MOBICON GROUP<01213> - Results Announcement

Mobicon Group Limited announced on 05/07/2004:
(stock code: 01213)
Year end date: 31/03/2004
Currency: HKD
Auditors' Report: Unqualified

	Note	(Audited) Current Period from 1/4/2003 to 31/3/2004 ('000)	(Audited) Last Corresponding Period from 1/4/2002 to 31/3/2003 ('000)
Turnover	:	1,159,929	655,699
Profit/(Loss) from Operations	:	39,616	22,769
Finance cost	:	(847)	(336)
Share of Profit/(Loss) of Associates	:	(274)	(291)
Share of Profit/(Loss) of Jointly Controlled Entities	:	0	0
Profit/(Loss) after Tax & MI	:	28,635	17,929
% Change over Last Period	:	+59.7 %	
EPS/(LPS)-Basic (in dollars)	:	0.143	0.09
-Diluted (in dollars)	:	N/A	N/A
Extraordinary (ETD) Gain/(Loss)	:	0	0
Profit/(Loss) after ETD Items	:	28,635	17,929
Final Dividend per Share	:	3.0 cents	2.0 cents
(Specify if with other options)	:	N/A	N/A

B/C Dates for Final Dividend	:	28/07/2004	to 29/07/2004bdi.
Payable Date	:	18/08/2004	
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 Society of Accountants ("HKSA"). They have been prepared under the historical cost convention.

In the current year, the Group adopted the revised SSAP 12 "Income Taxes" issued by HKSA which is effective for accounting periods commencing on or after 1st January 2003.

Under SSAP 12 (revised), deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

In prior years, deferred taxation was accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future. The adoption of the SSAP12 (revised) represents a change in accounting policy, but has no material effect on the Group's result for the current and the prior years.

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:

	2004 HK$'000	2003 HK$'000
Turnover		
Sales of electronic parts, components and equipment	591,684	437,458
Sales of computer products and accessories	568,245	218,241
	1,159,929	655,699
Other revenue		
Management fee from an associated company	138	138
Commission income	56	79
Interest income from bank deposits	58	94
Interest income from an associated company	75	24
	327	335
Total revenue	1,160,256	656,034

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

	2004		
	Electronic products	Computer products	Total
	HK$'000	HK$'000	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
			=======

	2003		
	Electronic products	Computer products	Total
	HK$'000	HK$'000	HK$'000

Turnover	437,458	218,241	655,699
	========	===========	=========
Segment results	25,523	(2,134)	23,389
	=======	===========	
Unallocated costs			(630)

Operating profit			22,759
Finance costs			(336)
Share of loss of an associated company			(291)

Profit before taxation			22,132
Taxation			(2,894)

Profit after taxation			19,238
Minority interests			(1,309)

Profit attributable to shareholders			17,929
			=======

Secondary reporting format - geographical segments

The Group operates in the following main geographical areas

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

2003

	Hong Kong	Asia Pacific	South Africa	Europe	Others	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Gross turnover	683,965	40,707	24,792	16,457	9,223	775,144
Less: inter-segments sales	(106,229)	(8,233)	(4,983)	-	-	(119,445)
Segment turnover	577,736	32,474	19,809	16,457	9,223	655,699
Segment results	20,920	22	1,517	596	334	23,389
Unallocated costs						(630)
Operating profit						22,759

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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:

	2004	2003
	HK$'000	HK$'000
Charging		
Bad debts written off	841	24
Provision for doubtful debts	337	39
Provision for slow-moving inventories	6,589	1,825
Depreciation	1,872	1,380
Operating lease rentals of premises	11,832	7,180
	=======	========
Crediting		
Gain on disposals of subsidiaries (i)	525	-
Net gain on disposal of fixed assets	20	5
Net exchange gain	1,949	1,314
	=======	==========

Note:

(i) On 24th April 2003, the Group acquired a 100% interest in Videocom Technology (HK) Limited ("Videocom"), a company incorporated in Hong Kong, at a consideration of approximately HK$54,000, from certain minority shareholders of a subsidiary. Videocom is principally engaged in the trading and distribution of computer products and accessories. On the same date, the Group underwent a reorganisation to streamline the trading and distribution of computer products and accessories business by transferring the interests in certain subsidiaries engaging in the relevant business to a 51% owned subsidiary. In this connection, the

Group recorded gain on dilution of interests in subsidiaries amounting to approximately HK$525,000.

4 Finance costs

	2004 HK$'000	2003 HK$'000
Interest on bank loans and overdrafts	847	336
	======	========

5 Taxation

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

	2004 HK$'000	2003 HK$'000
Current taxation:		
- Hong Kong profits tax	5,724	3,420
- Overseas taxation	910	694
- Under/(over) provision in prior years	98	(1,220)
Deferred taxation relating to the origination and reversal of temporary differences	(9)	-
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Taxation charges	6,723	2,894
	======	=======

The Company is exempted from taxation in Bermuda until 2016.

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 16%) on the estimated assessable profit arising in or derived from Hong Kong. In 2003, the Hong Kong government enacted a change in the profits tax rate from 16% to 17.5% for the fiscal year 2003/2004.

Mobicon Electronic Trading (Shenzhen) Limited ("MET") being a foreign investment enterprise established in the free trade zone of Futian, Shenzhen, PRC, 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

	2004 HK$'000	2003 HK$'000
Interim, paid, of HK2 cents (2003: HK2 cents) per ordinary share	4,000	4,000
Final, proposed, of HK3 cents (2003: HK2 cents) per ordinary share	6,000	4,000
	10,000	8,000

At a meeting held on 5th July 2004, the directors of the Company proposed a final dividend of HK3 cents per ordinary share. This proposed dividend is not reflected as a dividend payable in these accounts, but will be reflected as an appropriation of retained profits for the year ended 31st March 2004.

7 Earnings per share

The calculation of basic earnings per share for the year ended 31st March 2004 is based on the Group's profit attributable to shareholders of approximately HK$28,635,000 (2003: HK$17,929,000) and on the 200,000,000 (2003: 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 2004 and 2003.