

**LENOVO GROUP LTD:
THIS COMPANY OPERATES
ON A RAZOR'S EDGE MARGIN OF PROFIT**

It must be apparent to many institutional and private investors that Lenovo Group Ltd () (Code: 992, Main Board, The Stock Exchange of Hongkong Ltd) is, like a butterfly, emerging from its chrysalis, preparing to fly.

However, Lenovo Group Ltd still has a long way to go before it matures into whatever it will become – and, nipping at its proverbial heels, there is a veritable army of competitors, from just about every corner of the world.

On November 10, 2010, the Company brought out its Interim Statement for the 6 months, ended September 30, 2010.

Some of the highlights of this Interim Report included:

	Six Months, Ended September 30			
	All Figures Are Denominated In \$US'000 (except where otherwise specified)			
	2010	2009	Increase/Decrease	Percentage Increase
Sales	10,906,655	7,528,009	3,378,646 *	44.88 *
Gross Profit	1,115,982	809,880	306,102 *	37.80 *
Gross Profit Margin *	10.23 percent	10.76 percent	(0.53 percent)	(4.93 percentile points)
Operating Profit	188,203	91,298	96,905 *	106.14*
Net Profit Attributable To Shareholders	131,446	37,073	94,373 *	254.56 *
Net Profit Margin *	1.22 percent	0.49 percent	0.73 percent	148.90 percentile points

* These are **TARGET's** calculations

As should be very evident to any investor, worth his salt, that this Company operates on a razor's edge with regard to profit margins and, clearly, the slightest miscalculation in costing by Management could have disastrous effects on the Bottom Line.

The Company is very rich, having about \$US2.69 billion in cash and cash equivalents, as at September 30, 2010, an increase of about 10.25 percent on the cash position as at March 31, 2010 (about \$US2.44 billion).

The Total Liabilities of Lenovo Group Ltd, as at September 30, 2010, stood at about \$US9.45 billion, an increase of about \$US2.10 billion on the March 31, 2010-figure, or about 28.57 percent.

The Business of Lenovo

The principal businesses of Lenovo Group Ltd fall under 2 main categories: The sales of Computer notebooks and the sales of Personal Computers.

The Company, also, has a mobile telephone division, known as '*Lenovo smartphone*', but, at this stage, sales of the products, manufactured by this division, are of no real consequence from the point of view of turnover or profit.

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