IDT INTERNATIONAL LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 167)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR ENDED MARCH 31, 2012

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

Financial highlights

- Turnover decreased 1.6% to HK$1,597.1 million.
- Gross profit decreased to HK$484.5 million (HK$532.7 million last year).
- Total operating expenses including other gains and losses decreased 10.1% to HK$524.9 million.
- Attributable loss reduced to HK$30.4 million, compared with the loss of HK$49.6 million last year.
- Equity attributable to owners of the company at HK$577.1 million (HK$621.5 million last year).
- Group net cash balances increased 40.9% to HK$145.5 million (HK$103.3 million last year) with decrease in total bank borrowings.

RESULTS

The board of directors (the "Board") of IDT International Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended March 31, 2012, together with comparative audited figures for the year ended March 31, 2011 are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTES	Year ended March 31, **2012** **HK$'M**	2011 HK$'M
Turnover	3	**1,597.1**	1,623.6
Cost of goods sold		**(1,112.6)**	(1,090.9)
Gross profit		**484.5**	532.7
Other income		**21.5**	12.5
Other gains and losses		**(6.4)**	(39.2)
Research and development costs		**(85.0)**	(86.6)
Distribution and selling expenses		**(247.1)**	(266.1)
General administrative expenses		**(186.4)**	(191.8)
Interest on bank and other borrowings wholly repayable within five years		**(6.4)**	(7.1)
Loss before taxation	4	**(25.3)**	(45.6)
Taxation	5	**(5.1)**	(1.6)
Loss for the year		**(30.4)**	(47.2)
Other comprehensive (expense)/income:			
Exchange differences arising on translation of foreign operations		**(16.1)**	12.0
Total comprehensive expenses for the year		**(46.5)**	(35.2)
(Loss)/profit for the year attributable to:			
Owners of the Company		**(30.4)**	(49.6)
Non-controlling interests		**-**	2.4
		(30.4)	(47.2)
Total comprehensive (expense)/income attributable to:			
Owners of the Company		**(46.5)**	(37.5)
Non-controlling interests		**-**	2.3
		(46.5)	(35.2)
Loss per share			
- Basic and diluted	6	**(1.22) HK cents**	(1.98) HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	At March 31 2012 HK$'M	At March 31 2011 HK$'M
Non-current assets			
Property, plant and equipment		**88.1**	132.9
Intangible assets		**58.0**	46.8
Goodwill		**33.9**	34.1
Available-for-sale investments		**0.9**	0.4
Deferred tax assets		**26.4**	38.9
Deposit paid for acquisition of property, plant and equipment		**3.4**	-
		210.7	253.1
Current assets			
Inventories		**253.5**	295.7
Trade and other receivables	7	**215.7**	264.6
Taxation recoverable		**-**	0.4
Held for trading investment		**-**	5.7
Forward contract assets		**0.2**	-
Short-term bank deposits		**50.0**	74.2
Bank balances and cash		**287.5**	340.9
		806.9	981.5
Current liabilities			
Trade and other payables and accruals	8	**239.9**	273.0
Bills payables		**-**	0.1
Obligations under finance leases due within one year		**0.5**	0.1
Forward contract liabilities		**-**	12.4
Taxation payable		**4.5**	2.5
Bank loans		**102.0**	305.9
Bank overdrafts		**-**	5.8
		346.9	599.8
Net current assets		**460.0**	381.7
Total assets less current liabilities		**670.7**	634.8
Non-current liabilities			
Obligations under finance leases due after one year		**0.6**	0.1
Bank loans		**90.0**	-
Deferred tax liabilities		**2.9**	13.1
		93.5	13.2
Net assets		**577.2**	621.6
Capital and reserves			
Share capital		**250.2**	250.2
Reserves		**326.9**	371.3
Equity attributable to owners of the Company		**577.1**	621.5
Non-controlling interests		**0.1**	0.1
Total equity		**577.2**	621.6

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated results were prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations, including Hong Kong (International Financial Reporting Interpretations Committee) Interpretations ("HK (IFRIC)-INT"), issued by the Hong Kong Institute of Certified Public Accountants ("the HKICPA"), and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related party disclosures
Amendments to HK(IFRIC)–INT 14	Prepayments of a minimum funding requirement
HK (IFRIC)–INT 19	Extinguishing financial liabilities with equity instruments

The adoption of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current or prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 cycle[2]
Amendments to HKFRS 7	Disclosures – Transfers of financial assets[1]
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities[2]
Amendments to HKFRS 7 and HKFRS 9	Mandatory effective date of HKFRS 9 and transition disclosures[3]
HKFRS 9	Financial instruments[3]
HKFRS 10	Consolidated financial statements[2]
HKFRS 11	Joint arrangements[2]
HKFRS 12	Disclosure of interests in other entities[2]
HKFRS 13	Fair value measurement[2]
Amendments to HKAS 1	Presentation of items of other comprehensive income[5]
Amendments to HKAS 12	Deferred tax: Recovery of underlying assets[4]
HKAS 19 (as revised in 2011)	Employee benefits[2]
HKAS 27 (as revised in 2011)	Separate financial statements[2]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[6]
HK(IFRIC) - INT 20	Stripping costs in the production phase of a surface mine[2]

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

HKFRS 9 "Financial Instruments"

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors of the Company anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for its annual period beginning April 1, 2015. The directors are in the process of assessing the impact on application on HKFRS 9 and the directors anticipate that these amendments to HKFRS 9 will have an impact on classification and measurement of the Group's available-for-sale investments and held for trading investment measured at deemed cost as at March 31, 2012.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK (SIC)-INT 12 "Consolidation – Special purpose entities". HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning April 1, 2013 and these five standards will have no material impact on the results and financial position of the Group.

<u>HKFRS 13 "Fair Value Measurement"</u>

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial Instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning April 1, 2013 and the application of the new Standard will result in more extensive disclosures in the consolidated financial statements.

<u>Amendments to HKAS 1 "Presentation of items of other comprehensive income"</u>

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for the Group’s annual period beginning April 1, 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and financial position of the Group.

3. SEGMENT INFORMATION

Turnover represents the amounts received and receivable for goods sold by the Group to outside customers, net of discounts and sales related taxes. Turnover represents mainly Oregon Scientific branded sales ("Branded sales") and Original Equipment Manufacturer and Original Design Manufacturer sales ("OEM/ODM Sales").

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segments:

	LCD consumer electronic products HK$'M	Electronic learning products HK$'M	Tele-communication, digital media and other consumer electronic products HK$'M	Total HK$'M
Year ended March 31, 2012				
Segment revenue				
Branded sales	**318.4**	**252.8**	**172.5**	**743.7**
OEM/ODM sales	**592.4**	**95.1**	**165.9**	**853.4**
Total segment revenue	**910.8**	**347.9**	**338.4**	**1,597.1**
Segment profit (loss)	**9.9**	**(21.3)**	**0.1**	**(11.3)**
Unallocated income				**1.4**
Unallocated expense				**(3.3)**
Impairment losses recognized in respect of financial instruments				**(5.7)**
Finance costs				**(6.4)**
Loss before taxation				**(25.3)**
Year ended March 31, 2011				
Segment revenue				
Branded sales	343.1	284.8	163.8	791.7
OEM/ODM sales	515.5	77.0	239.4	831.9
Total segment revenue	858.6	361.8	403.2	1,623.6
Segment profit (loss)	8.5	(15.1)	(7.8)	(14.4)
Unallocated income				1.4
Unallocated expense				(6.6)
Impairment losses recognized in respect of financial instruments				(11.2)
Loss on change in fair value of financial assets classified as held for trading investment				(7.7)
Finance costs				(7.1)
Loss before taxation				(45.6)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both years.

Segment profit (loss) represents the profit (loss) earned by each segment without allocation of impairment losses recognised in respect of financial instruments, loss on change in fair value of financial assets classified as held for trading investment, interest income, unallocated expense such as central administrative cost and finance costs. This is the measure reported to the Group's chief operating decision maker, for the purposes of resource allocation and performance assessment.

Information about major customers

The Group has a very wide customer base, no single customer contributed over 10% of the total revenue of the Group for both years.

4. LOSS BEFORE TAXATION

	2012	2011
	HK$'M	HK$'M
Loss before taxation has been arrived at after charging:		
Directors' remuneration	**7.0**	8.6
Retirement benefits scheme contributions for other staff, net of forfeited contributions of HK$1.6 million (2011: HK$0.3 million)	**21.5**	19.2
Share option benefits expenses for other staff	**1.7**	1.0
Salaries for other staff	**328.8**	298.7
Others benefits for staff other than directors	**12.1**	3.5
Other staff costs	**364.1**	322.4
Total staff costs	**371.1**	331.0
Less : Staff costs capitalised in product development costs	**(17.6)**	(15.6)
Staff costs included in research and development costs	**(22.6)**	(29.6)
	330.9	285.8
Amortisation of product development costs included in research and development costs	**19.8**	36.2
Amortisation of patents and trademarks included in research and development costs	**2.0**	0.7
Auditors' remuneration	**4.6**	4.7
Cost of inventories recognised as expense	**1,107.9**	1,080.9
Depreciation of property, plant and equipment		
- held under finance leases	**1.3**	1.3
- owned by the Group	**59.4**	60.3
Operating lease rentals in respect of		
- office equipment and motor vehicles	**1.0**	0.9
- rented premises	**39.6**	33.0
Write down of inventories (included in cost of goods sold)	**4.7**	10.0
and after crediting to other income:		
Interest income	**1.4**	1.4
Sales of moulds and scraps	**2.5**	2.4

5. TAXATION

The charge comprises:

	2012	2011
	HK$'M	HK$'M
Hong Kong Profits Tax		
- current year	**(3.8)**	(3.0)
- overprovision in prior years	**1.1**	2.0
Taxation in other jurisdictions		
- current year	**(0.6)**	(0.8)
	(3.3)	(1.8)
Deferred taxation		
- current year	**(1.8)**	0.2
	(5.1)	(1.6)

Hong Kong Profits Tax is calculated at 16.5% of estimated assessable profits for both year. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

6. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company for the year is based on the following data:

	2012	2011
	HK$'M	HK$'M
Loss:		
Loss for the year attributable to owners of the Company and loss for the purposes of basic and diluted loss per share	**(30.4)**	(49.6)

	2012	2011
Number of ordinary shares:		
Number of ordinary shares for the purposes of basic and diluted loss per share	**2,502,271,088**	2,502,271,088

The computation of diluted loss per share for the years ended March 31, 2012 and 2011 does not assume the exercise of the Company's outstanding share options as the inclusion of those options would result in decrease in loss per share for both years.

7. TRADE AND OTHER RECEIVABLES

The following is an aged analysis of trade receivables (net of allowance for doubtful debts) presented based on the invoice date at the reporting date.

	3.31.2012	3.31.2011
	HK$'M	HK$'M
0 to 30 days	**109.2**	112.8
31 to 90 days	**37.3**	52.5
Over 90 days	**12.6**	26.9
Trade receivables	**159.1**	192.2
Other receivables	**56.6**	72.4
Total trade and other receivables	**215.7**	264.6

The Group normally allows credit period of 30 to 60 days to its trade customers. Customers with long business relationship and strong financial position are allowed to settle their balances beyond the normal credit terms up to 90 days.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK$16.0 million (2011: HK$43.9 million) which are past due at the reporting date for which the Group has not provided for impairment loss as the directors assessed that the balance will be recovered based on their settlement records. The Group does not hold any collateral over these balances. The average age of these receivables is 36.4 days (2011: 43.2 days).

Aging of trade receivables which are past due but not impaired:

	2012	2011
	HK$'M	HK$'M
Overdue less than 30 days	**5.9**	22.3
Overdue 31 to 90 days	**2.6**	2.8
Overdue more than 90 days	**7.5**	18.8
	16.0	43.9

8. TRADE AND OTHER PAYABLES AND ACCRUALS

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	3.31.2012	3.31.2011
	HK$'M	HK$'M
0 to 30 days	**33.9**	77.5
31 to 90 days	**48.7**	22.6
Over 90 days	**18.8**	14.5
Trade payables	**101.4**	114.6
Other payables and accruals	**138.5**	158.4
Total trade and other payables and accruals	**239.9**	273.0

FINANCIAL REVIEW

The recovery of the global economy has lagged, continuing to be buffeted by various unfavourable financial and political trends during the year under review. For the year ended March 31, 2012, the Group’s total turnover was HK$1,597.1 million, only a slight decrease of 2% when compared to HK$1,623.6 million recorded last year in view of the difficult operating conditions in the retail market. The revenue of Oregon Scientific (“OS”) branded products declined by 6% to HK$743.7 million, whilst the revenue of ODM/OEM products increased by 3% to HK$853.4 million.

Gross profit was HK$484.5 million compared to HK$532.7 million in the same period last year. Gross margin was 30%, a drop of 3 percentage point as a result of changes in product and channel mix, increases in labour and materials costs and sales of slow moving inventory with lower margins.

The research and development expense was HK$85.0 million. The investment in R&D stood at 5% of the Group’s total revenue and is a critical factor to drive our growth by enabling us to create innovative and stylish products.

With stringent cost controls in place, distribution and selling expenditures decreased by 7% to HK$247.1 million, representing 15% of the Group’s total revenue, compared to HK$266.1 million last year. General administrative expenditures were reduced by 3% to HK$186.4 million, representing 12% of Group’s total revenue, same as last year. Other non-operating losses were reduced to HK$6.4 million from HK$39.2 million last year, as net exchange losses of HK$2.6 million have been substantially improved against the losses of HK$10.8 million recorded last year, and impairment losses recognised in respect of financial instruments also substantially dropped to HK$7.3 million from HK$15.8 million recorded last year.

Total operating expenditures of the Group, including other gains and losses, research and development costs, distribution and selling expenses, and general administrative costs amounted to HK$524.9 million, a reduction of 10% against HK$583.7 million recorded last year. Total operating expenses as a percentage of the Group's total revenue were 33%, down 3 percentage points when compared to the proportion of 36% recorded last year.

Interest expenses for banks and other borrowings amounted to HK$6.4 million, down 10% as compared to HK$7.1 million last year, largely because of a reduction in bank borrowings.

Taxation amounted to HK$5.1 million compared to HK$1.6 million last year due to the increase in tax provision for Hong Kong profits tax and deferred tax charges that were made during the year.

The overall attributable loss after tax for the year was significantly reduced to HK$30.4 million from HK$49.6 million, a 39% improvement compared to the loss in the previous year.

BUSINESS REVIEW

Oregon Scientific

Sales revenues from the OS brand were HK$743.7 million, 47% of the Group's total revenue, and declining by 6% compared to HK$791.7 million last year. The decrease was mainly due to the sluggish market environment in the European and US markets, resulting from generally conservative customers of the Group and consumer purchasing sentiment. However, the performance in the Asia Pacific region, accounting for 22% of OS revenue, recorded a growth of 23% to HK$161.8 million.

Despite a decline of sales revenue within some traditional OS business product categories such as LCD products and Electronic Learning Products, the newly developed Health and Wellness and Sports and Fitness product series contributed 22% of total OS revenue, up by 7% to HK$163.8 million. The Health and Wellness and Sports and Fitness lines are successfully promoting the new concept of OS "Smart Living" product categories as they have been well received by the markets.

As part of restructuring our product mix, OS products will be regrouped and separated into different product categories, namely Time and Weather; Sports, Fitness & Health; Wellness and Beauty; Electronic Learning Products; and Others. The Time and Weather and Electronic Learning Products series, along with the former LCD product line, remain the core OS-branded product categories.

In the Time & Weather category, OS has developed new products incorporating the "QI" wireless charging technology, designed to become one of the major accessories catering for the existing and future smart phones. Another innovation is the new remote access weather station product series, riding on Internet technologies, emphasizing the wireless function and portability. Stylish personal accessories, such as smart watches, with time and updated weather information functions are also to be launched shortly.

Sports, Fitness and Health products are set to become one of the key product categories for OS in the near future. Following the success of the differentiated women's sports and fitness products, OS is focusing on the ATC (action camera) product line which utilise low energy Bluetooth technology. The innovation has been recognised in the industry as the "ATC Chameleon" action camera featuring a unique dual lens design has won the Red Dot Design Award. The "ATC X" featuring instant WiFi video playback, GPS, G-sensor and heart-rate monitor is to be officially launched to further strengthen the entire Sports, Fitness and Health product portfolio.

The Wellness & Beauty product category continues its strong growth momentum within Asia Pacific markets. OS is concentrating on developing innovative Wellness & Beauty products to expand its award-winning aroma diffuser and air sanitiser series to capture the growth potential within the region. The new NanoActiv Skin Restoring System, applying the advanced Nano-Cyclone Technology, has won the IF product design award (2012), the HKEIA award on innovations and technology (2012) and has been selected as one of the finalists in the Hong Kong Award for Industries (2012). OS is confident that the sales of Wellness & Beauty products will contribute significant sales growth.

In response to the overall sales decline in the children's laptops market, OS will introduce the new WiFi enabled kid tablet ("MEEP™"), a 7-inch color touch screen tablet running the Android operating system and offering music, movies, e-books and various educational and infotainment applications for children. MEEP™ was also displayed at the TIA 109th American International Toy Fair. In addition, within the Electronic Learning Products category, a brand new Smart Globe, with WiFi technology and a stylish new appearance, is to be launched shortly to extend the success of the Smart Globe product series.

OS' marketing strategy focuses on promoting its brand image guided by the "Smart Living" concept, both online and offline. OS flagship stores in Hong Kong, China and Italy have been renovated to reflect its new design concept and reinforce this image. To effectively address the growing importance of e-commerce, OS has invested in software applications to improve user interface and overall efficiency of our website and e-shop environment to enhance product sales through this channel. Last year, OS has integrated customer services for USA, Australia and Asia under a single service provider to bolster customer relations management by upgrading the standard of customer service and customer database management. The enhanced customer services integration for Europe will be implemented during the new financial year.

Value Manufacturing Services

Sales revenues contributed by the Value Manufacturing Services Division ("VMS") was HK$853.4 million, 53% of the Group's total revenue, up by 3% compared to HK$831.9 million achieved last year. The increase demonstrated the support of its ODM/OEM customers who recognise its strong technical competence, well managed manufacturing capabilities and excellent engineering support in new product development.

In terms of business segment performance, LCD products recorded a growth of 15% to HK$592.4 million compared to last year despite pressures on prices, raw materials and increase in manufacturing costs. Sales revenues of Electronic Learning Products also grew by 24% to HK$95.1 million riding on new product innovation leading to stronger support of customers. However, the sales revenues of Telecommunication and other products declined by 31% to HK$165.9 million due to the gradual elimination of low margin products.

VMS forecasts growth in the Sports, Fitness and Health product category and has invested in developing the technology platforms for Healthcare, Energy Monitoring and Management products, following the increase in demand and in step with wider awareness of an "Environmentally Friendly" and a "Smart Living" lifestyle.

OUTLOOK

The financial crisis in the EURO zone countries continues to impact the global economy as well as consumer confidence. In most major western countries where we operate, the economies remain sluggish with uncertain prospects. The consensus economic growth forecasts have come down, and the recent steep downturn in global financial markets have reinforced the disappointing trend. At the same time, the rising costs of both labour and materials continue to place pressure on the costs of goods as well as profit margins. The Group is continuing to take proactive measures to strive for business improvement. Key initiatives in this direction include:

- Realignment of key product categories and reallocation of resources to maximise sales and reduction of costs;
- Introduction and investment in new innovative products and expansion to new markets to secure new sources of revenue;
- Focus on investment in and developing China and other emerging markets to capture new business opportunities and extend our reach;
- Streamline our overseas organisational structure and internal operations to reduce operating costs and expenses;
- Continue to focus on establishing global core e-commerce expertise to manage e-commerce websites; enhance on-line marketing and web content to ensure consistency; and maximise and leverage the growth potential of this developing market channel.

To face the challenges of the sluggish global economy, the Group intends to continue its focus on execution of its restructuring strategy and new business models; streamlining operating costs and overhead to strengthen cash flow position; and maximising product margins. Through the efforts of our management team, we aim at strengthening our fundamentals and processes during bad times thereby paving the way to achieve a substantial improvement in business once the market rebounds.

WORKING CAPITAL

The inventory balance at March 31, 2012 was HK$253.5 million, decreased by 14% compared to the HK$295.7 million at March 31, 2011. The decrease is mainly due to continuous improvement in supply chain management. The inventory turnover improved from 99 days recorded last year, to 83 days this year.

Trade debtor balances at March 31, 2012 was HK$159.1 million, down by 17% compared to the HK$192.2 million shown at March 31, 2011 and this improvement is attributable to negotiation of commercial trade terms and improved collection capability for the year. Trade debtor's turnover reduced to 36 days compared to that of last year of 43 days.

LIQUIDITY AND TREASURY MANAGEMENT

At March 31, 2012, the cash and bank balances of the Group, including the short term bank deposits, were HK$337.5 million (March 31, 2011: HK$415.1 million).

During the year ended March 31, 2012, the Group generated its funds mainly from operating activities and bank borrowings. The net cash position (cash and bank balances less total bank borrowings and bills payables) at March 31, 2012 amounted to HK$145.5 million (March 31, 2011: HK$103.3 million). The Group maintained sufficient financial resources to meet all working capital requirements and finances of its commitments and still has a surplus of net cash over all bank borrowings.

The Group's exposure to foreign currency stems mainly from the net cash flow and net working capital translation achieved in its overseas subsidiaries. Hedging of foreign currency exposures is arranged through a combination of natural hedges and forward forex contracts. At March 31, 2012, there were forward contracts in place to hedge against possible exchange movements of 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 bank borrowings of the Group at March 31, 2012 reduced to HK$192.0 million (March 31, 2011: HK$311.8 million) which consisted of the short term bank loans of HK$102.0 million and long term bank loans of HK$90.0 million. The borrowings are mainly denominated in HK dollars and on a floating rates bases.

The debts incurred by the Group are mainly used for general corporate purposes, including capital or long term expenditures and working capital requirements.

Then gearing ratio (total borrowings over total equity) at March 31, 2012 and March 31, 2011 were approximately 33% and 50% respectively.

CHARGES ON GROUP ASSETS

At March 31, 2012, there were no finance charges on the Group's assets.

CAPITAL EXPENDITURE

Capital expenditure on property, plant and equipment for the year ended March 31, 2012 amounted to HK$16.6 million (2011: HK$28.1 million) which was all used for business operations and product development. Source of funds were financed by internal resources and borrowings.

There were no material acquisitions or disposals of subsidiaries and associated companies in the course of the year ended March 31, 2012.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended March 31, 2012.

CONTINGENT LIABILITIES

At March 31, 2012, the Group had no contingent liabilities (2011: nil).

HUMAN RESOURCES AND REMUNERATION POLICY

As at March 31, 2012, the Group had about 3,066 employees. The Group fully recognizes 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 organizations of similar size and business nature and are reviewed annually. The components of employee's remuneration package consist 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 year ended March 31, 2012.

CORPORATE GOVERNANCE

The Group is committed to achieving high standards of corporate governance. Throughout the year ended March 31, 2012, the Company has applied the principles and complied with the requirements set out in the Code on Corporate Governance Practices[note] ("CG Code") in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except for 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 code provisions and recommended best practices of the CG Code together with the reasons for any deviations are set out in the Corporate Governance Report contained in the Company's Annual Report.

Note: The Code on Corporate Governance Practices has been amended by the Stock Exchange and now known as Corporate Governance Code with effect from April 1, 2012.

REVIEW OF ACCOUNTS

The Audit Committee had reviewed with the management and the external independent auditor the results of the Group for the year ended March 31, 2012.

APPRECIATION

On behalf of the Board of Directors, I wish to express my gratitude to our shareholders and business associates for the continued support and extend our appreciation to our management team and staff members for their hard work and dedication in the past financial year.

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

Hong Kong, June 28, 2012

The Directors of the Company as at the date of this announcement are Dr. Raymond Chan (Chairman & Group 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.

Website : http://www.idthk.com