



# AUTOMATED SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

## INTERIM RESULTS ANNOUNCEMENT 2004

### RESULTS

The Board of Directors (the "directors") of Automated Systems Holdings Limited (the "Company") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months period ended 30th September, 2003:

#### Condensed Consolidated Profit and Loss Account

Notes	Unaudited Three months ended 30th September,		Unaudited Six months ended 30th September,	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TURNOVER (3)	<b>204,124</b>	292,478	<b>446,704</b>	523,141
Cost of sales	(141,106)	(206,494)	(321,916)	(362,950)
Other operating income	<b>10,253</b>	26,969	<b>11,420</b>	27,833
Sales and technical support costs	(50,462)	(65,136)	(108,955)	(132,096)
Distribution costs	(3,640)	(3,603)	(4,661)	(7,421)
Administrative expenses	(8,546)	(10,411)	(17,050)	(21,226)
Restructuring costs	(1,150)	(5,303)	(1,349)	(5,303)
<b>PROFIT FROM OPERATIONS (4)</b>	<b>9,473</b>	28,500	<b>4,193</b>	21,978
Finance costs	(105)	(485)	(224)	(775)
Share of results of associates	(61)	(95)	(74)	(163)
<b>PROFIT BEFORE TAXATION (5)</b>	<b>9,307</b>	27,920	<b>3,895</b>	21,040
Taxation	(294)	(1,701)	(294)	(1,957)
<b>PROFIT BEFORE MINORITY INTERESTS</b>	<b>9,013</b>	26,219	<b>3,601</b>	19,083
Minority interests	(685)	(132)	(919)	(145)
<b>PROFIT FOR THE PERIOD</b>	<b>8,328</b>	26,087	<b>2,682</b>	18,938
Interim dividend (6)	<b>2,910</b>	4,623	<b>2,910</b>	4,623
<b>EARNINGS PER SHARE (7)</b>				
Basic	<b>2.86 cents</b>	9.03 cents	<b>0.92 cents</b>	6.56 cents
Diluted	<b>2.86 cents</b>	9.01 cents	<b>0.92 cents</b>	6.54 cents

#### Condensed Consolidated Balance Sheet

Notes	Unaudited 30th September, 2003		Audited 31st March, 2003	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment (8)	<b>161,940</b>		162,617	
Intangible assets	<b>6,534</b>		7,069	
Interest in associates	<b>315</b>		389	
Club memberships	<b>900</b>		900	
	<b>169,689</b>		170,975	
<b>CURRENT ASSETS</b>				
Inventories (9)	<b>102,121</b>		101,976	
Trade receivables	<b>148,419</b>		142,246	
Other receivables, deposits and prepayments	<b>30,079</b>		24,669	
Investments in securities	<b>37,421</b>		56,293	
Bank balances and cash	<b>217,786</b>		295,831	
	<b>535,826</b>		621,015	
<b>CURRENT LIABILITIES</b>				
Trade and bills payables (10)	<b>120,034</b>		170,422	
Other payables and accruals	<b>42,094</b>		38,288	
Receipts in advance	<b>67,839</b>		93,920	
Taxation	<b>3,954</b>		4,731	
Bank borrowings	<b>18,387</b>		29,181	
	<b>252,308</b>		336,542	
<b>NET CURRENT ASSETS</b>	<b>283,518</b>		284,473	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>453,207</b>		455,448	
<b>NON-CURRENT LIABILITIES</b>				
Deferred taxation	<b>11,739</b>		11,739	
<b>MINORITY INTERESTS</b>	<b>5,672</b>		4,753	
	<b>435,796</b>		438,956	
<b>CAPITAL AND RESERVES</b>				
Share capital	<b>29,095</b>		29,091	
Reserves	<b>406,701</b>		409,865	
	<b>435,796</b>		438,956	

#### NOTES TO THE CONDENSED FINANCIAL STATEMENTS

##### 1. Basis of Preparation

The condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

##### 2. Principal Accounting Policies

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain properties and investments in securities.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st March, 2003, except for the adoption of:

SSAP 12 (Revised) "Income Taxes" which become effective in the current period. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. Comparative amounts have been restated accordingly. As a result of this change in policy, the accumulated profits as at 1st April, 2002 has been decreased by HK\$5,755,000 and has had no material effect on the results for each of the three months and six months ended 30th September, 2003 and 2002.

##### 3. Turnover and Segmental Information

Turnover represents the net amount received and receivable for goods sold by the Group to outside customers, less returns and allowances and service rendered, and is analysed as follows:

	Unaudited Three months ended 30th September,		Unaudited Six months ended 30th September,	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales of goods	<b>120,694</b>	199,766	<b>273,518</b>	370,241
Revenue from service contracts	<b>83,430</b>	92,712	<b>173,186</b>	152,900
	<b>204,124</b>	292,478	<b>446,704</b>	523,141

Although the Group sells computer products and provides a wide range of services, in the opinion of the directors, all the sales of goods and provision of services are IT related and, in most of the time, are negotiated under a single contract with a single customer. Accordingly, the directors consider that the Group is engaged in one single business segment, namely IT services, and mainly serves the Hong Kong market.

##### 4. Profit from Operations

	Unaudited Three months ended 30th September,		Unaudited Six months ended 30th September,	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit from operations has been arrived at after charging:				
Depreciation and amortisation:				
Intangible assets (included in sales and technical support costs)	<b>578</b>	1,513	<b>1,539</b>	3,008
Property, plant and equipment	<b>8,728</b>	7,524	<b>16,923</b>	15,353
Loss on disposal of property, plant and equipment	<b>194</b>	653	<b>550</b>	804
and after crediting:				
Interest income	<b>394</b>	500	<b>966</b>	1,104
Dividend income from listed securities	<b>7,226</b>	20,810	<b>7,226</b>	20,810
Gain on disposal of listed securities	<b>2,815</b>	5,181	<b>2,815</b>	5,181

##### 5. Taxation

	Unaudited Three months ended 30th September,		Unaudited Six months ended 30th September,	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The charge comprises:				
Hong Kong Profits Tax	-	1,509	-	1,509
Overseas taxation	<b>294</b>	192	<b>294</b>	448
Taxation attributable to the Company and its subsidiaries	<b>294</b>	1,701	<b>294</b>	1,957
Share of taxation attributable to associates	-	-	-	-
Tax charge for the period	<b>294</b>	1,701	<b>294</b>	1,957

Hong Kong Profits Tax is calculated at 17.5% (FY03: 16%) of the estimated assessable profit for the period. Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

##### 6. Interim dividend

The directors have determined that the interim dividend of HK1.0 cent (FY03: HK1.6 cents) per share for the six months ended 30th September, 2003 should be paid to the shareholders of the Company whose names appear in the register of members on 16th December, 2003.

##### 7. Earnings Per Share

The calculation of the basic and diluted earnings per share is based on the following data:

	Unaudited Three months ended 30th September,		Unaudited Six months ended 30th September,	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Earnings for the purpose of basis earnings per share and diluted earnings per share	<b>8,328</b>	26,087	<b>2,682</b>	18,938
<b>Number of shares '000</b>			<b>Number of shares '000</b>	
Weighted average number of ordinary shares for the purpose of basis earnings per share	<b>290,943</b>	288,890	<b>290,927</b>	288,843
Effect of dilutive share options	<b>606</b>	630	<b>514</b>	778
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>291,549</b>	289,520	<b>291,441</b>	289,621

##### 8. Movements in Property, Plant and Equipment

During the period, the Group spent HK\$17,530,000 on property, plant and equipment. The Group disposed of property, plant and equipment with an aggregate carrying amount of HK\$1,494,000 for proceeds of HK\$944,000, resulting in a loss on disposal of HK\$550,000.

The Group's leasehold land and buildings were stated at valuations made in 1998, less depreciation and amortisation. The directors, after taking into account the current market condition, considered that the carrying amounts of the Group's leasehold land and buildings at 30th September, 2003 did not differ significantly from their market value at the same date.

##### 9. Trade Receivables

The Group has granted credit to substantially all of its customers for 30 days. The Group seeks to maintain strict control over its outstanding receivables and has credit control procedures in place to minimise credit risk. Overdue balances are reviewed regularly by senior management.

An aged analysis of the trade receivables at the balance sheet date, based on payment due date and net of provisions, is as follows:

	Unaudited 30th September, 2003		Audited 31st March, 2003	
	HK\$'000		HK\$'000	
	Current	<b>69,484</b>		85,917
Within 1 month	<b>40,593</b>		26,255	
1-2 months	<b>11,917</b>		16,935	
2-3 months	<b>16,483</b>		7,982	
Over 3 months	<b>9,942</b>		5,157	
	<b>148,419</b>		142,246	

##### 10. Trade and Bills Payables

The aged analysis of the trade and bills payables at the balance sheet date, based on payment due date, is as follows:

	Unaudited 30th September, 2003		Audited 31st March, 2003	
	HK\$'000		HK\$'000	
	Current	<b>60,962</b>		128,147
Within 1 month	<b>39,290</b>		26,981	
1-2 months	<b>15,024</b>		6,479	
2-3 months	<b>2,061</b>		1,794	
Over 3 months	<b>2,697</b>		7,021	
	<b>120,034</b>		170,422	