



Interim Report 2012

Change to Lead



UNAUDITED INTERIM RESULTS

The Board of Directors (the "Board") of Pico Far East Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended April 30, 2012, together with the unaudited comparative figures for the corresponding period in 2011 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended April 30, 2012

		For the six months ended April 30,	
	<i>Note</i>	2012 Unaudited HK\$'000	2011 Unaudited HK\$'000
Turnover	2	1,807,068	1,394,445
Cost of sales		(1,334,376)	(944,667)
Gross profit		472,692	449,778
Other income		32,471	22,079
Distribution costs		(189,394)	(186,991)
Administrative expenses		(204,204)	(185,152)
Other operating expenses		(2,259)	(64)
Profit from operations		109,306	99,650
Finance costs	3	(631)	(1,338)
Share of profits of associates		108,675	98,312
Share of profits (losses) of jointly controlled entities		13,758	11,631
		7	(899)
Profit before tax		122,440	109,044
Income tax expense	4	(33,538)	(23,389)
Profit for the period	5	88,902	85,655
Attributable to:			
Owners of the Company		92,903	82,100
Non-controlling interests		(4,001)	3,555
		88,902	85,655
EARNINGS PER SHARE	7		
Basic		7.66 cents	6.78 cents
Diluted		7.65 cents	6.77 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended April 30, 2012

	For the six months ended April 30,	
	2012 Unaudited HK\$'000	2011 Unaudited HK\$'000
Profit for the period	88,902	85,655
Other comprehensive income:		
Exchange differences on translating foreign operations	(336)	37,799
Release of investment revaluation reserve to profit or loss upon disposal of available-for-sale financial assets	(40)	—
Fair value changes of available-for-sale financial assets	176	181
Other comprehensive income for the period, net of tax	(200)	37,980
Total comprehensive income for the period	88,702	123,635
Attributable to:		
Owners of the Company	92,027	119,800
Non-controlling interests	(3,325)	3,835
	88,702	123,635

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At April 30, 2012

	Note	April 30, 2012 Unaudited HK\$'000	October 31, 2011 Audited HK\$'000
Non-current Assets			
Investment properties		193,341	192,430
Property, plant and equipment	8	314,803	314,757
Prepaid land lease payments		72,981	73,699
Intangible assets	8	14,745	17,098
Interests in jointly controlled entities		7,752	13,794
Interests in associates		141,191	135,030
Club membership		5,002	4,924
Available-for-sale financial assets	9	5,917	4,743
Deferred tax assets		609	606
		756,341	757,081
Current Assets			
Inventories		62,294	22,598
Contract work in progress		45,135	50,714
Debtors, deposits and prepayments	10	1,068,927	988,414
Amounts due from associates		16,967	13,887
Amounts due from jointly controlled entities		6,954	6,477
Current tax assets		5,787	8,169
Pledged bank deposits		967	996
Bank and cash balances		956,138	1,075,469
		2,163,169	2,166,724
Current Liabilities			
Payments received on account		321,125	329,742
Creditors and accrued charges	11	1,085,341	1,100,894
Amounts due to associates		6,951	5,277
Amounts due to jointly controlled entities		11	5,717
Current tax liabilities		51,602	63,183
Borrowings		58,498	14,374
Finance lease obligations		288	397
		1,523,816	1,519,584
Net Current Assets		639,353	647,140
Total Assets Less Current Liabilities		1,395,694	1,404,221

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

At April 30, 2012

		April 30, 2012	October 31, 2011
	<i>Note</i>	Unaudited HK\$'000	Audited HK\$'000
Non-current Liabilities			
Finance lease obligations		203	328
Deferred tax liabilities		31,090	30,216
		31,293	30,544
Net Assets		1,364,401	1,373,677
Capital and Reserves			
Share capital	12	60,671	60,632
Reserves		1,238,516	1,242,704
Equity attributable to owners of the Company		1,299,187	1,303,336
Non-controlling interests		65,214	70,341
Total Equity		1,364,401	1,373,677

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended April 30, 2012

	Attributable to owners of the Company												
	Share capital	Share premium	Capital redemption reserve	Capital reserve	Equity-settled share-based payment reserve	Goodwill reserve	Legal reserve	Investment revaluation reserve	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At November 1, 2011 (Audited)	60,632	719,066	854	(11,766)	6,595	(419,083)	8,778	(794)	111,031	828,023	1,303,336	70,341	1,373,677
Total comprehensive income for the period	-	-	-	-	-	-	-	136	(1,012)	92,903	92,027	(3,325)	88,702
Shares issued at premium	39	895	-	-	-	-	-	-	-	-	934	-	934
Exercise of equity-settled share-based payment	-	282	-	-	(282)	-	-	-	-	-	-	-	-
Recognition of equity-settled share-based payment	-	-	-	-	842	-	-	-	-	-	842	-	842
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	4,466	4,466
Purchase of non-controlling interests	-	-	-	353	-	-	-	-	-	-	353	(658)	(305)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(73)	(73)
Transfer	-	-	-	-	-	-	3,807	-	(604)	(4,434)	(1,231)	1,231	-
2011 final and special dividends	-	-	-	-	-	-	-	-	-	(97,074)	(97,074)	-	(97,074)
Dividend distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(6,768)	(6,768)
At April 30, 2012 (Unaudited)	60,671	720,243	854	(11,413)	7,155	(419,083)	12,585	(658)	109,415	819,418	1,299,187	65,214	1,364,401
Representing:													
2012 interim dividend proposed										48,537			
Others										770,881			
Retained profits at April 30, 2012 (Unaudited)										819,418			

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)

For the six months ended April 30, 2011

	Attributable to owners of the Company												
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Equity-settled share-based payment reserve HK\$'000	Goodwill reserve HK\$'000	Legal reserve HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At November 1, 2010 (Audited)	60,354	712,138	753	(11,766)	6,263	(419,083)	11,100	—	74,132	695,534	1,129,425	80,016	1,209,441
Total comprehensive income for the period	—	—	—	—	—	—	—	181	37,519	82,100	119,800	3,835	123,635
Shares issued at premium	222	4,176	—	—	—	—	—	—	—	—	4,398	—	4,398
Exercise of equity-settled share-based payment	—	429	—	—	(429)	—	—	—	—	—	—	—	—
Recognition of equity-settled share-based payment	—	—	—	—	425	—	—	—	—	—	425	—	425
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	126	126
Transfer	—	—	—	—	—	—	1,234	—	—	(1,234)	—	—	—
2010 final and special dividends	—	—	—	—	—	—	—	—	—	(66,622)	(66,622)	—	(66,622)
Dividend distribution to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(3,609)	(3,609)
At April 30, 2011 (Unaudited)	60,576	716,743	753	(11,766)	6,259	(419,083)	12,334	181	111,651	709,778	1,187,426	80,368	1,267,794
Representing:													
2011 interim dividend proposed										48,461			
Others										661,317			
Retained profits at April 30, 2011 (Unaudited)										709,778			

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended April 30, 2012

	For the six months ended April 30,	
	2012 Unaudited HK\$'000	2011 Unaudited HK\$'000
Net cash (used in) generated from operating activities	(67,100)	330,898
Net cash generated from (used in) investing activities	8,735	(68,196)
Net cash used in financing activities	(59,163)	(7,468)
Net (decrease) increase in cash and cash equivalents	(117,528)	255,234
Cash and cash equivalents at beginning of the period	1,059,137	773,101
Effect of foreign exchange rate changes	4,947	28,184
Cash and cash equivalents at end of the period	946,556	1,056,519

Analysis of the balances of cash and cash equivalents

	For the six months ended April 30,	
	2012 Unaudited HK\$'000	2011 Unaudited HK\$'000
Bank and cash balances	946,557	1,056,549
Bank overdrafts	(1)	(30)
Cash and cash equivalents at end of the period	946,556	1,056,519

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended April 30, 2012

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

These unaudited condensed consolidated interim financial statements have been prepared under the historic cost convention, as modified by the revaluation of investment properties and investments which are carried at their fair values.

The accounting policies and basis of preparation used in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the annual accounts for the year ended October 31, 2011.

In the current interim period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on November 1, 2011. HKFRSs comprise Hong Kong Financial Reporting Standards; HKASs and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

2. TURNOVER AND SEGMENT INFORMATION

The Group is principally engaged in four reportable segments as follows:

- Exhibition and event marketing services;
- Brand signage and visual communication;
- Museum, themed environment, interior and retail; and
- Conference and show management.

2. TURNOVER AND SEGMENT INFORMATION (Cont'd)

(a) Information about reportable segment revenue, profit or loss:

	Exhibition and event marketing services	Brand signage and visual communication	Museum, themed environment, interior and retail	Conference and show management	Total
	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000
For the six months ended April 30, 2012					
Revenue from external customers	1,377,718	224,698	162,168	42,484	1,807,068
Intersegment revenue	130,647	235	16,308	100	147,290
Segment profits (losses)	110,451	34,395	(19,260)	(6,322)	119,264
Interest income	2,883	2,921	53	119	5,976
Interest expenses	609	16	—	6	631
For the six months ended April 30, 2011					
Revenue from external customers	1,132,937	166,152	73,081	22,275	1,394,445
Intersegment revenue	118,003	2,130	418	103	120,654
Segment profits (losses)	90,716	17,137	939	(5,337)	103,455
Interest income	1,553	1,262	5	409	3,229
Interest expenses	1,237	33	14	54	1,338

(b) Reconciliation of reportable segment revenue, profit or loss:

	For the six months ended April 30,	
	2012	2011
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Revenue		
Total revenue of reportable segments	1,954,358	1,515,099
Elimination of intersegment revenue	(147,290)	(120,654)
Consolidated revenue	1,807,068	1,394,445
Profit or loss		
Total profits of reportable segments	119,264	103,455
Share of profits of associates	13,758	11,631
Share of profits (losses) of jointly controlled entities	7	(899)
Unallocated amounts:		
Gain on disposal of available-for-sale financial assets	156	—
Dividend income	42	7
Corporate expenses	(10,787)	(5,150)
Consolidated profit before tax	122,440	109,044

3. FINANCE COSTS

	For the six months ended April 30,	
	2012 Unaudited HK\$'000	2011 Unaudited HK\$'000
Interest on bank borrowings	611	1,301
Finance charges in respect of finance lease obligations	20	37
Total borrowing costs	631	1,338

4. INCOME TAX EXPENSE

	For the six months ended April 30,	
	2012 Unaudited HK\$'000	2011 Unaudited HK\$'000
The charge comprises:		
Profits tax for the period		
Hong Kong	1,303	1,714
Overseas	32,699	21,115
Under (over) provision in prior periods		
Hong Kong	61	(501)
Overseas	(1,249)	197
	32,814	22,525
Deferred tax	724	864
	33,538	23,389

Hong Kong profits tax is calculated at 16.5% (2011: 16.5%) on the estimated assessable profit for the period. A portion of the Group's profit is derived offshore and is not subject to Hong Kong profits tax.

Tax charge on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

5. PROFIT FOR THE PERIOD

	For the six months ended April 30,	
	2012	2011
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging:		
Depreciation	19,356	21,364
Amortisation of intangible assets	831	380
Cost of inventories sold	104,466	118,897
Allowance for bad and doubtful debts	7,808	7,682
Loss on disposal of property, plant and equipment	2,200	64
Loss on disposal of a subsidiary	40	—
Impairment on other intangible assets	1,575	—
Operating lease rentals in respect of:		
Amortisation of prepaid land lease payments	1,116	264

and crediting:

Interest income	5,976	3,229
Dividend income from available-for-sale financial assets	42	7
Gain on disposal of available-for-sale financial assets	156	—
Gain on disposal of property, plant and equipment	370	184
Gain on disposal of a subsidiary	32	—
Gain on disposal of investments	—	1,945

6. DIVIDENDS PAID

	For the six months ended April 30,	
	2012	2011
	Unaudited	Unaudited
	HK\$'000	HK\$'000
2011 final dividend paid HK4.0 cents per share and special dividend paid HK4.0 cents per share (2010: final dividend paid HK4.0 cents per share and special dividend paid HK1.5 cents per share)	97,074	66,622

6. DIVIDENDS PAID (Cont'd)

Notes:

- (a) The 2011 final and special dividends of the year ended October 31, 2011 of HK\$97,074,000 (2010: final and special dividends of HK\$66,622,000) were approved after October 31, 2011 and 2010, respectively. Under the Group's accounting policy, they were charged in the periods in which they were proposed and approved.
- (b) The Board has determined that an interim dividend of HK4.0 cents per share (2011: HK4.0 cents) be payable on Monday, July, 30, 2012 to the shareholders on the register of members of the Company on Monday, July, 23, 2012.

7. EARNINGS PER SHARE

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

	For the six months ended April 30,	
	2012 Unaudited HK\$'000	2011 Unaudited HK\$'000
Earnings for the purposes of calculating basic and diluted earnings per share	92,903	82,100
	For the six months ended April 30,	
	2012 Unaudited	2011 Unaudited
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,212,901,038	1,210,578,192
Effect of dilutive potential ordinary shares in respect of options	1,399,900	1,734,466
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	1,214,300,938	1,212,312,658

8. CAPITAL EXPENDITURE

	Property, plant and equipment	Intangible assets
	HK\$'000	HK\$'000
Carrying amount as at November 1, 2011 (Audited)	314,757	17,098
Additions	21,507	—
Disposals	(2,216)	—
Depreciation charges/amortisation	(19,356)	(831)
Impairment loss recognised	—	(1,575)
Exchange adjustments	111	53
Carrying amount as at April 30, 2012 (Unaudited)	314,803	14,745

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	April 30, 2012 Unaudited HK\$'000	October 31, 2011 Audited HK\$'000
Equity securities, unlisted	6,894	6,989
Less: Impairment loss recognised	(6,580)	(6,675)
	314	314
Equity securities at fair value, listed in Hong Kong	5,603	4,429
	5,917	4,743

The fair values of listed securities are based on current bid prices. Unlisted equity securities were carried at cost less impairment as they do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group allows a credit period ranged from 30 to 90 days to its trade customers.

Included in debtors, deposits and prepayments are trade debtors of approximately HK\$722,013,000 (as at October 31, 2011: HK\$749,428,000), an aging analysis, based on the invoice date, and net of allowance, is as follows:

	April 30, 2012 Unaudited HK\$'000	October 31, 2011 Audited HK\$'000
Less than 90 days	563,715	608,494
91–180 days	104,306	80,461
181–365 days	36,866	38,056
More than 1 year	17,126	22,417
	722,013	749,428

11. CREDITORS AND ACCRUED CHARGES

Included in creditors and accrued charges are trade creditors of approximately HK\$436,500,000 (as at October 31, 2011: HK\$444,080,000), an aging analysis, based on the date of receipt of goods or services, is as follows:

	April 30, 2012 Unaudited HK\$'000	October 31, 2011 Audited HK\$'000
Less than 90 days	297,118	326,406
91–180 days	61,403	62,419
181–365 days	40,268	38,498
More than 1 year	37,711	16,757
	436,500	444,080

12. SHARE CAPITAL

	Number of shares		Share capital	
	April 30, 2012 Unaudited	October 31, 2011 Audited	April 30, 2012 Unaudited HK\$'000	October 31, 2011 Audited HK\$'000
Ordinary share of HK\$0.05 each (as at October 31, 2011: HK\$0.05 each)				
Authorised:				
At the beginning and end of the period/year	2,400,000,000	2,400,000,000	120,000	120,000
Issued and fully paid:				
At the beginning of the period/year	1,212,634,104	1,207,072,104	60,632	60,354
Exercise of share options (Note a)	790,000	7,576,000	39	379
Repurchase and cancellation of shares (Note b)	—	(2,014,000)	—	(101)
At end of the period/year	1,213,424,104	1,212,634,104	60,671	60,632

Notes:

- (a) During the period, 98,000, 456,000 and 236,000 shares were issued at HK\$1.24, HK\$0.97 and HK\$1.57 per share respectively as a result of the exercise of share options of the Company (year ended October 31, 2011: 4,200,000, 56,000, 3,000,000, 294,000 and 26,000 shares issued at HK\$0.986, HK\$1.240, HK\$0.413, HK\$0.970 and HK\$1.416 per share respectively).
- (b) During the period, the Company has not repurchased any of its own shares. During the year ended October 31, 2011, the Company repurchased its own shares through the Stock Exchange pursuant to the Company's share repurchase mandate granted on March 21, 2011 as follows:

Month of repurchase	Price per share		Number of ordinary shares of HK\$0.05 each	Aggregate consideration HK\$'000
	Highest HK\$	Lowest HK\$		
September 2011	1.22	1.20	666,000	809
October 2011	1.35	1.16	1,348,000	1,769
Total			2,014,000	2,578

The repurchased shares were cancelled and accordingly, the issued share capital was reduced by the nominal value thereof. The premium payable on repurchase was charged against the retained earnings of the Company.

13. PLEDGE OF ASSETS

At April 30, 2012, the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks.

	April 30, 2012 Unaudited HK\$'000	October 31, 2011 Audited HK\$'000
Pledged bank deposits	967	996
Freehold land and buildings	17,086	17,011
Leasehold land and buildings	14,589	14,767
	32,642	32,774

14. COMMITMENTS

(a) Operating Lease Commitments

At April 30, 2012, the Group had the total future minimum lease payments under non-cancellable operating leases in respect of rented premises and equipment are payable as follows:

	April 30, 2012		October 31, 2011	
	Rented premises Unaudited HK\$'000	Equipment Unaudited HK\$'000	Rented premises Audited HK\$'000	Equipment Audited HK\$'000
Within one year	20,752	1,178	20,061	706
In the second to fifth year inclusive	34,135	1,438	30,099	437
Over five years	102,936	15	101,891	—
	157,823	2,631	152,051	1,143

14. COMMITMENTS (Cont'd)

(b) Capital Commitments

	April 30, 2012 Unaudited HK\$'000	October 31, 2011 Audited HK\$'000
Capital expenditure in respect of property, plant and equipment		
— contracted but not provided for	28,913	17,783
— authorised but not contracted for	108,182	138,246
	137,095	156,029

The Company did not have any other significant capital commitments at April 30, 2012.

15. CONTINGENT LIABILITIES

Financial Guarantees issued

At April 30, 2012, the Group has issued the following guarantees:

	THE GROUP		THE COMPANY	
	April 30, 2012 Unaudited HK\$'000	October 31, 2011 Audited HK\$'000	April 30, 2012 Unaudited HK\$'000	October 31, 2011 Audited HK\$'000
Guarantees given to banks in respect of banking facilities granted to				
— subsidiaries	—	—	497,074	497,297
— associates	36,891	36,678	36,891	36,678
— jointly controlled entities	—	—	—	—
	36,891	36,678	533,965	533,975
Performance guarantees				
— secured	49,520	52,879	—	—
— unsecured	84,629	81,093	—	—
	134,149	133,972	—	—
Other guarantees				
— secured	2,819	5,384	—	—
— unsecured	540	538	—	—
	3,359	5,922	—	—

15. CONTINGENT LIABILITIES (Cont'd)

Financial Guarantees issued (Cont'd)

Performance and other guarantees in total of HK\$37,244,000 (as at October 31, 2011: HK\$37,081,000) are given to a jointly controlled entity of the Group.

At April 30, 2012, the Directors do not consider it is probable that a claim will be made against the Group under any of the above guarantees.

The fair value of the guarantees at date of inception is not material and is not recognised in the financial statements.

16. RELATED PARTY TRANSACTIONS

	For the six months ended April 30, 2012						At April 30, 2012		
	Exhibition income	Sub-contracting fee paid	Management fee income	Property rental income	Property rental paid	Consultancy fee paid	Others	Receivables	Payables
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Associates	5,765	10,670	745	476	–	687	276	16,967	6,951
Jointly controlled entities	9	544	55	70	–	–	–	6,954	11
Related companies	191	948	–	–	293	–	–	98	7,642

	For the six months ended April 30, 2011						At October 31, 2011		
	Exhibition income	Sub-contracting fee paid	Management fee income	Property rental income	Property rental paid	Consultancy fee paid	Others	Receivables	Payables
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Associates	5,108	3,662	2,245	59	–	–	554	13,887	5,277
Jointly controlled entities	–	–	48	–	–	–	–	6,477	5,717
Related companies	–	301	–	–	–	–	–	182	624

Note: All transactions were carried out at cost plus a percentage of mark-up.

INTERIM DIVIDEND

The Board recommends the payment of an interim dividend of HK4.0 cents per share for the six months ended April 30, 2012 (six months ended April 30, 2011: HK4.0 cents). The interim dividend will be payable on Monday, July 30, 2012 to shareholders on the register of members of the Company on Monday, July 23, 2012.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members will be closed from Wednesday, July 18, 2012 to Monday, July 23, 2012, both days inclusive, during which period no transfers of shares will be registered. In order to establish entitlements to the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Union Registrars Limited, at 18 Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, not later than 4:00 pm on Tuesday, July 17, 2012.

BUSINESS REVIEW AND PROSPECTS

Results

Group revenue for the six months ended April 30, 2012 increased by 29.6% compared with the previous corresponding period to HK\$1,807 million.

Profit attributable to owners of the Company increased by 13.4% to HK\$93 million.

Basic earnings per share is HK7.66 cents compared to HK6.78 cents in the previous corresponding period. The Board has recommended an interim dividend of HK4.0 cents per ordinary share, compared with HK4.0 cents in the previous period.

Review of Operations

In this period, the Company managed margins carefully and will focus on improving cash flow and margins in the next six months of the year. One sector of the Company's business, the Museum and Themed Environment sector, pulled down margins during the six months ended April 30, 2012.

Exhibition and Event Marketing Services performance remained stable. We successfully completed a number of recurring shows and also recruited a number of new clients in our exhibition and event marketing services business segment. Highlights of the first six months of financial year 2012 include:

1. Bahrain Animal Production Show
2. Bangkok International Motor Show and Motor Expo
3. Barclays Singapore Open
4. China (Beijing) Building Decoration and Materials Expo
5. China Sourcing Fairs in Hong Kong and Mumbai
6. HSBC World Golf Championship in Shanghai

BUSINESS REVIEW AND PROSPECTS (Cont'd)

Review of Operations (Cont'd)

7. New York Singapore Day
8. Singapore Air Show
9. Turkey Expo in Mumbai
10. Exhibition stands and events for Audi, Bloomberg, BMW, Chevron, Chow Tai Fook, Huawei, Man Diesel, Maersk, P&G, Peugeot, SAP and Volkswagen

One of the most major events of 2012 for Pico has been the Yeosu Expo, which runs from May to August in South Korea. This is a relatively smaller-scale expo held between the universal expositions (formally called World Expos), which take place every five years. Pico's longstanding local presence in South Korea meant that the organiser and participating organisations turned to us to deliver 11 theme and international pavilions, including the Marine Life Pavilion; country pavilions for Cambodia, the Philippines, Singapore and Sri Lanka; and a special exhibition to promote Ekaterinburg 2020 at the Russian pavilion. Though the total contribution to our revenue is estimated to be around HK\$50 million, we consider this project to be a major strategic marketing move, which will extend our gains from 2010 in terms of our portfolio, relationships and reputation. Our further achievements at Yeosu Expo will help us keep our edge and act as a stepping stone to the next World Expo in Milan in 2015.

Asia remains by far our strongest region for performance, while growth in other regions like the U.S. and Europe remains sluggish. Though we have been undertaking a conservative approach to managing our operations in these slow growth regions, our performance has been steadily improving. In Europe, we managed to win several contracts for designing and creating a showcase and internet lounges for Acer at the London Olympics in the second half of this year.

Brand Signage and Visual Communications business segment continued to provide a constant revenue stream. After spending many years working on market penetration, we become a preferred supplier for literally all major car brands in China. Besides handling Rolls-Royce customer lounges worldwide, we have successfully extended our foothold to other parts of the world through export to Europe and the Middle East. Examples are Infiniti and Rousseau Peugeot.

During the period, we successfully opened up new growth opportunities, capitalising on the refurbishment and rejuvenation of many districts in Beijing. We also gained new year-round contracts with chain stores including Costa Coffee, Yoshinoya restaurants and Xiabu Xiabu. With sound strategies and quality products, our brand signage and visual communication operations have successfully built an impressive portfolio with a vision for growth, which generates significant results for the Group.

BUSINESS REVIEW AND PROSPECTS (Cont'd)

Review of Operations (Cont'd)

Museum, Themed Environment, Interior and Retail segment saw growth.

However, due to the unfavourable climate and sluggish growth in this sector globally, we cannot set high expectations for 2012. Furthermore, the gross margin from these projects was significantly lower than the other business segments. In spite of these factors, we still completed a number of projects in the first half of 2012:

1. Ace Jerneh Insurance in Kuala Lumpur
2. China National Offshore Oil Corporation showroom in Beijing
3. TV Today studio in New Delhi
4. The War Museum Memorial Pavilion in Seoul
5. Ferrari museum in Shanghai
6. Port of Lost Wonder Sentosa in Singapore

Conference and Show Management segment met our expectations. Highlights of the first half of financial year 2012 included a number of recurring shows, as well as new projects:

1. World Orchid Conference in Singapore
2. 50Plus Expo in Singapore
3. Asia Game Show in Hong Kong
4. Incentive Travel and Conventions, Meetings in Shanghai
5. Philconstruct in Manila
6. APEC Singapore 2012 – CTI Cluster Meeting

It is difficult to compare the results of this business segment with last year's results. ITMA (International Textile Machinery Association) show in Barcelona was by far the biggest contributor to Conference and Show Management in 2011. Due to our outstanding achievements in Barcelona, we have been appointed to organise the next ITMA, which will be held in Milan in November, 2015. This June, Pico also handled the Asian version of ITMA: ITMA Asia 2012, held in Shanghai. While only 70 percent of the size of ITMA 2011, the show is still highly significant. To maintain our momentum and extend our success, we worked hard to maximise our business opportunities by leveraging our advantages in experience and our strong presence in Shanghai in order to pave the way for ITMA 2015.

Liquidity and Financial Information

As at period end date, the total net tangible assets attributable to owners of the Company decreased by 0.2% to about HK\$1,284 million (at October 31, 2011: HK\$1,286 million).

BUSINESS REVIEW AND PROSPECTS (Cont'd)**Liquidity and Financial Information (Cont'd)**

Bank and cash balances amounted to HK\$956 million (at October 31, 2011: HK\$1,075 million), pledged bank deposits was HK\$1 million (at October 31, 2011: HK\$1 million). Deducting interest bearing external borrowings from cash and bank balances, the net cash balance was HK\$899 million (at October 31, 2011: HK\$1,062 million).

Total bank borrowings were HK\$58 million at April 30, 2012 (at October 31, 2011: HK\$14 million). They are mainly denominated in Singapore dollars and Korean Won, and the interest is charged on a mix of floating and fixed rate basis.

	April 30, 2012 Unaudited HK\$' million	October 31, 2011 Audited HK\$' million
Bank and cash balances	956	1,075
Pledged bank deposits	1	1
Less: Bank borrowings	(58)	(14)
Net cash balance	899	1,062

For the six months ended April 30, 2012, the Group invested HK\$22 million (six months ended April 30, 2011: HK\$67 million) in purchase of property, plant and equipment, and including payment for prepaid land lease in the previous corresponding period.

The Group has no long term borrowings at April 30, 2012 and October 31, 2011. The current ratio was 1.42 times (at October 31, 2011: 1.43 times) and the liquidity ratio was 1.35 times (at October 31, 2011: 1.38 times).

	April 30, 2012	October 31, 2011
Current ratio <i>(Current assets/Current liabilities)</i>	1.42 times	1.43 times
Liquidity ratio <i>(Current assets – excluding inventory and contract work in progress/Current liabilities)</i>	1.35 times	1.38 times
Gearing ratio <i>(Long term borrowing/Total assets)</i>	N/A	N/A

BUSINESS REVIEW AND PROSPECTS (Cont'd)

Liquidity and Financial Information (Cont'd)

Although our subsidiaries are located in many different countries of the world, over 75% of the Group's sales and purchases were denominated in Hong Kong dollars, Renminbi, Singapore dollars and US dollars, and the remaining 25% were denominated in other Asian currencies and European currencies. We are already diversified in many different currencies, and the major Asian currencies have been quite stable throughout the period, the Group's exposure to foreign exchange risk is minimal. It is the Group's policy not to enter into derivative transactions for speculative purpose.

Employees and Emoluments Policies

At April 30, 2012, the Group employs a total of some 2,500 full time employees (at October 31, 2011: 2,500) engaged in project management, design, production, sales and marketing and administration, and is supported by a large pool of subcontractors and suppliers. The staff costs incurred in the period was HK\$274 million (six months ended April 30, 2011: HK\$245 million).

The Group's emolument policies are formulated on the performance of individual employees and on the basis of the trends of salaries in various regions, which will be reviewed regularly every year. Apart from provident fund schemes and medical insurance, discretionary bonuses and employee share options are also awarded to employees according to the assessment of individual performance.

Prospects

Looking ahead, our business in China and Asia will continue to be a key growth driver for the remainder of the year. In the second half of the year, we will complete projects at the Yeosu Expo, the London Olympics, the Formula 1 Singapore Grand Prix, Singapore National Day, Singapore Army Open House, the Hong Kong International Art Fair, as well as a number of other events for new or repeat clients like Amway, Bloomberg, Bose, Goldman Sachs, Huawei, Lenovo, Panasonic, Porsche, Samsung, SEAT and ZTE.

Further theming and interior fit-out works will be completed in the second half of the financial year for Al Bahar Bank and Council Tower in Abu Dhabi, the Hong Kong Civil Aviation Department Visitor Centre, Daqing Oil Pavilion, Sharjah New Heritage Museum and Wuhan Huashan Eco City Exhibition Centre.

While the Group still relies on the strength of its Asian business, particularly the China market, we are also constantly upgrading our capabilities and knowledge in order to stay ahead of our competitors to capture the opportunities which will arise when slow-growth regions show signs of recovery.

BUSINESS REVIEW AND PROSPECTS (Cont'd)

Prospects (Cont'd)

Going forward, it still remains difficult to get visibility on unfolding situation in Europe. Our Company remains cautious on potential impact to our business.

Meanwhile, Pico has started branching out into marketing works for sports and mega-events like the 2013 East Asian Games in Tianjin, the 2014 Asian Games in Incheon, South Korea, and the Milan World Expo and ITMA in 2015. Pico's strategy is to continue to remain open to any external growth opportunities in new regions which will help to accelerate our winning bid strategies for events like the 2013 Southeast Asian Games in Naypyidaw, Myanmar, the 2014 Winter Olympics in Sochi, Russia and the World Expo in Milan in 2015.

DIRECTORS' INTERESTS IN SHARES

At April 30, 2012, the interest of the Directors and their associates in the shares and underlying shares of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (SFO), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules were as follows:

Name of Directors		Number of shares/ underlying shares held			Approximate percentage of shareholding of the Company
		Personal interests	Other interests	Total interests	
Mr. Lawrence Chia Song Huat	(Note 1)	6,770,000	—	6,770,000	0.56%
Mr. James Chia Song Heng	(Note 2)	4,236,000	—	4,236,000	0.35%
Mr. Mok Pui Keung	(Note 3)	536,000	—	536,000	0.04%
Mr. Gregory Robert Scott Crichton		—	—	—	—
Mr. James Patrick Cunningham		—	—	—	—
Mr. Frank Lee Kee Wai		—	—	—	—
Mr. Charlie Yucheng Shi		—	—	—	—

Notes:

- (1) The personal interest of Mr. Lawrence Chia Song Huat represents the interest in 1,500,000 shares and interests in 5,270,000 underlying shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share options".
- (2) The personal interest of Mr. James Chia Song Heng represents the interest in 1,000,000 shares and interests in 3,236,000 underlying shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share options".
- (3) The personal interest of Mr. Mok Pui Keung represents the interest in 310,000 shares and interest in 226,000 underlying shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share options".

DIRECTORS' INTERESTS IN SHARES (Cont'd)

Mr. Lawrence Chia Song Huat and Mr. James Chia Song Heng also have personal interests in 2,000 and 4,000 non-voting deferred shares, respectively in Pico International (HK) Limited, a subsidiary of the Company.

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

Save as disclosed herein and other than certain shares in subsidiaries held as nominees by certain Directors of the Group, none of the Directors and their associates has any interests or short positions in any shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of the SFO) as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

The share option scheme approved by the shareholders of the Company on January 7, 2002 (the 2002 Scheme) has expired on January 7, 2012. Thereafter, no further options will be granted under the 2002 Scheme but the subsisting options granted thereunder prior to the expiry date will continue to be valid and exercisable in accordance with the terms of the 2002 Scheme.

At the Annual General Meeting of the Company held on March 22, 2012, the shareholders of the Company approved the adoption of a new share option scheme (the 2012 Scheme) under which the directors of the Company may grant options to eligible persons to subscribe for the Company's shares subject to the terms and conditions as stipulated therein. Unless otherwise cancelled or amended, the 2012 Scheme will remain valid for a period of 10 years from the date of its adoption.

The Company was authorised to grant share options under the 2012 Scheme for subscription of up to a total of 121,342,410 shares, representing approximately 10% of the issued share capital of the Company as at the date of adoption. Options granted are exercisable at any time during a period to be notified by the Directors to each option holder but may not be exercised after the expiry of five years from the offer date. The Directors may provide restrictions on the exercise of an option during the period and option may be exercised as a result. The subscription price per share in relation to an option shall be a price to be determined by the Directors and shall be no less than the highest of the closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange on the date on which the option is offered to Eligible Persons, which must be a business day; the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the offer date; and the nominal value of the shares on the offer date.

SHARE OPTIONS (Cont'd)

(i) Outstanding options

(a) 2002 Scheme

Details of outstanding options over new shares of the Company at beginning and at end of the reporting period which have been granted under the 2002 Scheme are as follows:

Name of Directors	Outstanding at November 1, 2011	Number of share options granted	Number of share options exercised	Number of share options lapsed	Outstanding at April 30, 2012
Category 1: Directors					
Mr. Lawrence Chia Song Huat					
	(Note 1)	1,600,000	—	—	1,600,000
	(Note 5)	1,800,000	—	—	1,800,000
	(Note 7)	1,870,000	—	—	1,870,000
Mr. James Chia Song Heng					
	(Note 1)	1,300,000	—	—	1,300,000
	(Note 5)	1,000,000	—	—	1,000,000
	(Note 7)	936,000	—	—	936,000
Mr. Mok Pui Keung					
	(Note 1)	92,000	—	—	92,000
	(Note 3)	42,000	—	—	42,000
	(Note 4)	52,000	—	—	52,000
	(Note 5)	8,000	—	—	8,000
	(Note 6)	32,000	—	—	32,000
Total Directors		8,732,000	—	—	8,732,000
Category 2: Employees					
	(Note 1)	1,358,000	—	—	1,358,000
	(Note 2)	72,000	—	—	72,000
	(Notes 3, 8)	898,000	—	(98,000)	800,000
	(Notes 4, 8)	1,452,000	—	(456,000)	996,000
	(Note 5)	810,000	—	—	810,000
	(Notes 6, 8)	1,786,000	—	(236,000)	1,550,000
	(Note 7)	936,000	—	—	936,000
Total employees		7,312,000	—	(790,000)	6,522,000
Total all categories		16,044,000	—	(790,000)	15,254,000

SHARE OPTIONS (Cont'd)

(i) Outstanding options (Cont'd)

(a) 2002 Scheme (Cont'd)

Notes:

- (1) The exercise price is HK\$2.184. The option period during which the options may be exercised is the period from May 22, 2007 to May 21, 2012. The date of grant was May 21, 2007.
- (2) The exercise price is HK\$2.350. The option period during which the options may be exercised is the period from August 29, 2007 to August 28, 2012. The date of grant was August 28, 2007.
- (3) The exercise price is HK\$1.240. The option period during which the options may be exercised is the period from May 15, 2008 to May 14, 2013. The date of grant was May 14, 2008.
- (4) The exercise price is HK\$0.970. The option period during which the options may be exercised is the period from May 19, 2009 to May 18, 2014. The date of grant was May 18, 2009.
- (5) The exercise price is HK\$1.416. The option period during which the options may be exercised is the period from May 26, 2010 to May 25, 2015. The date of grant was May 25, 2010.
- (6) The exercise price is HK\$1.570. The option period during which the options may be exercised is the period from May 18, 2011 to May 17, 2016. The date of grant was May 17, 2011.
- (7) The exercise price is HK\$1.540. The option period during which the options may be exercised is the period from December 28, 2011 to June 23, 2016. The date of grant was June 23, 2011.
- (8) The weighted average closing price of share immediately before the date on which the options were exercised by employee is HK\$1.836.

(b) 2012 Scheme

During the period ended April 30, 2012, no share options were granted under the 2012 Scheme.

SHARE OPTIONS (Cont'd)

(ii) Valuation of share options

- (a) The following significant assumptions were used to derive the fair value using the Black-Scholes option pricing model or Binominal Options pricing model:

Date of grant	Exercise price HK\$	Based on	Expected volatility %	Weighted	Risk-free rate %	Annual dividend yield %
		Expected life of share options Year(s)		average share price HK\$		
May 21, 2007	2.184	2.50	47.01	2.170	4.008	3.23
August 28, 2007	2.350	2.50	45.93	2.350	4.004	2.98
May 14, 2008						
1st Tranche	1.240	2.50	55.18	1.240	2.123	5.65
2nd Tranche	1.240	2.70	53.99	1.240	2.217	5.65
3rd Tranche	1.240	3.00	53.69	1.240	2.248	5.65
4th Tranche	1.240	3.20	52.74	1.240	2.353	5.65
May 18, 2009	0.970	3.19	65.91	0.970	0.975	6.64
May 25, 2010	1.416	5.00	59.00	1.400	1.540	4.24
May 17, 2011	1.570	5.00	59.00	1.570	1.560	4.91
June 23, 2011	1.540	5.00	58.00	1.540	1.310	5.19

- (b) Expected volatility was determined by using the historical volatility of the Company's share price over the previous three to five years. The expected life used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.
- (c) The Group recognised the total expenses of HK\$842,000 for the six months ended April 30, 2012 (six months ended April 30, 2011: HK\$425,000) in relation to share options granted by the Company.

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors or their spouses or 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.

SUBSTANTIAL SHAREHOLDERS

At April 30, 2012, the register of substantial shareholders maintained by the Company pursuant to Section 336 of SFO shows that other than the interest disclosed above in respect of certain Directors, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long positions in shares and underlying shares of the Company

Name of Shareholders	Number of shares/ underlying shares held	Percentage of issued share capital
Pine Asset Management Limited	462,167,186	38.09%
DJE Investment S.A. <i>(Note)</i>	112,496,000	9.27%
Dr. Jens Ehrhardt Kapital AG	112,496,000	9.27%
Dr. Jens Alfred Karl Ehrhardt	112,496,000	9.27%

Note: These shares are held by DJE Investment S.A. which is controlled by Dr. Jens Ehrhardt Kapital AG, which in turn is controlled by Dr. Jens Alfred Karl Ehrhardt.

Save as disclosed herein, the Company has not been notified of any other person (other than a director of the Company) who has an interest or a short position in the shares and underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at April 30, 2012.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period ended April 30, 2012, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

During the six months ended April 30, 2012, the Company has complied with the code provisions (the "CG Code") as set out in Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules, except for the following deviations:

CG Code A2.1 stipulates that the role of the Chairman and the Chief Executive Officer should be separated and should not be performed by the same individual. Given the current corporate structure, there is no separation between the roles of the Chairman and the Chief Executive Officer. Although the responsibilities of the Chairman and the Chief Executive Officer are vested in one person, all major decisions are made in consultation with the Board members and the senior management of the Company. During the reporting period, there are three Independent Non-Executive Directors and one Non-Executive Director in the Board. The Board considers that there is sufficient balance of power and the current arrangement maintains a strong management position of the Company.

CG Code A4.1 requires that Non-Executive Directors should be appointed for a specific term, subject to re-election. All existing Non-Executive Directors of the Company are not appointed for specific term, but are subject to retirement and re-election at the Company's annual general meeting. The Articles of Association of the Company requires one-third of the Directors retire by rotation. In the opinion of the Directors, it meets the same objective as the CG Code A4.1.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiry, the Company confirms that the Directors complied with the required standard set out in the Model Code for the period ended April 30, 2012.

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 review of the unaudited interim financials.

By Order of the Board
Leung Hoi Yan
Company Secretary

Hong Kong, June 29, 2012