

Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the group".

MULTIVISION INTELLIGENT SURVEILLANCE LIMITED
Second Quarter Financial Statement And Dividend Announcement
Financial statements on combined results of the Group for the second quarter of FY2005
ended 30 September 2004. 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 SECOND QUARTER ENDED 30 SEPTEMBER 2004
(Expressed in Hong Kong thousand dollars)

	Note	2 nd Qtr FY2005 HK\$'000	2 nd Qtr FY2004 HK\$'000
Turnover		33,857	29,682
Cost of sales		(10,983)	(12,490)
Gross profit		22,874	17,192
Other income		(10)	278
Distribution expenses		(5,262)	(3,401)
Administrative expenses		(5,279)	(3,369)
Product development costs		(3,776)	(1,143)
Profit from operations		8,547	9,557
Finance cost		-	(3)
Share of loss of an associate		(522)	-
Profit from ordinary activities before taxation		8,024	9,554
Taxation		-	(1,528)
Net Profit for the period		8,024	8,025
Minority interest		286	-
Profit attributable to shareholders		8,310	8,026

- 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 SEPTEMBER 2004
(Expressed in Hong Kong thousand dollars)

	Note	The Group HK\$'000		The Company HK\$'000	
		As at 30/09/04	As at 31/03/04	As at 30/09/04	As at 31/03/04
Non-current assets					
Investment in subsidiary		-	-	19,462	19,462
Investment in an associate		43,742	44,264	-	-
Fixed assets		3,400	3,481	-	-
Intangible assets		65,091	70,526	-	-
Deferred tax assets		590	590	-	-
		<u>112,823</u>	<u>118,861</u>	<u>19,462</u>	<u>19,462</u>
Current assets					
Inventories		22,339	12,694	-	-
Trade receivables		59,925	54,755	-	-
Provision for doubtful debts		(4,551)	(3,842)	-	-
Prepayments, deposits and other receivables		32,548	2,171	11	11
Amount due from subsidiary		-	-	151,991	151,991
Cash and cash equivalents		58,779	79,314	-	-
		<u>169,040</u>	<u>145,092</u>	<u>152,002</u>	<u>152,002</u>
Current liabilities					
Obligations under hire purchase contract		-	-	-	-
Trade and other payable		15,605	14,277	83	83
Amount due to Directors		400	650	-	-
Obligations under finance leases		-	-	-	-
Minority interest		423	-	-	-
		<u>16,428</u>	<u>14,927</u>	<u>83</u>	<u>83</u>
Net current assets		<u>152,612</u>	<u>130,165</u>	<u>151,919</u>	<u>151,919</u>
Non-current liability					
Obligation under hire purchase contract		-	-	-	-
Deferred taxation		-	-	-	-
Amount due to ultimate holding company		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets		<u>265,435</u>	<u>249,026</u>	<u>171,381</u>	<u>171,381</u>

Representing:

Capital and reserves

Share capital	29,241	29,241	29,241	29,241
Capital contribution reserve	-	-	-	-
Contributed surplus	9,210	9,210	-	-
Share premium	142,500	142,500	142,500	142,500
Exchange reserve	70	70	-	-
Net profit/(loss) for period	16,409	15,472	-	-
Retained profits b/f	68,005	52,533	(360)	(360)
	<u>265,435</u>	<u>249,026</u>	<u>171,381</u>	<u>171,381</u>

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

Amount repayable in one year or less, or on demand

As at 30/09/2004		As at 31/03/2004	
In HK\$'000		In HK\$'000	
Secured	Unsecured	Secured	Unsecured
HK\$0	HK\$0	HK\$0	HK\$0

Amount repayable after one year

As at 30/09/2004		As at 31/03/2004	
In HK\$'000		In HK\$'000	
Secured	Unsecured	Secured	Unsecured
HK\$0	HK\$0	HK\$0	HK\$0

Details of any collateral

Not applicable.

- 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 SECOND QUARTER ENDED 30 SEPTEMBER 2004
(Expressed in Hong Kong thousand dollars)

	Note	2 nd Qtr FY2005 HK\$'000	2 nd Qtr FY2004 HK\$'000
Operating activities			
Profit from ordinary activities before taxation		8,310	9,553
Adjustment for:			
Interest expenses		0	3
Interest income		(9)	(125)
Depreciation of fixed assets		769	339
Amortization of intangible assets		2,376	1,143
Amortization of perpetual license		2,800	2,800
Share of losses of an associate		522	0
		<hr/>	<hr/>
Operating profit before changes in working capital		14,768	13,713
Changes in working capital			
Increase/(decrease) in inventories		(4,578)	(1,532)
Increase in trade receivables		(1,598)	(75)
Increase in prepayment, deposits, and other receivables		(1,042)	590
(Decrease)/increase in trade and other payables		7,373	1,902
Increase in minority		100	0
Increase/(decrease) in amounts due to directors		(430)	(120)
		<hr/>	<hr/>
Cash generated from operations		14,593	14,478
Income tax refunded		-	-
Interest received		9	125
Interest paid		0	(3)
		<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities		14,602	14,600
Investing activities			
Payment for purchase of fixed assets		(785)	(955)
Payment for development costs		(1,769)	(12,388)
Prepayment for investment in associate		(30,000)	(25,000)
Proceeds from sales of fixed assets		-	0
		<hr/>	<hr/>
		(32,554)	(38,343)

Financing activities		
Capital contributions	-	88,500
Repayment of principal under hire purchase contract	-	(33)
Issue of shares	-	4,872
Share issue expenses	-	-
Net cash inflow from financing activities	<u>-</u>	<u>93,339</u>
Net increase in cash and cash equivalents	(17,952)	69,596
Cash and cash equivalents at beginning of the period	76,731	47,404
Cash and cash equivalents at end of this period	<u>58,779</u>	<u>117,000</u>
An analysis of cash and cash equivalents in as follows:		
Cash at bank and in hand	<u>58,779</u>	<u>117,000</u>

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 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	Statutory Reserves	Share Premium	Other Reserves	Retained Profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2004	29,241	9,210	0	142,500	70	76,104	257,125
Surrender of original shares as part of the Group's share capital restructuring	-	-	-	-	-	-	-
Ordinary shares issued nil paid on incorporation and subsequently credited as fully paid as part of the Group's capital restructuring	-	-	-	-	-	-	-
New shares issued for public subscription	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-
Net profit for the quarter	-	-	-	-	-	8,310	8,310
At 30 September 2004	29,241	9,210	-	142,500	0	84,414	265,435
At 1 July 2003	24,369	9,210	0	54,000	0	37,838	125,417
Surrender of original shares as part of the Group's share capital restructuring	-	-	-	-	-	-	-
Ordinary shares issued nil paid on incorporation and subsequently credited as fully paid as part of the Group's capital restructuring	-	-	-	-	-	-	-
New shares issued for public subscription	4,872	-	-	88,500	-	-	93,372
Share issue expenses	-	-	-	-	-	-	-

Net profit for the quarter	-	-	-	-	-	8,026	8,026
At 30 September 2003	29,241	9,210	-	142,500	0	45,864	226,815

<i>The Company</i>	Share Capital	Contributed Surplus	Statutory Reserves	Share Premium	Other Reserves	Retained Profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2004	29,241	0	0	142,500	0	(360)	171,381
Ordinary shares issued nil paid on incorporation and subsequently credited as fully paid as part of the Group's capital restructuring	-	-	-	-	-	-	-
New shares issued for public subscription	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	-
At 30 September 2004	29,241	0	0	142,500	0	(360)	171,381
At 1 July 2003	24,369	0	0	54,000	0	(150)	78,219
Ordinary shares issued nil paid on incorporation and subsequently credited as fully paid as part of the Group's capital restructuring	-	-	-	-	-	-	-
New shares issued for public subscription	4,872	-	-	88,500	-	-	93,972
Share issue expenses	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	-
At 30 September 2003	29,241	0	0	142,500	0	(150)	171,591

- 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 for 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**

Nil.

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)**

These figures have not been audited nor 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 in the issuer's most recently 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, that 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, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

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**

Earnings/(Loss) per ordinary share for the Year after deducting any provision for preference dividends:		
	2nd Qtr FY 2005	2nd Qtr FY 2004
Based on weighted average number of Ordinary shares in issue	1.99 HK cents	2.10 HK cents
On a fully diluted basis	1.77 HK cents	Not applicable

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 30/9/04	As at 31/3/04
Net asset value for the Company per ordinary share based on existing issue share capital as at the end of the period on 30 September 2004	HK\$0.41 per share	HK\$0.41 per share
Net asset value for the Group per ordinary share based on existing issue share capital as at the end of the period on 30 September 2004	HK\$0.67 per share	HK\$0.60 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, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Income Statement

Turnover grew 14% to HK\$33.9 million for the second quarter of FY2005 ("2Q05") from HK\$29.7 million for 2Q04, due to the expansion of distribution sales in major regions where MultiVision operates including Hong Kong, the PRC, North America, and Macau.

Our gross profit grew 33% to HK\$22.9 million for 2Q05 from HK\$17.2 million in the previous corresponding period due to the increase in sales of our solutions-based NetServer products, and the successful implementation of some reputable projects.

Distribution and administrative expenses increased correspondingly by 56% to HK\$10.5 million for 2Q05 from HK\$6.8 million corresponding to the increase in turnover. We have expanded our sales, administration as well as customer support manpower forces to cope with the expansion of our business, where branch offices were set up in Europe, the PRC, Australia and the United States of America.

In 2Q05, product development costs increased 2.5 times to HK\$3.8 million from HK\$1.1 million previously in 2Q04. Such increase was mainly due to (i) the increase in the amortisation charge of capitalised product development costs which we incurred as a result of our continuous efforts in developing technologically advanced new products in order to maintain our competitive edge in the marketplace; and (ii) the expansion of our Products and Solutions Development team in developing next-generation digital surveillance technologies.

Profit after taxation attributable to shareholders grew 4% to HK\$8.3 million for 2Q05 as compared to HK\$8.0 million in 2Q04.

Balance Sheet

Our intangible assets at 30 September 2004 was reduced 8% to HK\$65.1 million from the 31 March 2004 balance of HK\$70.5 million.

Inventories increased 76% to HK\$22.3 million at 30 September 2004 from HK\$12.7 million at 31 March 2004 due to higher delivery order from our Macau distributor for the month of October.

Our trade receivables also increased in line with sales increase from HK\$54.8 million at 31 March 2004 to HK\$59.9 million at 30 September 2004.

Our prepayments, deposits and other receivables have increased from HK\$2.2 million at 31 March 2004 to HK\$32.5 million at 30 September 2004. This mainly represents a recoverable HK\$20 million prepayment for acquiring a new line of business in the PRC, and a HK\$10 million short term loan to an associate.

Trade and other payable increased slightly to HK\$15.6 million at 30 September 2004 from HK\$14.3 million at 31 March 2004. This is due to the increase of purchases in the six-month period from 1 April 2004 to 30 September 2004.

Cash Flow

We recorded net cash inflow of HK\$14.6 million from operating activities for 2Q05, same as 2Q04.

Cash flow from investing activities recorded outflow of HK\$32.6 million for 2Q05. This was primarily due to the recoverable HK\$20 million prepayment for acquiring a new line of business in the PRC, and a HK\$10 million short term loan to an associate.

Overall, we recorded a decrease in cash and cash equivalents of approximately HK\$18 million for 2Q05.

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

None.

- 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**

While the environment remains competitive due to more systems with hardware compression appearing in the market, we remain confident of the Company's growth. We are focused on providing for the enterprise market segment which is less susceptible to price cuts.

The joint-venture project with China Netcom under Sino Gear Force is progressing on schedule which will launch us into the services-based business and provide us with an additional revenue stream. We are also extending our strategic alliances with more telecom operators so that our products can be bundled with their broadband services. This will ensure a steady and stable growth of the Company in this highly competitive environment.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(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 is declared/recommendeded for this period.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Not applicable.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Not applicable.

15. A breakdown of sales

Not applicable.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not applicable.

BY ORDER OF THE BOARD

**Dennis Li Kin Keung
Executive Director
9/11/2004**