

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".

First Quarter Financial Statement And Dividend Announcement

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
INCOME STATEMENT
FOR THE QUARTER ENDED 30 JUNE 2004
(Expressed in Hong Kong dollars)

	Note	1st Qtr FY 2005 <i>HK\$,000</i>	1st Qtr FY 2004 <i>HK\$,000</i>
Turnover		38,023	26,422
Cost of sales		(16,015)	(9,193)
Gross profit		22,008	17,229
Other income		162	254
Selling expenses		(5,600)	(2,466)
Administrative expenses		(5,276)	(2,838)
Research and development		(3,593)	(3,309)
Profit from operations		7,701	8,870
Finance cost		(0)	(4)
Profit from ordinary activities before taxation		7,701	8,866
Taxation		(0)	(1,419)
Net profit for the period		7,701	7,447
Minority interest		398	0
Profit attributable to shareholders		<u>8,099</u>	<u>7,447</u>

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 2004

(Expressed in Hong Kong dollars)

	Note	The Group HK\$'000		The Company HK\$'000	
		As at 30/06/04	As at 31/03/04	As at 30/06/04	As at 31/03/04
Non-current assets					
Investment in subsidiary			-	19,462	19,462
Investment in associate		44,264	44,264	-	-
Fixed assets		3,384	3,481	-	-
Intangible assets			70,526	-	-
		68,498			
Deferred tax assets		590	590		
		<u>116,736</u>	<u>118,861</u>	<u>19,462</u>	<u>19,462</u>
Current assets					
Inventories		17,761	12,694	-	-
Trade receivables		57,990	54,774	-	-
Provision for doubtful debts		(4,214)		-	-
			(3,861)		
Prepayments, deposits and other receivables		1,506	2,171	11	11
Amount due from subsidiary		-	-	151,991	151,991
Cash and cash equivalents		76,731	79,314	-	-
		<u>149,774</u>	<u>145,092</u>	<u>152,002</u>	<u>152,002</u>
Current liabilities					
Obligations under hire purchase contract		-	-	-	-
Trade and other payables		8,232	14,277	83	83
Amount due to directors		830	650	0	0
		<u>9,062</u>	<u>14,927</u>	<u>83</u>	<u>83</u>
Net current assets		<u>256,802</u>	<u>249,026</u>	<u>171,381</u>	<u>171,381</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>
Minority interest		323	-	-	-
Net assets		<u>257,125</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	-	-	142,500	142,500
Contributed surplus	9,210	9,210	-	-
Share premium	142,500	142,500	-	-
Exchange reserve	70	70	-	-
Net profit (loss) for the period	8,099	37,613	-	-
Retained profit b/f	68,005	30,392	(360)	(360)
	<u>257,125</u>	<u>249,026</u>	<u>171,381</u>	<u>171,381</u>

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

Amount repayable in one year or less, or on demand

As at 30/06/2004		As at 31/03/2004	
Secured	Unsecured	Secured	Unsecured
HK\$ 0	HK\$ 0	HK\$ 0	HK\$ 0

Amount repayable after one year

As at 30/06/2004		As at 31/03/2004	
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
STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED 30 JUNE 2004
(Expressed in Hong Kong dollars)

	Note	1st Qtr FY 2005 HK\$'000	1st Qtr FY 2004 HK\$'000
Operating activities			
Profit from ordinary activities before taxation		8,099	8,866
Adjustment for:			
Interest expenses		-	4
Interest income		(11)	(96)
Depreciation of fixed assets		757	164
Amortization of intangible assets		4,993	3,310
Gain on disposal of fixed assets		-	-
		<hr/>	<hr/>
Operating profit before changes in working capital		13,838	12,248
Changes in working capital			
Increase/(decrease) in inventories		(5,067)	(716)
Increase in trade receivables		(2,863)	(1,907)
Increase in prepayment, deposits, and other receivables		665	66
(Decrease)/increase in trade and other payables		(6,045)	(8,025)
Increase in amount due to directors		180	-
		<hr/>	<hr/>
Cash generated from operations		708	1,666
Income tax refunded		-	-
Interest received		11	96
Interest paid		-	(4)
		<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities		719	1,758
Investing activities			
Payment for purchase of fixed assets		(660)	(572)
Payment for development costs		(2,965)	(3,416)
Technology transfer fee paid		-	-
Proceeds from sales of fixed assets		-	-
		<hr/>	<hr/>
		(3,625)	(3,988)
Financing activities			
Capital contributions		-	-
Repayment of principal under hire purchase contract		-	(33)
Issue of shares		-	-
Share issue expenses		-	-
		<hr/>	<hr/>
Net cash inflow from financing activities		-	(33)

Net increase in cash and cash equivalents	(2,583)	(2,263)
Cash and cash equivalents at beginning of the year	79,314	49,667
Cash and cash equivalents at end of this period	<u>76,731</u>	<u>47,404</u>

An analysis of cash and cash equivalents in as follows:

Cash at bank and in hand	76,731	47,404
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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 April 2004	29,241	9,210	0	142,500	70	68,005	249,026
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	-	-	-	-	-	8,099	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	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 April 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 June 2004	29,241	0	0	142,500	0	(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 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 statements 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, 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:		
	1st Qtr. FY 2005	1st Qtr. FY 2004
Based on weighted average number of ordinary shares in issue	2.04 HK cents	2.14 HK cents
On a fully diluted basis	2.02 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 30/06/04	As at 31/03/04
Net asset value for the issuer per ordinary share based on existing issue share capital	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	HK\$0.62 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 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**

Our turnover amounted to approximately HK\$38.0 million for the first quarter of FY2005 ("1Q05"), a growth rate of 1.44 times from that of approximately HK\$26.4 million for the same period of FY2004. The increase in turnover was mainly due to the expansion of distribution sales in the major regions where MultiVision operates including Macau, the PRC and North America.

Our gross profit amounted to approximately HK\$22.0 million for 1Q05, a growth rate of 1.28 times from that of approximately HK\$17.2 million for the same period of FY2004. As a result of our aggressive marketing strategies and referrals from the projects we previously engaged in, we

managed to sell the higher-margin products such as the solution-based NetServers. We enjoyed significant cost savings from the acquisition of a perpetual license for use of an application software driver.

Our distribution and administrative expenses together amounted to approximately HK\$10.9 million for 1Q05, a growth rate of approximately 2.09 times compared to that of approximately HK\$5.3 million for 1Q04. The increase was in line with the corresponding increase in turnover as we expanded our sales, administration as well as customer support teams to cope with our relatively newly set-up offices in Europe, the USA, Australia, the PRC and Macau.

Our product development costs amounted to HK\$3.6 million for 1Q05, a slight increase from that of approximately HK\$3.3 million for 1Q04. This was due primarily to a joint research programme we have earlier initiated with the University of Hong Kong.

Multivision Intelligent Surveillance Australia Pty Ltd ("MVIS Australia"), our 55%-owned joint-venture company with Sentry International Pty Ltd., began operation in 1Q05. MVIS Australia is principally engaged in the sale and support of security systems developed by MVIS (HK) in Australia, New Zealand, Africa and other markets in which MVIS (HK) does not currently have presence in. Start-up expenses resulted in a HK\$0.4 million reversal of minority interest for this quarter.

As a result of the above, our profit after taxation attributable to shareholders amounted to HK\$8.1 million for 1Q05, representing a 9% growth from that of HK\$7.4 million for 1Q04.

Our intangible assets amounting to HK\$68.5 million as at 30 June 2004 were less than HK\$70.5 million as at 31 March 2004.

Inventories increased by 39.9% to HK\$17.8 million as at 30 June 2004 from HK\$12.7 million as at 31 March 2004. The inventory build-up was in anticipation for order delivery for our major project in Macau.

Our trade receivables increased from HK\$54.8 million as at 31 March 2004 to HK\$58.0 million as at 30 June 2004. This increase was due to the higher amount of orders placed by our distributors throughout the quarter and the completion of several major projects in May 2004.

Our trade and other payable decreased by HK\$6.1 million from HK\$14.3 million as at 31 March 2004 to HK\$8.2 million as at 30 June 2004. This decrease is mainly due to payments to third-party equipment suppliers for several major projects in Macau.

We recorded net cash inflow of HK\$0.7 million from operating activities for 1Q05, a decrease of HK\$1.1 million from HK\$1.8 million in 1Q04 because of the increase in trade receivables and inventories.

Cash flow from investing activities recorded outflow of HK\$3.6 million for 1Q05. This was primarily due to the payment of product research and development costs during the quarter under review.

Overall, we recorded a decrease in cash and cash equivalents of approximately HK\$2.6 million for 1Q05.

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

The actual results are in line with the prospect statement previously disclosed to shareholders.

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 remains upbeat about our growth prospects as the trend in replacing analog surveillance products with digital video surveillance products and solutions continues to be strong.

We will continuously seek to expand our customer base, and strengthen our relationship with existing customers. Our strategy in broadening our geographical presence (setting up offices in the USA, the UK, Australia, the PRC and Macau) to provide better service and support to our customers has benefited the Group, as evident from the increased business activities from these countries.

The Group will continue to leverage on our domain expertise in the banking, transportation and gaming industries to capture the analog-to-digital platform migrations and the vertical markets while focusing on delivering end-to-end solution offerings to our customers. We expect these three sectors to fuel our growth for the rest of FY2005. The Group will maintain our investments in product and solutions development to further sharpen our technological edge in the security industry.

We will continue to explore new opportunities to grow organically, or through strategic partnerships and alliances.

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/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
Director

12 August 2004