

Notes:

1. Basis of preparation and accounting policies

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) 25 “Interim financial reporting” issued by the Hong Kong Society of Accountants (the “HKSA”) and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Directors are responsible for the preparation of the Group’s unaudited condensed interim financial statements. These unaudited condensed interim financial statements have not been audited by the Company’s auditors but have been reviewed by the Company’s audit committee. In preparing these unaudited condensed interim financial statements, the Directors confirm that the accounting policies and methods of computation used in these unaudited interim financial statements are consistent with those used in the annual financial statements of the Group for the year ended 30 April 2003, except as described below:

In the current period, the Group has adopted SSAP 12 (Revised) “Income taxes” issued by the HKSA. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In prior years, partial provision was made for deferred tax using the income statement liability method in respect of the tax effect arising from all material timing differences between accounting and tax treatment of income and expenditure, which are expected with reasonable probability to crystallise 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 profits, with limited exceptions. The adoption of SSAP 12 (Revised) has had no material effect on the results for the current and prior accounting periods. Accordingly, no prior period adjustment has been required.

2. Segment information

	(Unaudited) Restaurant operations		(Unaudited) Bakery, and other food and beverage products operations		(Unaudited) Total	
	Six months ended 31 October		Six months ended 31 October		Six months ended 31 October	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Segment revenue:						
Sales to external customers	104,309	115,271	54,054	61,356	158,363	176,627
Other revenue and gains	465	611	42	73	507	684
Total	104,774	115,882	54,096	61,429	158,870	177,311
Segment results	7,721	7,073	(2,464)	(1,075)	5,257	5,998
Unallocated other revenue and gains					30	46
Unallocated expenses					(2,033)	(2,258)
Profit from operating activities					3,254	3,786
Finance costs					(132)	(164)
Profit before tax					3,122	3,622
Tax					(826)	(752)
Net profit from ordinary activities attributable to shareholders					2,296	2,870

Over 90% of the Group's revenue is attributable to its operations in Hong Kong. Accordingly, a further analysis by geographical segment is not presented.

3. Turnover

Turnover represents the receipts from the restaurant business and the sale of bakery, and other food and beverage products, less discounts. All significant intra-group transactions have been eliminated in the preparation of the condensed consolidated interim financial statements.

4. Profit from operating activities

Profit from operating activities is arrived at after charging/(crediting):

	(Unaudited)	
	For the six months ended 31 October	
	2003	2002
	HK\$'000	HK\$'000
Cost of inventories consumed	53,075	60,147
Depreciation	9,108	8,596
Amortisation of goodwill	598	415
Staff costs	39,264	46,694
Gross rental income	(66)	(66)
Net rental income	(66)	(66)
Bank interest income	(78)	(56)
Realised gain on disposal of short term investments	(86)	-

5. Finance costs

	(Unaudited)	
	For the six months ended 31 October	
	2003	2002
	HK\$'000	HK\$'000
Interest on bank loans	69	90
Interest on finance leases	63	74
	132	164

6. Tax

	(Unaudited)	
	For the six months ended 31 October	
	2003	2002
	HK\$'000	HK\$'000
Hong Kong profits tax:		
Current period provision	826	752

Hong Kong profits tax has been provided at the rate of 17.5% (six months ended 31 October 2002: 16%) on the estimated assessable profits arising in Hong Kong during the period.

7. Dividend

	(Unaudited)	
	For the six months ended 31 October	
	2003	2002
	HK\$'000	HK\$'000
Interim dividend – HK1.5 cents (six months ended 31 October 2002 – HK3.0 cents*) per share	1,365	2,760

* Adjusted for the effect of the consolidation of shares during the year ended 30 April 2003.

8. Earnings per share

The calculation of basic earnings per share is based on the unaudited condensed consolidated net profit from ordinary activities attributable to shareholders for the current period of HK\$2,296,000 (six months ended 31 October 2002: HK\$2,870,000) and the weighted average of 90,969,000 (six months ended 31 October 2002: 92,000,000) shares in issue during the current period. The weighted average number of shares outstanding for the six months ended 31 October 2002 has been retrospectively adjusted for the effect of the consolidation of shares during the year ended 30 April 2003.

Diluted earnings per share for the six months ended 31 October 2003 and 2002 have not been shown as the potential ordinary shares outstanding during the periods had anti-dilutive effect on the basic earnings per share for the periods.

9. Accounts receivable

The general credit terms granted by the Group range from one month to three months. An aged analysis of the Group's accounts receivable as at the balance sheet date, based on invoice date, is as follows:

	(Unaudited) At 31 October 2003 HK\$'000	(Audited) At 30 April 2003 HK\$'000
Within 1 month	132	764
1 – 3 months	1,777	376
4 – 6 months	541	35
	2,450	1,175

10. Accounts payable

An aged analysis of the Group's accounts payable as at the balance sheet date, based on invoice date, is as follows:

	(Unaudited) At 31 October 2003 HK\$'000	(Audited) At 30 April 2003 HK\$'000
Within 1 month	8,693	6,910
1 – 3 months	9,823	7,933
4 – 6 months	206	446
6 – 12 months	34	479
Over 1 year	448	446
	19,204	16,214

11. Banking facilities

As at 31 October 2003, the Group's banking facilities were secured by legal charges over certain of the leasehold land and buildings and investment properties of the Group and corporate guarantees executed by the Company and certain of its subsidiaries.

12. Contingent liabilities

The Group has a contingent liability in respect of possible future payments to employees under the Employment Ordinance, with a maximum possible amount of approximately HK\$3.7 million (30 April 2003: HK\$3.7 million) as at 31 October 2003.

As at 31 October 2003, the Company provided corporate guarantees to (i) landlords in respect of the operating lease payments of its subsidiaries; and (ii) banks in respect of banking facilities granted to its subsidiaries.

13. Operating lease arrangements*(a) As lessor*

The Group leases its investment properties under non-cancellable operating lease arrangements with lease terms of two years.

At 31 October 2003, the Group had total future minimum lease rental receivables under non-cancellable operating leases with its tenants falling due as follows:

	(Unaudited)	(Audited)
	At 31 October	At 30 April
	2003	2003
	HK\$'000	HK\$'000
Within one year	55	121

(b) As lessee

The Group leases certain of its restaurants, bakery outlets, bakery production workshops, staff quarters, offices and warehouses under non-cancellable operating lease arrangements with lease terms ranging from two to twenty years.

At 31 October 2003, the Group had total future minimum lease payments under non-cancellable operating leases with its tenants falling due as follows:

	(Unaudited)	(Audited)
	At 31 October	At 30 April
	2003	2003
	HK\$'000	HK\$'000
Within one year	30,590	37,257
In the second to fifth years, inclusive	68,866	63,178
After five years	32,137	34,476
	131,593	134,911

Certain of these operating lease arrangements were entered into by Cambo Enterprises Limited ("Cambo"), a company incorporated in Hong Kong. In the opinion of the Directors, Cambo is the ultimate holding company. The Group is currently in the process of novating the abovementioned operating lease arrangements to the Company's subsidiaries (note 15).

14. Commitments

	(Unaudited) At 31 October 2003 HK\$'000	(Audited) At 30 April 2003 HK\$'000
Capital commitments contracted for		
Commitments in respect of investments in subsidiaries	6,009	1,414
Commitments in respect of leasehold improvements	1,267	1,932

15. Related party transactions

The Group had the following material transactions with related parties during the period:

		(Unaudited) For the six months ended 31 October 2003 HK\$'000	2002 HK\$'000
	<i>Note</i>		
Sales of food to a related party	(i)	328	58

Notes:

- (i) The Group made sales to Hong Thai Citizens Travel Services Limited. The directors considered that the sales were based on the published sales prices of the Group, less discounts ranging from 30% to 50%.
- (ii) Certain operating lease arrangements were entered into by Cambo. The Group is currently in the process of novating the abovementioned operating lease arrangements to the Company's subsidiaries (note 13).

16. Comparative amounts

Certain comparative amounts have been reclassified to conform with the current period's presentation.

17. Approval of the interim financial statements

These unaudited condensed consolidated interim financial statements were approved and authorised for issue by the Directors on 20 January 2004.