

Finance costs	(847)
Share of loss of an associated company	(274)
Profit before taxation	38,495
Taxation	(6,723)
Profit after taxation	31,772
Minority interests	(3,137)
Profit attributable to shareholders	28,635

Secondary reporting format - geographical segments

The Group operates in the following main geographical areas

2005

	Hong Kong	Asia Pacific	South Africa	Europe	Others	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Gross turnover	1,360,430	89,497	35,983	30,262	6,872	1,523,044
Less: inter-segments sales	(227,315)	(15,337)	-	-	-	(242,652)
Segment turnover	1,133,115	74,160	35,983	30,262	6,872	1,280,392
Segment results	40,419	3,798	3,868	1,079	245	49,409
Unallocated costs						(2,774)
Operating profit						46,635

2004

	Hong Kong	Asia Pacific	South Africa	Europe	Others	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Gross turnover	1,205,509	84,721	39,570	26,088	8,189	1,364,077
Less: inter-segments sales	(176,807)	(21,031)	(6,310)	-	-	(204,148)
Segment turnover	1,028,702	63,690	33,260	26,088	8,189	1,159,929
Segment results	31,225	1,670	3,822	2,015	1,052	39,784
Unallocated costs						(168)
Operating profit						39,616

The above geographical turnover and results are determined on the basis of the destination of delivery of merchandise to customers.

3 Operating profit

Operating profit is stated after charging and crediting the following:

	2005	2004
	HK$'000	HK$'000
Charging		

Amortisation of Intangible assets (included in general and administrative

expenses)	302	-
Bad debts written off	27	841
Provision for doubtful debts	94	337
Provision for slow-moving inventories (included in cost of sales)	3,272	6,589
Depreciation	2,502	1,872
Write off of goodwill	262	-
Loss on dilution of interests in a subsidiary (i)	2,161	-
Operating lease rentals of premises	15,809	11,832
Auditors' remuneration	829	648
Staff costs	59,957	50,764
	======	=======
Crediting		
Gain on disposals of subsidiaries	-	525
Net gain on disposal of fixed assets	22	20
Net exchange gain	850	1,949
	====	======

Note:

(i) On 13th May 2004, MCU Power Limited ("MCU"), a subsidiary incorporated in Hong Kong, allotted 300,000 of is new ordinary shares of HK$1 each to a company beneficially owned by a director and his spouse and a technical manager of MCU, at par value of HK$300,000 in total. As a result of this share allotment, the Group equity interest in MCU was reduced from 100% to 70% and accordingly, a loss on dilution of interests in that subsidiary amounting to approximately HK$2,161,000 was recorded.

4 Finance costs

	2005 HK$'000	2004 HK$'000
Interest on short-term bank loans	1,710	847
	=====	====

5 Taxation

The amount of taxation charged to the consolidated profit and loss account represents:

	2005 HK$'000	2004 HK$'000
Current taxation:		
- Hong Kong profits tax	7,771	5,724
- Overseas taxation	1,933	910
- (Over)/under provision in prior years	(202)	98
Deferred taxation relating to reversal of temporary differences	-	(9)
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Taxation charges	9,502	6,723
	=====	=====

The Company is exempted from taxation in Bermuda until 2016.

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profit arising in or derived from Hong Kong.

Mobicon Electronic Trading (Shenzhen) Limited ("MET") being a foreign investment enterprise established in the free trade zone of Futian, Shenzhen, PRC, and with a financial year end date falling on 31st December, is subject to PRC enterprise income tax at the rate of 15%. No provision for PRC enterprise income tax has been made as MET is still in a tax loss position.

Taxation on profits of the other overseas subsidiaries has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the subsidiaries operate.

6 Dividends

	2005 HK$'000	2004 HK$'000
Interim, paid, of HK3 cents (2004: HK2 cents) per ordinary share	6,000	4,000
Final, proposed, of HK3 cents (2004: HK3 cents) per ordinary share	6,000	6,000
	12,000	10,000

At a meeting held on 7th July 2005, the directors of the Company proposed a final dividend of HK3 cents per ordinary share. The proposed dividend is not reflected as dividend payable but will be reflected as an appropriation of retained profits for the year ending 31st March 2006.

7 Earnings per share

The calculation of basic earnings per share for the year ended 31 st March 2005 is based on the Group's profit attributable to shareholders of approximately HK$32,455,000 (2004: HK$28,635,000) and on the 200,000, 000 (2004: 200,000,000) ordinary shares in issue during the year.

No diluted earnings per share is presented as there were no potential dilutive ordinary shares in issue during the years ended 31st March 2005 and 2004.