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IDT INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 167)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2009

IDT INTERNATIONAL LIMITED is an investment holding company with subsidiaries engaged in the design, development, manufacture, and sales and marketing of various consumer electronic products.

Financial Highlights compared to the same period last year

- Revenue reduced 24% to HK$ 695.0 million.
- Gross profit margin decreased from 41% to 35%.
- Total operating expenses decreased 21% to HK$283.5 million.
- Loss attributable to owners of the Company was HK$26.4 million, compared with the profit of HK$8.6 million for the corresponding period last year.
- Net cash increased by HK$47.4 million to HK$241.5 million.

UNAUDITED INTERIM RESULTS

The board of directors (the "board") of IDT International Limited (the "Company") hereby announces the unaudited condensed results of the Company and its subsidiaries (the "Group") for the six months ended September 30, 2009 prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting". The interim financial information has not been audited but has been reviewed by the Audit Committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended September 30, 2009 (Unaudited) HK$'m	Six months ended September 30, 2008 (Unaudited) HK$'m	Year ended March 31, 2009 (Audited) HK$'m
Revenue	3	695.0	917.6	1,720.7
Cost of sales		(449.6)	(540.3)	(1,088.3)
Gross profit		245.4	377.3	632.4
Other income		20.8	14.1	41.4
Research and development costs		(39.9)	(45.9)	(89.2)
Distribution and selling expenses		(142.1)	(175.2)	(332.9)
Administrative expenses		(101.5)	(138.2)	(197.4)
(Loss)/profit from operation		(17.3)	32.1	54.3
Interest on bank and other borrowings wholly repayable within five years		(3.7)	(8.6)	(15.8)
(Loss)/profit before taxation	4	(21.0)	23.5	38.5
Taxation	5	(2.7)	(7.0)	(7.2)
(Loss)/profit for the period		(23.7)	16.5	31.3

	Note			
Other comprehensive income/(loss)				
Exchange differences arising on translation of foreign operations		33.4	(15.3)	(72.5)
Total comprehensive income/(loss) for the period		9.7	1.2	(41.2)
(Loss)/profit for the period				
Attributable to:				
Owners of the Company		(26.4)	8.6	24.6
Non-controlling interests		2.7	7.9	6.7
		(23.7)	16.5	31.3
Total comprehensive income/(loss)				
Attributable to:				
Owners of the Company		7.3	(6.4)	(47.0)
Non-controlling interests		2.4	7.6	5.8
		9.7	1.2	(41.2)
(Loss)/earnings per share	6			
- basic (HK cents)		(1.06)	0.34	0.98
- diluted (HK cents)		(1.06)	0.34	0.98

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At September 30, 2009 (Unaudited) HK$'m	At September 30, 2008 (Unaudited) HK$'m	At March 31, 2009 (Audited) HK$'m
Non-current assets				
Property, plant and equipment		199.3	238.9	219.7
Intangible assets		74.5	80.0	78.8
Goodwill		35.4	34.2	34.0
Deferred tax assets		46.6	51.1	45.8
		355.8	404.2	378.3
Current assets				
Inventories		297.0	406.3	249.1
Trade and other receivables	7	434.8	536.1	306.3
Forward assets		-	0.5	-
Tax reserve certificate		43.5	43.4	43.5
Taxation recoverable		4.1	0.6	0.4
Bank balances and cash		635.4	576.9	632.4
		1,414.8	1,563.8	1,231.7
Current liabilities				
Trade and other payables	8	357.3	481.7	219.9
Bills payables		6.2	15.6	1.0
Obligations under finance leases due within one year		3.0	3.2	3.5
Forward contract liabilities		0.1	-	4.4
Taxation payable		16.7	25.2	14.6
Short-term bank loans		299.8	367.2	330.6
Bank overdrafts		3.9	-	18.6
		687.0	892.9	592.6
Net current assets		727.8	670.9	639.1
Total assets less current liabilities		1,083.6	1,075.1	1,017.4
Non-current liabilities				
Obligations under finance leases due after one year		0.7	3.8	1.4
Bank loans due after one year		84.0	-	-
Deferred tax liabilities		16.5	16.7	17.7
		101.2	20.5	19.1
Net assets		982.4	1,054.6	998.3
Capital and reserves				
Share capital	9	250.2	250.2	250.2
Reserves		504.5	537.7	497.1
Equity attributable to owners of the Company		754.7	787.9	747.3
Non-controlling interests		227.7	266.7	251.0
Total equity		982.4	1,054.6	998.3

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Share capital (Unaudited) HK$'m	Share premium (Unaudited HK$'m	Properties revaluation reserve (Unaudited) HK$'m	Share options reserve (Unaudited) HK$'m	Translation reserve (Unaudited) HK$'m	Revenue reserve (Unaudited) HK$'m	Total (Unaudited) HK$'m	Non-controlling interests (Unaudited) HK$'m	Total equity (Unaudited) HK$'m
At April 1, 2009	250.2	151.6	27.9	2.1	(85.2)	400.7	747.3	251.0	998.3
Exchange differences arising from translation of foreign operations recognised directly in equity	-	-	-	-	33.7	-	33.7	(0.3)	33.4
(Loss)/profit for the period	-	-	-	-	-	(26.4)	(26.4)	2.7	(23.7)
Total comprehensive income for the period	-	-	-	-	33.7	(26.4)	7.3	2.4	9.7
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(2.7)	(2.7)
Recognition of equity-settled share based payments	-	-	-	0.1	-	-	0.1	-	0.1
Lapse of share option	-	-	-	(0.4)	-	0.4	-	-	-
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	(23.0)	(23.0)
At September 30, 2009	250.2	151.6	27.9	1.8	(51.5)	374.7	754.7	227.7	982.4
At April 1, 2008	250.2	151.6	27.9	3.3	(13.6)	374.3	793.7	260.9	1,054.6
Exchange differences arising from translation of foreign operations recognised directly in equity	-	-	-	-	(15.0)	-	(15.0)	(0.3)	(15.3)
Profit for the period	-	-	-	-	-	8.6	8.6	7.9	16.5
Total comprehensive income for the period	-	-	-	-	(15.0)	8.6	(6.4)	7.6	1.2
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(1.8)	(1.8)
Recognition of equity-settled share based payments	-	-	-	0.6	-	-	0.6	-	0.6
At September 30, 2008	250.2	151.6	27.9	3.9	(28.6)	382.9	787.9	266.7	1,054.6

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended September 30, 2009 (Unaudited) HK$'m	2008 (Unaudited) HK$'m
Net cash generated from operating activities	6.4	2.6
Net cash (used in)/generated from investing activities	(36.8)	87.4
Net cash generated from/(used in) financing activities	43.8	(18.2)
Net increase in cash and cash equivalents	13.4	71.8
Cash and cash equivalents at April 1	613.8	509.1
Effect of foreign exchange rate changes	4.3	(4.0)
Cash and cash equivalents at September 30	631.5	576.9
Analysis of the cash and cash equivalents:		
Cash and bank balances	635.4	576.9
Bank overdrafts	(3.9)	-
	631.5	576.9

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial information for the six months ended September 30, 2009 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountant ("HKICPA").

The accounting policies and method of computation used in the preparation of the condensed consolidated interim financial information are consistent with those used in the annual financial statements for the year ended March 31, 2009, except as mentioned below.

In the current period, the Group has applied, for the first time, the following new standards, amendments to standards and interpretations issued by the HKICPA, which are effective for the Group's financial year beginning April 1, 2009.

HKFRSs (Amendment)	Improvements to HKFRSs May 2008#
HKFRS 1 and HKAS 27 (Amendment)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 (Amendment)	Puttable Financial Instruments and Obligations Arising on Liquidation
HK(IFRIC)-Int 9 and HKAS 39 (Amendment)	Embedded Derivatives
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation

Effective for the Group for annual period beginning April 1, 2009 except the amendment to HKFRS 5, “Non-current assets held for sale and discontinued operations” which is effective for annual period beginning April 1, 2010.

The adoption of these new standards, amendments to standards and interpretations, except for HKAS 1 (Revised) as described below, did not result in a significant impact on the result and financial position of the Group.

HKAS1 (Revised) separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present one single statement: a statement of comprehensive income. The condensed consolidated interim financial information has been prepared under the revised disclosure requirements.

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, HKAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group’s primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group’s reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 3).

The Group has not early adopted the following amendments to standards and interpretations that have been issued but are not effective.

HKFRSs (Amendments)	Improvements to HKFRSs April 2009 [1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [1]
HKAS 39 (Amendment)	Eligible Hedged Items [1]
HKFRS 1 (Revised)	First-time Adoption of HKFRSs [1]
HKFRS 3 (Revised)	Business Combinations [1]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners [1]
HK(IFRIC)-Int 18	Transfers of Assets from Customers [2]

1 Effective for the Group for annual period beginning April 1, 2010
2 Effective for transfer of assets received on or after July 1, 2009

The effect that the adoption of HKFRS 3 (Revised) and HKAS 27 (Revised) will have on the results and financial position of the Group will depend on the incidence and timing of business combinations occurring on or after April 1, 2010. The directors anticipate that the adoption of other amendments to standards and interpretations will not result in a significant impact on the results and financial position of the Group.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing this condensed consolidated interim financial information are evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities include the useful lives of property, plant and equipment, recoverability of intangible asset, impairment of goodwill, allowances for trade receivable and inventories and the determination of income taxes.

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from April 1, 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "CODM"), in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor standard (HKAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entities' system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

Turnover represents the net amounts received and receivable for goods sold by the Group to outside customers during the periods. An analysis of the Group's revenue and results by business segments is as follows:

	Revenue Six months ended September 30,		Segment results Six months ended September 30,	
	2009	2008	2009	2008
	HK$'m	HK$'m	HK$'m	HK$'m
Sales and manufacture of:				
LCD consumer electronic products	337.4	411.1	3.1	13.0
Electronic learning products	234.9	349.8	11.3	27.0
Telecommunication, digital media and other consumer electronic products	122.7	156.7	(20.5)	(9.8)
	695.0	917.6	(6.1)	30.2
Interest income			0.6	5.4
Unallocated corporate expense			(11.8)	(3.5)
Finance costs			(3.7)	(8.6)
(Loss)/profit before taxation			(21.0)	23.5
Taxation			(2.7)	(7.0)
(Loss)/profit for the period			(23.7)	16.5

Segment results represents the profit earned by each segment without allocation of interest income, unallocated corporate expense, finance costs and taxation. This is the measure reported to the board of directors, the CODM, for the purposes of resource allocation and performance assessment.

4. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation has been arrived at after charging/(crediting) the following:

	Six months ended September 30,	
	2009	2008
	HK$'m	HK$'m
Depreciation and amortisation of property, plant and equipment	30.6	27.6
Amortisation of intangible assets	16.7	16.4
Loss on disposal of property, plant and equipment	2.1	2.3
Interest income	(0.6)	(5.4)
Write down of inventories	0.7	0.4
Net foreign exchange loss	5.4	29.0

5. TAXATION

The charge consists of:

	Six months ended September 30,	
	2009	2008
	HK$'m	HK$'m
Taxation of the Company and its subsidiaries:		
Hong Kong Profits Tax	(2.8)	(11.7)
Taxation outside Hong Kong	(0.7)	-
Deferred tax credit	0.8	4.7
	(2.7)	(7.0)

Hong Kong profits tax has been provided for at the statutory tax rate of 16.5% (2008: 16.5%) on the estimated assessable profits for the period less available tax losses. Taxation outside Hong Kong has been provided for at the applicable current rates of taxation ruling in the relevant countries on the estimated assessable profits for the period less available tax losses.

As previously announced, protective assessments (the "Protective Assessments") totalling approximately HK$58.6 million (2008: HK$58.1 million) relating to years of assessment from 1997/98 to 2004/05 have been raised to two of the Group's subsidiaries, challenging on its offshore profits tax claim, by the Hong Kong Inland Revenue Department (the "HKIRD"). The Group lodged objections with the HK IRD against the Protective Assessments. The HKIRD agreed to hold over the tax claimed completely provided that the subsidiaries purchased tax reserve certificates or arranged a bank guarantee. The Group purchased tax reserve certificates of HK$43.5 million (2008: HK$ 43.4million) in relation to years of assessment from 1997/98 to 2003/04 and arranged a bank guarantee of HK$3.6 million (2008: HK$3.6 million) in relation to year of assessment 2004/05. The Directors have been advised by the Company's tax advisor that, based on the subsidiaries' current mode of operations, the offshore claims should represent valid cases to pursue since the subsidiaries' principal business was carried out outside of Hong Kong and most of its profits were derived outside Hong Kong. The Group, with the advice from its tax advisor, is working on an appropriate basis of settlement with HKIRD and a tax provision of HK$14.1 million (2008: HK$10.7 million) has been made in the accounts accordingly. An announcement will be made once an appropriate basis of settlement has been agreed with the HKIRD and the extent of tax liability, if any, is known.

6. (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of shares in issue during the period.

	Six months ended September 30, 2009	2008
(Loss)/profit for the period attributable to owners of the Company (HK$'m)	(26.4)	8.6
Number of ordinary shares:		
Weighted average number of ordinary shares in issue	2,502,271,088	2,502,271,088
Basic (loss)/earnings per share (HK cents)	(1.06)	0.34

(b) Diluted

Diluted (loss)/earnings per share is calculated based on the weighted average number of shares in issue during the period plus the weighted average number of shares deemed to be issued at no consideration if all outstanding options had been exercised.

	Six months ended September 30, 2009	2008
(Loss)/profit for the period attributable to owners of the Company (HK$'m)	(26.4)	8.6
Number of ordinary shares:		
Weighted average number of ordinary shares in issue	2,502,271,088	2,502,271,088
Adjustment of share options	-	-
Adjusted weighted average number of ordinary shares for diluted (loss)/earnings per share	2,502,271,088	2,502,271,088
Diluted (loss)/earnings per share (HK cents)	(1.06)	0.34

7. TRADE AND OTHER RECEIVABLES

The Group allows its trade customers a credit period normally ranging from letter of credit at sight to 60 days open account to customers with long business relationship and strong financial position.

The ageing analysis of trade receivables (net of allowance for doubtful debts) is as follows:

	At September 30, 2009 HK$'m	At March 31, 2009 HK$'m
Not yet due	251.2	162.1
Overdue less than 31 days	36.1	28.7
Overdue 31 to 90 days	5.5	12.6
Overdue more than 90 days	32.9	22.3
	325.7	225.7
Other receivables	109.1	80.6
	434.8	306.3

8. TRADE AND OTHER PAYABLES

The ageing analysis of the trade payables is as follows:

	At September 30, 2009 HK$'m	At March 31, 2009 HK$'m
Not yet due	137.7	45.2
Overdue less than 31 days	25.9	24.7
Overdue 31 to 90 days	7.5	7.7
Overdue more than 90 days	4.6	11.8
	175.7	89.4
Other payables	181.6	130.5
	357.3	219.9

9. SHARE CAPITAL

	Number of shares	Amount HK$'m
Authorised:		
At April 1, 2008, March 31, 2009 and September 30, 2009		
– ordinary shares of HK$0.10 each	3,500,000,000	350.0
– ordinary shares of US$0.10 each	10,000	-
Issued and fully paid:		
At April 1, 2008, March 31, 2009 and September 30, 2009		
– ordinary shares of HK$0.10 each	2,502,271,088	250.2

FINANCIAL REVIEW

Under the backdrop of the financial turmoil and global economic downturn, the dampened consumer sentiment affected the Group's business during the review period.

For the six months ended September 30, 2009, the Group recorded a total revenue of HK$695.0 million, a 24% decrease as compared to HK$917.6 million in the same period last year. The drop is mainly attributable to slack retail market particularly in Americas and Europe. The revenue from Oregon Scientific brand products dropped by 33% to HK$366.2 million whereas that of ODM was down by 12% to HK$328.8 million.

Gross profit was HK$245.4 million compared to HK$377.3 million in the same period last year, a reduction of 35%. To cope with sluggish consumer demand across markets, the Group initiated a "turn inventory into cash programme". It lowered the prices of certain slow moving items during the review period, which led to a decrease in overall gross margin from 41% to 35%, but helped to clear some of the slower moving inventory.

Research and development costs of new products amounted to HK$39.9 million, 6% of the Group's revenue in the period under review against 5% in the same period last year, a decrease of 13%.

For the six months ended September 30, 2009, distribution and selling expenses decreased by 19% to HK$142.1 million as compared to HK$175.2 million in the same period last year. Administrative expenses dropped by 27% to HK$101.5 million, including an exchange loss of HK$5.4 million. Excluding the effect of exchange loss, such expenses would have decreased by 12% to HK$96.1 million compared to HK$109.1 million in the previous corresponding period.

Total operating expenses of the Group include research and development costs, distribution and selling expenses, and administrative expenses. For the period under review, total operating expenses amounted to HK$283.5 million, representing a decrease of 21% against HK$359.3 million of the corresponding period last year. Without exchange loss, the total operating expenses would have reduced by 16% to HK$278.1 million.

Interest expenses for bank and other borrowings wholly repayable within five years in the interim period was HK$3.7 million, down by 57% as compared to HK$8.6 million in the same period of 2008.

Taxation decreased by 61% to HK$2.7 million compared to HK$7.0 million in the same period last year, reflecting mainly the drop in taxable profits of the various subsidiaries of the Group.

As a result, loss attributable to owners of the Company was HK$26.4 million, compared with profit of HK$8.6 million for the corresponding period last year.

BUSINESS REVIEW

Oregon Scientific

Sales from the Oregon Scientific brand was HK$366.2 million, a reduction of 33% compared to HK$545.6 million in the same period last year. The amount represented 53% of the Group's total sales. The decrease is mainly the result of the sluggish market environment and retail sector, particularly the toy segment, in the US and European markets hit hard in global economic downturn.

For Oregon Scientific, the macro economic downturn has not stopped it from capturing growth opportunities through developing and launching new product categories such as "Wellness and Health" and innovative weather station products, and expanding into emerging markets including China and those in Asia Pacific regions. New distribution partners and customers were identified in Europe and Asia to drive development of the new strategic Wellness and Health product category. Oregon Scientific continued to introduce new products of unique designs with innovative technologies to meet market and customer demands. Oregon Scientific has also set up an E-commerce on-line platform in its website to reach consumers directly.

LCD Consumer Electronic Products
Sales of the product segment fell by 18% to HK$337.4 million, accounting for 49% of the Group's total sales. The decrease in sales was mainly the result of decreased sales of Oregon Scientific brand products.

Sales of ODM products however reported a slight increase. Persistent price competition and the weakened markets adversely affected the sales of weather station products. The uncertain economic environment has prompted consumers to trim spending or delay buying decisions.

To tackle such market challenges, the Group continued to develop and produce higher end products of innovative designs and with advanced technologies. Investments in research and development of Sports and Fitness products were made to enhance the innovative features and competitiveness of new products. By leveraging the resources and capabilities of external subcontractors and partners in commodity product development, the Group has optimised manufacturing and enhanced product development.

Electronic Learning Products
Sales of the segment amounted to HK$234.9 million, down by 33% compared with same period last year, representing 34% of the Group's total sales. The decline was mainly attributable to the decreased sales from Oregon Scientific, which saw a shrink in orders from certain toy retailers in the US and Europe.

Although sales of Oregon Scientific products fell considerably, sales to existing and new private label customers reported growth.

For the segment, the Group has continued to develop new product categories and a new line of children's learning products under a new toy license will be launched in next year. The Group will also continuously identify suitable distributors in target regions to help it tap new business opportunities in emerging markets.

Telecommunication and Other Products
Sales dropped 22% to HK$122.7 million, accounting for 18% of the Group's total sales. The decrease mainly reflected the drop in sales of ODM though sales of Oregon Scientific brand products improved.

The dwarfed ODM sales were the result of intensive competition in cordless phone product prices and slack customer demand in the US and Europe during the review period. With markets on the general pick up, the Group recently launched a New Marine Radio and new Cordless Phone products and are waiting to see the response of the markets.

OUTLOOK
The global economic downturn has suppressed consumption sentiment and has impact demands in the US and the European markets. Although the phenomena have posed immense pressure on the Group's performance, the Group managed to maintain a stable financial position with improvement in cashflow position. The Group is devising strategic plans to boost sales, restructuring its business models and re-engineering workflows, with the aim of improving business and operational effectiveness and efficiency.

The Group is encouraged to see signs of recovery in the global economies, but it does not expect consumer confidence in the US and European markets to improve significantly. Thus, the Group will strive to maintain and strengthen its position in existing markets and to grow its business in emerging markets such as Mainland China. For the second half, we expect continued difficult market conditions. With the measures being taken by the management and adequate cash position, we are confident to be able to face the challenges ahead.

WORKING CAPITAL
The inventory balance at September 30, 2009 was HK$297.0 million, increased by 19% compared to HK$249.1 million at March 31, 2009. The considerable increase in stock level was primarily to cater for the increase demand of the products in the second half of the financial year. The industry seasonal factor mainly contributed to the increase in the stock level.

The inventory balance at September 30, 2009 decreased by 27% compared with last year of HK$406.3 million, owing to the improvement in supply chain management. The inventory turnover improved from 137 days last year to 121 days this year.

Trade debtor's balance at September 30, 2009 was HK$325.7 million increased by 44% compared to HK$ 225.7 million at March 31, 2009. However, it decreased by 18% compared with HK$399.4 million at September 30, 2008. Trade debtor's turnover was 86 days compared to last year of 79 days.

LIQUIDITY AND TREASURY MANAGEMENT

As at September 30, 2009, the cash and bank balances of the Group were HK$635.4 million (March 31, 2009: HK$632.4 million).

During the six months ended September 30, 2009, the Group generated its fund mainly from operating activities and bank borrowings. The net cash position (cash and bank balances less total borrowings) as at September 30, 2009 amounted to HK$ 241.5 million (March 31, 2009: HK$282.2 million). It also increased by HK$47.4 million compared with HK$194.1 million at September 30, 2008. The Group has sufficient financial resources to meet working capital requirements and finance its commitments.

The Group's exposure to foreign currency stems mainly from the net cash flow and net working capital translation of its overseas subsidiaries. Hedging of foreign currency exposures is done through natural hedges and forward contracts. As at September 30, 2009, there were forward contracts in place to hedge against possible exchange risk from future net cash flows. Speculative currency transactions are strictly prohibited. Management of currency risk is the responsibility of the Group's headquarters in Hong Kong.

DEBTS AND GEARING RATIO

The total borrowings of the Group as at September 30, 2009 amounted to HK$393.9 million (March 31, 2009: HK$350.2 million). The Group successfully secured long term loan amounted to HK$84.0 million during the review period. The borrowings are mainly denominated in HK dollars and on floating rates basis.

The debts incurred by the Group will be used for general corporate purpose, including capital expenditure and working capital requirements.

Gearing ratio (total borrowings/shareholders' equity) as at September 30, 2009 and March 31, 2009 were approximately 40% and 35% respectively.

CHARGES ON GROUP ASSETS

As at September 30, 2009, there was no financial charge on the Group's assets.

CAPITAL EXPENDITURE

Capital expenditure on property, plant and equipment for the 6 months ended September 30, 2009 was HK$12.0 million (2008: HK$ 17.6 million) which was primarily used for the business operation and development. Sources of funds were mainly financed by internal resources and borrowings.

There were no material acquisitions and disposals of subsidiaries and associated companies in the course of the 6 months ended September 30, 2009.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the 6 months ended September 30, 2009.

CONTINGENT LIABILITIES

As at September 30, 2009, the Group had no contingent liabilities.

HUMAN RESOURCES AND REMUNERATION POLICY

As at September 30, 2009, the Group had a total of 3,084 employees. The Group fully recognises the importance of its employees who contribute significantly to its success and continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training.

The Group's remuneration policy is to provide compensation packages at market rates which reward individual's performance and attract, retain and motivate high quality employees. The compensation packages offered by the Group are comparable with other organisations of similar size and business nature and are reviewed annually. The components of employee's remuneration package consists of base salary, double pay, fringe benefits including pension scheme, medical insurance, life and personal accident insurance, employee compensation and business travel insurance as well as incentives like discretionary cash bonus and the opportunities to participate in the Group's share option schemes.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the six months ended September 30, 2009.

CORPORATE GOVERNANCE

The Group is committed to achieving high corporate governance standards. Throughout the period ended September 30, 2009, the Company applied the principles and complied with the requirements set out in the Code on Corporate Governance Practices ("CG Code") in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except the deviation from CG Code provision A.2.1 in respect of the separation of roles of the chairman and chief executive officer. The Group's compliance with the provisions and recommended best practices of the CG Code together with the reasons for any deviation are set out in the Corporate Governance Report contained in the Company's 2009 Annual Report issued in July 2009.

REVIEW OF ACCOUNTS

The Audit Committee had reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited financial statements and the results of the Group for the six months ended September 30, 2009.

APPRECIATION

On behalf of the Board, I wish to express gratitude to the management team and staff members for their hard work, dedication and support to the Group throughout the review period.

On behalf of the Board of Directors of
IDT International Limited
Dr. Raymond Chan
Chairman & Chief Executive Officer

Hong Kong, November 27, 2009

The Directors of the Company as at the date of this announcement are Dr. Raymond Chan (Chairman & Chief Executive Officer) and Mrs. Chan Pau Shiu Yeng, Shirley as Executive Directors; Mr. Lo Kai Yiu, Anthony, Mr. Kao Ying Lun, Mr. Jack Schmuckli and Dr. Kenichi Ohmae as Independent Non-Executive Directors.

Websites: http://www.idthk.com
http://www.irasia.com/listco/hk/idt