

FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

Financial statements on combined results of the Group for the first quarter of FY2006 ended 30 June 2005. These figures have not been audited.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

MULTIVISION INTELLIGENT SURVEILLANCE LIMITED
GROUP INCOME STATEMENT
FOR THE FIRST QUARTER ENDED 30 JUNE 2005
(Expressed in Hong Kong thousand dollars)

	Note	1st Qtr FY2006 HK\$'000	1st Qtr FY2005 HK\$'000	Change %
Turnover		42,997	38,023	13.1
Cost of sales		(19,322)	(16,015)	20.6
Gross profit		23,676	22,008	7.6
Other net income		121	162	(25.6)
Distribution expenses		(4,400)	(5,600)	(21.4)
Administrative expenses		(5,173)	(5,276)	(2.0)
Research and development costs		(3,706)	(3,593)	3.2
Profit from operations		10,517	7,701	36.6
Finance costs		(1,623)	-	
Share of losses of associates		(451)	-	
Profit from ordinary activities before taxation		8,443	7,701	9.6
Income tax		-	-	
Net profit for the quarter		8,443	7,701	9.6
Attributable to:				
Shareholders		8,886	8,099	9.7
Minority interest		(443)	(398)	NM
Net profit for the quarter		8,443	7,701	9.6

NM - Not meaningful

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

MULTIVISION INTELLIGENT SURVEILLANCE LIMITED
BALANCE SHEET
AS AT 30 JUNE 2005

(Expressed in Hong Kong thousand dollars)

		The Group		The Company	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		As at 30/6/2005	As at 31/3/2005	As at 30/6/2005	As at 31/3/2005
Non-current assets					
Interests in subsidiaries	-	-	19,462	19,462	
Interests in associates	90,584	91,036	-	-	
Property, plant and equipment	3,321	3,687	-	-	
Intangible assets	57,898	59,806	-	-	
Deferred tax assets	2,904	2,904	-	-	
Loan receivable	15,000	15,000	-	-	
	169,708	172,433	19,462	19,462	
Current assets					
Inventories	18,084	25,369	-	-	
Trade receivables	76,460	75,096	-	-	
Prepayments, deposits and other receivables	21,024	4,667	-	1,049	
Amount due from a subsidiary	-	-	158,794	169,620	
Cash and cash equivalents	130,024	70,042	-	-	
	245,590	175,174	158,794	170,669	
Current liabilities					
Trade and other payables	14,986	22,646	83	83	
Provision for warranty costs	1,650	1,650	-	-	
Amounts due to directors	954	700	92	-	
Bank loans, secured	18,720	35,100	-	19,500	
	36,310	60,096	175	19,583	
Net current assets	209,280	115,078	158,619	151,086	
Non-current liability					
Bank loans, secured	74,880	-	-	-	
Minority interests	(278)	(240)	-	-	
Net assets	303,830	287,271	178,081	170,548	
Representing:					
Capital and reserves					
Share capital	29,241	29,241	29,241	29,241	
Exchange reserve	95	99	-	-	
Contributed surplus	9,210	9,210	-	-	
Share premium	142,500	142,500	142,500	142,500	
Capital reserve	7,677	-	7,677	-	
Net profit/(loss) for the year	8,886	38,216	(144)	(833)	
Retained profits/(accumulated losses) b/f	106,222	68,005	(1,193)	(360)	
	303,830	287,271	178,081	170,548	

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30/06/2005 In HK\$'000		As at 31/03/2005 In HK\$'000	
Secured	Unsecured	Secured	Unsecured
18,720	0	35,100	0

Amount repayable after one year

As at 30/6/2005 In HK\$'000		As at 31/03/2005 In HK\$'000	
Secured	Unsecured	Secured	Unsecured
74,880	0	0	0

Details of any collaterals

As at 30 June 2005, corporate guarantees are given by a subsidiary in respect of a term bank loan of US\$12,000,000 (FY2005: US\$2,500,000). The loan is secured by a registered debenture which creates floating charges over all the assets of the subsidiary.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

MULTIVISION INTELLIGENT SURVEILLANCE LIMITED
GROUP CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED 30 JUNE 2005
(Expressed in Hong Kong thousand dollars)

	Note	1st Qtr FY2006 HK\$'000	1st Qtr FY2005 HK\$'000
Operating activities			
Profit from ordinary activities before taxation		8,886	8,099
Adjustments for:			
Interest expenses		1,623	-
Interest income		(207)	(11)
Depreciation of fixed assets		464	757
Amortisation of intangible assets		5,379	4,993
Impairment of intangible assets		-	-
Share of losses of associates		452	-
Impairment of goodwill in respect of interests in associates		-	-
Gain on disposal of fixed assets		-	-
Operating profit before changes in working capital		16,596	13,838
Changes in working capital			
(Increase)/decrease in inventories		7,285	(5,067)
(Increase)/decrease in trade receivables		(1,364)	(2,863)
(Increase)/decrease in prepayments, deposits and other receivables		(6,357)	665
(Decrease)/increase in trade and other payables		(7,660)	(6,045)
(Decrease)/increase in provision for warranty costs		-	-
Increase/(decrease) in amounts due to directors		254	180
Cash generated from operations		8,755	708
Interest paid		(1,623)	-
Net cash inflow from operating activities		7,133	708
Investing activities			
Interest received		207	11
Payment for purchase of fixed assets		(98)	(660)
Payment for development costs		(3,471)	(2,965)
Technology transfer fees paid		-	-
Prepayment for the purchase of an associate		(10,000)	-
Increase in deposits with financial institutions		-	-
Proceeds from sales of fixed assets		-	-
Long term loan receivable		-	-
		(13,362)	(3,614)
Financing activities			
Repayment of principal under hire purchase contract		-	-
Issue of shares		-	-
Share issue expenses		-	-
Proceeds from new bank loans		58,500	-
Issue of warrants		9,827	-
Warrants issue expenses		(2,150)	-
Capital injection from minority shareholders		38	323
Net cash inflow from financing activities		66,215	323
Net (decrease)/increase in cash and cash equivalents		59,986	(2,583)
Cash and cash equivalents at beginning of the year		36,094	79,314
Bank deposits		33,948	-
Effect of foreign exchange rate changes		(5)	-
Cash and cash equivalents at end of the year		130,023	76,731
An analysis of cash and cash equivalents is as follows:			
Cash at bank and in hand		96,075	76,731
Deposit with financial institutions with original maturity of more than three months		33,948	-
		130,023	76,731

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation of issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

<i>The Group</i>	Share Capital	Contributed Surplus	Capital Reserves	Share Premium	Other Reserves	Retained Profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2005	29,241	9,210	-	142,500	99	106,221	287,271
New shares issued for public subscription	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-
New warrants issued for public	-	-	9,827	-	-	-	9,827
Warrants issue expenses	-	-	(2,150)	-	-	-	(2,150)
Exchange difference on translation of financial statements of overseas subsidiaries	-	-	-	-	(4)	-	(4)
Net profit for the quarter	-	-	-	-	-	8,886	8,886
At 30 June 2005	29,241	9,210	7,677	142,500	95	115,107	303,830

<i>The Group</i>	Share Capital	Contributed Surplus	Capital Reserves	Share Premium	Other Reserves	Retained Profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2004	29,241	9,210	-	142,500	70	68,005	249,026
New shares issued for public subscription	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-
Exchange difference on translation of financial statements of overseas subsidiaries	-	-	-	-	-	-	-
Net profit for the quarter	-	-	-	-	-	8,099	8,099
At 30 June 2004	29,241	9,210	-	142,500	70	76,104	257,125

<i>The Company</i>	Share Capital	Contributed Surplus	Capital Reserves	Share Premium	Other Reserves	Retained Profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2005	29,241	-	-	142,500	-	(1,193)	170,548
New shares issued for public subscription	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-
New warrants issued for public	-	-	9,827	-	-	-	9,827
Warrants issue expenses	-	-	(2,150)	-	-	-	(2,150)
Net profit for the year	-	-	-	-	-	(144)	(144)
At 30 June 2005	29,241	-	7,677	142,500	-	(1,337)	178,081

<i>The Company</i>	Share Capital	Contributed Surplus	Capital Reserves	Share Premium	Other Reserves	Retained Profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2004	29,241	-	-	142,500	-	(360)	171,381
New shares issued for public subscription	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	-
At 30 June 2004	29,241	-	-	142,500	-	(360)	171,381

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

Capital reserves increased by HK\$7.7 million during the first quarter of FY2006. This was due to the issue of a minimum of 104,431,525 and a maximum of 106,291,525 warrants at an issue price of S\$0.02 for each warrant. The proceeds from the warrants issued is HK\$9.8 million, of which HK\$2.2 million is used as issue expenses.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The same accounting policies and methods of computation as our last audited annual financial statement have been applied.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

There is no change in the accounting policies and methods of computation.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	1st Qtr FY2006	1st Qtr FY2005
Earnings/(Loss) per ordinary share for the year after deducting provision for preference dividends:		
(a) Based on the weighted average number of ordinary shares in issue; and	2.13 HK cents	2.04 HK cents
(b) On a fully diluted basis (Please see note below)	1.56 HK cents	2.02 HK cents

Note 6b: The calculation of earnings per share on a fully diluted basis for the period is based on the Group's profit attributable to shareholders of HK\$8.9 million and the total number of 417,726,100 ordinary shares, 104,431,525 warrants and 19,280,000 share options that are available for exercise during that period.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	As at 30/06/05	As at 31/3/05
<u>The Company</u>		
Net asset value per ordinary share based on existing issued share capital	HK\$0.43 per share	HK\$0.41 per share
<u>The Group</u>		
Net asset value per ordinary share based on existing issued share capital	HK\$0.73 per share	HK\$0.69 per share

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on

Income Statement

The Group registered a 13% growth in turnover from HK\$38.0 million in the first quarter of FY2005 ("1Q FY2005") to HK\$43.0 million for the first quarter of FY2006 ("1Q FY2006"). This was due to the increase in distribution sales in major regions that the Group operates including Hong Kong, Macau, and the PRC.

Gross profit grew 7.6% from HK\$22.0 million in 1Q FY2005 to HK\$23.7 million in 1Q FY2006. This was due to an increase in sales of products such as the solutions-based NetServers, stepped-up marketing efforts and the successful implementation of major projects worldwide.

Distribution and administrative expenses dropped by 11.9% from HK\$10.9 million in 1Q FY2005 to HK\$9.6 million in 1Q FY2006 as a result of greater operations efficiency at all locations worldwide.

Product development costs increased slightly by 3.2% to HK\$3.7 million from HK\$3.6 million in 1Q FY2005. The increase was mainly due to an increase in amortisation charge of capitalised product development costs.

Balance Sheet

Intangible assets as at 30 June 2005 were reduced by 3.3% to HK\$57.9 million from the balance of HK\$59.8 million as at 31 March 2005.

Inventories decreased by 28.7% to HK\$18.1 million as at 30 June 2005 from HK\$25.4 million as at 31 March 2005 as we fulfilled our delivery orders to our Macau distributor in 1Q FY2006.

Prepayments, deposits and other receivables increased from HK\$4.7 million as at 31 March 2005 to HK\$21.0 million as at 30 June 2005. This mainly represented a recoverable HK\$10 million prepayment for acquiring a new line of business in the PRC, and a one-time payment of HK\$7.2 million for the professional charge of the TLF (Term Loan Finance) loan.

Cash Flow

We recorded net cash inflow of HK\$7.1 million from operating activities for 1Q FY2006, an increase of HK\$6.4 million from HK\$0.7 million for the same period in FY2005. This was due to the profit from ordinary activities.

Cash flow from financing activities recorded inflow of HK\$66.2 million for 1Q FY2006. This came from HK\$58.5 million in cash from a new bank loan and HK\$9.8 million in net proceeds from the issue of warrants.

Overall, we recorded an increase in cash and cash equivalents of approximately HK\$60.0 million for 1Q FY2006.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No forecast or prospect statement had been previously issued for the period under review.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The Group is optimistic that demand for digital video surveillance products and solutions will remain strong against the backdrop of increased terrorist threats worldwide. We believe recognition by end users of the effectiveness of digital CCTV products and solutions as a replacement for analogue video surveillance products will continue to spur demand for digital video surveillance systems. At the same time, we are also wary of increased price competition from other product manufacturers, especially in the low-end product market segment. However, we believe our strong positioning as an enterprise-focused solutions provider with an established customer database will put us in good stead. We are also constantly on the look out for strategic business partners to diversify our revenue source and broaden our solution offerings to include complementary product lines and services.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

- 12. If no dividend has been declared/recommendeded, a statement to that effect**
No dividend has been declared or recommended during the period under review.

By Order of the Board

Dennis Li Kin Keung
Executive Director