達藝

DECCA

DECCA HOLDINGS LIMITED

達藝控股有限公司

STOCK CODE: 997

Interim Report 2009/2010

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The Group's revenue for the six months ended 30 September 2009 decreased by 30.5% to HK$344.1 million from HK$495.1 million for the same period in 2008. The gross margin also decreased from 33.5% to 29.5%.

Total revenue of interior decoration work increased substantially by 61.8% to HK$110.4 million compared to corresponding period of last year. Furniture sales decreased to 67.9% of total revenue HK$233.7 million compared to the same period of the previous year when it was 86.2% of total revenue. Sales of furniture to the United States reduced to 45.8% of all sales and sales to Europe decreased to 2.5% of all sales. Previously, the sales of furniture to the United States and Europe were 56.8% and 11.1% respectively of all sales. Profit before taxation decreased to HK$2.6 million compared to HK$44.8 million for the first half of 2008/2009. The reduction was primarily due to the effects of the global financial crisis, in particular, the United States market which the Group has a major focus on.

The Group's top five customers for the period ended 30 September 2009 were LVMH Group accounted for HK$69.7 million in revenue which represented 20.2% of the Group's revenue. These contracts were associated with several Louis Vuitton stores in China, Hong Kong, Macau and Mongolia. The next four customers by revenue during the period included KUD International, LLC — 12.4% of revenue, Boston Consulting Group, Chicago — 4.4% of revenue, Hermes Asia Pacific Limited — 4.1% of revenue and Mandarin Oriental Hotel, Las Vegas — 3.4% of revenue.

Projects currently in progress included Mondrian Soho Hotel — New York, Four Seasons Hotel — Riyadh, TKM Hotel — Turkmenistan, a Louis Vuitton store in Shanghai and an interior fitting out contract in connection with a residence at the Black's Link - Hong Kong.

Outlook

The past six months have been rather difficult for the Group. When the global financial crisis began, the Group's strategy was to reduce expenses as much as possible while maintaining staff with critical skills and experience in the Group's manufacturing units. The Group elected not to enter into any unprofitable contracts for the sake of maintaining market share. But rather to reduce travel and other selling and administrative expenses as much as possible.

The global meltdown in the financial sector has all but stopped construction and investment in new hospitality projects. This sector has previosuly accounted for 60% of the Group's revenue. Hardest hit has been the U.S. hospitality sector. Decca Hospitality Furnishings' revenue has dropped approximately 50% in the first six months of this year and may decline more over the next six months. The Group does not expect the U.S. hospitality market to improve significantly until the 4th quarter of 2010.

The Group's order on hand at 30 September 2009 were approximately HK$192.0 Million. There are some positive areas for the Group. Retail projects and fixture sales have increased substantially, particularly in China and India. While these markets can never totally replace the U.S. hospitality sector, retail business is the most profitable area of business for the Group and is projected to become the single largest category of sales for the Group in the second half of 2009/2010.

The Office Furniture sector has also remained active. In the past it accounted for approximately 10% of the Group's revenue, by virtue of the decline in other sectors and stable business in Asia & the U.S., it should grow to close to 15% of the Group's revenue.

While it is almost impossible to reduce costs as fast as revenue declined over the past six months, the Group was able to achieve its goal to breakeven during the steep economic decline that occurred over the last six months. Barring another economic collapse, the Group will try its best to maintain this level of result throughout this poor economic period. The Group will then be able to benefit from a global recovery with a leaner cost structure that will make it more competitive in the future.

Interim Dividend

The directors of the Company do not recommend the payment of an interim dividend to the shareholders of the Company for the six months ended 30 September 2009 (six months ended 30 September 2008: HK3.5 cents per share).

Chairman's Statement

Appreciation

The Board would like to extend its gratitude to all the Group's customers and bankers for their trust and support and would like to thank all of the staff of the Group for their tireless efforts and contribution to the Group.

TSANG CHI HUNG
Chairman

Hong Kong, 14 December 2009

The following comments should be read in conjunction with the condensed consolidated financial statements of Decca Holdings Limited and related notes to the condensed consolidated financial statements.

Review of results

The Group's revenue for the six months ended 30 September 2009 decreased by 30.5% to HK$344.1 million from HK$495.1 million for the same period in 2008. The gross margin also decreased from 33.5% to 29.5%.

Total revenue of interior decoration work increased substantially by 61.8% to HK$110.4 million compared to corresponding period of last year. Furniture sales decreased to 67.9% of total revenue HK$233.7 million compared to the same period of the previous year when it was 86.2% of total revenue. Sales of furniture to the United States reduced to 45.8% of all sales and sales to Europe decreased to 2.5% of all sales. Previously, the sales of furniture to the United States and Europe were 56.8% and 11.1% respectively of all sales. Profit before taxation decreased to HK$2.6 million compared to HK$44.8 million for the first half of 2008/2009. The reduction was primarily due to the effects of the global financial crisis, in particular, the United States market which the Group has a major focus on.

The Group's top five customers for the period ended 30 September 2009 were LVMH Group accounted for HK$69.7 million in revenue which represented 20.2% of the Group's revenue. These contracts were associated with several Louis Vuitton stores in China, Hong Kong, Macau and Mongolia. The next four customers by revenue during the period included KUD International, LLC — 12.4% of revenue, Boston Consulting Group, Chicago — 4.4% of revenue, Hermes Asia Pacific Limited — 4.1% of revenue and Mandarin Oriental Hotel, Las Vegas — 3.4% of revenue.

Projects currently in progress included Mondrian Soho Hotel — New York, Four Seasons Hotel — Riyadh, TKM Hotel — Turkmenistan, a Louis Vuitton store in Shanghai and an interior fitting out contract in connection with a residence at the Black's Link - Hong Kong.

Liquidity, financial resources and capital structure

The Group continued to maintain a conservative financial structure during the period, there is no seasonal borrowing requirements. The Group's funding requirements to a certain extent depend on the value of the contracts awarded to the Group by its customers. As at 30 September 2009, the total bank borrowings amount to HK$129.3 million (31 March 2009: HK$171.4 million), out of which HK$75.6 million (31 March 2009: HK$110.2 million) would be due within one year. The borrowings including bank loans and overdraft facilities are mainly in Hong Kong dollars which will be matched by the inflow of funds from the Group's projects in Hong Kong. Having taken into account of the Group's net worth of HK$384.2 million (31 March 2009: HK$387.8 million), such borrowing level is acceptable. Finance costs were maintained at an acceptable level of HK$2.9 million (2008: HK$3.5 million) representing 0.84% (2008: 0.72%) of the Group's revenue. Net current assets stood at HK$89.1 million (31 March 2009: HK$82.0 million).

The Group's cash holding is mainly denominated in Hong Kong dollars. The interest rates of the Group's borrowings are usually floating in nature. The Group generally finances its operations with internally generated resources and credit facilities by banks in Hong Kong.

Gearing ratio and foreign exchange exposure

As at 30 September 2009, the gearing ratio (total borrowings divided by net assets was 0.34 (31 March 2009: 0.44). As the Group's revenue and expenses were mainly in Hong Kong dollars. Renminbi and United States dollars and its cash holding was mainly denominated in Hong Kong dollars, foreign exchange exposure of the Group was minimal as long as the policy of the Government of HKSAR to link the Hong Kong dollars to the United States dollars remained in effect. Renminbi's exchange rate remained stable within a range as Mainland China would also like to maintain a stable exchange rate between Hong Kong dollars and Renminbi which would be beneficial to Hong Kong's economy.

Charge on assets

At 30 September 2009, buildings, plant and machinery, motor vehicles and furniture, fixtures and office equipment of the Group with carrying values of approximately HK$50.4 million, HK$22.4 million, HK$0.2 million and HK$8.4 million (31 March 2009: HK$55.7 million, HK$19.0 million, HK$0.3 million and HK$9.0 million) respectively were pledged with a bank to secure the loans granted to the Group.

As at 30 September 2009, the carrying amount of the trade receivables, which have been pledged as security for the borrowings, is approximately HK$42.3 million (31 March 2009: HK$72.8 million).

Employees

As at 30 September 2009, the Group employed 146, 1411, 3, 55, 164 and 11 staff in Hong Kong, Mainland China, Singapore, USA, Thailand, Europe respectively (31 March 2009: 154, 1930, 3, 85, 217 and 12 staff respectively) The Group remunerated its employees based on their performance, working experience and prevailing market conditions. Bonus may be given to staff of outstanding performance on a discretionary basis. For the primary course of retaining high caliber executives and employees, share options may be granted to eligible employees. Other employee benefits include mandatory provident fund and training programs.

Outlook

The past six months have been rather difficult for the Group. When the global financial crisis began, the Group's strategy was to reduce expenses as much as possible while maintaining staff with critical skills and experience in the Group's manufacturing units. The Group elected not to enter into any unprofitable contracts for the sake of maintaining market share. But rather to reduce travel and other selling and administrative expenses as much as possible.

The global meltdown in the financial sector has all but stopped construction and investment in new hospitality projects. This sector has previosuly accounted for 60% of the Group's revenue. Hardest hit has been the U.S. hospitality sector. Decca Hospitality Furnishings' revenue has dropped approximately 50% in the first six months of this year and may decline more over the next six months. The Group does not expect the U.S. hospitality market to improve significantly until the 4th quarter of 2010.

The Group's order on hand at 30 September 2009 were approximately HK$192.0 Million. There are some positive areas for the Group. Retail projects and fixture sales have increased substantially, particularly in China and India. While these markets can never totally replace the U.S. hospitality sector, retail business is the most profitable area of business for the Group and is projected to become the single largest category of sales for the Group in the second half of 2009/2010.

The Office Furniture sector has also remained active. In the past it accounted for approximately 10% of the Group's revenue, by virtue of the decline in other sectors and stable business in Asia & the U.S., it should grow to close to 15% of the Group's revenue.

While it is almost impossible to reduce costs as fast as revenue declined over the past six months, the Group was able to achieve its goal to breakeven during the steep economic decline that occurred over the last six months. Barring another economic collapse, the Group will try its best to maintain this level of result throughout this poor economic period. The Group will then be able to benefit from a global recovery with a leaner cost structure that will make it more competitive in the future.

Directors

The directors of the Company during the six months' period and up to the date of this report were:

Executive directors

Mr. Tsang Chi Hung
Mr. Liu Hoo Kuen
Mr. Richard Warren Herbst
Ms. Kwan Yau Choi
Ms. Fung Sau Mui
Mr. Tai Wing Wah
Mr. Wong Kam Hong

Independent non-executive directors

Mr. Chu Kwok Man
Mr. Cheng Woon Kam
Mr. Pak Wai Tun, Wallace

Directors' Interests in Shares and Underlying Shares

As at 30 September 2009, the interests of the directors and of their associates in the issued share capital and underlying shares of the Company and its associated corporations, as recorded in the register kept by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code of Securities Transactions by Directors of Listed Companies were as follows:

Directors' Interests in Shares and Underlying Shares (continued)

Long position

(a) Interests in the Company's shares

	Number of shares of HK$0.10 each				Percentage of the issued share capital of the Company
Name of director	**Personal interests**	**Family interests**	**Corporate interests**	**Total**	
Mr. Tsang Chi Hung	9,920,827	–	112,511,670 (note 1)	122,432,497	61.22% (note 1)
Mr. Liu Hoo Kuen	8,707,481	–	112,511,670 (note 2)	121,219,151	60.61% (note 2)
Mr. Richard Warren Herbst	589,995	–	–	589,995	0.29%
Ms. Kwan Yau Choi	9,920,827	–	112,511,670 (note 1)	122,432,497	61.22% (note 1)
Ms. Fung Sau Mui	750,000	–	–	750,000	0.38%
Mr. Tai Wing Wah	750,000	–	–	750,000	0.38%
Mr. Wong Kam Hong	589,995	–	–	589,995	0.29%

Notes:

1. Mr. Tsang Chi Hung and his wife Ms. Kwan Yau Choi own 348 shares and 347 shares of US$1 each respectively of Peasedow Enterprises Limited respectively, representing 35% each of the issued share capital of that company, which in turn owns 112,511,670 shares of the Company. Mr. Tsang Chi Hung, Ms. Kwan Yau Choi and Mr. Liu Hoo Kuen in their names and through Peasedow Enterprises Limited own 141,060,805 shares of the Company in aggregate, representing 70.53% of the issued share capital of the Company.

2. Mr. Liu Hoo Kuen own 305 shares of US$1 each of Peasedow Enterprises Limited, representing 30% of the issued share capital of that company, which in turn owns 112,511,670 shares of the Company. Mr. Tsang Chi Hung, Ms. Kwan Yau Choi and Mr. Liu Hoo Kuen in their names and through Peasedow Enterprises Limited own 141,060,805 shares of the Company in aggregate, representing 70.53% of the issued share capital of the Company.

Directors' Interests in Shares and Underlying Shares (continued)

Long position (continued)

(b) Personal interests in shares of Decca (Mgt) Limited ("DML"), a subsidiary of the Company

Name of director	Non-voting deferred shares of HK$100 each
Mr. Tsang Chi Hung	48,650
Mr. Liu Hoo Kuen	42,700
Ms. Kwan Yau Choi	48,650

Notes:

1. As at 30 September 2009, the issued and fully paid share capital in DML comprised of 145,600 non-voting deferred shares and 10 ordinary shares of HK$100 each.

2. The rights and restrictions attached to the ordinary and non-voting deferred shares of HK$100 each in DML are as follows:

   (a) The profits which DML may determine to distribute in respect of any financial year shall be distributed as regards the first $1 trillion thereof among the holders of ordinary shares of DML according to the amounts paid up on the ordinary shares of DML held by them respectively and one half of the balance of such profits shall be distributed among the holders of the non-voting deferred shares of DML and the other half among the holders of ordinary shares of DML according to the amounts paid up on the shares held by them respectively.

   (b) On a return of assets on winding up, the assets of DML to be returned shall be distributed as regards the first $5 billion thereof among the holders of ordinary shares of DML in proportion to the nominal amounts of ordinary shares of DML held by them respectively and one half of the balance of such assets shall belong to and be distributed among the holders of the non-voting deferred shares of DML and the other half among the holders of ordinary shares of DML in proportion to the nominal amounts of the shares held by them respectively.

   (c) Every holder of ordinary shares of DML shall have one vote for every fully paid up ordinary share of DML held by him but the nonvoting deferred shares of DML shall not entitle the holders thereof to vote at any general meeting of DML.

Save for disclosed above, none of the directors nor their associates held office at 30 September 2009 had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at that date.

Directors' Interests in Contracts

During the six months ended 30 September 2009, the Group paid rental of approximately HK$1,168,000 to Golden Life Investment Limited ("Golden Life") in respect of the Group's office premises, showrooms and warehouses. Mr. Tsang Chi Hung, Ms Kwan Yau Choi and Mr Liu Hoo Kuen are directors and shareholders of Golden Life. As at 30 September 2009, the amount due to Golden Life was nil.

Apart from the above, no contract of significance to which the Company, its holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of 30 September 2009 or at any time during these six months period.

Share Option Scheme

The Company had adopted a share option scheme but the share options granted expired on 31 August 2007. During the period, the Company did not have any share option outstanding.

Arrangement to Purchase Shares or Debentures

Save for disclosed above in "Directors Interest in Shares and Underlying Shares", at no time during the period was the Company, its holding company or any of its subsidiaries a party to any arrangements 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.

Substantial Shareholders

As at 30 September 2009, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance shows that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Long Positions in Ordinary Shares of the Company

Ordinary Shares of HK$0.10 each of the Company

Name of substantial shareholder	Capacity	Number of ordinary shares	Percentage of the issued share capital
Peasedow Enterprises Limited	Beneficial owner	112,511,670	56.26%
The Anglo Chinese Investment Company, Limited	Beneficial owner	11,492,000	5.75%

Other than as disclosed above and those holding more than 5% interest in the Company as set out on page 9, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 September 2009.

Related Party Transactions

On 30 November 2008, the Group entered into two tenancy agreements with Golden Life. Details of the transactions during the period were set out in "Directors' Interests in Contracts" above.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2009.

Interim Dividend

The directors of the Company do not recommend the payment of an interim dividend to the shareholders of the Company for the six months ended 30 September 2009 (six months ended 30 September 2008: HK3.5 cents per share).

Corporate Governance

During the six months ended 30 September 2009, the Company was in compliance with the code provision of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Exchange") except for the following:

Code Provision A.2.1 stipulates that 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 managing director of the Company have been performed by Mr. Tsang Chi Hung. The Board considered that the non-segregation would not result in considerable concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company (the "Model Code"). Having made specific enquiry of the directors of the Company, all the directors confirmed that they complied with the required standards as set out in the Model Code during the six months ended 30 September 2009.

Audit Committee and Independent Review by Independent Auditors

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters. The Audit Committee has also reviewed the unaudited interim results for the six months ended 30 September 2009.

The Group's independent auditors, Deloitte Touche Tohmatsu, have been engaged to review the interim financial report. On the basis of their review, nothing has come to their attention that causes them to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Report on Review of Interim Financial Information

TO THE BOARD OF DIRECTORS OF DECCA HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 14 to 28, which comprises the condensed consolidated statement of financial position of Decca Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 September 2009 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 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 information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information 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 information consists of making enquiries, 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 audit opinion.

Conclusion

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

14 December 2009

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2009

	Notes	**Six months ended 30 September 2009 HK$'000 (unaudited)**	2008 HK$'000 (unaudited)
Revenue	3	**344,090**	495,090
Cost of sales		**(242,755)**	(329,166)
Gross profit		**101,335**	165,924
Other income		**1,909**	6,265
Selling and distribution costs		**(21,349)**	(28,019)
Administrative expenses		**(77,318)**	(86,687)
Written back of (allowance for) bad and doubtful debts, net		**2,004**	(9,666)
Share of (loss) profit of an associate		**(1,095)**	485
Finance costs	4	**(2,874)**	(3,540)
Profit before taxation	5	**2,612**	44,762
Taxation	6	**(2,332)**	(9,783)
Profit for the period		**280**	34,979
Other comprehensive income			
Exchange difference arising on translation of foreign operations and to presentation currency		**(3,603)**	8,071
Share of translation reserve of an associate		**(191)**	553
Other comprehensive (expenses) income for the period (net of tax)		**(3,794)**	8,624
Total comprehensive (expenses) income for the period		**(3,514)**	43,603
Profit for the period attributable to:			
Owners of the Company		**280**	35,335
Non-controlling interests		**—**	(356)
		280	34,979
Total comprehensive (expenses) income attributable to:			
Owners of the Company		**(3,514)**	43,959
Non-controlling interests		**—**	(356)
		(3,514)	43,603
Earnings per share — Basic	7	**HK0.14 cents**	HK17.67 cents

Condensed Consolidated Statement of Financial Position

At 30 September 2009

	Notes	30.9.2009 HK$'000 (unaudited)	31.3.2009 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	9	**317,077**	337,585
Prepaid lease payments		**7,535**	7,806
Investment in an associate		**10,027**	11,313
Deferred tax assets		**8,256**	7,721
Deposits paid for acquisition of property, plant and equipment		**6,792**	2,463
		349,687	366,888
Current assets			
Inventories		**112,612**	165,541
Accrued revenue		**46,376**	22,084
Trade receivables	10	**80,978**	125,453
Deposits and prepayments		**15,577**	19,269
Amount due from an associate	11	**352**	352
Prepaid lease payments		**401**	404
Tax recoverable		**6,368**	4,834
Bank balances and cash		**70,458**	42,735
		333,122	380,672
Current liabilities			
Deferred revenue		**11,329**	3,073
Trade payables	12	**54,237**	67,177
Receipts in advance		**43,959**	40,092
Other payables and accruals		**35,511**	47,491
Provision for warranty		**3,790**	9,942
Obligations under finance leases — due within one year		**305**	394
Tax payable		**19,339**	20,259
Borrowings	13	**75,295**	107,234
Bank overdrafts		**258**	2,961
		244,023	298,623
Net current assets		**89,099**	82,049
Total assets less current liabilities		**438,786**	448,937

Condensed Consolidated Statement of Financial Position

At 30 September 2009

	Notes	**30.9.2009 HK$'000 (unaudited)**	31.3.2009 HK$'000 (audited)
Non-current liabilities			
Deferred tax liabilities		**827**	—
Borrowings	13	**53,715**	61,179
		54,542	61,179
		384,244	387,758
Capital and reserves			
Share capital	14	**20,000**	20,000
Reserves		**364,244**	367,758
Equity attributable to owners of the Company		**384,244**	387,758

Approved by the Board of Directors on 14 December 2009.

Tsang Chi Hung
Chairman

Liu Hoo Kuen
Vice Chairman

For the six months ended 30 September 2009

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	Translation reserve HK$'000	Retained profits HK$'000	Attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2009 (audited)	20,000	47,640	18,865	8,662	37,649	254,942	–	–	387,758
Profit for the period	–	–	–	–	–	280	–	–	280
Exchange differences arising on translation of foreign operations and to presentation currency	–	–	–	–	(3,603)	–	–	–	(3,603)
Share of translation reserve of an associate	–	–	–	–	(191)	–	–	–	(191)
Total comprehensive expenses for the period	–	–	–	–	(3,794)	280	–	–	(3,514)
At 30 September 2009 (unaudited)	20,000	47,640	18,865	8,662	33,855	255,222	–	–	384,244
At 1 April 2008 (audited)	20,000	47,640	18,865	8,662	28,061	236,618	359,846	2,720	362,566
Profit for the period	–	–	–	–	–	35,335	35,335	(356)	34,979
Exchange differences arising on translation of foreign operations and to presentation currency	–	–	–	–	8,071	–	8,071	–	8,071
Share of translation reserve of an associate	–	–	–	–	553	–	553	–	553
Total comprehensive income for the period	–	–	–	–	8,624	35,335	43,959	(356)	43,603
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	(2,364)	(2,364)
Dividends paid (note 8)	–	–	–	–	–	(14,400)	(14,400)	–	(14,400)
At 30 September 2008 (unaudited)	20,000	47,640	18,865	8,662	36,685	257,553	389,405	–	389,405

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2009

	Six months ended 30 September 2009 HK$'000 (unaudited)	2008 HK$'000 (unaudited)
Net cash from operating activities	**81,770**	36,757
Net cash used in investing activities:		
Purchase of property, plant and equipment	**(2,732)**	(17,519)
Deposits paid for acquisition of property, plant and equipment	**(6,792)**	—
Proceeds from disposal of property, plant and equipment	**111**	35
Prepaid lease payments paid	**—**	(460)
Purchase of additional interest in a subsidiary	**—**	(1,750)
Interest income received	**40**	146
	(9,373)	(19,548)
Net cash (used in) from financing activities:		
Dividends paid	**—**	(14,400)
Repayment of bank borrowings	**(63,181)**	(45,327)
Repayment of finance leases	**(89)**	(610)
New bank borrowings raised	**23,778**	78,167
Other financing cash flows	**(2,874)**	(3,540)
	(42,366)	14,290
Net increase in cash and cash equivalents	**30,031**	31,499
Cash and cash equivalents at 1 April	**39,774**	49,375
Effect of foreign exchange rate changes	**395**	831
Cash and cash equivalents at 30 September	**70,200**	81,705
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**70,458**	81,705
Bank overdrafts	**(258)**	—
	70,200	81,705

1. Basis of preparation

The condensed 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 with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting".

2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2009 except for the accounting policy on borrowing cost due to application of HKAS 23 (Revised) — Borrowing costs.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised)	Presentation of financial statements
HKAS 23 (Revised)	Borrowing costs
HKAS 32 and 1 (Amendments)	Puttable financial instruments and obligation Arising on liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC) — INT 9 and HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) — INT 13	Customer loyalty programmes
HK(IFRIC) — INT 15	Agreements for the construction of real estate
HK(IFRIC) — INT 16	Hedges of a net investment in a foreign operation
HK(IFRIC) — INT 18	Transfers of assets from customers

2. Principal Accounting Policies (continued)

HKAS 1 (Revised) — Presentation of financial statements

HKAS 1 (Revised) has introduced a number of terminology changes, (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure.

HKAS 23 (Revised) — Borrowings costs

HKAS 23 (Revised) removes the option available under the previous version of the standard to recognise all borrowing costs as expenses immediately and requires all such borrowing costs to be capitalised as part of the cost of the qualifying asset. The Group has applied the transitional requirements in HKAS 23 (Revised) and applied the revised accounting policy to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on 1 April 2009. As the Group did not incur borrowing costs for the qualifying assets, the change has had no impact on amounts reported in prior and current accounting periods.

HKFRS 8 — Operating segments

HKFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, HKAS 14 "Segment Reporting", required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 3).

The adoption of the other new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current and prior accounting periods. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective.

2. Principal Accounting Policies (continued)

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 24 (Revised)	Related party disclosures[3]
HKAS 27 (Revised)	Consolidated and separate financial statements[1]
HKAS 32	Classification of right issues[4]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[5]
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions[5]
HKFRS 3 (Revised)	Business combinations[1]
HKFRS 9	Financial instruments[6]
HK(IFRIC) — INT 17	Distribution of non-cash assets to owners[1]

1 Effective for accounting periods beginning on or after 1 July 2009.
2 Amendments that are effective for accounting periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.
3 Effective for accounting periods beginning on or after 1 January 2011.
4 Effective for accounting periods beginning on or after 1 February 2010.
5 Effective for accounting periods beginning on or after 1 January 2010.
6 Effective for accounting periods beginning on or after 1 January 2013.

The adoption of HKFRS 3 (revised) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in loss of control of the subsidiary, will be accounted for as equity transactions. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. Segment Information

The Group has adopted HKFRS 8 "Operating segments" for the Group's financial year beginning on 1 April 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS14 "Segment reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14, nor changed the basis of measurement of segment profit or loss.

The Group's reportable operating segments under HKFRS 8 are as follows:

— Sales of furniture and fixtures

— Interior decoration work

The following is an analysis of the Group's revenue and results by operating segments for the period under review:

	Six months ended 30.9.2009		Six months ended 30.9.2008	
	Segment revenue HK$'000 (unaudited)	**Segment profit for the period HK$'000 (unaudited)**	Segment revenue HK$'000 (unaudited)	Segment profit for the period HK$'000 (unaudited)
Sales of furniture and fixtures	**233,721**	**24,767**	426,896	69,922
Interior decoration work	**110,369**	**16,081**	68,194	13,319
Total	**344,090**	**40,848**	495,090	83,241
Other income		**1,909**		6,265
Share of (loss) profit of an associate		**(1,095)**		485
Finance costs		**(2,874)**		(3,540)
Unallocated corporate expenses		**(36,176)**		(41,689)
Profit before taxation		**2,612**		44,762
Taxation		**(2,332)**		(9,783)
Profit for the period		**280**		34,979

3. Segment Information (continued)

Segment profit represents the profit earned by each segment without allocation of general administration expenses, directors' emoluments, share of (loss) profit of an associate, other income and finance costs. This is the measure reported to the Group's Chief Executive Officer for the purposes of resources allocation and performance assessment.

The total assets of the Group as at the interim report date do not differ significantly since the latest annual report date.

4. Finance costs

	Six months ended	
	30.9.2009	30.9.2008
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Interest on:		
Bank borrowings wholly repayable within five years	**2,866**	3,233
Finance leases	**8**	307
	2,874	3,540

5. Profit Before Taxation

Profit before taxation has been arrived at after charging (crediting):

	Six months ended	
	30.9.2009	30.9.2008
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Amortisation of prepaid lease payments (included in cost of sales and administrative expenses)	**201**	202
Depreciation of property, plant and equipment	**20,440**	17,413
Allowance for slow moving inventories	**1,497**	2,337
Interest income	**(40)**	(146)
Loss on disposal of property, plant and equipment	**9**	100
Net foreign exchange gain (included in other income)	**(1,459)**	(4,417)

6. Taxation

	Six months ended	
	30.9.2009	30.9.2008
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Current tax:		
Hong Kong	**189**	4,271
The People's Republic of China ("PRC") Enterprise Income Tax	**1,276**	4,775
Other jurisdictions	**575**	139
	2,040	9,185
Deferred taxation	**292**	598
	2,332	9,783

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the current and prior periods.

PRC Enterprise Income Tax and other jurisdictions are calculated at the rates prevailing in the relevant PRC regions and the relevant jurisdictions respectively.

7. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings

	Six months ended	
	30.9.2009	30.9.2008
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**280**	35,335

Number of shares

	Six months ended	
	30.9.2009	30.9.2008
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**200,000**	200,000

There was no diluted earnings per share presented as there were no dilutive potential shares outstanding for both current and prior periods.

8. Dividend

	Six months ended	
	30.9.2009	30.9.2008
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Final dividend in respect of immediately preceding financial year, paid — HK7.2 cents per share	—	14,400

The directors of the Company do not recommend the payment of an interim dividend to the shareholders of the Company for the six months ended 30 September 2009 (six months ended 30 September 2008: HK3.5 cents per share).

9. Movements in Property, Plant and Equipment

During the period, the Group acquired property, plant and equipment at a cost of approximately HK$5,195,000 (six months ended 30 September 2008: HK$21,629,000), including the transfer of deposits paid for acquisition of property, plant and equipment of approximately HK$2,463,000 (six months ended 30 September 2008: HK$4,110,000).

During the period, the Group disposed of certain property, plant and equipment with a carrying amount of approximately HK$120,000 (six months ended 30 September 2008: HK$135,000) for the cash proceeds of approximately HK$111,000 (six months ended 30 September 2008: HK$35,000), resulting in a loss on disposal of approximately HK$9,000 (six months ended 30 September 2008: HK$100,000).

10. Trade Receivables

The following is an analysis of trade receivables by age, presented based on the invoice date (net of allowance for bad and doubtful debts):

	30.9.2009 HK$'000 (unaudited)	31.3.2009 HK$'000 (audited)
0-30 days	**29,726**	47,938
31-90 days	**15,618**	44,413
> 90 days	**35,634**	33,102
	80,978	125,453

The Group's credit terms for its interior decoration business are negotiated with its customers and are usually 6 months to 1 year. The credit terms granted by the Group to other trade debtors are normally 30 days.

11. Amount Due from an Associate

The amount is unsecured, non-interest bearing and is repayable on demand.

12. Trade Payables

The following is an aged analysis of trade payables by age, presented based on invoice date:

	30.9.2009	31.3.2009
	HK$'000	HK$'000
	(unaudited)	(audited)
0 -30 days	**23,629**	28,586
31- 90 days	**11,802**	14,970
> 90 days	**18,806**	23,621
	54,237	67,177

13. Borrowings

During the current period, the Group obtained several new bank loans from various banks amounting to approximately HK$23,778,000 (six months ended 30 September 2008: HK$78,167,000) and repaid approximately HK$63,181,000 (six months ended 30 September 2008: HK$45,327,000). The loans carry interest at market rates ranging from 2.65% to 5.38% (six months ended 30 September 2008: 2.86% to 5.21%) per annum and are repayable in installments over a period from 1 month to 6 years (six months ended 30 September 2008: 1 month to 7 years).

14 Share Capital

	Number of shares	**Nominal value**
		HK$'000
		(unaudited)
Ordinary shares of HK$0.10 each:		
Authorised		
At 1 April 2008, 31 March 2009 and 30 September 2009	400,000,000	40,000
Issued and fully paid		
At 1 April 2008, 31 March 2009 and 30 September 2009	200,000,000	20,000

15. Pledge of Assets

At 30 September 2009, buildings, plant and machinery, motor vehicles and furniture, fixtures and office equipment of the Group with carrying values of approximately HK$50,411,000, HK$22,394,000, HK$205,000 and HK$8,415,000 (31 March 2009: HK$55,676,000, HK$19,039,000, HK$276,000 and HK$8,985,000) respectively were pledged with a bank to secure the loans granted to the Group.

As at 30 September 2009, the carrying amount of the trade receivables, which have been pledged as security for the borrowings, is approximately HK$42,288,000 (31 March 2009: HK$72,846,000).

16. Capital Commitments

The Group was committed to capital expenditure of approximately HK$4,554,000 (31 March 2009: HK$10,907,000) for the acquisition of property, plant and equipment contracted but not provided for in the condensed consolidated financial statements.

17. Related Party Transactions

Apart from the amount due from an associate as disclosed in note 11, during the period, the Group paid rentals of approximately HK$1,168,000 (six months ended 30 September 2008: HK$1,054,000) in respect of the Group's office premises, showrooms and warehouses to a company in which certain shareholders and directors of the Company have beneficial interests.

Compensation of key management personnel

The remunerations of key management personnel in respect of the period are as follows:

	Six months ended	
	30.9.2009	30.9.2008
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Short-term benefits	**5,893**	6,671
Post-employment benefits	**236**	231
	6,129	6,902

The remunerations of key management is determined by the Company's remuneration committee having regard to the performance of individuals and market trends.