Interim Report 2011/2012

達藝 DECCA

DECCA HOLDINGS LIMITED
達藝控股有限公司

STOCK CODE: 997

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The Group's revenue for six months ended 30 September 2011 increased by 17.0% to HK$363.6 million from HK$310.8 million for the same period in 2010. The gross margin also increased from 26.2% to 29.7%.

Total revenue of interior decoration work increased by 5.4% to HK$111.4 million compared to corresponding period of last year. Furniture sales increased by 23.0% to HK$252.3 million compared to same period of the previous year. Sales of furniture to the United States and Europe increased by 22.2% to HK$144.6 million compared to the same period of the previous year. Sales to China also increased slightly by 4.9% to HK$139.2 million compared to corresponding period of last year. Sales to Hong Kong and Macau increased substantially by 51.2% to HK$75.4 million compared to same period in 2010.

The Group's top five customers for the period ended 30 September 2011 were LVMH Group accounted for HK$112.2 million in revenue which represented 30.8% of the Group's revenue. These contracts were associated with several Louis Vuitton stores in China, Hong Kong and Macau. The next four customers by revenue during the period included Imperial Woodworking Company — 4.6% of revenue, Richemont Commercial/Asia Pacific Limited — 4.4% of revenue, Apple Group — 3.1% of revenue and Latham & Watkins LLP — 2.9% of revenue.

Projects currently in progress include furniture supply contracts for Four Seasons Hotel — St. Petersburg of Russia, Sheraton Hotel — Guangzhou, interior fitting out contracts in connection with several Louis Vuitton stores in Hangzhou, Nanjing and Xian — China and interior fitting out contract for an office at Causeway Bay — Hong Kong

Outlook

The Group experienced a return to profitability in the first half of 2011/2012. This was the result of a number of factors such as continued reduction in administrative expenses, increased revenue and, most importantly, increased gross margin. The increased revenue occurred primarily in the Projects Division and the Group's Asia Showrooms. While the increase in the gross margin was due to better anticipation of labour increases in the Group's primary manufacturing plant in China.

The Group entered the second half of this fiscal year with orders on hand of approximately HK$323 million at 30 September 2011, which are up by approximately 15% from the orders on hand at the start of this fiscal year. A large portion of these orders on hand is in the Projects Division, some of which will not be completed before the end of the year on 31 March 2012. Having said that, we expect sales for the full year to shows a healthy increase from 2010/2011 full year's sales.

The recent uncertainties in the European markets continue to affect the availability of financing worldwide, particularly in the hospitality sector. For this reason, the Group does not expect its hospitality sales to recover until 2013 at the earliest. The Group will continue to emphasize its retail fixture business and retail projects in its Projects Division both in China and Asia. Executive office furniture sales have grown and should continue to grow in China and other parts of Asia as more foreign company's establish offices in the region.

The Group will continue to closely monitor its liquidity and cash flow. Bank Balances and Cash dropped slighty over the first half of the year but continues to cover all Bank Borrowings 1.56 times up from coverage of 1.32 times at the last year-end. EBITDA for the first half of 2011/2012 was more than 35 million compared to $10 million for the same period last year and compared favourably to the $41.3 million of cash flow for the entire previous fiscal year. As revenue and margins increase, overall liquidity will return to pre-2006/2007 levels.

For the coming six months, revenue in China and Asia will continue to grow. The Group has demonstrated its ability to re-focus its efforts on these markets away from the United States and Europe markets. Again, the Group's business plan that emphasizes multiple products sold in multiple geographical markets has served it well.

Interim Dividend

The directors of the Company do not recommend the payment of an interim dividend to the shareholders of the Company for the six months ended 30 September 2011 (six months ended 30 September 2010: Nil).

Appreciation

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

TSANG CHI HUNG
Chairman

Hong Kong, 28 November 2011

MANAGEMENT DISCUSSION AND ANALYSIS

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

Review of results

The Group's revenue for six months ended 30 September 2011 increased by 17.0% to HK$363.6 million from HK$310.8 million for the same period in 2010. The gross margin also increased from 26.2% to 29.7%.

Total revenue of interior decoration work increased by 5.4% to HK$111.4 million compared to corresponding period of last year. Furniture sales increased by 23.0% to HK$252.3 million compared to same period of the previous year. Sales of furniture to the United States and Europe increased by 22.2% to HK$144.6 million compared to the same period of the previous year. Sales to China also increased slightly by 4.9% to HK$139.2 million compared to corresponding period of last year. Sales to Hong Kong and Macau increased substantially by 51.2% to HK$75.4 million compared to same period in 2010.

The Group's top five customers for the period ended 30 September 2011 were LVMH Group accounted for HK$112.2 million in revenue which represented 30.8% of the Group's revenue. These contracts were associated with several Louis Vuitton stores in China, Hong Kong and Macau. The next four customers by revenue during the period included Imperial Woodworking Company — 4.6% of revenue, Richemont Commercial/Asia Pacific Limited — 4.4% of revenue, Apple Group — 3.1% of revenue and Latham & Watkins LLP — 2.9% of revenue.

Projects currently in progress include furniture supply contracts for Four Seasons Hotel — St. Petersburg of Russia, Sheraton Hotel — Guangzhou, interior fitting out contracts in connection with several Louis Vuitton stores in Hangzhou, Nanjing and Xian — China and interior fitting out contract for an office at Causeway Bay — Hong Kong

Liquidity, financial resources and capital structure

The Group continued to maintain a conservative financial structure during the period, there is no seasonal borrowing requirements. The Group's funding requirements to a certain extent depend on the value of the contracts awarded to the Group by its customers. As at 30 September 2011, the total bank borrowings amount to HK$70.6 million (31 March 2011: HK$86.2 million), out of which HK$68.2 million (31 March 2011: HK$82.1 million) would be due within one year. The borrowings including bank loans and overdraft facilities are mainly in Hong Kong dollars which will be matched by the inflow of funds from the Group's projects in Hong Kong. Having taken into account of the Group's net worth of HK$373.4 million (31 March 2011: HK$352.4 million), such borrowing level is acceptable. Finance costs were maintained at an acceptable level of HK$1.5 million (2010: HK$2.1 million) representing 0.42% (2010: 0.69%) of the Group's revenue. Net current assets stood at HK$85.0 million (31 March 2011: HK$58.6 million).

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

Gearing ratio and foreign exchange exposure

As at 30 September 2011, the gearing ratio (total borrowings divided by net assets was 0.19 (31 March 2011: 0.24). As the Group's revenue and expenses were mainly in Hong Kong dollars, Renminbi and United States dollars and its cash holding was mainly denominated in Hong Kong dollars, foreign exchange exposure of the Group was minimal as long as the policy of the Government of HKSAR to link the Hong Kong dollars to the United States dollars remained in effect. Renminbi's exchange rate remained stable within a range as Mainland China would also like to maintain a stable exchange rate between Hong Kong dollars and Renminbi which would be beneficial to Hong Kong's economy.

Charge on assets

At 30 September 2011, buildings, plant and machinery and furniture, fixtures and office equipment of the Group with carrying values of approximately HK$27.5 million, HK$1.6 million and HK$2.1 million (31 March 2011: HK$26.7 million, HK$8.6 million and HK$3.8 million) respectively were pledged with banks to secure the loans granted to the Group.

Employees

As at 30 September 2011, the Group employed 126, 1466, 3, 26, 136, and 11 staff in Hong Kong, Mainland China, Singapore, USA, Thailand, Europe respectively (31 March 2011: 127, 1502, 3, 30, 151 and 12 staff respectively) The Group remunerated its employees based on their performance, working experience and prevailing market conditions. Bonus may be given to staff of outstanding performance on a discretionary basis. For the primary course of retaining high caliber executives and employees, share options may be granted to eligible employees. Other employee benefits include mandatory provident fund and training programs.

Event after the end of the interim period

The group restructuring mentioned in note 17 below has not completed while the Distribution and Cash Offer are subject to independent shareholder's approval in a special general meeting of the Company.

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The Group entered the second half of this fiscal year with orders on hand of approximately HK$323 million at 30 September 2011, which are up by approximately 15% from the orders on hand at the start of this fiscal year. A large portion of these orders on hand is in the Projects Division, some of which will not be completed before the end of the year on 31 March 2012. Having said that, we expect sales for the full year to shows a healthy increase from 2010/2011 full year's sales.

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Directors

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

Executive directors

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

Independent non-executive directors

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

Directors' Interests in Shares and Underlying Shares

As at 30 September 2011, the interests of the directors and of their associates in the issued share capital and underlying shares of the Company and its associated corporations, as recorded in the register kept by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code of Securities Transactions by Directors of Listed Companies were as follows:

Directors' Interests in Shares and Underlying Shares (continued)

Long position

(a) *Interests in the Company's shares*

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

Notes:

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

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

Directors' Interests in Shares and Underlying Shares (continued)

Long position (continued)

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

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

Notes:

1. As at 30 September 2011, the issued and fully paid share capital in DML comprised of 145,600 non-voting deferred shares and 10 ordinary shares of HK$100 each.

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

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

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

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

Save for disclosed above, none of the directors nor their associates held office at 30 September 2011 had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at that date.

Directors' Interests in Contracts

During the six months ended 30 September 2011, the Group paid rental of approximately HK$1,295,000 to Golden Life Investment Limited ("Golden Life") in respect of the Group's office premises, showrooms and warehouses. Mr. Tsang Chi Hung, Ms Kwan Yau Choi and Mr Liu Hoo Kuen are directors and shareholders of Golden Life. As at 30 September 2011, the amount due to Golden Life was nil.

Apart from the above, no contract of significance to which the Company, its holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of 30 September 2011 or at any time during these six months period.

MANAGEMENT REPORT

Share Option Scheme

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

Arrangement to Purchase Shares or Debentures

Save for disclosed above in “Directors Interest in Shares and Underlying Shares”, at no time during the period was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders

As at 30 September 2011, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance shows that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Long Positions in Ordinary Shares of the Company

Ordinary Shares of HK$0.10 each of the Company

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

Other than as disclosed above and those holding more than 5% interest in the Company as set out on page 8, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 September 2011.

Related Party Transactions

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

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 September 2011.

Interim Dividend

The directors of the Company do not recommend the payment of an interim dividend to the shareholders of the Company for the six months ended 30 September 2011 (six months ended 30 September 2010: Nil).

Corporate Governance

During the six months ended 30 September 2011, the Company was in compliance with the code provision of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Exchange") except for the following:

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

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

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company (the "Model Code"). Having made specific enquiry of the directors of the Company, all the directors confirmed that they complied with the required standards as set out in the Model Code during the six months ended 30 September 2011.

Review by Audit Committee and Independent Auditors

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters. The Audit Committee has also reviewed the unaudited interim results for the six months ended 30 September 2011.

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF DECCA HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 13 to 26, which comprises the condensed consolidated statement of financial position of Decca Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 September 2011 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making 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 information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

28 November 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2011

	Notes	Six months ended 30 September 2011 HK$'000 (unaudited)	2010 HK$'000 (unaudited)
Revenue	3	**363,641**	310,773
Cost of sales		**(255,813)**	(229,366)
Gross profit		**107,828**	81,407
Other income, gains and losses		**(1,679)**	(560)
Selling and distribution costs		**(20,481)**	(16,481)
Administrative expenses		**(67,597)**	(72,448)
Share of loss of an associate		**(438)**	(1,146)
Finance costs	4	**(1,531)**	(2,146)
Profit (loss) before taxation	5	**16,102**	(11,374)
Income tax expense	6	**(5,958)**	(2,979)
Profit (loss) for the period		**10,144**	(14,353)
Other comprehensive income			
Exchange difference arising on translation of foreign operations and to presentation currency		**10,746**	3,676
Share of translation reserve of an associate		**69**	178
Other comprehensive income for the period		**10,815**	3,854
Total comprehensive income (expense) for the period		**20,959**	(10,499)
Profit (loss) for the period attributable to:			
Owners of the Company		**10,456**	(14,353)
Non-controlling interests		**(312)**	—
		10,144	(14,353)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**21,271**	(10,499)
Non-controlling interests		**(312)**	—
		20,959	(10,499)
Earnings (loss) per share — Basic	7	**HK5.23 cents**	HK(7.18) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2011

	Notes	30.9.2011 HK$'000 (unaudited)	31.3.2011 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	9	**280,887**	287,607
Prepaid lease payments		**7,153**	7,136
Investment in an associate		**2,730**	3,099
		290,770	297,842
Current assets			
Inventories		**102,830**	106,840
Accrued revenue		**39,337**	16,771
Trade receivables	10	**102,109**	68,118
Other receivables, deposits and prepayments		**16,375**	16,291
Prepaid lease payments		**409**	409
Tax recoverable		**4,077**	3,612
Bank balances and cash		**110,317**	113,515
		375,454	325,556
Current liabilities			
Deferred revenue		**8,997**	4,439
Trade payables	11	**64,707**	57,923
Receipts in advance		**55,837**	63,580
Other payables and accruals		**56,205**	33,664
Amount due to an associate	12	**6,484**	—
Provision for warranty		**3,616**	4,123
Tax payable		**26,442**	21,040
Bank borrowings	13	**68,183**	82,144
		290,471	266,913
Net current assets		**84,983**	58,643
Total assets less current liabilities		**375,753**	356,485
Non-current liabilities			
Bank borrowings	13	**2,370**	4,061
		373,383	352,424

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2011

	Notes	**30.9.2011 HK$'000 (unaudited)**	31.3.2011 HK$'000 (audited)
Capital and reserves			
Share capital	14	**20,000**	20,000
Reserves		**355,319**	334,048
Equity attributable to owners of the Company		**375,319**	354,048
Non-controlling interests		**(1,936)**	(1,624)
Total equity		**373,383**	352,424

Approved by the Board of Directors on 28 November 2011.

TSANG CHI HUNG
CHAIRMAN

LIU HOO KUEN
VICE CHAIRMAN

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2011

	Attributable to owners of the Company								
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	Translation reserve HK$'000	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2011 (audited)	20,000	47,640	18,865	8,662	39,780	219,101	354,048	(1,624)	352,424
Profit for the period	–	–	–	–	–	10,456	10,456	(312)	10,144
Exchange differences arising on translation of foreign operations and to presentation currency	–	–	–	–	10,746	–	10,746	–	10,746
Share of translation reserve of an associate	–	–	–	–	69	–	69	–	69
Other comprehensive income for the period	–	–	–	–	10,815	–	10,815	–	10,815
Total comprehensive income (expense) for the period	–	–	–	–	10,815	10,456	21,271	(312)	20,959
At 30 September 2011 (unaudited)	20,000	47,640	18,865	8,662	50,595	229,557	375,319	(1,936)	373,383
At 1 April 2010 (audited)	20,000	47,640	18,865	8,662	29,893	230,298	355,358	–	355,358
Loss for the period	–	–	–	–	–	(14,353)	(14,353)	–	(14,353)
Exchange differences arising on translation of foreign operations and to presentation currency	–	–	–	–	3,676	–	3,676	–	3,676
Share of translation reserve of an associate	–	–	–	–	178	–	178	–	178
Other comprehensive income for the period	–	–	–	–	3,854	–	3,854	–	3,854
Total comprehensive income (expense) for the period	–	–	–	–	3,854	(14,353)	(10,499)	–	(10,499)
At 30 September 2010 (unaudited)	20,000	47,640	18,865	8,662	33,747	215,945	344,859	–	344,859

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2011

	Six months ended 30 September	
	2011	2010
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Net cash from operating activities	**8,757**	32,839
Net cash used in investing activities:		
Purchase of property, plant and equipment	**(1,382)**	(1,239)
Proceeds from disposal of property, plant and equipment	**—**	5
Interest income received	**87**	98
	(1,295)	(1,136)
Net cash (used in) from financing activities:		
Repayment of borrowings	**(16,591)**	(10,647)
New borrowings raised	**—**	13,500
Advance from an associate	**6,484**	—
Other financing cash flows	**(1,531)**	(2,146)
	(11,638)	707
Net (decrease) increase in cash and cash equivalents	**(4,176)**	32,410
Cash and cash equivalents at 1 April	**113,515**	53,013
Effect of foreign exchange rate changes	**978**	(198)
Cash and cash equivalents at 30 September	**110,317**	85,225
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**110,317**	85,433
Bank overdrafts	**—**	(208)
	110,317	85,225

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard 34 ("HKAS 34"), Interim Financial Reporting.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2011 except as described below.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) — INT 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) — INT 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and disclosures set out in these condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

The Group has not early applied new or revised standards and interpretation that have been issued but are not yet effective. The following new or revised standards and interpretation have been issued after the date the consolidated financial statements for the year ended 31 March 2011 were authorized for issuance and are not yet effective:

HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[1]
HKFRS 9	Financial Instruments[2]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[3]
HKAS 19 (Revised 2011)	Employee Benefits[2]
HKAS 27 (Revised 2011)	Separate Financial Statements[2]
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[2]
HK(IFRIC) — INT 20	Stripping Costs in the Production Phase of a Surface Mine[2]

1 Effective for accounting periods beginning on or after 1 July 2011.
2 Effective for accounting periods beginning on or after 1 January 2013.
3 Effective for accounting periods beginning on or after 1 January 2012.
4 Effective for accounting periods beginning on or after 1 July 2012.

The directors of the Company anticipate that the application of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

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

— Sales of furniture and fixtures
— Interior decoration work

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

	Six months ended 30.9.2011		Six months ended 30.9.2010	
	Segment revenue HK$'000 (unaudited)	**Segment profit for the period HK$'000 (unaudited)**	Segment revenue HK$'000 (unaudited)	Segment profit for the period HK$'000 (unaudited)
Sales of furniture and fixtures	**252,268**	**43,457**	205,062	17,043
Interior decoration work	**111,373**	**12,661**	105,711	11,434
Total	**363,641**	**56,118**	310,773	28,477
Other income, gains and losses		**1,607**		1,805
Share of loss of an associate		**(438)**		(1,146)
Finance costs		**(1,531)**		(2,146)
Unallocated corporate expenses		**(39,654)**		(38,364)
Profit (loss) before taxation		**16,102**		(11,374)

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

4. FINANCE COSTS

	Six months ended	
	30.9.2011	30.9.2010
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Interest on:		
Bank borrowings wholly repayable within five years	**1,531**	2,146

5. PROFIT (LOSS) BEFORE TAXATION

Profit (loss) before taxation has been arrived at after charging (crediting) the following items:

	Six months ended	
	30.9.2011	30.9.2010
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Amortisation of prepaid lease payments (included in cost of sales and administrative expenses)	**209**	202
Depreciation of property, plant and equipment	**17,774**	19,035
Allowance for slow moving inventories	**5,353**	2,811
Allowance of bad and doubtful debts, net	**2,784**	2,365
Impairment loss recognised on accrued revenue	**502**	—
Interest income	**(87)**	(98)
Loss on write-off/disposal of property, plant and equipment	**35**	100
Net foreign exchange gain (included in other income, gains and losses)	**(621)**	(1,195)

6. INCOME TAX EXPENSE

	Six months ended	
	30.9.2011	30.9.2010
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Current tax:		
Hong Kong	**2,525**	591
The People's Republic of China ("PRC")		
Enterprise Income Tax	**3,673**	2,026
Other jurisdictions	**126**	149
	6,324	2,766
Overprovision in prior years in other jurisdictions	**(366)**	—
Deferred tax	**—**	213
	5,958	2,979

Hong Kong Profits Tax and PRC Enterprise Income Tax are calculated at 16.5% and 25% of the estimated assessable profit for the current and prior periods respectively.

Tax from other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions respectively.

7. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share attributable to the owners of the Company is based on the following data:

Earnings (loss)

	Six months ended	
	30.9.2011	30.9.2010
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit (loss) for the period attributable to owners of the Company for the purpose of basic earnings (loss) per share	**10,456**	(14,353)

7. EARNINGS (LOSS) PER SHARE (continued)

Number of shares

	Six months ended	
	30.9.2011	30.9.2010
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**200,000**	200,000

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

8. DIVIDEND

No dividends were paid, declared or proposed during the reporting period. The directors of the Company do not recommend the payment of an interim dividend.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment at a cost of approximately HK$1,382,000 (six months ended 30 September 2010: HK$1,409,000, including the transfer of deposits paid for acquisition of property, plant and equipment of approximately HK$170,000).

During the period, the Group wrote off of certain property, plant and equipment with a carrying amount of approximately HK$35,000 (six months ended 30 September 2010: disposed of certain property, plant and equipment with a carrying amount of approximately HK$105,000 for cash proceeds of approximately HK$5,000), resulting in a loss on write-off/disposal of approximately HK$35,000 (six months ended 30 September 2010: HK$100,000).

10. TRADE RECEIVABLES

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

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

	30.9.2011	31.3.2011
	HK$'000	HK$'000
	(unaudited)	(audited)
0-30 days	**58,991**	35,841
31-90 days	**36,620**	11,634
> 90 days	**6,498**	20,643
	102,109	68,118

11. TRADE PAYABLES

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

	30.9.2011	31.3.2011
	HK$'000	HK$'000
	(unaudited)	(audited)
0-30 days	**25,834**	24,219
31-90 days	**16,319**	7,798
> 90 days	**22,554**	25,906
	64,707	57,923

12. AMOUNT DUE TO AN ASSOCIATE

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

13. BANK BORROWINGS

During the current period, the Group did not obtain new bank loans (six months ended 30 September 2010: new bank loans amounting to HK$13,500,000 was obtained) and repaid approximately HK$15,652,000 (six months ended 30 September 2010: HK$10,647,000). The loans carry interest at market rates ranging from 1.90% to 4.25% (six months ended 30 September 2010: 1.86% to 7.01%) per annum and are repayable in installments over a period from 1 month to 4 years (six months ended 30 September 2010: 1 month to 4 years).

During the six months period ended 30 September 2011 and the year ended 31 March 2011, the Group breached certain terms of the bank facilities granted to a subsidiary of the Group in Thailand, which are primarily related to the debt to equity ratio of the subsidiary (defined as total debt divided by total equity). On discovery of the breach, the directors of the Company informed the bank and commenced a negotiation of the terms of the loans with the relevant banker. As at 30 September 2011 and 31 March 2011, the negotiation had not been concluded. Since the lender has not agreed to waive its right to demand immediate payment as at the end of the reporting period, the loan of total aggregate carrying amount of approximately HK$7,083,000 and HK$11,345,000 (which is repayable after one year in accordance with the loan agreement) has been reclassified as a current liability as at 30 September 2011 and 31 March 2011. The directors of the Company are confident that their negotiations with the lender will ultimately reach a satisfactory conclusion. In any event, should the lender calls for immediate repayment of the loan, the directors of the Company believe that adequate alternative sources of finance are available to ensure that there is no threat to the continuing operations of the Group.

14. SHARE CAPITAL

	Number of shares	**Nominal value** HK$'000 (unaudited)
Ordinary shares of HK$0.10 each:		
Authorised		
At 1 April 2010, 31 March 2011 and 30 September 2011	400,000,000	40,000
Issued and fully paid		
At 1 April 2010, 31 March 2011 and 30 September 2011	200,000,000	20,000

15. PLEDGE OF ASSETS

At 30 September 2011, buildings, plant and machinery and furniture, fixtures and office equipment of the Group with carrying values of approximately HK$27,465,000, HK$1,588,000, and HK$2,126,000 (31 March 2011: HK$26,712,000, HK$8,623,000 and HK$3,762,000) respectively were pledged with banks to secure the loans granted to the Group.

16. RELATED PARTY TRANSACTIONS

Apart from the amount due to an associate as disclosed in note 12, during the period, the Group paid rentals of approximately HK$1,295,000 (six months ended 30 September 2010: HK$1,168,000) in respect of the Group's office premises, showrooms and warehouses to a company in which certain shareholders and directors of the Company have beneficial interests.

Compensation of key management personnel

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

	Six months ended	
	30.9.2011	30.9.2010
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Short-term benefits	**5,499**	5,975
Post-employment benefits	**236**	236
	5,735	6,211

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

17. EVENT AFTER THE END OF THE INTERIM PERIOD

Pursuant to the announcement dated 30 October 2011, the Company proposed a group restructuring to dispose of its entire direct interest in Decca Investment Limited, a wholly-owned subsidiary of the Company, and the subsidiaries and an associate of Decca Investment Limited (collectively referred to as the "DIL Group") to a wholly owned subsidiary (the "Subsidiary") which is newly set-up by the Company. The shares of the Subsidiary will then be distributed in specie to the shareholders of the Company (the "Distribution"), upon which the Subsidiary and the DIL Group will cease to be the subsidiaries of the Company. At the same time, an unconditional voluntary cash offer (the "Cash Offer") will be made to the holders of the Subsidiary to acquire all the shares of the Subsidiary by Peasedow Enterprises Limited, the immediate and ultimate holding company of the Company which is also the major shareholder of the Company.

The group restructuring has not completed as at the date of this report, while the Distribution and Cash Offer are subject to independent shareholder's approval in a special general meeting of the Company.