

**HERALD HOLDINGS LTD :
THIS YEAR'S PROFITS ARE
FAIRLY EASY TO CALCULATE, NOW**

The Operating Profits before Exception and Extraordinary Items of publicly listed Herald Holdings Ltd for the Current Financial Year, ending March 31, 2000, could be as much as \$HK75 million.

This would represent an increase of about 140 percent, compared with the figures, logged in during the last Financial Year, at about \$HK31.15 million.

This TARGET calculation is extrapolated from the official announcement of Herald Holdings, published on Wednesday, October 27.

This announcement stated that Herald had acquired another 16.80 percent of its subsidiary, Herald Datanetics Ltd, bringing up the *'parent's'* total equity position in Herald Datanetics from 69.20 percent to 86.10 percent.

Herald paid \$HK13.49 million for its enlarged stake in this half inch ferrite and thin-film, magnetic tape-head manufacturer, which has its plant in Zhuhai, the People's Republic of China (PRC).

It has been no secret that Herald Datanetics has caused Herald Holdings to have to bite the bullet over the past few Financial Years, and, in the last Financial Year, it had to write off another \$HK14 million on account of losses in this subsidiary.

In the 1998 Year, the October 27 announcement stated that Herald Datanetics had a Net Loss of about \$HK47 million.

This situation was reversed in the 1999 Year, ended March 31, with Herald Datanetics recording a Net Profit Attributable to Shareholders of about \$HK6.17 million, Herald Holdings told shareholders.

However, Herald Holdings Ltd took a \$HK14.13-million *'hit'* in 1999, writing off all the former problems, relating to its Magnetic Tape-Head Manufacturing Division.

With the decks, cleared for action, so to speak, in the Current Financial Year, ending March 31, 2000, there is unlikely to be the requirement for making any Provisions in this Division, and, therefore, the Contribution to the Operating Profit will, automatically, be increased by the 1999 Provision requirement of about \$HK14.13 million.

At this point, it is only too clear that the Net Profits of Herald Holdings Ltd must be in the neighbourhood of \$HK32 million.

This TARGET calculation is, relatively, simple to estimate ... [CLICK TO ORDER FULL ARTICLE](#)