

Listed Company Information

TCL MULTIMEDIA<01070> - Results Announcement

TCL Multimedia Technology Holdings Limited announced on 30/08/2006:
 (stock code: 01070)
 Year end date: 31/12/2006
 Currency: HKD
 Auditors' Report: N/A
 Interim report reviewed by: Audit Committee

	(Unaudited) Current Period from 01/01/2006 to 30/06/2006 Note ('000)	(Unaudited) Last Corresponding Period from 01/01/2005 to 30/06/2005 ('000)
Turnover	: 15,706,389	15,615,098
Profit/(Loss) from Operations	: (503,926)	(24,634)
Finance cost	: (127,279)	(67,082)
Share of Profit/(Loss) of Associates	: N/A	N/A
Share of Profit/(Loss) of Jointly Controlled Entities	: 1,213	1,623
Profit/(Loss) after Tax & MI	: (1,599,589)	(95,627)
% Change over Last Period	: N/A %	
EPS/(LPS)-Basic (in dollars)	: (0.4098)	(0.0347)
-Diluted (in dollars)	: N/A	(0.0351)
Extraordinary (ETD) Gain/(Loss)	: N/A	N/A
Profit/(Loss) after ETD Items	: (1,599,589)	(95,627)
Interim Dividend per Share	: Nil	Nil
(Specify if with other options)	: N/A	N/A
B/C Dates for Interim Dividend	: N/A	
Payable Date	: N/A	
B/C Dates for (-) General Meeting	: N/A	
Other Distribution for Current Period	: N/A	
B/C Dates for Other Distribution	: N/A	

Remarks:

1. Segment information

An analysis of the Group's turnover and profit/(loss) from operating activities by principal activities for the six months ended 30 June 2006 is as follows:

	Turnover		Profit/(loss) from operating activities	
	2006 (unaudited) HK\$'000	2005 (unaudited) HK\$'000	2006 (unaudited) HK\$'000	2005 (unaudited) HK\$'000
Continuing operations:				

Television	13,195,079	13,444,365	(494,484)	(31,051)
Other audio-visual products	1,003,082	936,243	38,122	23,038
Others	301,432	263,175	(382)	(13,464)
Discontinued operation:				

Computers	1,206,796	971,315	503	36,541
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	15,706,389	15,615,098	(456,241)	15,064
	=====	=====	=====	=====
Interest income			10,012	14,184
Corporate expenses			(57,697)	(53,882)
			-----	-----
			(503,926)	(24,634)
			=====	=====

2. Discontinued operation

On 21 June 2006, the Company and T.C.L. Industries Holdings (H.K.) Limited ("T.C.L. Industries"), a controlling shareholder of the Company, entered into a sale and purchase agreement pursuant to which the Company agrees to sell, and to procure its relevant subsidiaries to sell, and T.C.L.

Industries agrees to purchase (i) the entire issued share capital of TCL Computer Technology (BVI) Co., Ltd. ("Computer Technology"), (ii) the entire issued share capital of TCL Education Web Limited and (iii) the 65% equity interest in Shenzhen TCL Central R&D Co., Ltd. Further details of the disposal are set out in the Company's announcement dated 23 June 2006 and circular dated 17 July 2006.

On 7 August 2006, the resolution for approving the disposal was passed at the extraordinary general meeting of the Company. The completion of the disposal will be subject to the completion of the transfer of interest in TCL Web Technology (Shenzhen) Co. Ltd. from the Group to Computer Technology which will be the only outstanding condition precedent for completion of the disposal up to the date of this announcement if the Company and T.C.L. Industries have not waived it.

3. Impairment of assets and write-down of inventories to net realizable value

	Six months ended 30 June	
	2006	2005
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Impairment of:		
Property, plant and equipment	225,000	-
Long term receivables		
- Angers factory assets receivable	79,000	-
- Trademark fee reinvestment	43,775	-
Other receivables		
- Trademark fee reinvestment (current portion)	18,359	-
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	366,134	-
Write-down of inventories to net realizable value	499,000	-
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Total	865,134	-
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In view of the deteriorating financial performance in Europe and the uncertainty of the effect of reorganization measures taken by the European operations, the Group performed a critical assessment of its investment in Europe and estimated the recoverable amounts of certain European assets.

Under the circumstances that the existing business model in Europe may be changed significantly, the estimated recoverable amount of (a) part of the Angers factory assets to be transferred from Thomson S.A. ("Thomson") within five years from 30 July 2004 (under the Agreement relating to Thomson Television Angers dated 30 July 2004) and (b) the trademark fee reinvestment receivable by the Group from Thomson during the period from July 2006 to July 2009 for general brand awareness advertising (pursuant to the Thomson Trademark License Agreement dated 30 July 2004), will be lower than their respective carrying amounts. Moreover, the value in use of certain property, plant and equipment in Europe for the next few years is expected to be lower than their carrying amounts due to lower utilization rate of production capacity based on latest forecast. Having taken the current changes in market price into consideration, certain inventories of the European business are written down to their net realizable values.

4. Loss per share attributable to ordinary equity holders of the parent

The calculation of basic loss per share and diluted loss per share are based on:

	Six months ended 30 June	
	2006	2005
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Earnings		

Loss attributable to ordinary equity holders of the parent, used in basic loss per share calculation	(1,599,589)	(95,627)
Effect of dilutive potential ordinary shares:		
Adjustment to minority interest upon exercise of the Exchange Option@	-	(41,178)
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Loss for the purposes of diluted loss per share	(1,599,589)	(136,805)
	=====	=====

Number of shares	
Six months ended 30 June	
2006	2005

Shares

Weighted average number of ordinary shares in issue during the

period used in basic loss per share calculation
 3,902,951,727 2,758,443,352

Weighted average number of ordinary shares:

Assumed issued on deemed exercise of the Exchange
 Option@ outstanding during the period
 - 1,144,182,095

Weighted average number of ordinary shares used in diluted

loss per share calculation 3,902,951,727 3,902,625,447
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@ Pursuant to an exchange option agreement dated 30 July 2004 entered into between the Company and Thomson, the Company granted an option (the "Exchange Option") to Thomson, the then minority shareholder of a subsidiary of the Company TTE Corporation ("TTE"), to exchange all of Thomson's interest in TTE for new shares issued by the Company. On 10 August 2005, Thomson exercised its Exchange Option and 1,144,182,095 new shares were issued to Thomson.

A diluted loss per share amount for the period ended 30 June 2006 has not been disclosed, as the share options outstanding during the period had an anti-dilutive effect on the basic loss per share for the period.