United Pacific Industries

聯太工業

Stock Code: 176

2008/2009

Interim Report

United Pacific Industries

United Pacific Industries Limited

(Incorporated in Bermuda with limited liability)

(stock code : 00176)

Website:http//www.irasia.com/listco/hk/upi/

Chairman's Statement

Interim Results - 31 March 2009

As we advised in our Annual Report for the year ended 30 September 2008, it was unlikely that our trading would be as satisfactory in fiscal year 2009. Since the end of our last financial year the economic situation has worsened in most industries on a world-wide basis. Our own industrial sector has been particularly affected by the downturn and its related monetary consequences. The acute difficulties in the banking sector have caused a restriction of demand.

As a result, your Directors are reporting a loss for the period under review, with the most affected area being contract manufacturing, principally out of Southern China. However, in virtually all of our activities we have experienced a significant shortfall in sales. Bowers, our metrology company manufacturing capital equipment, is naturally experiencing difficulties as most corporate concerns have severely limited their capital requirements.

In the latter part of the first-half year we started to see a degree of stabilization and, in some sectors, the start of an upturn in trade. Barring unforeseen circumstances your Directors would expect the second-half year to show improved trading over the first half, recognizing there is still considerable uncertainty.

During the first half of the year the Group purchased the whole of the issued share capital of Alford Industries Limited which gives us access to the market for consumer durables consisting of: baby monitors, blue-tooth products, noise cancellation headsets, hearing aids and other products. We welcome Rix Tsui, the Chief Executive Officer of Alford, and his team to the Group and we are confident that this addition to our activities will be beneficial to all our shareholders.

William ("Bill") Fletcher, Chairman of Spear & Jackson plc, our United Kingdom principal holding company, retired with effect from 1 May 2009 and we wish him all success in the future and thank him for his 38 years of service to Spear & Jackson. The Group would like to record its appreciation of Bill's very considerable contribution over the years.

Interim Dividend

It is the intention to continue the interim dividend of 0.5 HK cents per share as it relates to the six-month period ended 31 March 2009, payable to shareholders whose names are recorded in the Register of Members on Tuesday, 21 July 2009. The dividend will be paid on or about Friday, 28 August 2009.

Future Trading

World stock markets have moved up significantly in recent months and are predicting an end to this recession, beginning later this year. While no one can pinpoint exactly how and when the recovery will unfold, your Directors remain confident that with our mix of businesses and geographic spread, we will return to profitability with improving economic conditions.

Brian C Beazer
Executive Chairman
United Pacific Industries Limited

25 June 2009

Financial Highlights

- In common with many businesses, the Group's trading performance in the period ended 31 March 2009 was adversely affected by the severe economic downturn which was particularly marked in the manufacturing sector.
- Turnover decreased by 31% to HK$493.7 million. The Group's contract manufacturing and lead frame businesses were most hard hit. However, the Magnetics and Metrology divisions, together with the Tool Division's French, Australian and Robert Sorby operations, remained profitable.
- There was a loss before taxation of HK$18.5 million. This compares to a profit of HK$30.6 million in the prior period.
- The taxation charge for the current period was HK$1.4 million, a decrease of HK$9.3 million over the prior period.
- In the six months ended 31 March 2009, the basic loss per share was 2.65 HK cents (2008 – earnings per share of 2.93 HK cents).
- Consistent with the Company's dividend policy, an interim dividend of 0.5 HK cents per share has been declared.

Corporate Information

Board of Directors

Executive Directors:

Mr. Brian C Beazer *(Executive Chairman)*
Mr. David H Clarke *(Executive Vice-Chairman)*
Mr. Simon N Hsu *(Executive Vice-Chairman)*
Mr. Patrick J Dyson

Non-executive Director:

Mr. Teo Ek Tor

Independent Non-executive Directors:

Mr. Henry W Lim
Mr. Ramon Sy Pascual
Dr. Wong Ho Ching, Chris
Mr. Robert B Machinist

Audit Committee

Mr. Henry W Lim *(Chairman)*
Dr. Wong Ho Ching, Chris
Mr. Ramon Sy Pascual
Mr. Brian C Beazer *(Non-voting Secretary)*

Compensation Committee

Mr. Ramon Sy Pascual *(Chairman)*
Mr. Henry W Lim
Mr. Brian C Beazer

Nominating and Corporate Governance Committee

Dr. Wong Ho Ching, Chris *(Chairman)*
Mr. Henry W Lim
Mr. Brian C Beazer

General Counsel

Ms. Nila Ibrahim

Chief Financial Officer

Mr. Patrick J Dyson

Auditors

Grant Thornton

Registered Office

Clarendon House
Church Street, Hamilton HM 11, Bermuda

Head Office and Principal Place of Business in Hong Kong

Suite 2705-06, 27/F Vicwood Plaza,
199 Des Voeux Road Central, Hong Kong
Tel : (852) 2802 9988, Fax : (852) 2802 9163
Websites: http://www.upi.com.hk, http://www.irasia.com/listco/hk/upi/

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Secretaries Limited
26/F Tesbury Centre, 28 Queen's Road East, Hong Kong

Chief Executive Officer, Spear & Jackson Group

Mr. Brian C Beazer

Chief Executive Officer, Pantene Group

Mr. Ho Hon Ching, Lewis

Chief Executive Officer, Jade Precision Engineering

Mr. Lim Teng Seng, Simon

Chief Executive Officer, Alford Group

Mr. Tsui Chun Cheong, Rix

Chief Accounting Officer and Chief Taxation Officer

Ms. Alaina Shone

Group Financial Controller (Asia)

Mr. Fung Chow Man, Charles

Company Secretary

Mr. Som Wai Tong, Ivan

Business Review and Prospects

The following sets out the highlights of the financial results of United Pacific Industries Limited ("UPI" or the "Company") and its subsidiaries (the "Group") for the six months ended 31 March 2009 with the comparative figures for the six months ended 31 March 2008.

	Six months ended 31 March		
	2009	2008	Change
	HK$ million	HK$ million	HK$ million
	(unaudited)	(unaudited)	
Turnover	**493.7**	712.0	(218.3)
(Loss)/earnings before interest, taxation, depreciation and amortisation	**(4.5)**	49.8	(54.3)
Depreciation and amortisation	**(12.4)**	(15.1)	2.7
Operating (loss)/profit	**(16.9)**	34.7	(51.6)
Net finance costs	**(7.9)**	(4.7)	(3.2)
Impairment loss on available-for-sale financial assets	**(3.8)**	—	(3.8)
Share of results of an associate	**0.5**	0.6	(0.1)
Discount on acquisition of a subsidiary	**9.6**	—	9.6
(Loss)/profit before tax	**(18.5)**	30.6	(49.1)
Income tax charge	**(1.4)**	(10.7)	9.3
(Loss)/profit for the period	**(19.9)**	19.9	(39.8)
Attributable to:			
Equity holders of the Company	**(19.9)**	19.9	(39.8)

Group Overview

Group Results

Over the past twelve months there have been significant adverse changes in world markets and UPI, like most other companies, has been operating in a global recessionary environment. The trading landscape can be unforgiving but UPI is not alone in facing these difficulties.

For the six months ended 31 March 2009, the Group recorded a turnover of HK$493.7 million, which represents a decrease of 31% when compared with the turnover of HK$712.0 million for the period ended 31 March 2008.

The Group sustained an operating loss (i.e. result before finance costs, share of associate's profits, other non-operating items and taxation) of HK$16.9 million in the six months ended 31 March 2009, a deterioration of HK$51.6 million compared to the operating profit of HK$34.7 million generated in the prior period.

The tax charge in the six months ended 31 March 2009 was HK$1.4 million (2008 – HK$10.7 million).

The loss attributable to equity holders of the Company was HK$19.9 million (2008 – profit of HK$19.9 million), a decrease of HK$39.8 million over the prior period.

Liquidity and Financial Resources

As at the balance sheet date, the Group had a net cash balance of HK$7.9 million. This comprised bank and cash balances of HK$51.3 million less certain bank overdrafts amounting to HK$43.4 million.

The Group's net asset value was HK$235.5 million, with a liquidity ratio (ratio of current assets to current liabilities) of 168.3% and a gearing ratio (ratio of net bank and other debt to net assets value) of 28.3%.

During the period, there was no material change in the Group's funding and treasury policy. At 31 March 2009, the Group had sufficient levels of banking facilities from its major bankers to finance working capital requirements.

Subsequent to the period end, the Group successfully concluded negotiations with HSBC, its principal bankers, to increase its UK banking facility from £3 million (HK$35 million) to £6 million (HK$70 million). This will provide the UK group with additional funding flexibility to pursue a number of strategic initiatives.

The Group is exposed to continuous fluctuations in currency values and raw material prices. These fluctuations can increase the costs of investing, financing and business operations. The Group manages the currency risks through the use of derivatives and other hedging operations. The Group adopts cautious financial measures to manage and minimize its exchange risk exposure and, in this regard, the Group has endeavored to use natural hedges, wherever possible, to match the currencies of its sales with those of its purchases in order to neutralize the effect of currency exposure, augmented, where necessary, by the execution of various forward exchange contracts. Furthermore, the Group also took appropriate financial actions to ensure that the borrowings in its Pantene group were primarily denominated in Hong Kong dollars, while its non-Hong Kong dollar loans were either directly tied in with the Group's business transactions that are denominated in those foreign currencies, or were matched by assets in the same foreign currencies.

Financial and Operations Review

The Board presents its report on the unaudited consolidated trading results for the half-year ended 31 March 2009.

Group Results

Depressed half-year sales of HK$493.7 million resulted in a net loss of HK$19.9 million giving a loss per share of 2.65 HK cents.

The gross margin in the six months ended 31 March 2009 was 23.3% compared to a gross margin of 27.9% in the comparable period last year. The overall decline in gross margins has not applied to all divisions. While margins suffered in the Lead Frame Division, Contract Manufacturing and the UK, French and Australasian operations of the Tools Division as a result of adverse currency movements and increased sales incentives, other areas of the Group showed improvements as they were able to benefit from lower raw material prices, favourable sales mixes and other cost savings.

Within the context of a nervous worldwide business environment, the Group's principal business segments achieved mixed results. The Group's Contract Manufacturing and Lead Frame businesses were most hard hit. However, the Magnetics and Metrology divisions, together with the Tool Division's French, Australian and Robert Sorby operations, remained profitable. These latter results were achieved despite continuing cost pressures and adverse market pressures that have negatively impacted not only this Group but also manufacturers worldwide.

Management in the principal operating businesses has reacted swiftly and decisively to restructure individual companies' cost bases to take account of these demand downturns. Selling, distribution and administration costs have been reduced so that the Group's cost base is in line with current sales demand and reorganisation costs of HK$4.0 million were incurred in the period. Savings generated from these initiatives will arise mainly in the second half as the cuts and the impact of restructuring costs incurred in the period to 31 March 2009 take effect. This restructuring should leave these businesses well placed to benefit from market improvements as, and when, these arise.

Divisional Results

Tools Division

Neill Tools Ltd/Spear & Jackson Garden Products Ltd

The UK Hand and Garden business has continued to find the trading environment highly competitive. Commodity and raw material prices showed reductions but these benefits were diluted by adverse currency movements as a result of weak sterling and unfavourable sales mixes.

In the UK, sales were 15% down on the prior year driven by the significant downturn within the retail and trade channels. The impact of the shortfalls was mitigated by an export sales performance that was in line with the previous year.

Continuing focus remains on reducing the division's cost base (particularly overheads) and controlling cash. Price increases are being pursued vigorously across the entire division to mitigate volume shortfalls and adverse currency movements on product supplies.

Emphasis continues to be placed on the launch of new and innovative products in order to recover lost sales and profitability.

Robert Sorby

Sales at Robert Sorby are marginally ahead of the equivalent period in 2008. Reduced sales volumes in Quarter 1, attributable to the weak retail environment in the pre-Christmas period, were offset by a much stronger performance in Quarter 2 of the year. This has been the result of focused activity in the UK and the benefit of weak sterling in overseas markets.

Sales in the USA have been particularly strong, aided by the much lower level of Sterling in relation to the US Dollar. The business has worked closely with its existing customer network to develop individual promotional activity. This approach will be mirrored in the UK.

The operation's own retail store goes from strength to strength. It, too, suffered in the pre-Christmas period but since then has performed on budget. The store is now the premier outlet of its type in the UK and it is beginning to add overseas mail order business on the back of a weak UK currency.

Spear & Jackson France / Australasia

Margins in the French garden business were adversely affected by discount incentives offered to major customers but sales volumes have held up well despite a depressed retail economy. Poor sales in October and February were offset by a strong March performance (23% higher than in the same month last year) and margins in the month also showed improvements as a result of price increases and procurement savings. The sales and margin trends evident in March are expected to continue into Quarter 3.

In Australia, year to date sales were marginally higher than those recorded for the same period last year. The increase in turnover is attributable to increased sales of air tools, compressors, masonry, hand tool and garden products when compared to sales in the comparable period in the previous year. However, these sales gains were partially offset by lower sales of metals products due to the reduced production volumes within the Australian automotive sector on declining demand. To counteract the impact of the economic slowdown on the core business, a number of new business initiatives have been implemented and product releases scheduled that will deliver incremental sales gains commencing in Quarter 3 of this year.

The New Zealand operation's sales were 15% lower than those generated in the same period last year. The decrease in sales is attributable to lower sales of hand tools and air tools due to the loss of air tool business with a major NZ retailer and reduced promotional activity in a declining retail market.

Australian gross margins were maintained despite being adversely impacted by increased Far Eastern supplier costs and currency losses that have not been fully passed on to the retail market due to competitor activity. In New Zealand, margins were down on the previous year. This dilution was principally attributable to changes within the sales and customer mix of the business and a weaker NZD when compared to the previous year.

Magnetics Division

Despite the adverse economic environment, the Magnetics Division continues to perform well with sales only marginally less than last year. Margins have benefited thanks to a shift in sales mix to higher margin engineered products.

Overall, year to date sales were 4% less than last year. Engineered products were 14% better than last year but this over-performance was offset by the core division, which was 14% down.

Sales in the UK market were 4% higher than last year with Engineered products compensating for under budget performance in the core division. The increase in the Engineered Products division was driven by the Separation product group. Emphasis continues to be placed on the Food Processing sector to deliver year on year growth within a recessionary environment.

Export sales were 11% down on last year with the standard products range heaviest hit.

Gross margins were 1% better than last year with a favourable sales mix compensating for adverse currency movements.

Metrology Division

A decline in the order book over Quarter 2 resulted in year to date sales being 15% behind last year. The worst hit area was export sales with orders running at less than half of last year's level. This decline was attributable to the division's top five export customers all implementing inventory reduction programs. The two worst performing markets were the USA and Germany, which normally account for almost 50% of the overall export business.

Margins year to date have, however, held up well, running slightly ahead of last year. An elimination of overtime labour and a reduction in outsourcing have contributed to the improvement. Additionally, there has been less pricing pressure than expected because the weakening of Sterling has reduced buying prices for many of our major export customers.

With the downturn in orders, steps were taken in January to reduce the workforce and other overheads within the business. Manning in the UK was reduced by 15 people (15% of the total) and the remainder of the shop-floor workforce was reduced to a 4-day week. Overheads continue to be closely monitored and, in the six months to 31 March 2009, are HK$1.8 million less than in the same period last year.

The outlook for Quarter 3 and beyond is poor, mainly because of the reduced order book (74% down on the prior period) and the fact that many of our export markets remain subdued (sales anticipated to be 40% down year on year). Further steps will be taken to reduce costs in line with falling demands.

Contract Manufacturing Division (The Pantene Group)

Compared with last year, sales from October 2008 to March 2009 showed a decrease of HK$137.4 million (53%) from HK$257.8 million to HK$120.4 million. The sales outlook for Quarter 3 shows some improvement.

In Pantene, pressures remain on margins but the adverse effects were mitigated by falls in the price of copper and other key components. Further savings will be levered by labour reductions that have been effected in the period.

Management has reacted swiftly to realign the division's cost base with current demand levels and has taken various measures to control overhead costs, including a major retrenchment plan.

Computer Lead Frames Division (Jade Precision Engineering)

The acquisition of Jade was completed in July 2008 and the Group's results in the six months ended 31 March 2008 do not, therefore, include any trading in respect of this company.

With regard to the current period under review, sales levels are materially down compared to prior year levels as a result of significant downturns in the world-wide semi conductor market.

This situation is not unique to Jade but is a widespread market phenomenon. As with Pantene, prompt management action has been taken to reduce the workforce so that the ongoing company cost base is in line with current demand forecasts. In addition, short time working, staggered working hours and plant shutdowns will lever further savings. Workforce levels will continue to be monitored closely.

Competition is strong across all product sectors and margins are accordingly under threat. Raw material prices, particularly those for copper and silver, which have previously been subject to sharp upward price movements, have, however, stabilised. This should offer some margin shortfall mitigation in future months as the benefits of these material price savings crystallise.

Overhead costs have been reduced or eliminated wherever possible. Additionally, the company has benefited from a salary credit system operated by the Singapore Government which will apply for twelve months from January 2009.

Consumer Electronics Division (Alford Industries)

The purchase of Alford Industries Limited was completed on 30 January 2009. The purchase price represented a substantial discount to net tangible assets and, after allowing for estimated impairments and other write-downs, a discount on acquisition of approximately HK$9.4 million was recorded.

The two months trading in February and March that have been included in the consolidated results contributed HK$0.8 million of operating profit and cash flow was in line with forecast.

Post acquisition reviews are currently underway in order to identify potential synergies and also to identify opportunities for intra group trading.

Review and Prospects

The six months ended 31 March 2009 had to bear the economic fallout from the Lehman Bros and AIG collapses that created the worst trading conditions in living memory. Many companies experienced a 50% or greater decline in sales. UPI's sales and earnings deterioration are therefore neither unique nor greater than the norm.

In the half year the Group sustained post tax losses of HK$19.9 million and the Group's operating cash utilisation was approximately HK$25.2 million. In the circumstances, this is a satisfactory outturn, especially when it is considered that this outflow contains pension contributions of approximately HK$11.3 million, which were not capable of reduction, and reorganisation expenditure of HK$10.7 million.

Management in the principal operating businesses has reacted swiftly and decisively to restructure individual companies' cost bases to take account of these demand downturns. This restructuring should leave these businesses well placed to benefit from market improvements as, and when, these arise. This process is ongoing and significant additional key reorganisation initiatives and overhead reviews are underway to secure further cost savings.

We have a degree of confidence that all our subsidiaries, with the possible exception of Metrology (with its presence in the capital goods sector), are now beginning to benefit from improvements in economies worldwide. Our Chairman, supported by his experienced team of divisional managing directors, anticipates, barring unforeseen circumstances, that we will return to profitability with improving economic conditions.

Interim Dividend

In our reports for the half year ended 31 March 2008 and for the year ended 30 September 2008 we declared dividends of 0.5 HK cents in respect of both periods. The Directors intend to continue this dividend policy and are therefore pleased to declare an interim dividend of 0.5 HK cents per share for the half-year ended 31 March 2009 payable to shareholders whose names are on the Register of Members as at Tuesday, 21 July 2009. The interim dividend will be paid on or about Friday, 28 August 2009.

Closure of Register of Members

The Register of Members of the Company will be closed from Friday, 17 July 2009 to Tuesday, 21 July 2009 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Thursday, 16 July 2009. The last day for the shares to trade cum dividend is Tuesday, 14 July 2009. The shares will trade ex-dividend on Wednesday, 15 July 2009.

By order of the Board
United Pacific Industries Limited
Brian C Beazer
Executive Chairman

Hong Kong, 25 June 2009

Independent Review Report

Grant Thornton
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Member of Grant Thornton International Ltd

TO THE BOARD OF DIRECTORS OF UNITED PACIFIC INDUSTRIES LIMITED
(incorporated in the Bermuda with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 18 to 57 which comprises the consolidated balance sheet of United Pacific Industries Limited as of 31 March 2009 and the related consolidated income statement, consolidated statement of recognised income and expense and consolidated cash flow statement for the six months period then ended, and explanatory notes. The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The Directors are responsible for the preparation and presentation of this interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to express a conclusion on this interim financial report based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial reports consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34.

Grant Thornton
Certified Public Accountants
13/F Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

25 June 2009

Consolidated Income Statement

For the six months ended 31 March 2009

	Notes	Six months ended 31 March 2009 HK$'000 (unaudited)	2008 HK$'000 (unaudited)
Turnover	3	**493,696**	712,018
Cost of sales		**(378,862)**	(513,392)
Gross profit		**114,834**	198,626
Other income		**1,271**	17,306
Selling and distribution costs		**(86,091)**	(118,561)
Administrative costs		**(42,451)**	(59,207)
Finance costs	4	**(8,289)**	(6,547)
Restructuring costs		**(4,040)**	(1,665)
Share of results of an associate		**540**	638
Gain on sale of a subsidiary		**—**	23
Discount on acquisition of a subsidiary	5	**9,571**	—
Impairment loss on available-for-sale financial assets		**(3,813)**	—
(Loss)/profit before tax	6	**(18,468)**	30,613
Income tax charge	7	**(1,480)**	(10,745)
(Loss)/profit for the period		**(19,948)**	19,868
Attributable to:			
Equity holders of the Company		**(19,948)**	19,868
Dividends	8	**4,100**	2,785
(Loss)/earnings per share	9		
Basic		**(2.65) cents**	2.93 cents
Diluted		**N/A**	2.89 cents

Consolidated Balance Sheet

At 31 March 2009

	Notes	31 March 2009 HK$'000 (unaudited)	30 September 2008 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	10	**236,132**	272,771
Prepaid land lease payments under operating leases		**616**	625
Other intangible assets		**1,308**	1,848
Interest in an associate		**4,245**	3,768
Available-for-sale financial assets		**585**	2,912
Deferred tax assets	17	**104,798**	95,129
		347,684	377,053
Current assets			
Inventories		**250,654**	288,283
Trade and other receivables	11	**249,398**	311,232
Tax recoverable		**2,507**	1,839
Derivative financial instruments		**378**	473
Pledged bank deposits		**5,000**	5,000
Cash and cash equivalents		**51,263**	104,915
		559,200	711,742
Current liabilities			
Trade and other payables	12	**215,528**	296,177
Bank overdrafts	13	**43,369**	—
Interest-bearing bank borrowings – amounts due within one year	13	**55,597**	92,956
Obligations under finance leases – amounts due within one year	14	**6,118**	8,026
Provisions	15	**9,048**	18,277
Tax payable		**2,618**	2,087
		332,278	417,523
Net current assets		**226,922**	294,219
Total assets less current liabilities		**574,606**	671,272

Consolidated Balance Sheet *(Continued)*

At 31 March 2009

	Notes	31 March 2009 HK$'000 (unaudited)	30 September 2008 HK$'000 (audited)
Non-current liabilities			
Interest-bearing bank borrowings			
– amounts due after one year	13	**10,494**	21,899
Obligations under finance leases			
– amounts due after one year	14	**7,265**	9,982
Provisions	15	**7,447**	10,673
Retirement benefit obligations	16	**297,897**	240,571
Deferred tax liabilities	17	**15,981**	19,870
		339,084	302,995
Net assets		**235,522**	368,277
Capital and reserves			
Share capital	18	**82,000**	72,000
Reserves	19	**153,522**	296,277
Total equity attributable to equity holders of the Company		**235,522**	368,277

Consolidated Statement of Recognised Income and Expense

For the six months ended 31 March 2009

	Six months ended 31 March	
	2009	2008
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Exchange difference arising on translation of foreign operations	**(60,089)**	(10,592)
Recognition of actuarial losses on defined benefit pension plan	**(79,583)**	(4,070)
Change in fair value of available-for-sale financial assets	**3,465**	(589)
Net expense recognised directly in equity	**(136,207)**	(15,251)
(Loss)/profit for the period	**(19,948)**	19,868
Total (expense)/income recognised for the period	**(156,155)**	4,617
Attributable to:		
Equity holders of the Company	**(156,155)**	4,617

Consolidated Cash Flow Statement

For the six months ended 31 March 2009

	Six months ended 31 March 2009 HK$'000 (unaudited)	2008 HK$'000 (unaudited)
Cash flows from operating activities		
(Loss)/profit before tax	**(18,468)**	30,613
Adjustments for:		
Interest income	**(425)**	(1,798)
Interest on interest-bearing bank borrowings and overdrafts	**3,829**	5,890
Interest on obligations under finance leases	**629**	657
Retirement benefit plan expenses	**5,898**	5,090
Share of results of an associate	**(540)**	(638)
Discount on acquisition of a subsidiary	**(9,571)**	—
(Gain)/loss on disposal of property, plant and equipment	**(45)**	129
Gain on disposal of available-for-sale financial assets	**(92)**	—
Impairment loss on available-for-sale financial assets	**3,813**	—
Gain on sale of a subsidiary	**—**	(23)
Amortisation of other intangible assets	**173**	—
Depreciation of property, plant and equipment	**12,236**	15,107
Amortisation of prepaid land lease payments under operating leases	**9**	8
Impairment loss on trade receivables	**445**	2,209
Impairment loss on inventories	**2,549**	2,177
Share-based payment expenses	**—**	62
Operating profit before movements in working capital	**440**	59,483
Decrease/(increase) in inventories	**9,513**	(25,455)
Decrease/(increase) in trade and other receivables	**67,948**	(16,938)
(Decrease)/increase in trade and other payables	**(79,714)**	11,148
Decrease in provisions	**(12,002)**	(3,377)
Decrease in retirement benefit obligations	**(11,338)**	(14,323)
Net cash (used in)/ generated from operations	**(25,153)**	10,538
Income tax received	**264**	1,832
Income tax paid	**(882)**	(559)
Net cash (used in)/ generated from operating activities	**(25,771)**	11,811

Consolidated Cash Flow Statement *(Continued)*

For the six months ended 31 March 2009

	Six months ended 31 March 2009 HK$'000 (unaudited)	2008 HK$'000 (unaudited)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(2,559)**	(4,827)
Proceeds from disposal of property, plant and equipment	**—**	1,296
Proceeds from disposal of available-for-sale financial assets	**1,951**	—
Dividend paid	**(3,600)**	—
Proceeds from disposal of a subsidiary, net of cash and cash equivalents sold	**—**	(3,408)
Acquisition of a subsidiary, net of cash and cash equivalents acquired (note 5)	**(5,329)**	—
Purchase of available-for-sale financial assets	**—**	(3,813)
Interest received	**425**	1,798
Net cash used in investing activities	**(9,112)**	(8,954)
Cash flows from financing activities		
Net cash (outflow)/inflow in trust receipts and export loans	**(38,032)**	14,589
Repayments of bank borrowings	**(10,751)**	(12,261)
Interest paid on bank overdrafts and interest-bearing bank borrowings	**(3,829)**	(5,890)
Principal repayment of obligations under finance leases	**(4,113)**	(5,135)
Interest paid on obligations under finance leases	**(629)**	(657)
Net cash used in financing activities	**(57,354)**	(9,354)
Net decrease in cash and cash equivalents	**(92,237)**	(6,497)
Effect of foreign exchange rates	**(4,784)**	(14,626)
Cash and cash equivalents at the beginning of the period	**104,915**	104,977
Cash and cash equivalents at the end of the period	**7,894**	83,854
Analysis of the balance of cash and cash equivalents:		
Bank balances and cash	**51,263**	94,191
Bank overdrafts	**(43,369)**	(10,337)
	7,894	83,854

Notes to the Interim Financial Statements

For the six months ended 31 March 2009

1. Basis of Preparation

The unaudited interim consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense on a year to year basis. Actual results may differ from these estimates.

This interim financial report contains consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company and its subsidiaries (together referred to as the "Group") since the September 2008 annual financial statements. The consolidated interim financial statements do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the financial year ended 30 September 2008 that is included in the consolidated interim financial statements as being previously reported information does not constitute the Group's statutory financial statements for that financial year but is derived from those financial statements.

2. Principal Accounting Policies

The interim consolidated financial statements have been prepared under the historical cost basis, except for certain financial assets and liabilities which are stated at their fair value.

The accounting policies adopted in the interim financial statements are consistent with those followed in the preparation of the audited financial statements of the Group for the year ended 30 September 2008, except for the adoption of the following HKFRSs (which include all HKFRSs, HKASs and Interpretations), which are adopted for the first time in the current period.

HK (IFRIC) – INT 9 and HKAS 39 (Amendments)	Embedded Derivatives
HK (IFRIC) – INT 12	Service Concession Arrangements
HK (IFRIC) – INT 13	Customer Loyalty Programmes
HK (IFRIC) – INT 14	HKAS19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
HK (IFRIC) – INT 16	Hedges of a Net Investment in a Foreign Operation

So far, the Group has concluded that the adoption of these new and revised HKFRSs, to the extent that they are relevant to the Group and which are expected to be reflected in the annual financial statements for the year ending 30 September 2009, would not have a significant impact on the Group's results of operations and financial position.

2. Principal Accounting Policies *(Continued)*

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRS (Amendments)	Improvements to HKFRSs [(1)]
HKFRS (Amendments)	Improvements to HKFRSs 2009 [(2)]
HKAS 1 (Revised)	Presentation of Financial Statements [(3)]
HKAS 23 (Revised)	Borrowing Costs [(3)]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [(4)]
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation [(3)]
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Eligible Hedged Items [(4)]
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Joint Ventures and Associates [(3)]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards [(4)]
HKFRS 2 (Amendment)	Share based Payments – Vesting Conditions and Cancellation [(3)]
HKFRS 3 (Revised)	Business Combinations [(4)]
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments [(3)]
HKFRS 8	Operating Segments [(3)]
HK (IFRIC) – INT 15	Agreements for the Construction of Real Estate [(3)]
HK (IFRIC) – INT 17	Distributions of Non-cash Assets to Owners [(4)]
HK (IFRIC) – INT 18	Transfer of Assets from Customers [(5)]

2. Principal Accounting Policies *(Continued)*

Notes:

[1] Effective for annual periods beginning on or after 1 January 2009, except the amendments to HKFRS 5 which are effective for annual periods beginning on or after 1 July 2009

[2] Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate

[3] Effective for annual periods beginning on or after 1 January 2009

[4] Effective for annual periods beginning on or after 1 July 2009

[5] Effective for transfers on or after 1 July 2009

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements.

Among these new standards and interpretations, HKAS 1 (Revised) "Presentation of Financial Statements" is expected to materially change the presentation of the Group's financial statements. The amendments affect the presentation of owner changes in equity and introduce a statement of comprehensive income. The Group will have the option of presenting items of income and expenses and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The amendment does not affect the financial position or results of the Group but will give rise to additional disclosures.

In addition, HKFRS 8 "Operating Segments" may result in new or amended disclosures. The Directors are in the process of identifying reportable operating segments as defined in HKFRS 8.

The Directors are currently assessing the impact of other new and amended HKFRSs upon initial application. So far, the Directors have preliminarily concluded that the initial application of these HKFRSs is unlikely to have a significant impact on the Group's results and financial position.

3. Turnover and Segment Information

Business segments

The Group's principal activities are: the contract manufacturing of a wide range of power-related and electrical/electronic products ("Contract Manufacturing"); and the manufacturing, procurement and distribution of a broad line of hand, lawn and garden tools ("Tools"), magnetic tools and products and the provision of magnetic-based industrial solutions ("Magnetics") and metrology and measurement tools ("Metrology"). With the acquisition of Jade Precision Engineering Pte Ltd in July 2008, the Group's principal segments widened to encompass the manufacturing and distribution of stamped, etched and plated leadframes for the semi-conductor industry ("Leadframes"). Following the acquisition of Alford Industries Limited in January 2009 there has been a further expansion of the principal segments to include electronic consumer products ("Consumer Electronics"). These six business segments are the basis on which the Group reports its primary segment information. Segment information about these businesses is presented below.

For the six months ended 31 March 2009

	Contract Manufacturing HK$'000	Tools HK$'000	Metrology HK$'000	Magnetics HK$'000	Leadframes HK$'000	Consumer Electronics HK$'000	Elimination HK$'000	Consolidated HK$'000
Turnover								
External sales	120,223	227,452	56,218	38,402	35,099	16,302	–	493,696
Inter-segment sales	194	3,206	4,220	276	–	–	(7,896)	–
	120,417	230,658	60,438	38,678	35,099	16,302	(7,896)	493,696
Segment (loss)/profit	(12,615)	(2,176)	4,267	7,594	(7,401)	838	–	(9,493)
Restructuring costs	(3,200)	(717)	(123)	–	–	–	–	(4,040)
Unallocated corporate expenses								(3,369)
Interest income								425
Share of results of an associate								540
Impairment loss on available-for-sale financial assets								(3,813)
Discount on acquisition of a subsidiary								9,571
Finance costs								(8,289)
Loss before tax								(18,468)
Income tax charge								(1,480)
Loss for the period								(19,948)

3. Turnover and Segment Information *(Continued)*

Business segments *(Continued)*

For the six months ended 31 March 2008

	Contract Manufacturing HK$'000	Tools HK$'000	Metrology HK$'000	Magnetics HK$'000	Elimination HK$'000	Consolidated HK$'000
Turnover						
External sales	257,819	309,870	91,156	53,173	—	712,018
Inter-segment sales	—	3,942	1,752	297	(5,991)	—
	257,819	313,812	92,908	53,470	(5,991)	712,018
Segment profit	7,838	7,143	8,676	9,436	—	33,093
Restructuring costs	(1,665)	—	—	—	—	(1,665)
Unallocated corporate income and expenses						3,273
Interest income						1,798
Share of results of an associate						638
Gain on sale of a subsidiary						23
Finance costs						(6,547)
Profit before tax						30,613
Income tax charge						(10,745)
Profit for the period						19,868

Certain of the Group's divisions are subject to seasonal trading variations, most significantly the garden tool operations included within the Tools Division. Here, operations located in the northern hemisphere have sales concentrated in Quarters 2 and 3. The impact of this is mitigated by the Tools Divisions' Australasian businesses whose garden operations record higher sales in Quarters 1 and 2.

3. Turnover and Segment Information *(Continued)*

Geographical segments

The Group's operations are mainly located in Mainland China, Hong Kong, America, Mainland Europe, the United Kingdom ("UK"), Australasia and elsewhere in Asia. The following provides an analysis of the Group's turnover by geographical market, irrespective of the origin of the goods:

Turnover by geographical market

	Six months ended 31 March	
	2009	2008
	HK$'000	HK$'000
	(unaudited)	(unaudited)
The People's Republic of China (the "PRC")		
Mainland China	**8,554**	22,878
Hong Kong	**10,949**	19,958
	19,503	42,836
United States of America, South America and Canada	**74,708**	105,884
Mainland Europe (excluding UK)	**136,846**	208,616
UK	**107,859**	180,916
Australasia	**85,660**	84,689
Asia (excluding Mainland China and Hong Kong)	**43,258**	55,340
Others	**25,862**	33,737
	493,696	712,018

4. Finance Costs

Finance costs comprise:

	Six months ended 31 March 2009 HK$'000 (unaudited)	2008 HK$'000 (unaudited)
Interest on interest-bearing bank borrowings and overdrafts wholly repayable within five years	**3,829**	5,890
Interest on obligations under finance leases	**629**	657
Interest on retirement benefit obligations	**3,831**	—
	8,289	6,547

5. Discount on Acquisition of a Subsidiary

On 18 January 2009 the Company, through its UK based subsidiary, Bowers Group plc, entered into an agreement to acquire the entire share capital of Alford Industries Limited ("Alford"), a privately-owned company incorporated in Hong Kong and engaged in the design and manufacture of consumer electronic and wireless products. The consideration for the acquisition, excluding costs, amounted to HK$42,000,000 and was settled by HK$15,000,000 in cash and the issue of 100,000,000 ordinary shares of HK$0.10 in the Company at a market value (as determined by the share price as quoted on the Hong Kong Stock Exchange at close of business on 30 January 2009) of HK$27,000,000. The purchase was duly completed on 30 January 2009.

The discount on acquisition arose from purchasing Alford's net assets at approximately 83% of their fair value. This discount reflects the impact on the purchase price of the depressed nature of financial markets and the world-wide economic recession.

The acquired business contributed revenue of approximately HK$16.3 million and a net profit of approximately HK$0.7 million in the period from acquisition to 31 March 2009. If the acquisition had taken place on 1 October 2008, the Group's revenue for the period would have been approximately HK$533 million and the net loss for the period would have been approximately HK$24 million. This pro forma information is for illustrative purposes only and is not necessarily indicative of the revenue and results of the Group that would have been achieved had the acquisition been completed on 1 October 2008, nor is it intended to be a projection of future results.

5. Discount on Acquisition of a Subsidiary *(Continued)*

The net assets acquired in the transaction and the discount on acquisition arising on the purchase are as follows:

	Acquiree's carrying amount before combination	Fair value adjustments	Fair value
	HK$'000	HK$'000	HK$'000
Net assets acquired:			
Property, plant and equipment	7,994	—	7,994
Inventories	14,879	—	14,879
Trade and other receivables	38,058	—	38,058
Cash and cash equivalents	12,266	—	12,266
Trade and other payables	(17,655)	(200)	(17,855)
Obligations under finance leases	(102)	—	(102)
Net tax payable	1,130	(1,500)	(370)
Deferred taxation	(916)	—	(916)
	55,654	(1,700)	53,954
Discount on acquisition			(9,359)
Legal and professional fees			(2,595)
Less shares issued			(27,000)
Total consideration satisfied by cash			15,000
Net cash outflow arising on acquisition:			
Cash consideration paid			(15,000)
Legal and professional fees			(2,595)
Cash and cash equivalents acquired			12,266
			(5,329)

In addition to the HK$9,359,000 in respect of the discount on acquisition of Alford, a further HK$212,000 has been credited to the consolidated income statement relating to the acquisition of Jade Precision Engineering Pte Ltd ("JPE"), a company incorporated in Singapore, that was acquired by the Group on 28 July 2008. In the period to 31 March 2009, excess acquisition cost provisions of HK$212,000 have been credited to the consolidated income statement.

6. (Loss)/Profit Before Tax

	Six months ended 31 March 2009 HK$'000 (unaudited)	2008 HK$'000 (unaudited)
The (loss)/profit before tax has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	**12,236**	15,107
Amortisation of other intangible assets	**173**	—
Impairment loss on available-for-sale financial assets	**3,813**	—
Impairment loss on trade receivables	**445**	2,209
Impairment loss on inventories	**2,549**	2,177
Amortisation of prepaid lease payments under operating leases	**9**	8
Share-based payment expenses in respect of share options granted	**—**	62
Retirement benefit plan expenses	**2,067**	4,681
(Gain)/loss on disposal of property, plant and equipment	**(45)**	129
Restructuring costs	**4,040**	1,665
Fair value gains on derivative financial instruments	**—**	(3,225)
Interest income	**(425)**	(1,798)
Gain on disposal of available-for-sale financial assets	**(92)**	—

7. Income Tax Charge

The income tax charge for the period comprises:

	Six months ended 31 March 2009 HK$'000 (unaudited)	2008 HK$'000 (unaudited)
Current income tax:		
Hong Kong	**(531)**	—
Mainland China	**113**	368
United States of America	**—**	63
France	**495**	273
New Zealand	**235**	376
	312	1,080
Deferred tax *(note 17)*	**1,168**	9,665
	1,480	10,745

Hong Kong Profits Tax is calculated at 16.5% (31 March 2008 – 17.5%) of the estimated assessable profits for the period. Taxation arising in other jurisdictions is provided on the estimated taxable profits arising in those jurisdictions at the prevailing local rates.

8. Dividends

Dividends attributable to the interim period:

	Six months ended 31 March	
	2009	2008
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Interim dividend declared and payable after the period end of 0.5 HK cents per ordinary share (2008 - 0.5 HK cents)	**4,100**	2,785

At a Board meeting held on 25 June 2009, the Directors announced the payment of an interim dividend of 0.5 HK cents per ordinary share for the six months ended 31 March 2009. This interim dividend will be distributed on or about Friday, 28 August 2009 to shareholders whose names are recorded in the Register of Members of the Company as at the close of business on Tuesday, 21 July 2009.

The interim dividend has not been recognised as a liability at the balance sheet date.

9. (Loss)/Earnings Per Share

The calculation of the basic (loss)/earnings per share for the six month periods ended 31 March 2009 and 31 March 2008 is based on the (loss)/profit attributable to equity holders of the Company of HK$19,948,000 (31 March 2008 – a profit of HK$19,868,000) and the weighted average number of ordinary shares of 752,417,582 shares (31 March 2008 - 677,058,400). Diluted earnings per share have not been presented for the period from 1 October 2008 to 31 March 2009 because the exercise price of the Company's share options was higher than the average market price of the shares for the period. For the six months ended 31 March 2008, the calculation of the diluted earnings per share is based on the profit attributable to equity holders of the Company of HK$19,868,000 and the weighted average number of ordinary shares of 688,001,329. The relevant calculations are as follows:

(i) Weighted average number of ordinary shares

	31 March 2009 (unaudited)	31 March 2008 (unaudited)
Issued ordinary shares at 1 October 2008 *(note a)*	**720,000,000**	677,058,400
Effect of new shares issued *(note b)*	**32,417,582**	—
Weighted average number of ordinary shares at 31 March 2009	**752,417,582**	677,058,400
Basic (loss)/earnings per share (HK$)	**(2.65) cents**	2.93 cents

9. (Loss)/Earnings Per Share *(Continued)*

(ii) Weighted average number of ordinary shares (diluted)

	31 March 2009 (unaudited)	31 March 2008 (unaudited)
Issued ordinary shares at 1 October 2008 *(note a)*	—	677,058,400
Effect of deemed issue of shares under the Company's share option scheme	—	10,942,929
Weighted average number of ordinary shares at 31 March 2009	—	688,001,329
Diluted earnings per share (HK$)	**N/A**	2.89 cents

Notes:

(a) The number of shares for 2008 includes the impact of the bonus issue of 1 bonus share for every 5 shares held, which was implemented in August 2008.

(b) Relates to consideration shares issued in respect of the acquisition of Alford on 30 January 2009 (see note 18).

10. Property, Plant and Equipment

Property, plant and equipment additions in the period amounted to HK$3,989,000 (31 March 2008 – HK$9,113,000). The additions in the period include HK$1,430,000 (31 March 2008 – HK$4,286,000) in relation to assets acquired under finance leases for which there is no cash flow included in the consolidated cash flow statement.

11. Trade and Other Receivables

Trade and other receivables of HK$249,398,000 (30 September 2008 – HK$311,232,000) include trade receivables of HK$229,540,000 (30 September 2008 – HK$284,605,000). At the reporting date, the aged analysis of trade receivables, which is stated after provisions for impairment, is as follows:

	31 March 2009 HK$'000 (unaudited)	30 September 2008 HK$'000 (audited)
Due within 0-60 days	**206,482**	230,398
Due within 61-90 days	**8,442**	32,142
Due within 91-120 days	**6,570**	9,552
Greater than 120 days	**8,046**	12,513
	229,540	284,605

The Group allows credit periods ranging from 30 to 120 days to its trade customers depending on their credit status and geographical location. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Trade receivables that are past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past and current experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality.

12. Trade and Other Payables

Trade and other payables of HK$215,528,000 (30 September 2008 – HK$ 296,177,000) include trade payables of HK$128,584,000 (30 September 2008 – HK$191,879,000). At the reporting date, the aged analysis of trade payables is as follows:

	31 March 2009 HK$'000 (unaudited)	30 September 2008 HK$'000 (audited)
Due within 0-60 days	**105,861**	172,316
Due within 61-90 days	**6,019**	14,522
Greater than 90 days	**16,704**	5,041
	128,584	191,879

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

13. Bank Overdrafts and Interest Bearing Bank Borrowings

	31 March 2009 HK$'000 (unaudited)	30 September 2008 HK$'000 (audited)
Bank overdrafts (all secured)	**43,369**	—
Bank borrowings (all secured) comprise:		
Export invoices/loan financing	**33,101**	71,114
Other bank borrowings	**32,990**	43,741
	66,091	114,855
	109,460	114,855
Bank overdrafts and borrowings are repayable as follows:		
Within one year or on demand	**98,966**	92,956
More than one year, but not exceeding two years	**10,494**	21,899
	109,460	114,855
Amounts due within one year shown under current liabilities	**98,966**	92,956
Amounts due after one year shown under non-current liabilities	**10,494**	21,899

The bank overdrafts and borrowings are denominated in Hong Kong Dollars and Pounds Sterling and carry variable interest rates linked to the Hong Kong Dollar Prime Rate and the Bank of England UK Base Rate respectively.

The effective interest rates on the Group's floating rate borrowings range from 2.5% to 8.5% per annum (30 September 2008 – 4.75% to 8.5% per annum).

The fair values of the Group's bank overdrafts and borrowings, determined as the present value of the estimated future cash flows, discounted using the prevailing market rate at the balance sheet date, approximate to their carrying values.

14. Obligations Under Finance Leases

The Group's finance lease liabilities are repayable as follows:

	Minimum lease payments		Present value of minimum lease payments	
	31 March 2009 HK$'000 (unaudited)	30 September 2008 HK$'000 (audited)	**31 March 2009 HK$'000 (unaudited)**	30 September 2008 HK$'000 (audited)
Amounts payable under finance leases:				
Within one year	**6,907**	8,936	**6,118**	8,026
In the second to fifth years inclusive	**7,799**	11,230	**7,265**	9,982
	14,706	20,166	**13,383**	18,008
Less: future finance charges	**(1,323)**	(2,158)	**—**	—
Present value of lease obligations	**13,383**	18,008	**13,383**	18,008
Less: amount due for settlement within one year shown under current liabilities			**(6,118)**	(8,026)
Amount due for settlement after one year shown under non-current liabilities			**7,265**	9,982

During the period, the Group acquired certain motor vehicles under finance leases with contract lengths ranging from 2 to 4 years. Interest rates underlying all obligations under finance leases are fixed at their respective contract rates ranging from 3.3% to 7.0%. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The fair values of the Group's finance lease obligations, determined by the present value of estimated future cash flows discounted using the prevailing market rate at the balance sheet date, approximate to their carrying values.

The Group's obligations under finance leases are secured by the lessors' charge over the leased assets.

15. Provisions

	Onerous contracts HK$'000	Manufacturing reorganisation HK$'000	Total HK$'000
At 1 October 2007	18,424	1,029	19,453
Utilisation of provision	(1,712)	(1,665)	(3,377)
Provision for the period	401	1,665	2,066
Currency realignment	(399)	(23)	(422)
At 31 March 2008	16,714	1,006	17,720
Utilisation of provision	(1,715)	(6,899)	(8,614)
Re-analysis from other creditors	358	—	358
Provision for the period	3,437	17,713	21,150
Currency realignment	(1,188)	(476)	(1,664)
At 30 September 2008	17,606	11,344	28,950
Utilisation of provision	(1,296)	(10,706)	(12,002)
Provision for the period	549	4,040	4,589
Currency realignment	(3,492)	(1,550)	(5,042)
At 31 March 2009	**13,367**	**3,128**	**16,495**

	31 March 2009 HK$'000 (unaudited)	30 September 2008 HK$'000 (audited)
Analysed for reporting purposes as:		
Current liabilities	**9,048**	18,277
Non-current liabilities	**7,447**	10,673
	16,495	28,950

The onerous contract provisions represent the estimated present value of the future lease payments that the Group is presently obligated to make under non-cancelable operating lease contracts, less revenue expected to be earned on those leases including estimated future sub-lease revenue, where applicable. The estimate may vary as a result of changes in the utilisation of the leased premises and sub-lease arrangements, where applicable. The unexpired term of the leases is approximately three years.

15. Provisions *(Continued)*

In May 2008, Neill Tools Limited, a UK based subsidiary of the Company, announced the relocation of its Wood Saws' and Builders' Tools manufacturing operations to an overseas partner and a provision was established for the related employee severance payments and relocation costs. The relocation commenced in Quarter 4 of fiscal 2008 and is expected to be completed in Quarter 3 of fiscal 2009.

Likewise, in September 2008, JPE, the Group's subsidiary that was acquired in July 2008, announced a reduction in its manpower and the relocation of the remaining element of its stamping operations to the PRC. The provision set up at 30 September 2008 in relation to this reorganisation, included employee retrenchment and plant relocation costs.

Additionally, retrenchment and severance costs have also been incurred during the period by the Group's Pantene operation.

16. Retirement Benefit Obligations

The Group operates a defined contribution retirement benefits scheme and a defined benefit plan. The details of the defined contribution retirement benefit scheme are consistent with those disclosed in the Annual Report of the Group for the year ended 30 September 2008. Details of the defined benefit plan are described as below.

The Group operates a contributory defined benefit pension plan covering certain of its employees in the UK based subsidiaries of Spear & Jackson (the "James Neill Pension Plan", the "Plan"). The benefits covered by the Plan are based on years of service and compensation history. The Plan's assets are held separately from the assets of the Group and are administered by the Plan's trustees and are managed professionally.

The last formal valuation of the Plan, for accounting valuation purposes, was carried out by the Group's actuary, PricewaterhouseCoopers LLP at 30 September 2008. This valuation has been updated to 31 March 2009 for the purposes of this Interim Report.

16. Retirement Benefit Obligations *(Continued)*

The Group's annual contributions to the Plan are £1.9 million (approximately HK$23 million) until 31 March 2010. Thereafter, contributions will rise to £3.65 million (approximately HK$44 million) for the following two years and will then revert to £3.25 million (approximately HK$39 million) for a further three and a half years. This contribution schedule may be subject to revision and amendment in future periods dependent on fluctuations, both favourable and adverse, in the actuarially determined value of Plan investments and liabilities and the financial strength and cash flow requirements of the Plan's sponsoring employers. Additionally, a charge has been executed in favour of the Plan representing 50% of the value of the Group's freehold land and buildings at Atlas Way, Sheffield, England (note 21).

The principal financial assumptions used for the purpose of the actuarial valuations of the Plan at 31 March 2009 and 30 September 2008 are detailed below:

	31 March 2009 (unaudited)	30 September 2008 (audited)
Long term rate of increase in pensionable salaries	**2.70%**	3.50%
Rate of increase of benefits in payment *(note a)*	**2.30%**	3.10%
Rate of increase of benefits in payment *(note b)*	**2.10%**	2.80%
Discount rate	**6.80%**	7.50%
Inflation assumption	**2.50%**	3.30%
Expected return on equities	**n/a**	8.70%
Expected return on bonds	**n/a**	7.05%
Expected return on cash	**n/a**	5.00%

Notes:

(a) In respect of pensions in excess of the guaranteed minimum pension in the 1999 and 2001 sections of the Plan.

(b) In respect of guaranteed minimum pension earned after 6 April 1988.

The methodology and criteria underlying the calculation and setting of the assumptions at 31 March 2009 are consistent with those used to determine the comparable assumptions disclosed in the Annual Report of the Group for the year ended 30 September 2008.

16. Retirement Benefit Obligations *(Continued)*

The amount recognised in the consolidated balance sheet in respect of the Plan is as follows:

	31 March 2009 HK$'000 (unaudited)	30 September 2008 HK$'000 (audited)
Fair value of Plan assets:		
Equities	**440,609**	602,009
Bonds	**423,903**	606,637
Cash	**3,339**	7,650
Insurance policies	**12,622**	16,732
	880,473	1,233,028
Present value of funded obligations	**(1,178,370)**	(1,473,599)
Net liability recognised in the balance sheet	**(297,897)**	(240,571)

Amounts recognised in the consolidated income statement in respect of the Plan are as follows:

	Six months ended 31 March 2009 HK$'000 (unaudited)	2008 HK$'000 (unaudited)
Current service cost	**2,067**	4,681
Expected return on assets	**(36,486)**	(47,590)
Interest cost	**40,317**	47,999
	5,898	5,090

The charge for the period in respect of the current service cost is included in administrative costs in the consolidated income statement. The net excess or deficit of expected return on assets over interest cost is disclosed in interest income or finance costs, as appropriate.

16. Retirement Benefit Obligations *(Continued)*

Movements in the present value of the defined benefit obligations are as follows:

	Six months ended		
	31 March 2009	30 September 2008	31 March 2008
	HK$'000	HK$'000	HK$'000
	(unaudited)	(unaudited)	(unaudited)
At the beginning of the period	**1,473,599**	1,704,346	1,845,046
Currency realignment	**(292,696)**	(127,838)	(41,385)
Current service cost	**2,067**	4,290	4,676
Interest cost	**40,317**	52,489	53,152
Member contributions	**1,646**	2,347	2,475
Benefit payments	**(37,235)**	(52,702)	(41,341)
Actuarial gains	**(9,328)**	(109,333)	(118,277)
At the end of the period	**1,178,370**	1,473,599	1,704,346

Changes in the fair values of the Plan's assets

	Six months ended		
	31 March 2009	30 September 2008	31 March 2008
	HK$'000	HK$'000	HK$'000
	(unaudited)	(unaudited)	(unaudited)
At the beginning of the period	**1,233,028**	1,437,848	1,567,847
Currency realignment	**(244,922)**	(106,859)	(35,325)
Employer contributions	**11,338**	15,431	14,323
Member contributions	**1,646**	2,347	2,475
Expected return on assets	**36,486**	53,026	53,794
Benefit payments	**(37,235)**	(52,702)	(41,341)
Actuarial losses	**(119,868)**	(116,063)	(123,925)
At the end of the period	**880,473**	1,233,028	1,437,848

16. Retirement Benefit Obligations *(Continued)*

The amount, before tax, recognised in the consolidated statement of recognised income and expense is as follows:

	Six months ended		
	31 March 2009	30 September 2008	31 March 2008
	HK$'000	HK$'000	HK$'000
	(unaudited)	(unaudited)	(unaudited)
Actuarial loss	**(110,540)**	(6,730)	(5,648)

The cumulative amount of actuarial losses, before tax, recognised in the consolidated statement of recognised income and expense, before tax, is HK$6,178,000 (30 September 2008 – HK$104,362,000 – gain).

The history of experience adjustments is as follows:

	31 March 2009	30 September 2008
	HK$'000	HK$'000
	(unaudited)	(audited)
Present value of defined benefit obligation	**(1,178,370)**	(1,473,599)
Fair value of Plan assets	**880,473**	1,233,028
Deficit	**(297,897)**	(240,571)
Experience gain adjustment on Plan liabilities	**9,328**	227,610
Experience loss adjustment on Plan assets	**(119,868)**	(239,988)

The actuarial valuation showed that the market value of the Plan's assets at 31 March 2009 was HK$880,473,000 (30 September 2008 – HK$1,233,028,000) and that the actuarial value of these assets represented 75% (30 September 2008 – 84%) of the benefits that had accrued to members. The shortfall of HK$297,897,000 (30 September 2008 – HK$240,571,000) is to be cleared in accordance with a repayment and funding schedule compliant with current UK pensions legislation and determined after consultation with, and agreement by, the Trustees of the Plan. The current repayment schedule anticipates that the shortfall will be cleared in approximately 8 years, although this contribution schedule may be subject to amendment dependent on the agreement by the Trustees and the UK Pension Regulator.

17. Deferred Tax

The following are the major deferred tax assets and liabilities recognised and movements thereon during the current and prior periods.

	Accelerated accounting depreciation HK$'000	Revaluation of properties HK$'000	Retirement benefit obligations HK$'000	Others HK$'000	Tax losses HK$'000	Total HK$'000
At 1 October 2007	11,444	(20,562)	77,622	10,259	4,046	82,809
(Charged)/credited to consolidated income statement	(1,877)	264	(2,963)	(4,189)	(900)	(9,665)
Recognition of actuarial losses on retirement benefit obligation	—	—	1,578	—	—	1,578
Reclassifications	—	—	93	(93)	—	—
Currency realignment	(390)	10	(1,724)	(205)	(85)	(2,394)
At 31 March 2008	9,177	(20,288)	74,606	5,772	3,061	72,328
(Charged)/credited to consolidated income statement	4,808	411	(5,668)	5,280	959	5,790
Recognition of actuarial gains on retirement benefit obligation	—	—	1,888	—	—	1,888
Reclassifications	—	—	(93)	93	—	—
Currency realignment	(1,407)	1,339	(3,373)	(1,059)	(247)	(4,747)
At 30 September 2008	12,578	(18,538)	67,360	10,086	3,773	75,259
(Charged)/credited to consolidated income statement	—	186	(1,419)	65	—	(1,168)
Recognition of actuarial losses on retirement benefit obligation	—	—	30,957	—	—	30,957
Acquisition of a subsidiary	(916)	—	—	—	—	(916)
Currency realignment	(2,504)	3,287	(13,483)	(1,993)	(622)	(15,315)
At 31 March 2009	**9,158**	**(15,065)**	**83,415**	**8,158**	**3,151**	**88,817**

17. Deferred Tax *(Continued)*

For the purposes of balance sheet presentation, certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes.

	31 March 2009 HK$'000 (unaudited)	30 September 2008 HK$'000 (audited)
Deferred tax liabilities	**(15,981)**	(19,870)
Deferred tax assets	**104,798**	95,129
	88,817	75,259

The majority of the Group's deferred tax assets relate to temporary differences originating in its UK subsidiaries. Such deferred tax balances have been provided at 28% (30 September 2008 – 28%).

At the balance sheet date, based on the estimation of future profit streams, the Group has unrecognised deferred tax assets (before applying tax rates prevailing in the respective jurisdictions) in respect of unused tax losses, capital losses, other temporary differences and other tax credits available for offset against future profits, analysed as follows:

	31 March 2009 HK$'000 (unaudited)	30 September 2008 HK$'000 (audited)
Unused tax losses	**505,100**	658,242
Capital losses	**110,287**	137,699
Other temporary differences	**535,096**	578,834
Other tax credits	**339,077**	423,353
	1,489,560	1,798,128

17. Deferred Tax *(Continued)*

The Group records deferred tax assets in respect of tax losses and other tax credits only where there is a reasonable expectation that these tax losses and credits will be utilised in the forseeable future. Based on forecast income streams and having considered potential future earnings volatility, the Group does not anticipate the utilisation of any significant portion of its tax losses and other tax credits or the material reversal of the other deferred tax temporary differences in the foreseeable future. The tax losses and other tax credits principally arise in Hong Kong, the UK, France, Australia and Singapore and can be carried forward indefinitely.

18. Share Capital

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 31 March 2009 and 30 September 2008	1,500,000,000	150,000
Issued and fully paid		
At 1 October 2008	720,000,000	72,000
Consideration shares *(note a)*	100,000,000	10,000
At 31 March 2009	**820,000,000**	**82,000**

Note:

(a) On 30 January 2009 the Company, through its UK based subsidiary, Bowers Group plc, completed the acquisition of the entire share capital of Alford Industries Limited, a company incorporated in Hong Kong and engaged in the design and manufacture of consumer electronic and wireless products. The consideration for the acquisition, excluding costs, amounted to HK$42,000,000 and was settled by HK$15,000,000 in cash and the issue of 100,000,000 ordinary shares of HK$0.10 each in the Company at a market value of HK$27,000,000.

19. Reserves

	Share premium HK$'000	Share option reserve HK$'000	Capital redemption reserve HK$'000	Capital reserve HK$'000	Translation reserve HK$'000	Investment revaluation reserve HK$'000	Accumulated profits HK$'000	Total HK$'000
At 1 October 2007 (audited)	13,527	731	1,442	19,870	6,270	—	239,649	281,489
Exchange differences arising on translation of foreign operations	—	—	—	—	(10,592)	—	—	(10,592)
Change in fair value	—	—	—	—	—	(589)	—	(589)
Recognition of actuarial losses on defined benefit plan (net of tax)	—	—	—	—	—	—	(4,070)	(4,070)
Net expenses recognised directly in equity	—	—	—	—	(10,592)	(589)	(4,070)	(15,251)
Profit for the period	—	—	—	—	—	—	19,868	19,868
Total income and expense recognised for the period	—	—	—	—	(10,592)	(589)	15,798	4,617
Recognition of equity settled share based payments	—	62	—	—	—	—	—	62
At 31 March 2008 (unaudited)	13,527	793	1,442	19,870	(4,322)	(589)	255,447	286,168
Exchange differences arising on translation of foreign operations	—	—	—	—	(28,022)	—	—	(28,022)
Change in fair value	—	—	—	—	—	(2,876)	—	(2,876)
Recognition of actuarial losses on defined benefit plan (net of tax)	—	—	—	—	—	—	(4,842)	(4,842)
Net expenses recognised directly in equity	—	—	—	—	(28,022)	(2,876)	(4,842)	(35,740)
Profit for the period	—	—	—	—	—	—	46,806	46,806
Total income and expense recognised for the period	—	—	—	—	(28,022)	(2,876)	41,964	11,066
Recognition of equity settled share based payments	—	1	—	—	—	—	—	1
Dividends	—	—	—	—	—	—	(3,000)	(3,000)
Issue of shares at a premium	14,042	—	—	—	—	—	—	14,042
Bonus issue	(12,000)	—	—	—	—	—	—	(12,000)
At 30 September 2008 (audited)	15,569	794	1,442	19,870	(32,344)	(3,465)	294,411	296,277
Exchange differences arising on translation of foreign operations	—	—	—	—	(60,089)	—	—	(60,089)
Change in fair value	—	—	—	—	—	3,465	—	3,465
Recognition of actuarial losses on defined benefit plan (net of tax)	—	—	—	—	—	—	(79,583)	(79,583)
Net expenses recognised directly in equity	—	—	—	—	(60,089)	3,465	(79,583)	(136,207)
Loss for the period	—	—	—	—	—	—	(19,948)	(19,948)
Total income and expense recognised for the period	—	—	—	—	(60,089)	3,465	(99,531)	(156,155)
Dividends	—	—	—	—	—	—	(3,600)	(3,600)
Issue of shares at a premium	17,000	—	—	—	—	—	—	17,000
At 31 March 2009 (unaudited)	**32,569**	**794**	**1,442**	**19,870**	**(92,433)**	**—**	**191,280**	**153,522**

20. Major Non-cash Transactiions

During the period, the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of HK$1,430,000 (1 October 2007 to 31 March 2008 – HK$4,286,000).

21. Pledge of Assets

At the balance sheet date, the Group has bank deposits of HK$5,000,000 that are pledged to a bank to secure credit facilities granted by that bank of HK$27,500,000 (30 September 2008 – HK$27,500,000).

The Group has also pledged plant and machinery having a net book value of approximately HK$984,000 (30 September 2008 – HK$1,538,000) and land and buildings with a net book value of approximately HK$28,600,000 (30 September 2008 – nil) to secure general banking facilities granted to the Group.

At the balance sheet date, the banking facility of the UK subsidiaries of Spear & Jackson comprises an overdraft facility of £3,000,000 (approximately HK$35,000,000). This overdraft facility is secured by a first fixed charge on the freehold land and buildings located at Atlas Way, Sheffield, England and by fixed and floating charges on the other assets and undertakings of Spear & Jackson plc, its UK trading subsidiaries and certain fellow UK subsidiary undertakings. Amounts drawn down under this facility at 31 March 2009 were HK$22,718,000 (30 September 2008 – nil).

During the year to 30 September 2008, in accordance with UK pension regulatory requirements, a pension contribution schedule was agreed between the Group and the Trustees of the James Neill Pension Plan (the "Plan") covering contributions payable to the Plan over the next 8 years in order to make good the Plan deficit over that period (note 16). As part of this agreement, the Group executed a second charge in favour of the Plan representing 50% (approximately HK$44,788,000) of the value of the Group's freehold land and buildings at Atlas Way.

22. Reconciliation of Decrease in Cash and Cash Equivalents to Movement in Net Borrowings

	Six months ended 31 March 2009 HK$'000 (unaudited)	31 March 2008 HK$'000 (unaudited)
Net decrease in cash and cash equivalents for the period	**(92,237)**	(6,497)
Effect of foreign exchange rates	**(4,784)**	(14,626)
Net movement in cash and cash equivalents	**(97,021)**	(21,123)
Repayment of bank borrowings	**10,751**	12,261
Net cash inflow/(outflow) from export loans	**38,032**	(14,589)
Others	**4,606**	(74)
Net borrowings at the beginning of the period	**(22,948)**	(23,813)
Net borrowings at the end of the period	**(66,580)**	(47,338)

22. Reconciliation of Decrease in Cash and Cash Equivalents to Movement in Net Borrowings *(Continued)*

	31 March 2009 HK$'000 (unaudited)	31 March 2008 HK$'000 (unaudited)
Analysis of net borrowings		
Cash and cash equivalents	**51,263**	94,191
Bank overdrafts	**(43,369)**	(10,337)
Pledged bank deposits	**5,000**	5,000
Interest-bearing bank borrowings – amounts due within one year	**(55,597)**	(86,544)
Interest-bearing bank borrowings – amounts due after one year	**(10,494)**	(7,987)
Obligations under finance leases – amounts due within one year	**(6,118)**	(32,990)
Obligations under finance leases – amounts due after one year	**(7,265)**	(8,671)
	(66,580)	(47,338)

23. Related Party Transactions

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 31 March 2009 HK$'000 (unaudited)	31 March 2008 HK$'000 (unaudited)
Basic salaries and allowances, bonuses and benefits in kind	**4,738**	4,935
Mandatory provident fund contribution	**6**	6
Share-based payments	**—**	15
	4,744	4,956

23. Related Party Transactions *(Continued)*

Eclipse Magnetics Limited, a Group subsidiary undertaking, purchases manufactured products directly from Ningbo Hi-tech Assemblies Co Ltd ("Ningbo Hi-tech"), a company in which it has a 25% interest. For the six months period ended 31 March 2009 goods to the value of approximately HK$10,100,000 (31 March 2008 – HK$13,600,000) were purchased from Ningbo Hi-tech.

The Group operates a contributory defined pension plan covering certain of its employees in the UK based subsidiaries of Spear & Jackson (the "Plan"). The Group pays contributions to the Plan each year according to a schedule of contributions agreed between the Plan trustees and the Group. Full details of the contributions paid by the Group to the Plan during the period are disclosed in note 16.

Other than the disclosures above, the Group has not entered into any other related party transactions.

24. Contingent Liabilities

The Group is, from time to time, subject to legal proceedings and claims arising from the conduct of its business operations, including litigation related to personal injury claims, customer contract matters, employment claims and environmental matters.

The PRC tax authorities are carrying out an examination of the tax returns of the Company's PRC based subsidiaries in respect of the fiscal years 2000 to 2004. In the opinion of the Directors, no provision is required in these accounts since this enquiry is ongoing and the amount of the liabilities, if any, cannot be reliably determined.

While it is impossible to ascertain the ultimate legal and financial liability with respect to contingent liabilities including lawsuits, the Directors believe that the aggregate amount of such liabilities, if any, in excess of amounts accrued, will not have a material adverse effect on the consolidated financial position or results of operations of the Group.

25. Capital Commitments

Capital expenditure in respect of plant and machinery contracted for but not yet provided at 31 March 2009 amounted to HK$530,000 (30 September 2008 – nil).

26. Operating Lease Commitments

The Group as Lessee

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancelable operating leases in respect of rented premises which fall due as follows:

	31 March 2009 HK$'000 (unaudited)	30 September 2008 HK$'000 (audited)
Operating leases which expire:		
Within one year	**13,506**	15,362
In the second to fifth years inclusive	**21,600**	26,644
Over five years	**20,417**	24,380
	55,523	66,386

Operating lease payments represent rentals payable by the Group for its office properties and factories which are negotiated for an average term of seven years.

In respect of non-cancelable operating lease commitments, the following liabilities have been recognised:

	31 March 2009 HK$'000 (unaudited)	30 September 2008 HK$'000 (audited)
Onerous lease contracts *(Note 15)*		
Within one year	**5,920**	6,934
In the second to fifth years inclusive	**7,447**	10,672
	13,367	17,606

26. Operating Lease Commitments *(Continued)*

The Group as lessor

At the balance sheet date the Group had contracted with tenants for the following minimum lease payments:

	31 March 2009 HK$'000 (unaudited)	30 September 2008 HK$'000 (audited)
Within one year	**638**	797
In the second to fifth years inclusive	**1,417**	1,947
Over five years	**6,957**	6,375
	9,012	9,119

Operating lease income represents the rental receivable by the Group for its leased properties under sub-lease agreements.

27. Post Balance Sheet Events

In April 2009 the Group concluded the re-negotiation of the banking facilities of the UK subsidiaries of Spear & Jackson. The current overdraft facility of £3,000,000 (approximately HK$35,000,000) was replaced with a £6,000,000 (approximately HK$70,000,000) composite facility comprising confidential invoice financing, an overdraft and a short-term loan. The new facility is secured by certain trade receivables of the UK trading subsidiaries of Spear & Jackson, by fixed and floating charges on the other assets and undertakings of Spear & Jackson and its UK trading subsidiaries, and by a first fixed charge on the Group's freehold properties in the United Kingdom.

The expanded facility will provide the UK group with additional funding flexibility to pursue a number of strategic initiatives.

Review by Audit Committee

The unaudited interim results for the six months ended 31 March 2009 have been reviewed by the Company's Audit Committee. The information in these interim results does not constitute statutory accounts.

Interim Dividend

The Board has declared an interim dividend of 0.5 HK cents per share for the six months ended 31 March 2009 (six months ended 31 March 2008 – 0.5 HK cents per share). Shareholders whose names are recorded in the Register of Members on Tuesday, 21 July 2009 will be entitled to the interim dividend which will be paid on or about Friday, 28 August 2009.

Closure of Register of Members

The Register of Members of the Company will be closed from Friday, 17 July 2009 to Tuesday, 21 July 2009 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Thursday, 16 July 2009. The last day for the shares to trade cum dividend is Tuesday, 14 July 2009. The shares will trade ex-dividend on Wednesday, 15 July 2009.

Employees

At 31 March 2009 the Group had approximately 2,760 employees worldwide. The remuneration of employees is determined by overall guidelines for each category of employees, commensurate with qualification and experience and to take into account business performance, market practices and competitive market conditions. The Group has adopted a discretionary bonus program, share option scheme, medical insurance and personal accident insurance for certain categories of employees. Incentive awards for certain categories of employees are determined annually based on various criteria, including the performance of the Group as a whole and the careful assessment of the performance of each participating employee individually.

Directors' Interests in Securities of the Company and its Associated Corporations

As at 31 March 2009, the interests of the Directors of the Company and their associates in the shares, underlying shares comprised in options and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited ("SEHK") pursuant to divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or are deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the SEHK were as follows:

Long Positions

A. The Company

Name	Capacity	Number of ordinary shares	Percentage interest in the Company's issued share capital
Mr. Brian C Beazer	Interest in a controlled corporation *(Note 1)*	164,193,330	20.02%
Mr. David H Clarke	Interest in a controlled corporation *(Note 2)*	152,927,667	18.65%
Mr. Simon N Hsu	Interest in a controlled corporation *(Note 3)*	4,544,590	0.55%
Mr. William Fletcher	Beneficial owner *(Note 4)*	1,205,130	0.15%
Mr. Patrick J Dyson	Beneficial owner	955,113	0.12%

Notes:

1. Mr. Beazer is the beneficial owner of 480,000 shares held through a nominee bank. These are aggregated with the shares held by B C Beazer Asia Pte Ltd in which Mr. Beazer has a 50% controlling interest.

2. These shares are held by GSB Holdings, Inc. ("GSBH"). Mr. Clarke has a controlling 61.4% interest in Great South Beach Improvement Co., which has a beneficial interest in the entire issued share capital of GSBH.

3. These shares are owned by Strategic Planning Assets Limited, a company in which Mr. Simon N Hsu has 100% equity interest.

4. Mr. Fletcher retired from office as a director with effect from 1 May 2009.

Directors' Interests in Securities of the Company and its Associated Corporations *(Continued)*

B. Share options

Name of Directors	Capacity	Number of options held	Number of underlying shares
Mr. Brian C Beazer	Beneficial owner	6,037,263	6,037,263
Mr. David H Clarke	Beneficial owner	1,818,633	1,818,633
Mr. Simon N Hsu	Beneficial owner	10,874,527	10,874,527
		18,730,423	18,730,423

Other than as disclosed above, and except for nominee shares in certain subsidiaries held in trust for the Group at 31 March 2009, neither the Directors nor chief executive, nor any of their associates, had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

Shareholders with Notifiable Interests

As at 31 March 2009, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders (other than the Directors whose shareholdings are disclosed above) had notified the Company of relevant interests in the issued share capital of the Company:

Long Positions

Ordinary shares of HK$0.10 each in the Company

Name	Capacity	Number of ordinary shares	Percentage interest in the Company's issued share capital
Investor AB	Interest in a controlled corporation *(Note 1)*	89,803,200	10.95%
SKP Capital Ltd	Beneficial owner *(Note 2)*	51,529,920	6.28%

Notes:

1. The shares are held by Investor AB through its beneficial interest in the entire issued share capital of Investor (Guernsey) II Ltd.

2. SKP Capital Ltd. is a wholly-owned subsidiary of Haven Associates Ltd.

All interests disclosed above represent long positions in the shares of the Company.

Save as disclosed above, as at 31 March 2009 the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company.

Share Options and Directors' Rights to Acquire Shares or Debentures

(a) Pursuant to a special general meeting of the Company held in April 1994, the Company adopted an executives' share option scheme (the "1994 Scheme") for the primary purpose of providing incentives to the executive Directors and eligible employees of the Company and its subsidiaries. According to the 1994 Scheme, the Board of Directors of the Company is authorised, at any time within ten years after the adoption date of the 1994 Scheme, to grant options to eligible participants to subscribe for shares in the Company at a subscription price equal to the higher of the nominal value of the shares and an amount, to be determined by a committee administering the 1994 Scheme, which is not less than 80% of the average of the closing prices of the shares on The SEHK on the five trading days immediately preceding the date of the options are offered to the participant.

The number of options outstanding which have been granted to the Directors of the Company and employees of the Group under the 1994 Scheme were as follows:

Name of Directors	Date of grant	Exercise price HK$	Number of option shares outstanding at 1 October 2008 and 31 March 2009
Mr. Brian C Beazer	23.7.2003	0.30	2,400,000
Mr. Simon N Hsu	23.7.2003	0.30	3,600,000
			6,000,000

All the options granted have vested and can be exercised at any time within ten years until 2013.

Share Options and Directors' Rights to Acquire Shares or Debentures *(Continued)*

(b) At a special general meeting of the Company held on 30 August 2004, a new share option scheme was adopted (the "2004 Scheme"). The Board is authorised to grant options to eligible executive Directors and employees of the Company and its subsidiaries (the "Group"), to subscribe for shares in the Company. The number of underlying shares available under the 2004 Scheme shall not, in aggregate, exceed 5% of the issued shares as at 30 August 2004. The Stock Limit was refreshed at the annual general meeting held on 28 July 2006 with the result that 27,852,920 shares underlying options, representing 5% of the issued shares at 28 July 2006, are available for future grants under the 2004 Scheme. Following a bonus issue of Shares approved by shareholders on 21 August 2008, the number of shares underlying options available for grant was adjusted and currently stands at 33,423,504 shares. The exercise price of the options shall be determined by a committee administering the 2004 Scheme, and shall fall within the following prescribed parameters: they should not be less than (i) the par value of the shares, (ii) the closing price of the shares on the date of grant which must be a business day, and (iii) the average closing price of the shares over 5 consecutive trading days immediately preceding the date of grant. As at the date of this report, 8,847,395 options at an exercise price of HK$0.202 and 7,520,288 options at HK$0.208 have been granted under the 2004 Scheme. All the options granted have vested and can be exercised at any time within ten years until 2014.

Share Options and Directors' Rights to Acquire Shares or Debentures *(Continued)*

The movements in the number of share options under the 2004 Scheme during the financial period under review are as follows:

Name of Directors	Date of grant	Exercise price HK$	Outstanding at 1 October 2008	Number of option shares Granted/ exercised/ cancelled/ lapsed during the period	Outstanding at 31 March 2009
Mr. Brian C Beazer	28.9.2004	0.202	1,966,088	—	1,966,088
	20.12.2004	0.208	1,671,175	—	1,671,175
Mr. David H Clarke	28.9.2004	0.202	983,045	—	983,045
	20.12.2004	0.208	835,588	—	835,588
Mr. Simon N Hsu	28.9.2004	0.202	3,932,177	—	3,932,177
	20.12.2004	0.208	3,342,350	—	3,342,350
			12,730,423	—	12,730,423
Other employees	28.9.2004	0.202	1,966,085	—	1,966,085
	20.12.2004	0.208	1,671,175	—	1,671,175
			16,367,683	—	16,367,683

Other than as disclosed above, at no time during the period under review was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Other than as disclosed above, none of the Directors, or their spouses and children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the period under review.

Convertible Securities, Options, Warrants or Similar Rights

Other than the outstanding share options as set out above, the Company had no other outstanding convertible securities, options, warrants or other similar rights as at 31 March 2009 and there had been no exercise of convertible securities, options, warrants or similar rights during the period.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period under review.

Pre-Emptive Rights

There is no provision for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws in Bermuda.

Remuneration Committee

The Remuneration Committee of the Company, currently comprising two Independent Non-Executive Directors, Mr. Ramon Sy Pascual (Chairman) and Mr. Henry W Lim, and an Executive Director, Mr. Brian C Beazer, is responsible for advising the Board on the remuneration policy and framework for the Directors and senior management of the Company. The Committee also assists the Board to review and consider the Company's policy for the remuneration of all the Executive Directors and senior management of the Company with reference to the Company's objectives from time to time.

Audit Committee

The members of the Audit Committee comprise three Independent Non-Executive Directors, Mr. Henry W Lim (Chairman), Dr. Wong Ho Ching, Chris and Mr. Ramon Sy Pascual. Mr. Brian C Beazer, the Executive Chairman, is the non-voting secretary of the Audit Committee.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the unaudited interim consolidated financial statements for the six months ended 31 March 2009. The information in these interim results does not constitute statutory accounts.

Corporate Governance Practices

During the six months ended 31 March 2009, the Company has complied with the Code Provisions set out in the Code on Corporate Governance Practices (the "CCG") as set out in Appendix 14 to the Listing Rules except for the following deviations:

Under Code Provision A.2.1, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The roles of Chairman and Chief Executive Officer are both performed by Mr. Brian C Beazer. The Group considers the current structure provides the Group with strong consistent leadership in the development and execution of long-term business strategies, and will not impair the balance of power and authority between the Board and the management. Both the Board and senior management of the Group have significantly benefited from the leadership, support and experience of Mr. Beazer. Therefore, the Board does not currently propose to separate the functions.

Under Code Provision A.4.1, non-executive directors should be appointed for a specific term. Under Code Provision A.4.2, every director should be subject to retirement by rotation at least once every three years. Currently, non-executive Directors are not appointed for a specific term. This constitutes a deviation from Code Provision A.4.1. However, they are subject to retirement by rotation, at least once every three years, at each annual general meeting under the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less than those in the CCG.

Model Code for Securities Transactions

The Company has adopted its own Model Code for Securities Transactions by Directors and Officers (the "Company Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under Appendix 10 of the Listing Rules. Subsequent to the 2009 Listing Rules Amendment, the Company has adopted the Model Code effective from 1 April 2009, as its own code of conduct regarding Directors' securities transactions. The Company confirms that, having made specific enquiry of all Directors, all Directors have complied with the required standards of dealing as set out in the Company Code in the six months ended 31 March 2009.