United Pacific Industries
聯 太 工 業

Stock Code: 176

2009/10

Interim Report

United Pacific Industries

United Pacific Industries Limited
(Incorporated in Bermuda with limited liability)
(stock code : 00176)

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

Chairman's Statement

Interim Results - 31 March 2010

Since the end of the 2009 financial year we have experienced increased confidence in the business community which is mirrored by our results. Excluding restructuring costs and other one-time items, the operating profit for the six months ended 31 March 2010 is HK$18.6 million compared to a loss of HK$12.9 million sustained in the equivalent period last year.

In the majority of our activities, trading has improved in line with the world economic situation. In fiscal 2009 we recorded a steep fall in sales and this movement is now being reversed. Barring unforeseen circumstances, we are confident that the improvement will continue in the second half of this financial year, aided by the restructuring of our cost base in fiscal 2009 which has left the business well placed to benefit from market improvements. Our balance sheet remains strong, although cash is being used to re-build our working capital.

With the improving situation, our Board is mindful of the need to rationalize the Group and had earlier formed a Strategic Review Committee made up of independent directors to consider all the alternatives available to your Group. If, and when, it is decided to make material change, such information will be conveyed to shareholders through The Stock Exchange of Hong Kong Limited.

During the course of this reporting period, the Group, through its UK subsidiary, Bowers Group plc, has acquired Quality Measurement Limited ("Baty"), which will supplement our technology and take our Group further into higher precision measurement. We welcome Mr. Geoff Jackson, the Managing Director of Baty, to our team.

We work in challenging, competitive industries. A realignment of currencies can have a large effect on our trade. The RMB, now a major constituent in world macro-economics, is the trading base currency for much of the world's consumer goods. Any substantial change, which is now possible, in due course, will distort trading patterns for a period of time.

Commodity prices are also of continuing interest, although the massive changes of the last two years are unlikely to occur in 2010.

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 31 March 2010, in order that the Group retains flexibility to take advantage of the opportunities presented by the improving business climate. This position will be kept under continuing review as it relates to a final dividend payment.

Taking all of the above into consideration, and adding the strength of our brands, the dedication of our management and our worldwide footprint, we look forward to the future with confidence.

Brian C Beazer
Executive Chairman
United Pacific Industries Limited

25 June 2010

Financial Highlights

- The Group's trading performance in the period ended 31 March 2010 has improved considerably when compared to the same period last year.

- Turnover increased by 21% to HK$595.5 million. Increases were experienced across all divisions as sales demand has begun to improve reflecting a more benign world economic landscape.

- There was an operating profit (i.e. result before restructuring costs, finance costs, share of associate's profits, other non-operating items and taxation) of HK$18.6 million, an improvement of HK$31.5 million (244%) compared to the operating loss of HK$12.9 million sustained in the prior period.

- Restructuring costs of HK$15.0 million charged in the period principally relate to the relocation of the Group's UK hacksaw blade manufacturing plant to the PRC where it will be operated under the supervision of the management of the Group's Contract Manufacturing division.

- Profit before tax was HK$2.6 million compared to a loss before tax of HK$18.5 million (after crediting a discount on acquisition of HK$9.6 million) for the same period last year.

- The tax charge for the current period was HK$7.1 million, an increase of HK$5.7 million over the prior period.

- The loss attributable to owners of the Company was HK$4.5 million (2009 - loss of HK$19.9 million).

- Gearing remains low at 10.3%.

- In the six months ended 31 March 2010, the basic loss per share was 0.46 HK cents (2009 - loss of 2.55 HK cents).

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

Independent Non-executive Directors:

Mr. Henry W Lim
Mr. Ramon S Pascual
Dr. Wong Ho Ching, Chris
Mr. Robert B Machinist
Mr. Teo Ek Tor

Audit Committee

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

Compensation Committee

Mr. Ramon S 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

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199 Des Voeux Road Central, Hong Kong
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Websites: www.upi.com.hk, www.irasia.com/listco/hk/upi

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

Bermuda Principal Share Registrar and Transfer Office

HSBC Bank Bermuda Limited
(formerly known as The Bank of Bermuda Limited)
6 Front Street, Hamilton HM11, Bermuda

Hong Kong Branch Share Registrar and Transfer Office

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

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 2010 with the comparative figures for the six months ended 31 March 2009.

	Six months ended 31 March		
	2010	2009	Change
	HK$ million	HK$ million	HK$ million
	(unaudited)	(unaudited)	
Turnover	**595.5**	493.7	101.8
Earnings/ (loss) before restructuring costs, finance costs, taxation, depreciation and amortisation	**31.1**	(0.5)	31.6
Depreciation and amortisation	**(12.5)**	(12.4)	(0.1)
Operating profit/ (loss)	**18.6**	(12.9)	31.5
Restructuring and other costs	**(15.7)**	(4.0)	(11.7)
Net finance costs	**(1.1)**	(7.9)	6.8
Impairment loss on available-for-sale financial assets	**—**	(3.8)	3.8
Share of results of an associate	**0.8**	0.5	0.3
Discount on acquisition of a subsidiary	**—**	9.6	(9.6)
Profit/ (loss) before tax	**2.6**	(18.5)	21.1
Income tax charge	**(7.1)**	(1.4)	(5.7)
Loss for the period	**(4.5)**	(19.9)	15.4
Attributable to: owners of the Company	**(4.5)**	(19.9)	15.4

Financial and Operations Review

Group Results

For the six months ended 31 March 2010, the Group recorded a turnover of HK$595.5 million, an increase of 21% compared to the turnover of HK$493.7 million for the six months period ended 31 March 2009.

The gross margin in the six months ended 31 March 2010 was 27.2% compared to 23.3% in the comparable period last year.

The Group generated an operating profit (i.e. result before restructuring costs, finance costs, share of associate's profits, other non-operating items and taxation) of HK$18.6 million in the six months ended 31 March 2010, an improvement of HK$31.5 million compared to the operating loss of HK$12.9 million in the prior period.

Restructuring costs of HK$15.0 million have been provided in the period under review. These are principally attributable to the relocation of the Group's UK hacksaw blade manufacturing plant to the PRC where a new company is to be formed which will operate under the supervision of the management of the Group's Contract Manufacturing division.

The tax charge in the six months ended 31 March 2010 was HK$7.1 million (2009 - HK$1.4 million).

The loss attributable to owners of the Company was HK$4.5 million (2009 - HK$19.9 million), an improvement of HK$15.4 million over the prior period.

In the six month period ended 31 March 2010, the basic loss per share was 0.46 HK cents (2009 - loss of 2.55 HK cents)

Liquidity and Financial Resources

As at the balance sheet date, the Group had a net cash balance of HK$71.3 million, comprising bank and cash balances of HK$92.8 million less certain bank overdrafts amounting to HK$21.5 million. Total Group net debt (i.e. bank and cash balances less all bank and other debt) amounted to HK$38.2 million.

The Group's net asset value was HK$369.0 million, with a liquidity ratio (ratio of current assets to current liabilities) of 178.9% and a gearing ratio (ratio of net bank and other debt to net assets) of 10.3%.

During the period, there was no material change in the Group's funding and treasury policy. At 31 March 2010, the Group had sufficient levels of banking facilities from its major bankers to finance working capital requirements.

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.

Divisional Operational Review

While certain of the Group's operating entities have continued to suffer within a cautious worldwide business environment, exacerbated by volatile currency movements and commodity prices, these negative influences have been outweighed by increased sales activity, improved sales mixes, the launch of new products, and the positive effects of cost reduction programmes initiated in fiscal 2009.

Divisional Results

Tools Division

Neill Tools Ltd/Spear & Jackson Garden Products Ltd

The UK Hand and Garden business continued to experience intense competition especially in its home market where the UK economy remains more depressed than most of its counterparts across the world. In particular, as a high percentage of the Division's trading activity is based on the construction industry, until this returns to reasonable levels, there can be no complete recovery from the global downturn of 2009. However, despite the difficult trading environment, sales, overall, have increased by 10% when compared to the prior year and the division has returned to profitability.

In November 2009 the division announced the relocation of its hacksaw blade manufacturing plant in Sheffield, England to the PRC where a new company is to be formed which will operate under the supervision of the management of the Group's Contract Manufacturing Division. This operational migration of one of the Group's premium branded products will further cement a business model centered on an efficient and quality driven manufacturing base in Asia.

Emphasis continues to be placed on the launch of new and innovative products. Looking forward, the sales order book looks buoyant across the business with, in particular, seasonal garden tools demand at high levels.

Robert Sorby

Robert Sorby has enjoyed a successful six-month period with sales up 6% on the equivalent period last year, an increased operating profit and a positive cash flow.

While the UK market has continued to be challenging, sales in the USA have been particularly strong, aided by a favourable US$/£ cross rate and heavy promotional activity with key dealers. Likewise, European markets have become more receptive to promotions, demonstrations and e-mail marketing.

The operation's own retail store goes from strength to strength and is now the premier outlet of its type in the UK. To consolidate this position, resources are now being focused on enhancing the associated e-commerce site so that the division can benefit from both in-person and internet sales.

Spear & Jackson France / Australasia

Sales in the French garden business have seen a 5% improvement over the same period last year driven by new product launches and increased sales to major garden warehouse customers. While the latter sales typically have lower price points, margins have increased in the period under review as a result of the procurement savings effected by purchasing tools from Asia, principally via the Group's PRC sourcing centre, rather than from more expensive local sources.

In Australia, year to date sales were 21% higher than those recorded for the same period last year. The increase in turnover is attributable to increased sales of compressors, masonry, hand tool and garden products when compared to sales in the previous year, together with aggressive price promotional activity across all product areas. Continued sales growth in 2010 will rely on the introduction of new products, assuming that consumer demand and the Australian economy do not slow compared to the growth witnessed last year.

Trading conditions in New Zealand have been subdued when compared to 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, reflecting the difficult market conditions.

Magnetics Division

The Magnetics Division has continued to perform well with sales 3% higher than the same period last year. Margins, however, have been adversely affected by the weakness of one Sterling against the US Dollar and by continued competition from Asia resulting in downward sales price reviews.

While sales activity, as a whole, has remained buoyant, the Magnetic Separation element of the UK Engineered Products Section suffered a decline in sales, reflecting fragile confidence in the UK project-based market. As a high margin product line, increased emphasis will be placed on restoring sales levels in this sector going forward. This approach has already resulted in higher levels of quotations being tendered in this area and the challenge now is to convert these quotations into sales orders.

Metrology Division

Sales for the six months under review are approximately 20% lower than the same period last year when sales benefited from a strong opening order book which depleted rapidly in the winter of 2008/2009. Thereafter, 2009 was one of the most challenging in the division's history driven by the dramatic downturn in demand as a result of the world economic downturn and de-stocking by the division's principal export customers.

Sales activity has been gradually improving, especially in the USA and the UK, and more recently in Germany and France. It is unlikely, however, that any of these markets will return to pre-recessionary levels in the remainder of 2010.

The Metrology cost base was significantly reduced during fiscal 2009 with the overall workforce being reduced by approximately 35% and these savings have contributed to the division's profitability.

The acquisition of Quality Measurement Limited ("Baty") in March 2010 will enable Bowers to introduce vision-based measuring systems to its product portfolio as well as complementing existing bore gauge and micrometer ranges.

Contract Manufacturing Division (The Pantene Group)

Compared with last year, sales from October 2009 to March 2010 showed a decrease of HK$16.7 million (14%) from HK$120.4 million to HK$103.7 million. Despite the decreased sales, the division has returned to operating profitability with an operating profit in the period under review of HK$0.3 million compared to a HK$12.6 million loss in the prior period.

Pantene suffered significantly in 2009 as a result of the global financial crisis. Management reacted swiftly and decisively to restructure the division's cost base to take account of the sales demand shortfalls. This restructuring has left Pantene well placed to benefit from market improvements in 2010.

The trading environment is now showing signs of strengthening with significant increases in order intake and sales demand. The issue now is to efficiently satisfy the higher level of sales despite ongoing labour shortages and manage increased labour costs which will be incurred from the beginning of July. The outlook for Q3 reflects the continued increase in demand and a new Business and Sales Director has been appointed to focus on new product development and identifying and securing new customers.

Computer Lead Frames Division (Jade Precision Engineering)

Jade Precision, like Pantene, was severely hit by the world-wide fall in the demand for consumer electronics in 2009. Sales for the six months to March 2010 show a 60% increase over the prior year as demand has returned in the semi-conductor market.

As with Pantene, prompt management action was taken in 2009 to reduce the workforce so that the ongoing company cost base was in line with current demand forecasts. While the division is still showing an operating loss for the six month period under review, the losses sustained in 2010 are greatly reduced when compared to those suffered in 2009.

Looking forward, sales levels show continuing improvements. The business environment, however, remains highly competitive with severe pressure remaining on margins. The challenge is to reduce and control costs (both direct and indirect) so that the losses can be stemmed and the business can become consistently profitable.

Consumer Electronics Division (Alford Industries)

The purchase of Alford Industries Limited was completed on 30 January 2009. The Group's results for the six months to 31 March 2009, therefore, included only two months of post-acquisition trading compared to a full six months trading for the period to 31 March 2010.

Sales volumes in the period from acquisition to 30 September 2009 were very encouraging in Alford. However, since the end of fiscal 2009, sales demand has slowed in certain sectors.

To mitigate the impact of sluggish sales demand, reviews are currently underway to identify potential synergies and cost savings and also to identify opportunities for higher technological applications. Additionally, sales are being promoted in China through a leading local electrical retailer and the division's investment in hearing aid technology and noise-cancellation headsets is expected to show results in the forthcoming financial year.

Review and Prospects

When compared to the six months ended 31 March 2009, the results for the six months ended 31 March 2010 show an increase in sales of HK$101.8 million and an improvement in operating performance from a loss of HK$12.9 million to a profit of HK$18.6 million.

This improvement reflects not only a more favourable economic climate but also the beneficial impact of the cost savings derived from the restructuring of divisional cost bases implemented in fiscal 2009.

To generate further sales and profitability growth, the Group remains committed to new product development, to improving procurement processes and to the ongoing reduction of direct and overhead costs.

Borrowings have increased in the period by HK$15.2 million, due, in part, to pension plan contributions of HK$12.0 million and the acquisition of Baty at a net cost of HK$6.2 million.

The Group has been successful in agreeing a reduction in the level of pension contributions into the UK Pension Plan over the next three years commencing 1 April 2010. Cash resources will, however, be utilised in the implementation of the hacksaw blade relocation and through the building up of working capital, not only in relation to this project, but elsewhere in the Group as sales levels increase.

Barring unforeseen circumstances, it is anticipated that the improved trading performance recorded in the first half of the year will continue into the second half of fiscal 2010.

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

Hong Kong, 25 June 2010

Independent Review Report

Grant Thornton 均富

Member of Grant Thornton International Ltd

TO THE BOARD OF DIRECTORS OF UNITED PACIFIC INDUSTRIES LIMITED

(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 16 to 59 which comprises the consolidated statement of financial position of United Pacific Industries Limited as of 31 March 2010 and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month 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 an interim financial report 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 audit 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
6th Floor, Nexxus Building
41 Connaught Road Central
Hong Kong

25 June 2010

Consolidated Statement of Comprehensive Income

For the six months ended 31 March 2010

	Notes	Six months ended 31 March 2010 HK$'000 (unaudited)	2009 HK$'000 (unaudited)
Turnover	3	**595,468**	493,696
Cost of sales		**(433,652)**	(378,862)
Gross profit		**161,816**	114,834
Other income		**9,209**	1,271
Selling and distribution costs		**(96,301)**	(86,091)
Administrative costs		**(51,846)**	(42,451)
Finance costs	4	**(3,809)**	(8,289)
Restructuring costs		**(14,970)**	(4,040)
Share of results of an associate		**760**	540
Costs on acquisition of a subsidiary		**(772)**	—
Cash flow hedge-recycle from other comprehensive income		**(1,502)**	—
Discount on acquisition of a subsidiary		**—**	9,571
Impairment loss on available-for-sale financial assets		**—**	(3,813)
Profit/(loss) before tax	5	**2,585**	(18,468)
Income tax charge	6	**(7,081)**	(1,480)
Loss for the period		**(4,496)**	(19,948)
Loss for the period attributable to owners of the Company		**(4,496)**	(19,948)

Consolidated Statement of Comprehensive Income *(Continued)*

For the six months ended 31 March 2010

	Notes	Six months ended 31 March	
		2010	2009
		HK$'000	HK$'000
		(unaudited)	(unaudited)
Other comprehensive income/(loss)			
Exchange differences arising on translation of foreign operations		**(3,277)**	(60,089)
Cash flow hedging profit recognised in equity		**736**	—
Cash flow hedge-recycle to income statement		**1,502**	—
Recognition of actuarial gains/(losses) on defined benefit pension plan (net of tax)		**9,543**	(79,583)
Change in fair value of available-for-sale financial assets		**—**	3,465
Other comprehensive income/(loss) for the period, net of tax		**8,504**	(136,207)
Loss for the period		**(4,496)**	(19,948)
Total comprehensive income/(loss) for the period attributable to owners of the Company		**4,008**	(156,155)
Loss per share	8		
Basic		**(0.46) cents**	(2.55) cents
Diluted		**N/A**	N/A

Consolidated Statement of Financial Position

As at 31 March 2010

	Notes	31 March 2010 HK$'000 (unaudited)	30 September 2009 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	9	**229,615**	243,044
Prepaid land lease payments under operating leases		**581**	598
Goodwill	10	**2,291**	—
Other intangible assets		**1,329**	1,623
Interest in an associate		**4,214**	3,556
Available-for-sale financial assets		**855**	632
Deferred tax assets	17	**67,535**	81,212
		306,420	330,665
Current assets			
Inventories		**234,862**	233,516
Trade and other receivables	11	**284,232**	249,448
Tax recoverable		**1,175**	1,437
Derivative financial instruments		**1,443**	2,345
Pledged bank deposits		**5,000**	5,000
Cash and cash equivalents		**92,840**	107,203
		619,552	598,949
Current liabilities			
Trade and other payables	12	**222,061**	199,122
Interest-bearing bank borrowings - amounts due within one year	13	**94,476**	101,691
Obligations under finance leases - amounts due within one year	14	**6,879**	6,941
Provisions	15	**18,873**	6,095
Derivative financial instruments		**—**	1,029
Tax payable		**4,104**	3,714
		346,393	318,592
Net current assets		**273,159**	280,357
Total assets less current liabilities		**579,579**	611,022

Consolidated Statement of Financial Position *(Continued)*

As at 31 March 2010

	Notes	31 March 2010 HK$'000 (unaudited)	30 September 2009 HK$'000 (audited)
Non-current liabilities			
Trade and other payables	12	**3,027**	—
Interest-bearing bank borrowings - amounts due after one year	13	**29,521**	20,600
Obligations under finance leases - amounts due after one year	14	**5,119**	5,961
Provisions	15	**7,584**	7,173
Retirement benefit obligations	16	**149,370**	189,552
Deferred tax liabilities	17	**15,991**	18,001
		210,612	241,287
Net assets		**368,967**	369,735
Capital and reserves			
Share capital	18	**98,476**	98,400
Reserves		**270,491**	271,335
Total equity attributable to owners of the Company		**368,967**	369,735

Consolidated Statement of Changes in Equity

For the six months ended 31 March 2010

	Share capital HK$'000	Share premium HK$'000	Share option reserve HK$'000	Capital redemption reserve HK$'000	Capital reserve HK$'000	Translation reserve HK$'000	Hedging reserve HK$'000	Investment revaluation reserve HK$'000	Accumulated profits HK$'000	Total HK$'000
At 1 October 2008 (audited)	72,000	15,569	794	1,442	19,870	(32,344)	–	(3,465)	294,411	368,277
Dividends paid	–	–	–	–	–	–	–	–	(3,600)	(3,600)
Issue of shares at a premium	10,000	17,000	–	–	–	–	–	–	–	27,000
Transactions with owners	10,000	17,000	–	–	–	–	–	–	(3,600)	23,400
Loss for the period	–	–	–	–	–	–	–	–	(19,948)	(19,948)
Other comprehensive income:										
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)
Total comprehensive (loss)/ income for the period	–	–	–	–	–	(60,089)	–	3,465	(99,531)	(156,155)
At 31 March 2009 (unaudited)	82,000	32,569	794	1,442	19,870	(92,433)	–	–	191,280	235,522
Dividends paid	–	–	–	–	–	–	–	–	(4,100)	(4,100)
Issue of shares at a premium	16,400	6,239	–	–	–	–	–	–	–	22,639
Transactions with owners	16,400	6,239	–	–	–	–	–	–	(4,100)	18,539
Profit for the period	–	–	–	–	–	–	–	–	20,732	20,732
Other comprehensive income:										
Exchange differences arising on translation of foreign operations	–	–	–	–	–	21,627	–	–	–	21,627
Cash flow hedges - changes in fair value recognised in the period	–	–	–	–	–	–	(1,502)	–	–	(1,502)
Recognition of actuarial gains on defined benefit plan (net of tax)	–	–	–	–	–	–	–	–	74,817	74,817
Total comprehensive income/ (loss) for the period	–	–	–	–	–	21,627	(1,502)	–	95,549	115,674

Consolidated Statement of Changes in Equity *(Continued)*

For the six months ended 31 March 2010

	Share capital HK$'000	Share premium HK$'000	Share option reserve HK$'000	Capital redemption reserve HK$'000	Capital reserve HK$'000	Translation reserve HK$'000	Hedging reserve HK$'000	Investment revaluation reserve HK$'000	Accumulated profits HK$'000	Total HK$'000
At 30 September 2009 (audited)	**98,400**	**38,808**	**794**	**1,442**	**19,870**	**(70,806)**	**(1,502)**	**—**	**282,729**	**369,735**
Dividends paid	—	—	—	—	—	—	—	—	(4,924)	(4,924)
Issue of shares at a premium	76	72	—	—	—	—	—	—	—	148
Transactions with owners	**76**	**72**	**—**	**—**	**—**	**—**	**—**	**—**	**(4,924)**	**(4,776)**
Loss for the period	—	—	—	—	—	—	—	—	(4,496)	(4,496)
Other comprehensive income:										
Exchange differences arising on translation of foreign operations	—	—	—	—	—	(3,277)	—	—	—	(3,277)
Cash flow hedges - changes in fair value recognised in the period	—	—	—	—	—	—	736	—	—	736
Cash flow hedges - recycle to income statement	—	—	—	—	—	—	1,502	—	—	1,502
Recognition of actuarial gains on defined benefit plan (net of tax)	—	—	—	—	—	—	—	—	9,543	9,543
Total comprehensive income / (loss) for the period	—	—	—	—	—	(3,277)	2,238	—	5,047	4,008
At 31 March 2010 (unaudited)	98,476	38,880	794	1,442	19,870	(74,083)	736	—	282,852	368,967

Consolidated Statement of Cash Flows

For the six months ended 31 March 2010

	Six months ended 31 March	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Cash flows from operating activities		
Profit/(loss) before tax	**2,585**	(18,468)
Adjustments for:		
Interest income	**(216)**	(425)
Interest on interest-bearing bank borrowings and overdrafts	**3,390**	3,829
Interest on obligations under finance leases	**419**	629
Cash flow hedges recycled to income statement	**1,502**	—
Retirement benefit plan expenses	**(7,649)**	5,898
Share of results of an associate	**(760)**	(540)
Costs on acquisition of a subsidiary	**772**	—
Discount on acquisition of a subsidiary	**—**	(9,571)
Loss/(gain) on disposal of property, plant and equipment	**243**	(45)
Gain on disposal of available-for-sale financial asset	**—**	(92)
Impairment loss on available-for-sale financial assets	**—**	3,813
Amortisation of other intangible assets	**186**	173
Depreciation of property, plant and equipment	**12,341**	12,236
Amortisation of pre-paid land lease payments under operating leases	**17**	9
Impairment loss on trade receivables	**619**	445
Impairment loss on inventories	**760**	2,549
Operating profit before movements in working capital	**14,209**	440

Consolidated Statement of Cash Flows *(Continued)*

For the six months ended 31 March 2010

	Six months ended 31 March	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
(Increase)/decrease in inventories	**(65)**	9,513
(Increase)/decrease in trade and other receivables	**(29,658)**	67,948
Increase/(decrease) in trade and other payables	**33,516**	(79,714)
Decrease in provisions	**(2,946)**	(12,002)
Decrease in retirement benefit obligations	**(11,998)**	(11,338)
Net cash generated from/(used in) operations	**3,058**	(25,153)
Income tax received	**44**	264
Income tax paid	**(479)**	(882)
Net cash generated from/(used in) operating activities	**2,623**	(25,771)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(1,965)**	(2,559)
Proceeds from disposal of available-for-sale financial assets	**—**	1,951
Dividend paid	**(4,924)**	(3,600)
Acquisition of a subsidiary, net of cash and cash equivalents acquired (note 19)	**(6,208)**	(5,329)
Interest received	**216**	425
Net cash used in investing activities	**(12,881)**	(9,112)

Consolidated Statement of Cash Flows *(Continued)*

For the six months ended 31 March 2010

	Six months ended 2010 HK$'000 (unaudited)	2009 HK$'000 (unaudited)
Cash flows from financing activities		
Proceeds from exercise of share options	**149**	—
Net cash outflow in trust receipts and export loans	**(8,257)**	(38,032)
Repayments of bank loans	**(16,892)**	(10,751)
New bank loans raised	**18,000**	—
Invoice discounting facility	**6,990**	—
Interest paid on bank overdrafts and interest-bearing bank borrowings	**(3,390)**	(3,829)
Principal repayment of obligations under finance leases	**(3,691)**	(4,113)
Interest paid on obligations under finance leases	**(419)**	(629)
Net cash used in financing activities	**(7,510)**	(57,354)
Net decrease in cash and cash equivalents	**(17,768)**	(92,237)
Effect of foreign exchange rates	**1,131**	(4,784)
Cash and cash equivalents at the beginning of the period	**87,932**	104,915
Cash and cash equivalents at the end of the period	**71,295**	7,894
Analysis of the balance of cash and cash equivalents		
Bank balances and cash	**92,840**	51,263
Bank overdrafts	**(21,545)**	(43,369)
	71,295	7,894

1. Basis of Preparation

This unaudited interim financial report has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 30 September 2009, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations) as disclosed in note 2 to this interim financial report.

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 is unaudited, but has been reviewed by Grant Thornton 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 HKICPA.

This interim financial report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 30 September 2009.

2. Adoption of New or Revised HKFRSs

In the current period the Group has applied for the first time the following new and revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual financial period beginning on 1 October 2009.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 and HKAS1 (Amendment)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 (Amendments)	Financial Instruments: Recognition and Measurement - Eligible Hedge Items
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or an Associate
HKFRS 1 (Revised)	First-time adoption of Hong Kong Financial Reporting Standards
HKFRS 2 (Amendments)	Share-based Payments - Vesting Conditions and Cancellation
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK (IFRIC) - INT 2 (Amendments)	Members' Shares in Co-operative Entities and Similar Instruments
HK (IFRIC) - INT 15	Agreements for the Construction of Real Estate
HK (IFRIC) - INT 17	Distribution of Non-cash Assets to Owners
HK (IFRIC) - INT 18	Transfer of Assets from Customers
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2008
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009

Other than as noted below, the Group has concluded that the adoption of the 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 2010, would not have a significant impact on the Group's results of operations and financial position.

2. Adoption of New or Revised HKFRSs *(Continued)*

HKAS 1 (Revised) Presentation of Financial Statements

The adoption of HKAS 1 (Revised) makes certain changes to the format and titles and primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses are unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income, for example, exchange differences arising on the translation of financial statements of foreign operations. HKAS 1 affects the presentation of owner changes in equity and introduces a "Statement of Comprehensive Income". Comparatives have been restated to conform with the revised standard.

HKFRS 3 (Revised) Business Combinations

The revised HKFRS 3, Business Combinations, continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement and all acquisition-related costs are expensed.

HKFRS 8 Operating Segments

The adoption of HKFRS 8, Operating Segments, has not affected the identifiable and reportable operating segments of the Group. However, reported segment information is now based on internal management reporting information that is regularly reviewed by the executive directors and other chief operating decision makers. The adoption of this standard has no material effect on the disclosure of reportable operating segments of the Group.

2. Adoption of New or Revised HKFRSs *(Continued)*

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

HKAS 24 (Revised)	Related Party Disclosures[5]
HKAS 32 (Amendment)	Financial Instruments: Presentation - Classification of Rights Issues[2]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[1]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[4]
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions[1]
HKFRS 9	Financial Instruments[6]
HK (IFRIC) - INT 14 (Amendment)	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[5]
HK (IFRIC) - INT 19	Extinguishing Financial Liabilities with Equity Instruments[3]

Notes:

1 Effective for annual periods beginning on or after 1 January 2010

2 Effective for annual periods beginning on or after 1 February 2010

3 Effective for annual periods beginning on or after 1 July 2010

4 Effective for annual periods beginning on or after 31 July 2010

5 Effective for annual periods beginning on or after 1 January 2011

6 Effective for annual periods beginning on or after 1 January 2013

The Directors of the Group 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.

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

Operating segments

On adoption of HKFRS 8 Operating Segments, the Group has identified its operating segments and prepared segmental information based on regular internal financial information reported to the Group's executive directors for their decisions about resources allocation to the Group's business components and review of these components' performance.

The business components in the internal reporting to the executive directors are determined following the Group's principal activities. The adoption of HKFRS 8 has not changed the identified operating segments of the Group as compared to the 2009 annual financial statements.

Under HKFRS 8, reported segmental information is based on internal management reporting information that is regularly reviewed by the executive directors. The executive directors assess segment profit or loss using a measure of operating profit. The measurement policies the Group uses for segment reporting under HKFRS 8 are the same as those used in the HKFRS financial statements. Certain items are not included in arriving at operating results of the operating segments (expenses relating to restructuring, share of results of an associate, cash flow hedge recycled from other comprehensive income, interest income, cost on acquisition of a subsidiary, impairment loss on available-for-sale financial assets, discount on acquisition of a subsidiary, finance costs, income tax and corporate income and expense).

The Group's principal activities are: the contracting, on OEM and EMS bases, of a wide range of power-related and electrical/electronic products ("Contract Manufacturing"); the manufacturing, procurement and distribution of a broad line of hand, lawn and garden tools ("Tools"), magnetic tools and products and provision of magnetic-based industrial solutions ("Magnetics") and metrology and measurement tools ("Metrology"); and the manufacturing and distribution of stamped, etched and plated leadframes for the semi-conductor industry ("Leadframes"). Following the acquisition of Alford Industries Limited ("Alford") 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.

3. Turnover and Segment Information *(Continued)*

For the six months ended 31 March 2010

	Contract Manufacturing HK$'000	Tools HK$'000	Metrology HK$'000	Magnetics HK$'000	Leadframes HK$'000	Consumer Electronics HK$'000	Corporate/ Elimination HK$'000	Consolidated HK$'000
Turnover								
External customers	103,365	286,434	47,514	43,419	56,433	58,303	–	595,468
Inter-segment sales	354	6,675	1,588	269	–	–	(8,886)	–
	103,719	293,109	49,102	43,688	56,433	58,303	(8,886)	595,468
Segment profit/(loss)	294	14,145	2,409	5,997	(3,997)	(246)	–	18,602
Restructuring costs	(331)	(14,229)	–	(399)	–	–	–	(14,959)
Share of results of an associate								760
Unallocated corporate credits								1,580
Unallocated restructuring costs								(11)
Cash flow hedge recycled from other comprehensuve income								(1,502)
Interest income								2,696
Costs on acquisition of a subsidiary								(772)
Finance costs								(3,809)
Profit before tax								2,585
Income tax charge								(7,081)
Loss for the period								(4,496)

3. Turnover and Segment Information *(Continued)*

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	Corporate/ 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)

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 Division's Australasian businesses whose garden operations record higher sales in quarters 1 and 2.

3. Turnover and Segment Information *(Continued)*

Geographical information

The Group's operations are mainly located in Mainland China, Hong Kong, the United Kingdom ("UK"), the United States of America, Canada, Mainland Europe, Australasia, Singapore 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	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
The People's Republic of China (the "PRC")		
Mainland China	**11,999**	8,554
Hong Kong (place of domicile)	**11,002**	10,949
	23,001	19,503
United States of America, South America and Canada	**115,413**	74,708
Mainland Europe (excluding UK)	**126,279**	136,846
UK	**116,363**	107,859
Australasia	**98,259**	85,660
Asia (including Singapore but excluding Mainland China and Hong Kong)	**85,462**	43,258
Others	**30,691**	25,862
	595,468	493,696

4. Finance Costs

Finance costs comprise:

	Six months ended 31 March	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Interest on interest-bearing bank borrowings and overdrafts wholly repayable within five years	**3,390**	3,829
Interest on obligations under finance leases	**419**	629
Interest on retirement benefit obligations	**—**	3,831
	3,809	8,289

5. Profit/(loss) Before Tax

	Six months ended 31 March	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
The profit/(loss) before tax has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	**12,341**	12,236
Amortisation of other intangible assets	**186**	173
Impairment loss on available-for-sale financial assets	**—**	3,813
Impairment loss on trade receivables	**619**	445
Impairment loss on inventories	**760**	2,549
Amortisation of prepaid lease payments under operating leases	**17**	9
Retirement benefit plan (credit)/expense:		
Current service cost	**1,202**	2,067
Curtailment gain	**(6,371)**	—
Interest (receivable)/payable	**(2,480)**	3,831
Cash flow hedge-recycle from other comprehensive income	**1,502**	—
Loss/(gain) on disposal of property, plant and equipment	**243**	(45)
Restructuring costs	**14,970**	4,040
Interest income	**(216)**	(425)
Gain on disposal of available-for-sale financial assets	**—**	(92)

6. Income Tax Charge

The income tax charge for the period comprises:

	Six months ended 31 March	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Current income tax:		
Hong Kong	**(297)**	531
Mainland China	**(121)**	(113)
France	**(427)**	(495)
New Zealand	**(208)**	(235)
Canada	**(192)**	—
	(1,245)	(312)
Deferred tax *(note 17)*	**(5,836)**	(1,168)
	(7,081)	(1,480)

Hong Kong Profits Tax is calculated at 16.5% (31 March 2009 - 16.5%) of the estimated assessable profit for the period. Taxation arising in other jurisdictions is provided on the estimated taxable profits arising in those jurisdictions at the prevailing local rates.

7. Dividends

(a) Dividends attributable to the interim period:

	Six months ended 31 March	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Interim dividend declared and paid after the period end of Nil per ordinary share (2009 - 0.5 HK cents)	**—**	4,100

(b) Dividends attributable to the previous financial year, approved and paid during the interim period:

	Six months ended 31 March	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Final dividend in respect of the previous financial year of 0.5 HK cents per ordinary share (2009 - 0.5 HK cents)	**4,924**	3,600

8. Loss Per Share

The calculation of the basic loss per share for the six month periods ended 31 March 2010 and 31 March 2009 is based on the loss attributable to owners of the Company of HK$4,496,000 (31 March 2009 - HK$19,948,000) and the weighted average number of ordinary shares of 984,569,407 shares (31 March 2009 - 782,514,285 shares).

For the six months ended 31 March 2010 diluted earnings per share have not been presented because the effect of the share options is anti-dilutive. 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. The relevant calculations are as follows:

(i) Weighted average number of ordinary shares

	31 March 2010 (unaudited)	31 March 2009 (unaudited)
Issued ordinary shares at 1 October 2009	**984,000,000**	720,000,000
Effect of share options exercised *(note a)*	**569,407**	—
Effect of new shares issued *(note b)*	—	32,417,582
Effect of Rights Issue *(note c)*	—	30,096,703
Weighted average number of ordinary shares at 31 March 2010	**984,569,407**	782,514,285
Basic loss per share (HK$)	(0.46) cents	(2.55) cents

(a) Relates to 762,000 Share Options exercised on 16 November 2009 under the 2004 Share Option Scheme.

(b) Relates to consideration shares issued in respect of the acquisition of Alford Industries Ltd. on 30 January 2009.

(c) Relates to rights issue shares issued in respect of a 1 for 5 Rights Issue on 5 August 2009.

9. Property, Plant and Equipment

Property, plant and equipment additions in the period amounted to approximately HK$4,797,000 (31 March 2009 - HK$3,989,000). The additions in the period include HK$2,832,000 (31 March 2009 - HK$1,430,000) in relation to assets acquired under finance leases for which there is no cash flow included in the consolidated statement of cash flows.

10. Goodwill

	HK$'000
At 1 October 2009	—
Additions	2,252
Currency realignment	39
At 31 March 2010	2,291

On 10 March 2010, the Company, through its UK-based subsidiary, Bowers Group plc, acquired the entire share capital of Quality Measurement Limited ("Baty"), a company incorporated in the United Kingdom and engaged in the design and manufacturing of precision measuring instruments. The consideration for the acquisition, excluding costs, amounted to HK$10,854,000, comprising HK$6,886,000 in cash and deferred contingent consideration capped at HK$3,968,000 and payable over four years. The fair values of assets at the acquisition date were HK$8,602,000 resulting in goodwill on the acquisition of a subsidiary of HK$2,252,000. See note 19 for further details.

11. Trade and Other Receivables

Trade and other receivables of HK$284,232,000 (30 September 2009 - HK$249,448,000) include trade receivables of HK$263,816,000 (30 September 2009 - HK$233,601,000). At the reporting date, the aged analysis of trade receivables, which is stated after provisions for impairment, is as follows:

	31 March 2010 HK$'000 (unaudited)	30 September 2009 HK$'000 (audited)
0-60 days	**225,877**	210,371
61-90 days	**20,897**	8,609
91-120 days	**9,835**	5,166
Greater than 120 days	**7,207**	9,455
	263,816	233,601

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 amounts of trade and other receivables approximate to their fair values.

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 of the Company 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$225,088,000 (30 September 2009 - HK$ 199,122,000) include trade payables of HK$124,371,000 (30 September 2009 - HK$84,930,000). At the reporting date, the aged analysis of trade payables, based on invoice date, is as follows:

	31 March 2010 HK$'000 (unaudited)	30 September 2009 HK$'000 (audited)
0-60 days	**103,398**	76,286
61-90 days	**10,670**	3,896
Greater than 90 days	**10,303**	4,748
	124,371	84,930

Analysed for reporting purposes as:

Current liabilities	**222,061**	199,122
Non-current liabilities	**3,027**	—
	225,088	199,122

The Directors consider that the carrying amounts of trade and other payables approximate to their fair values.

13. Interest-bearing Bank Borrowings

	31 March 2010 HK$'000 (unaudited)	30 September 2009 HK$'000 (audited)
Bank borrowings (all secured) comprise:		
Bank overdrafts	**21,545**	19,271
Export invoices/loan financing	**25,298**	35,474
Invoice discounting	**23,074**	16,638
Other bank loans	**12,558**	33,908
HKSAR Government-backed loans	**41,522**	17,000
	123,997	122,291
Bank borrowings are repayable as follows:		
Within one year or on demand	**94,476**	101,691
More than one year, but not exceeding five years	**29,521**	20,600
	123,997	122,291
Less: Amounts due within one year shown under current liabilities	**(94,476)**	(101,691)
Amounts due after one year shown under non-current liabilities	**29,521**	20,600

The HKSAR Government-backed loans, which are all denominated in Hong Kong Dollars, carry fixed interest rates ranging from 4.83% to 7.0% per annum and are repayable in monthly instalments over three-year to five-year periods.

The bank borrowings which are denominated in Hong Kong Dollars, US Dollars, Singapore Dollars and GB Pounds carry variable interest rates linked to the relevant prime rates and fixed interest rates relevant to the country in which the facility has been taken out.

The effective interest rates on the Group's floating rate borrowings range from 2.75% to 7% per annum (30 September 2009 - 2.75% to 8.5% per annum).

The fair values of the Group's bank borrowings, determined as the present value of the estimated future cash flows, discounted using the prevailing market rate at the reporting 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 2010 HK$'000 (unaudited)	30 September 2009 HK$'000 (audited)	**31 March 2010 HK$'000 (unaudited)**	30 September 2009 HK$'000 (audited)
Amounts payable under finance leases:				
Within one year	**7,656**	7,342	**6,879**	6,941
In the second to fifth years inclusive	**5,383**	6,888	**5,119**	5,961
	13,039	14,230	**11,998**	12,902
Less: Future finance charges	**(1,041)**	(1,328)	**—**	—
Present value of lease obligations	**11,998**	12,902	**11,998**	12,902
Less: amount due for settlement within one year shown under current liabilities			**(6,879)**	(6,941)
Amount due for settlement after one year shown under non-current liabilities			**5,119**	5,961

During the period, the Group has 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 reporting 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	Manufacturing reorganisation	Total
	HK$'000	HK$'000	HK$'000
At 1 October 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
Utilisation of provision	(2,090)	1,278	(812)
Provision for the period	508	(4,256)	(3,748)
Currency realignment	1,038	295	1,333
At 30 September 2009	12,823	445	13,268
Utilisation of provision	(2,356)	(590)	(2,946)
Provision for the period	1,356	14,970	16,326
Currency realignment	(416)	225	(191)
At 31 March 2010	11,407	15,050	26,457

	31 March 2010	30 September 2009
	HK$'000	HK$'000
	(unaudited)	(audited)
Analysed for reporting purposes as:		
Current liabilities	**18,873**	6,095
Non-current liabilities	**7,584**	7,173
	26,457	13,268

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)*

The manufacturing reorganisation costs in the period comprise costs in relation to the relocation of the Group's hacksaw blade manufacturing plant in Sheffield, England to the PRC where a new company is to be formed which will operate under the supervision of the management of the Group's Contract Manufacturing Division. The relocation was announced in November 2009 and is expected to be completed by early 2011. The costs include employee severance payments, site closure and relocation costs.

16. Retirement Benefit Obligations

The Group operates defined contribution retirement benefits schemes and a defined benefit plan. The details of the defined contribution retirement benefit schemes are consistent with those disclosed in the financial statements of the Group for the year ended 30 September 2009. Details of the defined benefit plan are described 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 Pension Plan, for accounting valuation purposes, was carried out by the Group's actuary, PricewaterhouseCoopers LLP at 30 September 2009. This valuation has been updated to 31 March 2010 for the purposes of this Interim Report.

The Group's annual contributions to the Plan are £1.9 million (approximately HK$ 23 million) until 31 March 2010. Thereafter, contributions will be £0.75 million (approximately HK$8.7 million) for the year to 31 March 2011, £0.875 million (approximately HK$10.2 million) for the year to 31 March 2012 and £1.0 million (approximately HK$11.6 million) for the year to 31 March 2013. 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 Spear & Jackson group's freehold land and buildings at Atlas Way, Sheffield.

16. Retirement Benefit Obligations *(Continued)*

In addition, in connection with the renegotiation of the employer's contribution scheme relating to the annual payments to be made by the participating employers of the Plan, a guarantee has been offered by Spear & Jackson plc and Bowers Group plc, UK subsidiaries of the Group, to secure certain obligations ("the guaranteed obligations") relative to the Plan in the event of a contribution default by any of the participating companies or in certain other circumstances.

The guaranteed obligations represent all present and future obligations (actual or contingent) of each participating employer to make payments to the Plan up to a maximum amount that is equal to the lowest non-negative amount which, when added to the assets of the Plan, would result in the Plan being at least 105% funded on the date on which any liability under the guarantee crystallised based on an actuarial valuation of the Plan carried out on that date.

The principal financial assumptions used for the purpose of the actuarial valuations of the Pension Plan at 31 March 2010 and 30 September 2009 are detailed below:

	31 March 2010 (unaudited)	30 September 2009 (audited)
Long term rate of increase in pensionable salaries	**—**	2.95%
Rate of increase of benefits in payment *(note a)*	**3.15%**	2.55%
Rate of increase of benefits in payment *(note b)*	**2.85%**	2.25%
Discount rate	**5.70%**	5.70%
Inflation assumption	**3.40%**	2.75%
Expected return on equities	**n/a**	8.30%
Expected return on bonds	**n/a**	5.70%
Expected return on cash	**n/a**	0.50%

(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 2010 are consistent with those used to determine the comparable assumptions disclosed in the financial statements of the Group for the year ended 30 September 2009.

16. Retirement Benefit Obligations *(Continued)*

The amount recognised in the consolidated statement of financial position in respect of the Plan is as follows:

	31 March 2010 HK$'000 (unaudited)	30 September 2009 HK$'000 (audited)
Fair value of Plan assets:		
Equities	**699,606**	598,215
Bonds	**409,662**	505,992
Property	**73,545**	—
Cash	**3,953**	60,458
Insurance policies	**13,460**	14,099
	1,200,226	1,178,764
Present value of funded obligations	**(1,349,596)**	(1,368,316)
Net liability recognised in the consolidated statement of financial position	**(149,370)**	(189,552)

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

	Six months ended 31 March	
	2010 HK$'000 (unaudited)	2009 HK$'000 (unaudited)
Current service cost	**1,202**	2,067
Curtailment gain	**(6,371)**	—
Expected return on assets	**(40,300)**	(36,486)
Interest cost	**37,820**	40,317
	(7,649)	5,898

The current service cost charge and the curtailment gain for the period are included in administrative costs in the consolidated statement of comprehensive income. 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 2010	30 September 2009	31 March 2009
	HK$'000	HK$'000	HK$'000
	(unaudited)	(unaudited)	(unaudited)
At the beginning of the period	**1,368,316**	1,178,370	1,473,599
Currency realignment	**(57,321)**	93,832	(292,696)
Current service cost	**1,202**	2,126	2,067
Past service credit	**—**	(21,471)	—
Curtailment gain	**(6,371)**	(2,210)	—
Interest cost	**37,820**	43,780	40,317
Member contributions	**1,311**	1,438	1,646
Benefit payments	**(39,517)**	(36,609)	(37,235)
Actuarial losses/(gains)	**44,156**	109,060	(9,328)
At the end of the period	**1,349,596**	1,368,316	1,178,370

Changes in the fair values of the Plan's assets:

	Six months ended		
	31 March 2010	30 September 2009	31 March 2009
	HK$'000	HK$'000	HK$'000
	(unaudited)	(unaudited)	(unaudited)
At the beginning of the period	**1,178,764**	880,473	1,233,028
Currency realignment	**(50,044)**	69,649	(244,922)
Employer contributions	**11,998**	11,224	11,338
Expenses	**—**	985	—
Member contributions	**1,311**	1,438	1,646
Expected return on assets	**40,300**	38,625	36,486
Benefit payments	**(39,517)**	(36,609)	(37,235)
Actuarial gains/(losses)	**57,414**	212,979	(119,868)
At the end of the period	**1,200,226**	1,178,764	880,473

16. Retirement Benefit Obligations *(Continued)*

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

	Six months ended		
	31 March 2010	30 September 2009	31 March 2009
	HK$'000	HK$'000	HK$'000
	(unaudited)	(unaudited)	(unaudited)
Actuarial gain/(loss)	**13,258**	103,919	(110,540)

The cumulative amount of actuarial gains recognised in the consolidated statement of comprehensive income, before tax, is HK$110,999,000 (30 September 2009 - HK$97,741,000).

The history of experience adjustments is as follows:

	31 March 2010	30 September 2009
	HK$'000	HK$'000
	(unaudited)	(audited)
Present value of defined benefit obligation	**(1,349,596)**	(1,368,316)
Fair value of Plan assets	**1,200,226**	1,178,764
Deficit	**(149,370)**	(189,552)
Experience gain/(loss) adjustment on Plan liabilities	—	—
Experience gain adjustment on Plan assets	—	93,111

The actuarial valuation showed that the market value of the Plan's assets at 31 March 2010 was HK$1,200,226,000 (30 September 2009 - HK$1,178,764,000) and that the actuarial value of these assets represented 89% (30 September 2009 - 86%) of the benefits that had accrued to members. The shortfall of HK$149,370,000 (30 September 2009 - HK$189,552,000) is to be cleared in accordance with current UK pensions legislation and after consultation with, and agreement by, the Trustees of the Plan.

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 2008	12,578	(18,538)	67,360	10,086	3,773	75,259
(Charged)/credited to profit or loss	—	186	(1,419)	65	—	(1,168)
Acquisition of a subsidiary	(916)	—	—	—	—	(916)
Recognition of actuarial losses retirement benefit obligation charged to other comprehensive income	—	—	30,957	—	—	30,957
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
(Charged)/credited to profit or loss	1,992	234	(7,787)	(461)	2,065	(3,957)
Recognition of actuarial gains on retirement credited to other comprehensive income	—	—	(29,102)	—	—	(29,102)
Currency realignment	869	(1,251)	6,549	701	585	7,453
At 30 September 2009	12,019	(16,082)	53,075	8,398	5,801	63,211
(Charged)/credited to profit or loss	(1,565)	229	(5,677)	3,086	(1,909)	(5,836)
Recognition of actuarial gains on retirement credited to other comprehensive income	—	—	(3,715)	—	—	(3,715)
Currency realignment	(401)	777	(1,859)	(548)	(85)	(2,116)
At 31 March 2010	**10,053**	**(15,076)**	**41,824**	**10,936**	**3,807**	**51,544**

17. Deferred Tax *(Continued)*

For the purposes of presentation in the consolidated statement of financial position, 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 2010 HK$'000 (unaudited)	30 September 2009 HK$'000 (audited)
Deferred tax liabilities	**(15,991)**	(18,001)
Deferred tax assets	**67,535**	81,212
	51,544	63,211

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 2009 - 28%).

At the reporting date, based on the estimation of future profit streams, the Group has unrecognised gross 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 2010 HK$'000 (unaudited)	30 September 2009 HK$'000 (audited)
Unused tax losses	**401,282**	409,444
Capital losses	**210,305**	215,295
Other temporary differences	**7,169**	7,483
Other tax credits	**350,776**	366,120
	969,532	998,342

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 foreseeable 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$0.1 each		
Authorised:		
At 31 March 2010 and 30 September 2009	1,500,000,000	150,000
Issued and fully paid		
At 1 October 2009	984,000,000	98,400
Share options exercised	762,000	76
At 31 March 2010	984,762,000	98,476

In November 2009 the Company approved the exercise of 762,000 Share Options under the 2004 Share Option Scheme.

19. Acquisition of a Subsidiary

On 10 March 2010, the Company, through its UK-based subsidiary, Bowers Group plc, acquired the entire share capital of Quality Measurement Limited ("Baty"), a company incorporated in the United Kingdom and engaged in the design and manufacturing of precision measuring instruments. The acquisition of Baty will allow the Group to expand its vision-based measurement systems as well as complementing existing products within the Metrology division.

The consideration for the acquisition amounted to HK$10,854,000, comprising HK$6,886,000 in cash and deferred consideration capped at HK$3,968,000, payable over a four year period. The deferred compensation is computed based on the annual audited post-tax profits of Baty over a four year period commencing 1 October 2009. The Directors consider that the necessary pre-tax profits required to generate the deferred consideration will be achievable.

Acquisition related costs of HK$772,000 are included in the consolidated statement of comprehensive income.

Goodwill of HK$2,252,000 arose on the acquisition, reflecting Baty's strong position within the metrology industry, its brand strength and diversity and expected synergies that the acquisition is anticipated to offer within the Group's existing Metrology division.

The fair value of trade and other receivables is HK$6,513,000 and includes trade receivables with a fair value of HK$4,785,000. The gross contractual amount for trade receivables due is HK$4,972,000, of which HK$187,000 is expected to be uncollectible.

The acquired business contributed revenue of approximately HK$2,151,000 and a net profit of HK$386,000 in the period from acquisition to 31 March 2010. If the acquisition had taken place on 1 October 2009, the Group's revenue would have been approximately HK$606,050,000 and the net loss for the period would have been approximately HK$3,774,000. 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 2009, nor is it intended to be a projection of future results.

19. Acquisition of a Subsidiary *(Continued)*

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

	Carrying amount before combination HK$'000	Fair value adjustments HK$'000	Fair value HK$'000
Net assets acquired:			
Property, plant and equipment	455	(117)	338
Available-for-sale financial assets	245	—	245
Inventories	4,855	(525)	4,330
Trade and other receivables	6,571	(58)	6,513
Cash and cash equivalents	1,450	—	1,450
Trade and other payables	(4,216)	(58)	(4,274)
	9,360	(758)	8,602
Goodwill on acquisition			2,252
Less: deferred consideration			(3,968)
Total consideration satisfied by cash			6,886
Net cash outflow arising on acquisition:			
Cash consideration paid			(6,886)
Legal and professional fees			(772)
Cash and cash equivalents acquired			1,450
			(6,208)

20. Major Non-cash Transactions

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 approximately HK$2,832,000 (1 October 2008 to 31 March 2009 - HK$ 1,430,000).

21. Pledge Of Assets

At the reporting date, the Group has pledged bank deposits of HK$5,000,000 to certain banks to secure credit facilities granted by the banks to the extent of approximately HK$10,000,000 (30 September 2009 - HK$13,900,000).

The Group has pledged plant and machinery having a net book value of approximately HK$473,000 (30 September 2009 - HK$667,000) and land and buildings with a net book value of approximately HK$31,600,000 (30 September 2009 - HK$31,000,000) to secure general banking facilities granted to the Group.

The banking facility of the UK subsidiaries of Spear & Jackson comprises a £6,000,000 Sterling (approximately HK$70,000,000) composite facility comprising confidential invoice discounting, an overdraft and a short-term loan. This facility is secured by certain trade receivables in the UK trading operations of Spear & Jackson, by fixed and floating charges on the other assets and undertakings of Spear & Jackson and its trading subsidiaries and by a first fixed charge on the Group's freehold properties in the United Kingdom. Amounts drawn down under the confidential invoice facility at 31 March 2010 were HK$23,074,000 (30 September 2009 - HK$16,638,000) which are secured against trade debts of the same amount in the Spear & Jackson UK trading subsidiaries. Amounts drawn down under the overdraft and short-term loan at 31 March 2010 were HK$534,000 (30 September 2009 - 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 covering contributions payable to the Plan. As part of this agreement, the Group executed a second charge in favour of the Plan representing 50% (approximately HK$45,308,000) of the value of the Group's freehold land and buildings at Atlas Way, Sheffield, UK.

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

	Six months ended	
	31 March 2010 HK$'000 (unaudited)	31 March 2009 HK$'000 (unaudited)
Net decrease in cash and cash equivalents for the period	**(17,768)**	(92,237)
Effect of foreign exchange rates	**1,131**	(4,784)
Net movement in cash and cash equivalents	**(16,637)**	(97,021)
Repayment of bank loans	**16,892**	10,751
New bank loans raised	**(18,000)**	—
Net cash ouflow from export loans	**8,257**	38,032
Invoice discounting facility	**(6,990)**	—
Others	**1,313**	4,606
Net borrowings at the beginning of the period	**(22,990)**	(22,948)
Net borrowings at the end of the period	**(38,155)**	(66,580)
Analysis of net borrowings at 31 March		
Bank balances and cash	**92,840**	51,263
Bank overdrafts	**(21,545)**	(43,369)
Pledged bank deposits	**5,000**	5,000
Interest-bearing bank borrowings - amounts due within one year	**(72,931)**	(55,597)
Interest-bearing bank borrowings - amounts due after one year	**(29,521)**	(10,494)
Obligations under finance leases - amounts due within one year	**(6,879)**	(6,118)
Obligations under finance leases - amounts due after one year	**(5,119)**	(7,265)
	(38,155)	(66,580)

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 2010	31 March 2009
	HK$'000	HK$'000
	(unuadited)	(unuadited)
Basic salaries and allowances, bonuses and benefits in kind	**3,067**	4,738
Mandatory provident fund contribution	**6**	6
	3,073	4,744

Included within trade and other payables is an amount payable to other directors and other key management in relation to basic salaries, allowances, bonuses and benefits in kind at 31 March 2010 of HK$1,482,000 (30 September 2009 - HK$1,249,000).

Eclipse Magnetics Limited, a subsidiary undertaking of United Pacific Industries Limited, purchases manufactured products directly from Ningbo Hi-tech Assemblies Co Ltd ("Ningbo Hi-tech"), a company in which it has a 25% equity interest. For the six months period ended 31 March 2010, goods to the value of approximately HK$6,908,000 (31 March 2009 - HK$10,100,000) 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.

A claim has been brought against Eclipse Magnetics Limited, a UK trading subsidiary, regarding an alleged defective magnetic lifting application. No provision for any potential costs has been made in these financial statements as the Directors believe that the case has no merit and it will therefore be vigorously defended.

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 of the Company 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 2010 amounted to HK$4,200,000 (30 September 2009 - nil).

26. Operating Lease Commitments

The Group as Lessee

At the reporting 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 2010 HK$'000 (unaudited)	30 September 2009 HK$'000 (audited)
Operating leases which expire:		
Within one year	**4,725**	12,188
In the second to fifth years inclusive	**26,482**	26,647
Over five years	**38,014**	26,816
	69,221	65,651

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.

26. Operating Lease Commitments *(Continued)*

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

	31 March 2010 HK$'000 (unaudited)	30 September 2009 HK$'000 (audited)
Onerous lease contracts *(Note 15)*		
Within one year	**3,822**	5,650
In the second to fifth years inclusive	**7,585**	7,173
	11,407	12,823

At the reporting date, the Group had contracted with tenants for the following minimum lease payments:

The Group as lessor

	31 March 2010 HK$'000 (unaudited)	30 September 2009 HK$'000 (audited)
Within one year	**710**	1,103
In the second to fifth years inclusive	**614**	297
Over five years	**5,171**	5,079
	6,495	6,479

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

27. Events After the Reporting Date

Subsequent to the reporting date, settlement was reached regarding a trading dispute involving one of the Group's trading subsidiaries. Based on latest information, the net amount receivable by the above company will be approximately HK$4,000,000.

Review by Audit Committee

The unaudited interim results for the six months ended 31 March 2010 have been reviewed by the Company's Audit Committee. The information in these interim results does not constitute statutory accounts.

Interim Dividend

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 31 March 2010, in order that the Group retains flexibility to take advantage of the opportunities presented by the improving business climate. This position will be kept under continuing review as it relates to a final dividend payment.

Employees

At 31 March 2010 the Group had approximately 2,540 employees worldwide. The remuneration of employees is determined by overall guidelines for each category of employees, commensurate with qualification and experience and takes 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 2010, 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. Ordinary shares of HK$0.10 each of the Company

Name	Capacity	Number of ordinary shares	Percentage interest in the Company's issued share capital
Mr. Brian C Beazer	Beneficial owner and interest in a controlled corporation (1)	200,939,385	20.40%
Mr. David H Clarke	Interest in a controlled corporation (2)	8,313,200	0.84%
Mr. Simon N Hsu	Interest in a controlled corporation (3)	5,144,589	0.52%
Mr. Patrick J Dyson	Beneficial owner	1,971,611	0.20%

Notes:

1. Mr. Brian C Beazer is the beneficial owner of 576,000 shares. These are aggregated with the shares held by B C Beazer Asia Pte Ltd in which Mr. Beazer has a 50% equity interest.

2. These shares are held by GSB Holdings, Inc. ("GSBH"). Mr. David H 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.

B. Share options

Name of Directors	Capacity	Number of options held	Number of underlying shares
Mr. Brian C Beazer	Beneficial owner	6,327,664	6,327,664
Mr. David H Clarke	Beneficial owner	1,906,111	1,906,111
Mr. Simon N Hsu	Beneficial owner	11,397,606	11,397,606
		19,631,381	19,631,381

Other than as disclosed above, and except for nominee shares in certain subsidiaries held in trust for the Group at 31 March 2010, 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 2010, 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 of the Company

Name	Nature of interest	Number of ordinary shares held	Percentage interest in the Company's issued share capital
Chim Pui Chung	Registered owner and interest in controlled corporation (1)	271,000,000	27.52%
SKP Capital Ltd	Registered owner (2)	62,112,260	6.32%

Notes:

1. Mr. Chim holds 150,000,000 shares as registered owner and 121,000,000 shares are held by Mr. Chim through his beneficial interest in the entire issued share capital of Golden Mount Limited.

2. SKP Capital Ltd is an investment fund, the beneficial owners of which are diverse private and institutional investors.

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

Save as disclosed above, as at 31 March 2010 the Company has not been notified of any other relevant interests 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 details of the exercise price and the number of options outstanding during the period 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 2009 and 31 March 2010
Mr. Brian C Beazer	23.7.2003	0.286	2,515,443
Mr. Simon N Hsu	23.7.2003	0.286	3,773,165
			6,288,608

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"). 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 adjustments due to capital changes, as at 31 March 2010, the number of options available for grants is 35,031,217 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. All the options granted have vested and can be exercised at any time within ten years until 2014.

(b) *(Continued)*

The details of the exercise price and the number of options outstanding during the period which have been granted to the Directors of the Company and employees of the Group under the 2004 Scheme are as follows:

			Number of option shares			
Name of Directors	Date of grant	Exercise price HK$	Outstanding at 1 October 2009	Exercised during the period	Lapsed during the period	Outstanding at 31 March 2010
Mr. Brian C Beazer	28.9.2004	0.193	2,060,660	—	—	2,060,660
	20.12.2004	0.198	1,751,561	—	—	1,751,561
Mr. David H Clarke	28.9.2004	0.193	1,030,331	—	—	1,030,331
	20.12.2004	0.198	875,780	—	—	875,780
Mr. Simon N Hsu	28.9.2004	0.193	4,121,320	—	—	4,121,320
	20.12.2004	0.198	3,503,121	—	—	3,503,121
			13,342,773	—	—	13,342,773
Other employees	28.9.2004	0.193	2,060,655	(412,000)	(131)	1,648,524
	20.12.2004	0.198	1,751,560	(350,000)	(311)	1,401,249
			17,154,988	(762,000)	(442)	16,392,546

In November 2009 share options were exercised, as shown in the table above. The closing price of the securities immediately before the date on which the options were exercised was 0.46 HK cents per share.

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 2010 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.

Compensation Committee

The Compensation Committee of the Company, currently comprising two Independent Non-Executive Directors, Mr. Ramon S 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 S 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 2010. The information in these interim results does not constitute statutory accounts.

Corporate Governance Practices

The Company has adopted the mandatory provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules and observed them throughout the six months period ended 31 March 2010, with the exception of 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 will not impair the balance of power and authority between the Group and the management, and both the Board and senior management of the Group have significantly benefited from the leadership, support and considerable management experience of Mr. Beazer.

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. However, all directors 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 exacting than those in the Code.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct governing 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 Model Code throughout the period for the six months ended 31 March 2010.

Change in Director's Information

Below is the change in director's information since the 2009 Annual Report:

Mr. Teo Ek Tor, a non-executive director, has been re-deignated as an independent non-executive director with effect from 24 June 2010.