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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 Institute of Certified Public Accountants (the “HKICPA”) 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 2004.

2. Segment information

	(Unaudited)		(Unaudited)		(Unaudited)	
	Restaurant operations		Bakery, and other food and beverage products operations		Total	
	Six months ended		Six months ended		Six months ended	
	31 October		31 October		31 October	
	2004	2003	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:						
Sales to external customers	117,132	104,309	5,016	54,054	122,148	158,363
Other revenue and gains	135	465	10	42	145	507
Total	117,267	104,774	5,026	54,096	122,293	158,870
Segment results	7,965	7,721	(1,812)	(2,464)	6,153	5,257
Unallocated other revenue and gains					22	30
Unallocated expenses					(8,962)	(2,033)
(Loss)/Profit from operating activities					(2,787)	3,254
Finance costs					(148)	(132)
Share of profits of a jointly controlled entity					351	-
(Loss)/Profit before tax					(2,584)	3,122
Tax					(420)	(826)
Net (loss)/profit from ordinary activities attributable to shareholders					(3,004)	2,296

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. (Loss)/Profit from operating activities

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

	(Unaudited)	
	For the six months ended 31 October	
	2004	2003
	HK\$'000	HK\$'000
Cost of inventories consumed	43,417	53,075
Depreciation	7,715	9,108
Amortisation of goodwill	599	598
Staff costs	31,368	39,264
Gross rental income	-	(66)
Net rental income	-	(66)
Bank interest income	(48)	(78)
Realised gain on disposal of short term investments	-	(86)
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5. Finance costs

	(Unaudited)	
	For the six months ended 31 October	
	2004	2003
	HK\$'000	HK\$'000
Interest on bank loans	93	69
Interest on finance leases	55	63
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	148	132
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6. Tax

	(Unaudited)	
	For the six months ended 31 October	
	2004	2003
	HK\$'000	HK\$'000
Hong Kong profits tax:		
Current period provision	420	826

Hong Kong profits tax has been provided at the rate of 17.5% (six months ended 31 October 2003: 17.5%) on the estimated assessable profits arising in Hong Kong during the period.

7. Dividend

The Board has resolved not to declare an interim dividend for the six months ended 31 October 2004 (2003: HK\$1.5 cents).

8. (Loss)/Earnings per share

The calculation of basic earnings per share is based on the unaudited condensed consolidated net loss from ordinary activities attributable to shareholders for the current period of HK\$3,004,000 (six months ended 31 October 2003: profit HK\$2,296,000) and the weighted average of 101,444,000 (six months ended 31 October 2003: 90,969,000) shares in issue during the current period.

Diluted earnings per share for the six months ended 31 October 2004 and 2003 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)	(Audited)
	At 31 October	At 30 April
	2004	2004
	HK\$'000	HK\$'000
Within 1 month	981	1,331
1 – 3 months	325	240
4 – 6 months	–	107
Over 6 months	77	53
	1,383	1,731

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 2004 HK\$'000	(Audited) At 30 April 2004 HK\$'000
Within 1 month	4,301	5,739
1 – 3 months	7,685	11,101
4 – 6 months	–	838
6 – 12 months	30	108
Over 1 year	482	438
	12,498	18,224

11. Banking facilities

As at 31 October 2004, the Group's banking facilities were secured by legal charges over the leasehold land and buildings of the Group and an associate company and corporate guarantees executed by the Company, certain of its subsidiaries and an associate company.

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\$4.1 million (30 April 2004: HK\$4.1 million) as at 31 October 2004.

As at 31 October 2004, 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 and an associate company.

13. Operating lease arrangements

(a) *As lessor*

At 31 October 2004 and 30 April 2004, the Group had no future lease rental receivables under non-cancellable operating leases with its tenants.

(b) *As lessee*

The Group leases certain of its restaurants, 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 2004, the Group had total future minimum lease payments under non-cancellable operating leases with its tenants falling due as follows:

	(Unaudited) At 31 October 2004 HK\$'000	(Audited) At 30 April 2004 HK\$'000
Within one year	26,497	34,348
In the second to fifth years, inclusive	89,660	92,931
After five years	34,013	36,802
	150,170	164,081

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 2004 HK\$'000	(Audited) At 30 April 2004 HK\$'000
Capital commitments contracted for		
Commitments in respect of investments in subsidiaries	471	2,468
Commitments in respect of leasehold improvements	—	352

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	
	Note	2004 HK\$'000	2003 HK\$'000
Sales of food to a related party	(i)	223	328
Sales of food to an associate company	(ii)	4,907	–

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) The Group made sales to an associate company, Kamboat Bakery Limited. The directors considered that the sales were based on published sales prices of the Group, less discounts ranging from 30% to 60%.
- (iii) 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 29 December 2004.