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AV CONCEPT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 595)

YEAR ENDED 31 MARCH 2012
ANNUAL RESULTS ANNOUNCEMENT

Income Statement Highlights

	2012	2011
	HK$'million	*HK$'million*
		(Restated)
Revenue		
– Semiconductor distribution	**3,064.3**	2,801.3
– Consumer electronic product	**278.9**	105.8
– LED	**23.3**	2.0
	3,366.5	2,909.1
Profit/(loss) before interest, tax, depreciation, amortisation and non-cash items		
– Corporate	**(20.4)**	67.2
– Semiconductor distribution	**61.5**	50.4
– Consumer electronic product	**10.3**	19.5
– LED	**(14.8)**	5.4
	36.6	142.5
Depreciation and amortisation	**(13.1)**	(9.3)
Profit/(loss) for the year attributable to:		
Owners of the Company	**2.4**	123.6
Non-controlling interests	**(1.9)**	(0.5)
	0.5	123.1
Dividends		
– Interim	**6.1**	15.7
– Proposed final	**–**	24.8
	6.1	40.5

Statement of Financial Position Highlights

Total assets	**1,443.4**	1,388.1
Total assets less current liabilities	**692.5**	685.8
Total equity	**634.7**	680.2
Bank debts	**579.0**	507.3
Cash and cash equivalents	**166.5**	287.4
Equity investments at fair value through profit or loss	**111.1**	223.3
Cash and cash equivalents and equity investments	**277.6**	510.7
Total debt to total equity (%)	**91%**	75%
Current assets to current liabilities (%)	**127%**	148%
Cash and cash equivalents and equity investments per share (HK$)	**0.46**	0.82
Total equity per share (HK$)	**1.05**	1.10

RESULTS

The Board of Directors (the "Board" or "Directors") of AV Concept Holdings Limited (the "Company" or "AV Concept") hereby announces the consolidated results of the Company and its subsidiaries (together referred to as the "Group") for the year ended 31 March 2012, as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000 (Restated)
REVENUE	3	**3,366,541**	2,909,125
Cost of sales		**(3,106,351)**	(2,769,541)
Gross profit		**260,190**	139,584
Other income and gains	3	**31,870**	18,772
Changes in fair value of investment properties		**13,017**	617
Selling and distribution costs		**(123,647)**	(35,369)
Administrative expenses		**(147,207)**	(108,174)
Fair value gains/(losses) on equity investments at fair value through profit or loss, net		**(47,518)**	110,877
Fair value loss on a derivative financial instrument at fair value through profit or loss		**–**	(7,178)
Revaluation of a pre-existing interest in an acquired subsidiary to fair value		**–**	5,614
Gain on disposal of subsidiaries	18	**29,612**	–
Gain on disposal of associates		**19,839**	–
Other expenses		**(9,599)**	(8,487)
Finance costs	5	**(17,759)**	(10,956)
Share of profits and losses of:			
Jointly-controlled entities		**1,913**	18,002
Associates		**(5,470)**	(1,493)
PROFIT BEFORE TAX	4	**5,241**	121,809
Income tax	6	**(4,756)**	1,254
PROFIT FOR THE YEAR		**485**	123,063
Attributable to:			
Owners of the Company		**2,416**	123,601
Non-controlling interests		**(1,931)**	(538)
		485	123,063
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		**0.39 cents**	22.8 cents
Diluted		**0.39 cents**	22.6 cents

Details of the dividends paid and proposed for the year are disclosed in note 7 to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2012

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
PROFIT FOR THE YEAR	**485**	123,063
OTHER COMPREHENSIVE INCOME/(LOSS)		
Exchange differences on translation of foreign operations and other comprehensive income for the year, net of tax	**(3,956)**	6,218
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(3,471)**	129,281
Attributable to:		
Owners of the Company	**(1,540)**	129,819
Non-controlling interests	**(1,931)**	(538)
	(3,471)	129,281

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 March 2012

	Notes	31 March 2012 HK$'000	2011 HK$'000 (Restated)	1 April 2010 HK$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**131,037**	67,724	68,245
Investment properties		**97,065**	25,606	22,478
Goodwill	*11*	**48,795**	37,729	–
Other intangible assets	*9*	**30,572**	26,592	1,567
Investments in jointly-controlled entities		**53,199**	14,458	32,638
Investments in associates		**110,025**	173,679	61,781
Available-for-sale investments	*10*	**6,623**	1,750	45,924
Other deposits		**13,448**	–	17,050
Deferred tax asset		**2,473**	2,796	–
Total non-current assets		**493,237**	350,334	249,683
CURRENT ASSETS				
Convertible note receivable – loan portion		**–**	–	22,516
Available-for-sale investments	*10*	**15,091**	–	–
Inventories	*12*	**296,278**	257,881	106,355
Trade receivables	*13*	**270,531**	237,876	209,889
Prepayments, deposits and other receivables		**89,692**	31,313	20,130
Due from a related company		**–**	–	5,759
Equity investments at fair value through profit or loss	*14*	**111,129**	223,339	104,843
Tax recoverable		**997**	–	–
Time deposits		**–**	62,204	17,421
Cash and bank balances		**166,467**	225,160	134,395
Total current assets		**950,185**	1,037,773	621,308
CURRENT LIABILITIES				
Trade payables, deposits received and accrued expenses	*15*	**210,938**	192,125	99,372
Interest-bearing bank borrowings		**525,909**	505,268	368,116
Finance lease payables		**423**	423	224
Tax payable		**9,578**	3,250	9,154
Financial guarantee obligation	*16*	**4,030**	1,262	5,591
Total current liabilities		**750,878**	702,328	482,457

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
31 March 2012

	Notes	31 March 2012	2011	1 April 2010
		HK$'000	*HK$'000*	*HK$'000*
			(Restated)	(Restated)
NET CURRENT ASSETS		**199,307**	335,445	138,851
TOTAL ASSETS LESS CURRENT LIABILITIES		**692,544**	685,779	388,534
NON-CURRENT LIABILITIES				
Derivative financial instrument		**–**	–	6,698
Interest-bearing bank borrowings		**51,523**	–	–
Finance lease payables		**1,142**	1,565	729
Deferred tax liability		**5,187**	4,042	231
Total non-current liabilities		**57,852**	5,607	7,658
Net assets		**634,692**	680,172	380,876
EQUITY				
Issued capital		**60,419**	62,056	46,636
Reserves		**579,402**	594,531	313,306
Proposed final dividend	*7*	**–**	24,822	20,934
Equity attributable to equity holders of the Company		**639,821**	681,409	380,876
Non-controlling interests		**(5,129)**	(1,237)	–
Total equity		**634,692**	680,172	380,876

NOTES

1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments at fair value through profit or loss, certain available-for-sale investments and investment properties, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2012. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

1.2 PRIOR YEAR ADJUSTMENT – CHANGES IN ACCOUNTING POLICIES

In previous years, the Group's investment property was carried in the consolidated statement of financial position at cost less accumulated depreciation and any impairment losses. Following the acquisition of certain investment properties in Hong Kong during the current year, the directors of the Company are of the view using the fair value model under HKAS 40 would result in the consolidated financial statements providing reliable and more appropriate and relevant information about the Group's results and financial position to the users of the financial statements. The fair value of investment properties are determined by independent professionally qualified valuers on an open market, existing use basis would better reflect the commercial value of investment properties. Consequently, the Group changed its accounting policy on investment properties to follow the fair value model under HKAS 40 with effect from 1 April 2011.

In December 2010, the HKICPA amended HKAS 12, "Income taxes", to clarify the determination of deferred tax investment property measured at fair value. The current HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted.

The Group has early adopted this amendment retrospectively for the year ended 31 March 2012.

As required by the amendment, the Group has re-measured the deferred tax retrospectively relating to these investment properties according to the tax consequence on the presumption that they are recovered entirely by sale.

These changes in accounting policies have been accounted for retrospectively and the comparative figures for the corresponding comparative prior periods have been restated. The investment property has been measured at fair value and the changes in fair value have been included in the consolidated income statement. The corresponding depreciation under the cost model has also been reversed. The effects of the changes in accounting policies are as follows:

1.2 PRIOR YEAR ADJUSTMENT – CHANGES IN ACCOUNTING POLICIES *(Continued)*

The effects of the change in accounting policies are as follows:

(a) Consolidated income statement (extracts) for the year ended 31 March 2011:

	As previously reported *HK$'000*	**Effect of change** *HK$'000*	**As restated** *HK$'000*
Depreciation – investment property	(511)	511	–
Change in fair value of an investment property	–	617	617
Profit before tax	120,681	1,128	121,809
Income tax	1,254	(192)	1,062
Early adoption of HKAS 12	–	192	192
Profit for the year	121,935	1,128	123,063
Attributable to:			
Owners of the Company	122,473	1,128	123,601
Non-controlling interests	(538)	–	(538)
	121,935	1,128	123,063
Earnings per share attributable to ordinary equity holders of the Company			
Basic	22.6 cents	0.2 cents	22.8 cents
Diluted	22.4 cents	0.2 cents	22.6 cents

(b) Consolidated statement of financial position (extracts) as at 31 March 2011:

	As previously reported *HK$'000*	**Effect of change** *HK$'000*	**As restated** *HK$'000*
Investment property	24,701	905	25,606
Total non-current assets	349,429	905	350,334
Net assets	679,267	905	680,172
Reserves	593,626	905	594,531

1.2 PRIOR YEAR ADJUSTMENT – CHANGES IN ACCOUNTING POLICIES *(Continued)*

(c) Consolidated income statement (extracts) for the year ended 31 March 2010:

	As previously reported *HK$'000*	**Effect of change** *HK$'000*	**As restated** *HK$'000*
Depreciation – investment property	(309)	309	–
Change in fair value of an investment property	–	(510)	(510)
Profit before tax	50,158	(201)	49,957
Income tax	26,859	34	26,893
Early adoption of HKAS 12	–	(34)	(34)
Profit for the year attributable to owners of the Company	77,017	(201)	76,816
Earnings per share attributable to ordinary equity holders of the Company			
Basic	17.8 cents	(0.1 cents)	17.7 cents
Diluted	17.7 cents	–	17.7 cents

(d) Consolidated statement of financial position (extracts) as at 31 March 2010:

	As previously reported *HK$'000*	**Effect of change** *HK$'000*	**As restated** *HK$'000*
Investment property	22,679	(201)	22,478
Total non-current assets	249,884	(201)	249,683
Net assets	381,077	(201)	380,876
Reserves	313,507	(201)	313,306

1.3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*
HKAS 24 (Revised)	*Related Party Disclosures*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKAS 12 Amendments, HKAS 24 (Revised), and amendments to HKFRS 3, HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010*, the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements.

1.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*[3]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*[1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*[1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[3]
HKFRS 9	*Financial Instruments*[5]
HKFRS 10	*Consolidated Financial Statements*[3]
HKFRS 11	*Joint Arrangements*[3]
HKFRS 12	*Disclosure of Interests in Other Entities*[3]
HKFRS 13	*Fair Value Measurement*[3]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[2]
HKAS 19 (2011)	*Employee Benefits*[3]
HKAS 27 (2011)	*Separate Financial Statements*[3]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[3]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[4]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[3]
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012[3]

1.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 July 2012
[3] Effective for annual periods beginning on or after 1 January 2013
[4] Effective for annual periods beginning on or after 1 January 2014
[5] Effective for annual periods beginning on or after 1 January 2015

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the semiconductor distribution segment engages in the sale and distribution of electronic components;

(b) the consumer electronic product segment engages in the design, development and sale of electronic products; and

(c) the others segment mainly comprises the Group's trading of Light-emitting Diode ("LED") business.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, dividend income from listed investments, management fee income, other gains, share of profits and losses of associates and jointly-controlled entities, fair value gains/(losses) on equity investments and a derivative financial instrument at fair value through profit or loss, gain on disposal of items of property, plant and equipment, gains on disposal of subsidiaries and associates, finance costs, changes in fair value of investment properties, gains on bargain purchase of a subsidiary and an associate, provision for bad debts, impairment of an associate and unallocated expenses are excluded from such measurement.

Intersegment sales and transfers are transacted at cost.

2. OPERATING SEGMENT INFORMATION *(Continued)*

	Semiconductor distribution *HK$'000*	Consumer electronic product *HK$'000*	Others *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Year ended 31 March 2012					
Segment revenue:					
Sales to external customers	**3,064,301**	**278,863**	**23,377**	**–**	**3,366,541**
Intersegment sales	**–**	**215**	**145**	**(360)**	**–**
Total	**3,064,301**	**279,078**	**23,522**	**(360)**	**3,366,541**
Segment results	**25,926**	**(1,543)**	**(8,706)**	**–**	**15,677**
Reconciliation:					
Bank interest income					**290**
Interest income from an associate					**148**
Interest income from debt securities					**1,239**
Dividend income from listed investments					**488**
Management fee income from associates					**8,347**
Management fee income from a related company					**390**
Management fee income form a jointly-controlled entity					**15**
Rental income					**1,703**
Share of profits of jointly-controlled entities					**1,913**
Share of profits and losses of associates					**(5,470)**
Fair value losses on equity investments at fair value through profit or loss, net					**(47,518)**
Gain on disposal of items of property, plant and equipment					**15,728**
Gain on disposal of associates					**19,839**
Gain on disposal of subsidiaries					**29,612**
Gain on bargain purchase of:					
A subsidiary					**19**
An associate					**300**
Provision for amounts due from associates					**(279)**
Impairment of an investment in an associate					**(74)**
Provision for an amount due from a former subsidiary					**(506)**
Changes in fair value of investment properties					**13,017**
Unallocated expenses					**(31,878)**
Finance costs					**(17,759)**
Profit before tax					**5,241**
Other segment information:					
Depreciation	**3,800**	**585**	**6**	**–**	**4,391**
Unallocated depreciation					**1,395**
Amortisation of other intangible assets	**4,330**	**2,991**	**–**	**–**	**7,321**
Reversal of provision for impairment of trade receivables	**477**	**–**	**–**	**–**	**477**
Bad debt written off	**837**	**–**	**–**	**–**	**837**
Capital expenditure	**17,000**	**6,906**	**–**	**–**	**23,906**
Unallocated capital expenditure					**119,617**

2. OPERATING SEGMENT INFORMATION *(Continued)*

	Semiconductor distribution *HK$'000*	Consumer electronic product *HK$'000*	Others *HK$'000*	Elimination *HK$'000*	Total *HK$'000* (Restated)
Year ended 31 March 2011					
Segment revenue:					
Sales to external customers	2,801,302	105,861	1,962	–	2,909,125
Intersegment sales	137	21	121	(279)	–
Total	2,801,439	105,882	2,083	(279)	2,909,125
Segment results	29,249	4,530	(8,915)	–	24,864
Reconciliation:					
Bank interest income					117
Interest income from debt securities					1,091
Interest income from a convertible note receivable					128
Dividend income from listed investments					409
Management fee income from associates					6,330
Management fee income from a jointly-controlled entity					245
Management fee income from a related company					1,385
Gain on early redemption of a convertible note receivable					1,438
Rental income					1,150
Share of profit of a jointly-controlled entity					18,002
Share of profits and losses of associates					(1,493)
Fair value gains on equity investments at fair value through profit or loss, net					110,877
Fair value loss on a derivative financial instrument at fair value through profit or loss					(7,178)
Revaluation of a pre-existing interest in an acquired subsidiary to fair value					5,614
Gain on disposal of items of property, plant and equipment					137
Change in fair value of investment property					617
Unallocated expenses					(30,968)
Finance costs					(10,956)
Profit before tax					121,809
Other segment information:					
Depreciation	3,737	132	6	–	3,875
Unallocated depreciation					762
Amortisation of other intangible assets	1,806	2,894	–	–	4,700
Impairment of trade receivables	347	–	–	–	347
Capital expenditure	15,523	14,983	8	–	30,514
Unallocated capital expenditure					2,585

2. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

	2012	2011
	HK$'000	*HK$'000*
Hong Kong	**1,665,083**	1,465,650
Singapore	**1,272,178**	1,334,808
Korea	**224,052**	86,568
United States	**143,774**	–
Other countries	**61,454**	22,099
	3,366,541	2,909,125

The revenue information above is based on the location of the customers.

(b) Non-current assets

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Hong Kong	**315,253**	157,959
Mainland China	**11,713**	48,870
Singapore	**47,355**	38,510
Korea	**118,916**	104,995
	493,237	350,334

The non-current asset information above is based on the location of the assets.

Information about a major customer

Revenue of approximately HK$254,147,000 (2011: HK$275,879,000) was derived from sales by the semiconductor distribution segment to a single customer.

3. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, during the year.

An analysis of revenue, other income and gains is as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Revenue		
Semiconductor distribution	**3,064,301**	2,801,302
Consumer electronic product	**278,863**	105,861
Others	**23,377**	1,962
	3,366,541	2,909,125
Other income and gains		
Bank interest income	**290**	117
Interest income from debt securities	**1,239**	1,091
Interest income from a convertible note receivable	**–**	128
Interest income from an associate	**148**	–
Interest income from a jointly-controlled entity	**–**	153
Gain on early redemption of a convertible note receivable	**–**	1,438
Dividend income from listed investments	**488**	409
Gain on disposal of items of property, plant and equipment	**15,728**	137
Management fee income from associates	**8,347**	6,330
Management fee income from a jointly-controlled entity	**15**	245
Management fee income from a related company	**390**	1,385
Trademark license income from an associate	**505**	–
Gain on disposal of an available-for-sale investment	**–**	3,921
Gain on bargain purchase on:		
Acquisition of subsidiaries *(note 17)*	**19**	–
Subscription of shares of a jointly-controlled entity	**300**	–
Rental income	**1,703**	1,150
Others	**2,698**	2,268
	31,870	18,772

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2012 HK$'000	2011 HK$'000 (Restated)
Cost of inventories sold		**3,101,123**	2,768,161
Depreciation of items of property, plant and equipment		**5,786**	4,637
Amortisation of other intangible assets***	*9*	**7,321**	4,700
Impairment/(reversal of impairment) of trade receivables**	*13*	**(477)**	347
Bad debts written off**		**837**	–
Impairment/(reversal of impairment) of slow moving inventories*		**(1,945)**	1,408
Impairment of available-for-sale investments**	*10*	**–**	4,027
Minimum lease payments under operating leases in respect of land and buildings		**4,213**	2,126
Auditors' remuneration		**2,354**	1,726
Equity-settled share option expense**		**1,340**	–
Staff costs (including directors' remuneration):			
Wages and salaries		**96,772**	79,496
Pension scheme contributions		**3,837**	2,108
		100,609	81,604
Fair value losses/(gains), net:			
Equity investments at fair value through profit or loss		**47,518**	(110,877)
A derivative financial instrument at fair value through profit or loss		**–**	7,178
Foreign exchange differences, net**		**(5,515)**	(5,625)
Gain on disposal of items of property, plant and equipment		**(15,728)**	(137)
Gain on disposal of subsidiaries	*18*	**(29,612)**	–
Gain on disposal of associates		**(19,839)**	–
Bank interest income		**(290)**	(117)
Interest income from an associate		**(148)**	–
Interest income from a jointly-controlled entity		**–**	(153)
Interest income from a convertible note receivable		**–**	(128)
Interest income from debt securities		**(1,239)**	(1,091)
Gain on early redemption of a convertible note receivable		**–**	(1,438)
Dividend income from listed investments		**(488)**	(409)
Impairment of an investment in a jointly-controlled entity**		**–**	4,329
Impairment of an investment in an associate**		**74**	–
Provision for amounts due from associates **		**279**	–
Provision for an amount due from a former subsidiary**		**506**	–
Revaluation of a pre-existing interest in an acquired subsidiary to fair value		**–**	(5,614)
Gain on derecognition of financial guarantee obligation **		**–**	(4,329)
Gain on disposal of an available-for-sale investment		**–**	(3,921)
Gross rental income		**(1,703)**	(1,150)
Less: direct expenses		**175**	86
Net rental income		**(1,528)**	(1,064)

* The balance is included in "Cost of sales" on the face of the consolidated income statement.

** These items are included in "Other expenses" on the face of the consolidated income statement.

*** The balance is included in "Administrative expenses" on the face of the consolidated income statement.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**17,333**	10,916
Interest on mortgage loans not wholly repayable within five years	**369**	–
Interest on finance leases	**57**	40
	17,759	10,956

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Group	
	2012	2011
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**10,869**	4,410
Overprovision in prior years	**(715)**	(107)
Current – Elsewhere		
Charge for the year	**812**	–
Overprovision in prior years	**(5,154)**	(1,992)
Deferred	**(1,056)**	(3,565)
Total tax charge/(credit) for the year	**4,756**	(1,254)

7. DIVIDENDS

	2012	2011
	HK$'000	*HK$'000*
Interim – HK1 cent (2011: HK3 cents) per ordinary share	**6,083**	15,701
Proposed final – Nil (2011: HK4 cents) per ordinary share	**–**	24,822
	6,083	40,523

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculations of the basic earnings per share are based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 612,032,485 (2011: 542,310,556) in issue during the year.

The calculation of diluted earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculations	**2,416**	123,601

	Number of shares	
	2012	2011
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**612,032,485**	542,310,556
Effect of dilution – weighted average number of ordinary shares:		
Share options	**1,690,948**	4,902,837
	613,723,433	547,213,393

9. OTHER INTANGIBLE ASSETS

Group

	Club memberships *HK$'000*	**Trademarks** *HK$'000*	**Customer relationships** *HK$'000*	**Total** *HK$'000*
31 March 2012				
At 31 March 2011 and at 1 April 2011:				
Cost	4,499	59	27,710	32,268
Accumulated amortisation and impairment	(990)	(29)	(4,657)	(5,676)
Net carrying amount	3,509	30	23,053	26,592
Cost at 1 April 2011, net of accumulated amortisation and impairment	3,509	30	23,053	26,592
Acquisition of subsidiaries *(note 17)*	403	–	10,927	11,330
Additions	–	491	–	491
Amortisation provided during the year	(37)	(103)	(7,181)	(7,321)
Exchange realignment	(22)	–	(498)	(520)
At 31 March 2012	3,853	418	26,301	30,572
At 31 March 2012:				
Cost	4,880	550	38,051	43,481
Accumulated amortisation and impairment	(1,027)	(132)	(11,750)	(12,909)
Net carrying amount	3,853	418	26,301	30,572
31 March 2011				
At 31 March 2010 and at 1 April 2010:				
Cost	2,431	59	–	2,490
Accumulated amortisation and impairment	(900)	(23)	–	(923)
Net carrying amount	1,531	36	–	1,567
Cost at 1 April 2010, net of accumulated amortisation and impairment	1,531	36	–	1,567
Acquisition of subsidiaries *(note 17)*	–	–	27,710	27,710
Additions	1,950	–	–	1,950
Amortisation provided during the year	(37)	(6)	(4,657)	(4,700)
Exchange realignment	65	–	–	65
At 31 March 2011	3,509	30	23,053	26,592
At 31 March 2011:				
Cost	4,499	59	27,710	32,268
Accumulated amortisation and impairment	(990)	(29)	(4,657)	(5,676)
Net carrying amount	3,509	30	23,053	26,592

10. AVAILABLE-FOR-SALE INVESTMENTS

Group

	Group	
	2012	2011
	HK$'000	*HK$'000*
Unlisted equity investments, at cost	**10,650**	5,777
Unlisted equity investments, at fair value	**15,091**	–
Impairment	**(4,027)**	(4,027)
	21,714	1,750
Portion classified as non-current	**(6,623)**	(1,750)
Current portion	**15,091**	–

The above investments consist of investments in unlisted equity investments which were designated as available-for-sale investments and have no fixed maturity date or coupon rate.

As at 31 March 2012, certain unlisted equity investments with a carrying amount of HK$10,650,000 (2011: HK$5,777,000) were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of them in the near future.

As at 31 March 2012, certain unlisted equity investments with a carrying amount of HK$15,091,000 (2011: Nil) were measured at fair value. The Group intend to dispose of them in the near future.

At the end of the reporting period, a full provision of impairment of HK$4,027,000 (2011: HK$4,027,000) was made for available-for-sale investments with an original carrying value (before impairment) of HK$4,027,000 (2011: HK$4,027,000) because they have been making loss for years and have deficiency in assets at the end of the reporting period. The movements in the impairment provision during the year are as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
At beginning of year	**4,027**	3,921
Impairment losses recognised *(note 4)*	**–**	4,027
Derecognition on disposal	**–**	(3,921)
At end of year	**4,027**	4,027

11. GOODWILL

	Group 2012	2011
	HK$'000	*HK$'000*
Carrying amount at beginning of year	**37,729**	–
Acquisition of subsidiaries *(note 17)*	**11,066**	37,729
Carrying amount at end of year	**48,795**	37,729

Management considered that no impairment on goodwill was noted and believes that any reasonably possible change in any of the assumptions would not cause the aggregate carrying amount of the CGU to exceed its aggregate recoverable amount.

12. INVENTORIES

	Group 2012	2011
	HK$'000	*HK$'000*
Finished goods	**296,278**	257,881

13. TRADE RECEIVABLES

	Group 2012	2011
	HK$'000	*HK$'000*
Trade receivables	**271,346**	239,160
Impairment	**(815)**	(1,284)
	270,531	237,876

13. TRADE RECEIVABLES *(Continued)*

The Group's trading terms with customers vary with the type of products supplied. Invoices are normally payable within 30 days of issuance, except for well-established customers, where the terms are extended to over 60 days. For customer-specific and highly specialised items, deposits in advance or letters of credit may be required prior to the acceptance and delivery of the products. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise credit risk. A credit committee consisting of senior management and the directors of the Group has been established to review and approve large customer credits. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing. The carrying amounts of the trade receivables approximate to their fair values.

An aged analysis of the trade receivables as at the end of the reporting period, based on the payment due date, is as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Current	**160,591**	195,986
1 to 30 days	**40,895**	33,436
31 to 60 days	**15,605**	7,031
Over 60 days	**54,255**	2,707
	271,346	239,160

The movements in provision for impairment of trade receivables are as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
At beginning of year	**1,284**	937
Acquisition of a subsidiary	**375**	–
Impairment losses recognised/(reversed) *(note 4)*	**(477)**	347
Amount written off as uncollectible	**(347)**	–
Exchange realignment	**(20)**	–
At end of year	**815**	1,284

The above provision is for individually impaired trade receivables which related to customers that were in financial difficulties and only a portion of the receivables is expected to be recovered.

13. TRADE RECEIVABLES *(Continued)*

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Neither past due nor impaired	**160,430**	195,986
Less than 1 month past due	**40,895**	33,436
1 to 3 months past due	**15,500**	7,031
3 to 6 months past due	**53,706**	1,423
	270,531	237,876

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Group are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

14. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2012	2011
	HK$'000	*HK$'000*
Managed funds, outside Hong Kong, at market value	**45,822**	45,397
Listed equity investments, at market value:		
Hong Kong	**35,300**	7,131
Elsewhere	**4,728**	146,237
Debt securities, at market value	**25,279**	24,574
	111,129	223,339

The above equity investments at 31 March 2012 and 2011 were classified as held for trading.

15. TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED EXPENSES

An aged analysis of the trade payables, deposits received and accrued expenses as at the end of the reporting period, based on the invoice due date, is as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Trade payables:		
Current	**153,918**	133,632
1 to 30 days	**10,263**	27,801
31 to 60 days	**1,538**	459
Over 60 days	**1,426**	1,193
	167,145	163,085
Deposits received	**7,829**	8,143
Accrued expenses	**35,964**	20,897
	210,938	192,125

The trade payables are non-interest-bearing and are normally settled between 30 and 90 days. The carrying amounts of trade payables approximate to their fair values.

16. FINANCIAL GUARANTEE OBLIGATION

During the year, the Company has provided financial guarantees to a jointly-controlled entity (2011: an associate) in relation to the bank lending facilities granted to a jointly-controlled entity (2011: an associate), and the Company will make payments to reimburse the lenders upon failure of the guaranteed entities to make payments when due.

As at 31 March 2012, the carrying amount of the financial guarantee obligation of the Group amounted to HK$4,030,000 (2011: HK$1,262,000), based on the valuation from an independent professionally qualified valuer engaged by the Group, less cumulative amortisation. The method used in determining the fair value of these guarantees was by reference to the recovery rate and key financial ratio of the guaranteed entities.

17. ACQUISITION OF SUBSIDIARIES

On 31 May 2011, the Group acquired all the equity interests in Bestore Limited ("Bestore") at a cash consideration of HK$811,000. The principal activity of Bestore is investment holding.

On 3 June 2011, the Group acquired an additional 50% equity interest in a former associate, Signeo Venture Partners Limited ("SVP") (formerly known as Darwin Investment Strategies Limited), at a cash consideration of HK$1, and SVP has become a wholly-owned subsidiary of the Group. The principal activity of SVP is investment holding.

On 8 July 2011, the Group acquired all the equity interests in People & Semiconductor Co., Ltd ("P&S") at a cash consideration of KRW6,209,700,000 (equivalent to HK$45,444,000). The principal activity of P&S is the trading of electronic components.

17. ACQUISITION OF SUBSIDIARIES *(Continued)*

On 23 February 2012, the Group acquired an additional 50% equity interest in a former jointly-controlled entity, FLEX Technology Limited ("FLEX"), at a cash consideration of HK$1, and FLEX has become a wholly-owned subsidiary of the Group. FLEX was dormant during the year.

The fair values of the identifiable assets and liabilities as at the date of acquisition were as follows:

	Notes	**Fair value recognised on acquisition** *HK$'000*
Property, plant and equipment		4,391
Intangible assets	*9*	403
Intangible assets in relation to customer relationships	*9*	10,927
Other deposits		249
Equity investments at fair value through profit or loss		24,294
Inventories		39,342
Trade and other receivables		42,634
Loan to an ex-shareholder		15,964
Amount due to a jointly-controlled entity		15,964
Cash and bank balances		3,376
Trade and other payables		(61,405)
Amounts due from associates		(1,393)
Interest-bearing bank borrowings		(24,362)
Tax payables		(1,270)
Deferred tax liability		(2,644)
Total identifiable net assets at fair value		66,470
Waiver of a loan to an ex-shareholder		(15,964)
Gain on bargain purchase recognised in other income and gains in the consolidated income statement	*3*	(19)
Goodwill on acquisition	*11*	11,066
		61,553
Fair value of equity interest previously held as:		
Investments in associates		684
Investment in a jointly-controlled entity		(15,982)
Satisfied by cash		46,255

17. ACQUISITION OF SUBSIDIARIES *(Continued)*

On 1 April 2010, the Group acquired an additional 1% equity interest in a former associate, Signeo Design International Limited ("SDI"), at a cash consideration of HK$100,000, and SDI has become a non-wholly-owned subsidiary of the Group. The principal activity of SDI is the trading of consumer electronic products.

On 4 August 2010, the Group acquired all the equity interests in Ditec Company Limited ("Ditec") at a cash consideration of HK$28,000,000. The principal activity of Ditec is the trading of electronic components.

On 22 March 2011, the Group acquired a 75% equity interest in Signeo International Limited ("SIL") by exercising a convertible note for 300,007 shares at a conversion price of US$2.6666 per share. The principal activity of SIL is the trading of consumer electronic products.

The fair values of the identifiable assets and liabilities as at the date of acquisition were as follows:

	Notes	**Fair value recognised on acquisition** HK$'000
Net assets acquired:		
Property, plant and equipment		324
Available-for-sale investments		1,900
Equity investments at fair value through profit or loss		60
Investments in associates		6,581
Inventories		6,800
Trade and other receivables		27,143
Amounts due from former shareholders		9,266
Cash and bank balances		6,688
Amounts due to fellow subsidiaries		(30,203)
Trade and other payables		(51,480)
Intangible assets in relation to customer relationships	*9*	27,710
Deferred tax liabilities		(4,572)
Total identifiable net assets at fair value		217
Non-controlling interests		699
Goodwill on acquisition	*11*	37,729
		38,645
Fair value of equity interests previously held as investments in associates		(4,305)
		34,340

17. ACQUISITION OF SUBSIDIARIES *(Continued)*

	HK$'000
Satisfied by cash	28,100
Satisfied by conversion of a convertible note	6,240
	34,340

The fair values of trade and other receivables as at the date of acquisition amounted to HK$42,634,000 (2011: HK$27,143,000). The gross contractual amount of trade and other receivables was HK$43,009,000 (2011: HK$27,143,000), of which HK$375,000 (2011: Nil) is expected to be uncollectible.

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	2012 *HK$'000*	2011 *HK$'000*
Cash consideration	**(46,255)**	(28,100)
Repayment of amounts due from former shareholders	**–**	9,266
Cash and bank balances acquired	**3,376**	6,688
Net outflow of cash and cash equivalents included in cash flows from investing activities	**(42,879)**	(12,146)

Since the acquisitions, the acquired subsidiaries contributed HK$140,036,000 (2011: HK$238,781,000) to the Group's turnover and HK$1,435,000 (2011: HK$8,278,000) to the consolidated profit for the year ended 31 March 2012.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year would have been HK$3,429,757,000 (2011: HK$3,184,254,000) and HK$2,558,000 (2011: HK$125,199,000), respectively.

The Group incurred transaction costs of HK$1,332,000 (2011: HK$330,000) for these acquisitions. These transaction costs have been expensed and are included in administrative expenses in the consolidated income statement. Gain on a bargain purchase of HK$19,000 of FLEX during the year was recognised in the income statement because the acquisition was a bargain purchase.

18. DISPOSAL OF SUBSIDIARIES

Pursuant to the approval of the share transfer agreement dated on 31 May 2011, the Group disposed all equity interests in Dragon Favour Technology Limited at a cash consideration of RMB40,800,000 (equivalent to approximately HK$49,337,000).

On 19 January 2012, the Group disposed all equity interests in Megatech Technology Limited to an associate at a cash consideration of HK$288,000.

On 2 February 2012, the Group disposed 68.75% equity interests in Signeo Venture Limited (formerly known as Memoriki Venture Limited) at a cash consideration of HK$7,000.

On 21 February 2012, the Group disposed all equity interests in Bestore at a cash consideration of HK$1,008,000.

18. DISPOSAL OF SUBSIDIARIES *(Continued)*

	HK$'000
Net assets disposed of:	
Investments in associates	33,872
Amount due from an associate	1,244
Available-for-sale investments	4,000
Equity investments at fair value through profit or loss	25,489
Trade and other receivables	9,478
Cash and bank balances	3,163
Trade payables	(6,322)
Amounts due to fellow subsidiaries	(6,911)
Amount due to an associate	(500)
Other payables	(27,394)
Sale loan	(31,466)
	4,653
Fair value of investments in associates retained and reclassified to available-for-sale investments upon disposal	(15,091)
Sale loan	31,466
Gain on disposal of subsidiaries *(note 4)*	29,612
Consideration	50,640
Satisfied by:	
Cash	50,640

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	HK$'000
Cash consideration	50,640
Cash and bank balances disposed of	(3,163)
Net inflow of cash and cash equivalents in respect of disposal of subsidiaries	47,477

19. EVENTS AFTER THE REPORTING PERIOD

(a) Acquisition of Nitgen&Company Co., Ltd.

On 10 May 2012, New Concept Capital Limited ("New Concept"), a wholly-owned subsidiary of the Company and Ocean Be Holdings Co., Ltd. (the "Vendor") entered into a sales and purchase agreement whereby New Concept has conditionally agreed to acquire from the Vendor 7,179,925 common shares of Nitgen&Company Co., Ltd. ("Nitgen"), representing approximately 20.28% of the issued shares of Nitgen (the "Nigen Acquisition"). Nitgen's shares are listed on KOSDAQ and Nitgen is principally engaged in the provision of biometric solutions.

19. EVENTS AFTER THE REPORTING PERIOD *(Continued)*

(a) Acquisition of Nitgen&Company Co., Ltd. *(Continued)*

The total consideration for the Nitgen Acquisition is KRW13 billion (equivalent to approximately HK$88.44 million), subject to adjustments.

Further details on the investment are included in the Company's announcement on 10 May 2012.

The Nitgen Acquisition has not yet been completed as at the date of approval of these financial statements.

(b) Formation of a joint venture and subscription of the joint venture company shares

(i) Initial Subscription in Joint Venture Company (as defined below)

On 8 June 2012, AV Electronics Group Limited ("AVEGL"), a wholly-owned subsidiary of the Group and Forever Century Limited ("FCL") and Law Lai Sim Sara entered into the Joint Venture Agreement pursuant to which immediately after signing of the Joint Venture Agreement, FCL has acquired the one subscriber's share of Asset Vehicle Investments Limited (the "Joint Venture Company") at HK$1, and AVEGL and FCL have subscribed for 85 Joint Venture Company's shares at HK$85 and for 14 Joint Venture Company's shares at HK$14 respectively (the "Initial Subscription"), after which the Joint Venture Company has become a company owned as to 85% by AVEGL and as to 15% by FCL.

(ii) Additional Subscription in the Joint Venture Company

If the Joint Venture Company would proceed with the acquisition of 深圳市威爾達電子有限公司, Welldone Electronics (Hong Kong) Limited and Khuawei Technology (Hong Kong) Limited, collectively, the "Target Companies" (the "Acquisition") and subject to the fulfilment upon the approval having been obtained from the shareholders for the subscription by AVEGL and FCL for 765 Joint Venture Company's shares at a subscription price of HK$42,223,410 and 135 Joint Venture Company's shares at a subscription price of HK$7,451,190 respectively (the "Additional Subscription") and the Acquisition on or before 31 October 2012 (or such other date agreed by AVEGL and FCL). If such condition precedent is not fulfilled by 31 October 2012 (or such other date agreed by AVEGL and FCL), the Additional Subscription shall not proceed. In such case, notwithstanding any provisions in the Joint Venture Agreement, AVEGL shall forthwith acquire from FCL, and FCL shall forthwith sell to AVEGL, the 15 Joint Venture Company's shares owned by FCL at HK$1 per Joint Venture Company's share.

Further details on the investment are included in the Company's announcement on 8 June 2012.

BUSINESS REVIEW AND PROSPECTS

The following sets out the financial highlights for the year ended 31 March 2012, with the comparative figures for the corresponding financial year of 2011.

	2012	2011
	HK$'million	*HK$'million*
		(Restated)
Revenue		
Semiconductor distribution	**3,064.3**	2,801.3
Consumer electronic product	**278.9**	105.8
LED	**23.3**	2.0
	3,366.5	2,909.1
Profit/(loss) before interest, tax, depreciation, amortisation and non-cash items		
Corporate	**(20.4)**	67.2
Semiconductor distribution	**61.5**	50.4
Consumer electronic product	**10.3**	19.5
LED	**(14.8)**	5.4
	36.6	142.5
Depreciation and amortisation		
Corporate	**(1.4)**	(0.8)
Semiconductor distribution	**(8.1)**	(5.5)
Consumer electronic product	**(3.6)**	(3.0)
LED	**(0.0)**	(0.0)
	(13.1)	(9.3)
Profit before interest and tax	**23.1**	132.8
Interest expenses	**(17.8)**	(11.0)
Profit before tax	**5.3**	121.8
Income tax	**(4.8)**	1.3
Profit for the year	**0.5**	123.1

BUSINESS REVIEW

Unanticipated challenges emerged and hit the industry in 2011. Global consumer confidence was weakened by the economic turmoil brought about by the European sovereign debt crisis and the uncertain US economy. The earthquake and tsunami in Japan has also temporarily disrupted the international electronics components supply chain. Nonetheless, our established operational foundation and successful business strategies have enabled AV Concept to achieve satisfactory results in its three core businesses of consumer electronic products, semiconductor distribution and LED businesses while enlarging its geographical footprint. For the year ended 31 March 2012, the Group's turnover soared from HK$2,909.1 million to HK$3,366.5 million. Gross profit surged by 86.4% to HK$260.2 million (2011: HK$139.6 million) mainly attributed to improvement in sales from the semiconductor distribution and consumer electronics businesses both driven by the increasing popularity of smart phones and other mobile devices in the world. The Group's strategies of owning its brands and moving its businesses upstream enabled it to command higher prices for its innovative quality products, consequently achieving a higher gross profit margin of 7.7% (2011: 4.8%).

However, there was an accounting book loss of HK$20.4 million in the Group's Corporate EBITDA, mainly due to the fair value loss of the Group's equity shareholdings on Accupix Co. Ltd (056730: KQ, "Accupix") listed on KOSDAQ. As a result, the overall Group's EBITDA dropped to HK$36.6 million and net profit was HK$0.5 million (2011: HK$123.1 million) for the year ended 31 March 2012. To rationalise its strategic investment in Accupix as well as other resources and focus on businesses with greater growth potential, the Group has disposed of shares in Accupix at a total consideration of approximately HK$104.6 million to the market during the year. With reference to its initial investment in Accupix, net proceeds received from the disposal are approximately HK$47.3 million, representing a rise of 120% from the original acquisition price.

Consumer Electronic Product Business

Advanced new portable gadgets such as smart phones, e-books and tablet computers are increasing in popularity which in turn drives demand for associated peripheral electronic products, for example, high-end Bluetooth headsets and related accessories. By riding this favourable global trend, turnover of the consumer electronic product business rose significantly by 163.6% to HK$278.9 million (2011: HK$105.8 million), 8.2% of the Group's total revenue, mainly derived from the new sales of its successful brand SOUL by Ludacris®.

Collaborating with the Grammy-winning and globally renowned artist, Chris "Ludacris" Bridges, this new line has enjoyed an overwhelming response in the market since its worldwide debut in early 2011 due to its unique combination of the superior sound quality of a professional headphone and its stylish design. During the year, the Group strategically introduced the product line through distribution partnerships within major target markets, including the USA, Canada, Mainland China and South Korea, thus further expanding its footprint. Launching an innovative marketing campaign, the Group has further collaborated with celebrity musicians and athletes such as the Jamaican Olympic gold medallist Usain Bolt, Spanish international footballer Cesc Fabregas and NBA superstar Dwight Howard as the brand's ambassadors, to pave the way to new markets including the European Union, South Africa and India in 2012. Propelled by the celebrity spotlight, SOUL by Ludacris® has firmly established its brand image and further bolstered its global presence as the diversification of its customer base gains momentum. The Group is confident that this product line will become a key revenue driver in the foreseeable future and is committed to devote more marketing efforts to solidify its foundation.

Semiconductor Distribution Business

The popularity of advanced new portable gadgets drove a stronger demand for semiconductor products used in consumer electronic products during the year. As a result, the Group's semiconductor distribution business achieved a notable growth in turnover of 9.4% to HK$3,064.3 million, representing 91% of the Group's total revenue.

For this business segment, the key strategies of the Group have consistently been to broaden the distribution network, diversify the product mix and expand the customer base. During the year, it has fortified its semiconductor distribution business through share subscription in companies with extensive distribution networks. In July 2011, the Group has fully acquired the entire issued shares of People & Semiconductor Co., Ltd. ("P&S"), a Korean company principally engaged in the distribution business of semiconductor products of Fairchild Semiconductor International Inc. ("Fairchild Semiconductor"), in Korea. Furthermore, in January 2012, the Group has increased its share subscription in the Group's jointly-controlled entity, AVP Electronics Limited, which is primarily engaged in the trading of semiconductors and electronic components. With this extended semiconductor distribution network in place, this business segment is expected to sustain steady growth in the coming year.

In view of the increasing global trend of power conversion efficiency and saving energy, AV Concept will focus its resources in developing this business by delivering more new green products. This direction is aimed at strengthening its competitiveness and building a more profitable product portfolio, and, ultimately, improving the Group's overall performance.

LED Business

The rapid urbanisation and subsequently thriving development of real estate in the PRC has spurred rapid growth of the general lighting market. Driven by encouraging orders received from LED packaging companies in the PRC, the Group's wholly-owned subsidiary Wavesquare and its LED solutions have made strides in the business of this segment with a ten-fold growth surge, reaching HK$23.3 million for the year ended 31 March 2012.

The global lighting industry is driven by the increasing demand for lamps and lighting products in both urbanised and rapidly urbanising markets. According to Freedonia market research, the global demand for lamp products will grow from US$29 billion in 2008 to US$39 billion in 2014, a CAGR of 5%, primarily contributed by the enormous demand for lighting from the USA, China, Japan and Europe. Just as important, China's 12th Five Year Plan (12th FYP) for the 2011-2015 period announced the promotion of LED lighting to replace high energy consuming incandescent illuminating by 2016. All these factors are favourable to the Group's business direction of advancing technology through green and environmentally-friendly electronic components. Coupled with the expanded production capacity, stringent cost control measures and the rising market demand for LEDs, the sector is expected to turn around in the coming year.

PROSPECTS

Current economic conditions present both challenges and opportunities to the consumer electronics industry. Only products which deliver real value will be successful. AV Concept is determined to focus on strategies within its core businesses that enhance its competitiveness and profitability, and will also closely monitor market trends to develop products that satisfy consumers' needs and incorporate the latest technologies available.

Over the years, the Group has successfully established a unique differentiation for its high definition headphones under the SOUL by Ludacris® brand through the superior sound quality with a distinctive flair for self-expression and individual style. Following penetration of new markets including the European Union and South Africa, the Group is striving to lay a foundation for future business development through a range of marketing activities to amplify the brand image and extend its reach across the international market in terms of coverage and sales. This product segment is set to be the Group's principal growth driver in the coming years.

Regarding its semiconductor distribution business, the Group will continue to leverage its diversified product portfolio, established distribution network and extensive clientele to achieve steady growth. Noting the rising public concern about energy conservation, the Group plans to engage in the business of more green and energy-saving electronic components as a way to protect the environment.

To further tap the LED industry, the Group has conditionally agreed to acquire approximately 20.28% of the issued shares in Nitgen, a Korean company listed on KOSDAQ, at a total consideration of approximately HK$88.44 million in May 2012. Nitgen has developed LED segment with good development prospects and potential synergy with the Group's LED business. AV Concept is continuing to explore and evaluate business opportunities between Nitgen and its current core businesses through restructuring. The acquisition is in line with the Group's development strategy which enables the Group to plan ahead in broadening its product range towards downstream products, for example, LED light bulbs, general lighting and street lamps.

By continuing to closely monitor developments in the market and technological trends, AV Concept's management team will make every effort to strongly position the Group to capture fresh opportunities, paving the way for long-term growth.

LIQUIDITY AND FINANCIAL RESOURCES

The total debt position as at 31 March 2012 and the corresponding gearing ratio are shown as follows:

	2012	2011
	HK$'million	*HK$'million*
		(Restated)
Bank debts	**579.0**	507.3
Cash and cash equivalents	**166.5**	287.4
Equity investments at fair value through profit or loss	**111.1**	223.3
Cash and cash equivalents and equity investments	**277.6**	510.7
Total equity	**634.7**	680.2
Total debt to total equity	**91%**	75%

As at 31 March 2012, the Group had cash and cash equivalents (i.e. cash and bank balances and time deposits) of HK$166.5 million (2011: HK$287.4 million), while the Group's equity investments at fair value through profit or loss amounted to HK$111.1 million (2011: HK$223.3 million). The equity investments included a balanced mix of fixed income, equity and alternative investments and such amount represented the cash reserves held for the Group's medium to long term business development and would form an integral part of the Group's treasury.

The total debt to total equity ratio as at 31 March 2012 was 91% (2011: 75%), while the Group's total equity as at 31 March 2012 was HK$634.7 million (2011: HK$680.2 million), with the total balances of cash and cash equivalents and equity investments as at 31 March 2012 of HK$277.6 million (2011: HK$510.7 million).

The working capital position of the Group remains healthy. As at 31 March 2012, the liquidity ratio was 127% (2011: 148%).

	2012	2011
	HK$'million	*HK$'million*
Current assets	**950.2**	1,037.8
Current liabilities	**(750.9)**	(702.4)
Net current assets	**199.3**	335.4
Current assets to current liabilities (%)	**127%**	148%

The management is confident that the Group follows a prudence policy in managing its treasury position, and maintains a high level of liquidity to ensure that the Group is well placed to take advantage of growth opportunities for the business.

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

During the year, the Company repurchased a total of 16,368,000 ordinary shares of the Company at an aggregate consideration of approximately HK$12,485,540 on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and the details of the repurchases are as follows:

Month of repurchase	**Number of ordinary shares repurchased**	**Price per ordinary share Highest**	**Price per ordinary share Lowest**	**Aggregate consideration**
		(HK$)	*(HK$)*	*(HK$)*
August 2011	6,860,000	1.25	0.72	5,959,500
September 2011	4,864,000	0.74	0.54	3,181,480
October 2011	562,000	0.61	0.59	338,800
November 2011	2,612,000	0.75	0.71	1,910,360
December 2011	1,306,000	0.79	0.74	995,280
January 2012	164,000	0.63	0.60	100,120
	16,368,000			12,485,540

Save of the disclosed above, neither the Company nor any of its subsidiaries had repurchased, sold or redeemed any of the listed securities of the Company during the year.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 March 2012. The Corporate Governance Report set out in the 2012 Annual Report serves to keep our shareholders and stakeholders abreast of our corporate governance practices and policies.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry with the Directors, all Directors confirmed that they have complied with the required standard as set out in the Model Code throughout the year ended 31 March 2012.

AUDIT COMMITTEE

The Company has an Audit Committee, which was established in accordance with the requirements of the Listing Rules, for the purposes of reviewing and providing supervision over the Group's financial reporting processes and internal controls. The Audit Committee, comprising three Independent Non-executive Directors, namely Dr. Hon. Lui Ming Wah, SBS, JP, Mr. Charles E. Chapman and Mr. Wong Ka Kit, have reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the financial statements for the year ended 31 March 2012.

CLOSURE OF REGISTER OF MEMBERS

The Annual General Meeting of the Company is scheduled on Friday, 3 August 2012. For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Wednesday, 1 August 2012 to Friday, 3 August 2012, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 31 July 2012.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2012 (2011: HK4 cents).

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is available for viewing on the website of the Stock Exchange at www.hkex.com.hk and at the website of the Company at www.avconcept.com. An annual report for the year ended 31 March 2012 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and available on the above websites in due course.

By Order of the Board
AV CONCEPT HOLDINGS LIMITED
So Yuk Kwan
Chairman

Hong Kong, 20 June 2012

As at the date of this announcement, the Board comprises three executive Directors, Dr. Hon. So Yuk Kwan (Chairman), Mr. So Chi On and Mr. Ho Choi Yan Christopher, and three independent non-executive Directors, Dr. Hon. Lui Ming Wah, SBS, JP, Mr. Charles E. Chapman and Mr. Wong Ka Kit.