United Pacific Industries

聯太工業

Stock Code : 176

Interim Report 2013

United Pacific Industries ("UPI") is a diversified holding company which has been listed on the Stock Exchange of Hong Kong since 1994. Its principal operations are in hand and garden tools, magnetic products and applications, precision measurement and OEM/consumer electronics.

Our long established brands are recognised internationally for their heritage and superior quality. UPI is committed to innovation and the delivery of a pipeline of new products which satisfy both customer demand and provide a substantial platform for continuing organic growth.

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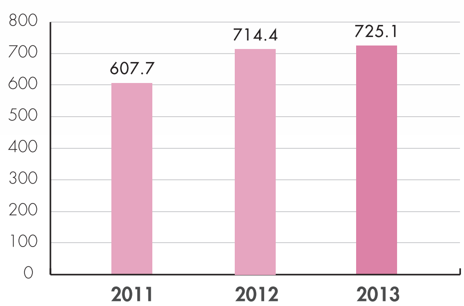
FINANCIAL HIGHLIGHTS

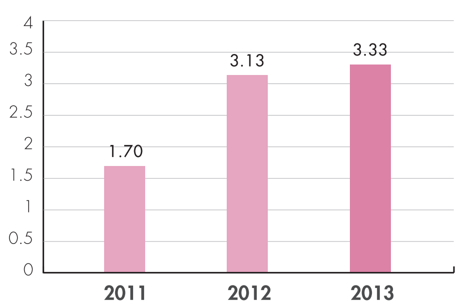
	2013 HK$m	2012 HK$m	% Change
Revenue	**725.1**	714.4	+1.5%
EBIT (before restructuring and other non-operating one-time costs and credits)	**46.2**	42.9	+7.7%
EBITDA	**57.0**	53.5	+6.5%
Profit attributable to owners of the Company	**32.6**	30.6	+6.5%
Earnings per share (Hong Kong cents)	**3.33**	3.13	+6.4%

- **Strong net asset position**
- **Zero net gearing maintained**
- **Net cash of HK$75.1 million, up 310% compared to 31 March 2012 (HK$18.3 million)**
- **Interim dividend declared of 0.5 HK cents per share**

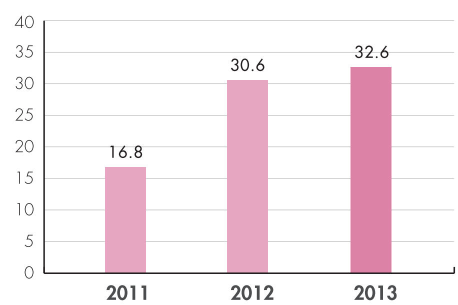
Revenue
HK$m



Earnings per Share
HKcents



Profit Attributable to Owners of the Company
HK$m



CHAIRMAN'S STATEMENT

To Our Shareholders,

The sluggish start to our Fiscal 2013 mentioned in my Chairman's Statement in our 2012 Annual Report has continued throughout the first half and is reflected in our modestly improved Interim Results. For the six months ended 31 March 2013, UPI achieved top line revenues of HK$725.1 million an increase of 1.5% compared to the same period last year. Profit for the period was HK$32.6 million, an increase of 6.5% over last year. And earnings per share were 3.33 HK cents, an increase of 6.4% over last year. We are pleased with this performance, particularly in light of the continuing poor economic conditions in Europe.

In March this year we received our first cash dividend, HK$4.1 million, from the Spear & Jackson Group since purchasing this company in 2006. Receiving cash from Spear & Jackson, despite its profitability, is very difficult due to their large underfunded pension liability in the UK. The UK Government Pension Administrator places a high priority on all companies with an underfunded pension liability to get these plans funded on a timely basis. This has created a huge burden on Spear & Jackson to pay an out-sized portion of its cash flow into the pension. In addition, the company is responsible to pay a Pension Levy to the UK government each year as an insurance policy to cover a potential future default of any UK pension plans. Much of this underfunding is due to historically low interest rates which, if sustained as we expect, means that UPI will not receive much of Spear & Jackson's cash flow in the foreseeable future.

Our cash position continues with a favorable balance. UPI's net cash at 31 March 2013 was HK$75.1 million. This is slightly less than our net cash at 30 September 2012, which is normal, as this time of year sees our heaviest working capital needs.

We would like to welcome Mr. Anthony Lee as our new largest shareholder. Our Nomination and Corporate Governance Committee and our Board of Directors, after meeting and discussing goals and aspirations, have decided we would like Mr. Anthony Lee and his associate, Ms. Kelly Lee, as well as Mr. Lan Yen-Po, to join our Board and have appointed them at today's meeting.

Regarding the outlook for our second half, we see little change in conditions from the first half and believe revenues and profits for the year will likely show a modest increase.

I am pleased to advise you that your Board of Directors is continuing our dividend policy with an Interim Dividend of 0.5 HK cents per share to be paid to shareholders on or about 15 July 2013.

David H Clarke
Chairman
Hong Kong, 14 May 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Despite challenging market conditions in many of the sectors in which it operates, the Company has again delivered strong interim revenues and profitability which show a continuing improvement over the results of the prior year. Excellent revenue and earnings performances from our Magnetic Technologies and Precision Measurement operations supported by strong trading results from the Company's other divisions have driven these increases in top line growth and profits.

Financial Review

Revenue for the period under review amounted to HK$725.1 million, 1.5% higher than the HK$714.4 million reported for the same period last year.

EBIT, representing operating profits before restructuring, net finance credits and other non-operating one-time costs and credits, of HK$46.2 million is 7.7% higher than the HK$42.9 million reported for the same period last year.

EBITDA of HK$57.0 million is 6.5% higher than the prior period comparative of HK$53.5 million.

Profit attributable to owners of the Company totaled HK$32.6 million, an increase of 6.5% when compared to last year.

Earnings per share improved to 3.33 HK cents (2012 — 3.13 HK cents), an increase of 6.4% over the same period last year.

Divisional Business Review

Tools Division

UK - Eclipse Industrial Tools/Spear & Jackson UK

A reorganization and refocusing of the UK Tools business was completed on 31 March 2013 which saw a separation of the division into an industrial tools ("Eclipse") operation and a home and garden products business ("Spear & Jackson").

Overall, total divisional revenues were HK$128.2 million (2012 — HK$126.7 million) with pre-tax profits of HK$1.2 million (2012 — loss of HK$(0.9) million).

In the Spear & Jackson business, despite fragile consumer demand, revenues were in line with the prior year thanks to incremental sales into the UK and the USA of the new "Kew" branded garden tools and strong "Predator" handsaw sales via a major UK retailer. These sales helped offset weak export sales in the Americas and Africa.

These revenue performances were achieved against the backdrop of a DIY and gardening sector that declined by 5.2% in 2012 as it continued to be negatively impacted by the stagnant UK housing market and a more financially constrained customer who is shying away from big-ticket purchases.

Gardening experienced its worst year on record in 2012 with the main factor being the inclement weather in the second quarter of the year which made growing conditions especially challenging. The DIY sector is set to recover strongly in 2013, with gardening being the principal factor, as shoppers make purchases that they were unable to do in 2012. However, a second consecutive spring affected by bad weather could severely suppress the gardening market.

New products launched in the first half of the year include a carbon steel traditional garden tool range and the Kew Garden Collection. Further product launches are scheduled for the second half of the year.

With regard to industrial tools, revenues were ahead of last year, with the increase driven by strong sales into the United Arab Emirates across the Eclipse Tools program.

At the division's hacksaw blade manufacturing plant in the PRC that came into full production last year, business improvement plans are to increase sales penetration into China, reduce labour costs via machine efficiency improvement drives, and further reduce consumables and scrap wastage.

Going forward, in the UK the focus will be not only on selling our existing tools portfolio into the plumbing channel, but also widening the range of plumbing tools in order to provide a more comprehensive product offering. Also in the UK, a further key initiative will be to develop an active wholesaler partner to drive additional sales through this channel.

Overseas, expansion into Asia and Middle East markets is key. China, the Gulf, Indonesia and the Philippines are the initial targets with the product focus being on hacksaw blades and the "Blue" range of industrial tools.

Robert Sorby

Robert Sorby continues to show solid growth. Revenues of HK$17.6 million were 12.8% up on last year with our key export markets delivering strong results. The best performing countries were Japan, Canada, Germany, the USA, Belgium and Austria with significant growth in these countries providing a positive outlook for the remainder of the financial year. However, the UK continued to struggle although our retail outlet, Turner's Retreat, has bucked the trend. Despite this, UK performance was still marginally down on last year.

Overall, earnings from six of our eight key product categories (sharpening, turning, chisels, chucks, carving and accessories) showed marked improvement over last year's figures and the results were further bolstered by revenues from new products launched in the period. These included the TurnMaster, Micro Long Handle, Pen jaws and a Crush grinding tool.

As regards the outlook for the remainder of fiscal 2013, demand for TurnMaster shows no sign of slowing and continues to perform beyond expectations. Continued success of this product will ensure a successful and increasingly profitable year for Robert Sorby as the tool delivers good margins.

Despite these positive features, a note of caution needs to be sounded. The majority of Sorby's income is woodturning and without the excellent performance of TurnMaster (especially in the USA), the half year results would not have been so favourable. TurnMaster sales have accounted for 12% of total revenues for this current financial year. Other categories have performed well but, looked at as a whole, results signify a slowdown in core woodturning tool revenues. Continuing new product development is therefore an imperative.

The acquisition of the inventory and certain other assets of a competitor, Craft Supplies, was completed in the period for a nominal consideration. This will allow Sorby to move into the craft hobbyist market and to significantly extend the market reach of its Turners' Retreat outlet which should boost earnings in the second half of the financial year.

Spear & Jackson France/Australia/New Zealand

The combined revenues of Spear & Jackson Australia and New Zealand were HK$108.8 million (2012 — HK$109.1 million) generating a profit before tax of HK$4.2 million (2012 — HK$2.4 million).

In Australia, trading remained spasmodic across the States as rising food, fuel and utility costs and extreme weather conditions, ranging from floods in the North to extreme heat in the South, dragged down consumer sentiment and spending. As a result, it is not surprising that Australians are paying down debt in fear that the ongoing economic uncertainty in Europe and the US will eventually hamper Chinese economic growth and Australian commodity prices, which are the backbone of Australia's economic growth, will suffer as a result.

Overall, our revenues have benefited from the incremental ranging of garden tools and a small range of hand tool products with a major retail group. However, these gains have been offset by declines in masonry, engineering and general hand tools due to a combination of range delistings with majors and the slowdown in both the retail and industrial markets.

As a result, we instigated a national sales restructure which has delivered cost savings across the business in sales and warehouse wages, freight and general costs, which have been partially offset by increased inventory holding costs in the form of outside storage.

In New Zealand ("NZ"), trading continued to be soft as rising food, utility and fuel costs again pulled back consumer spending with the NZ economy slowing as a result. On a brighter note, however, the delays in rebuilding Christchurch after the earthquake appear to have been overcome and it is hoped that the injection of investment will assist in boosting economic growth and demand over the next 12 - 18 months.

The NZ business unit is performing behind the prior year in terms of revenues and earnings as the weakness in the NZ economy in general and the retail sales sector, in particular, continue. However, the new business secured with a major NZ retailer has aided the business in moving from a loss making position to break even with further opportunities to gain additional ranging in both masonry and hand tools.

Looking forward, it is hoped that the delayed reconstruction of Christchurch after the earthquake will help stimulate some economic growth and consumer confidence. Within the business itself, management will review further efficiencies to recover the sales and EBIT shortfall over the remaining half year of 2013 to ensure the business returns to profitable trading.

The French garden tool operation had a difficult first half of the fiscal year. Demand was depressed during the period and poor weather at the start of the spring garden season in conjunction with customers being reluctant to commit to higher inventory levels, adversely affected revenues. As a result, revenues of HK$54.6 million in the six months ended 31 March 2013 were HK$5.0 million less than the prior year (HK$59.6 million) and the current year profit before tax of HK$3.4 million was HK$0.8 million less than in 2012 (HK$4.2 million).

The business continues to source more products from a widening portfolio of Chinese suppliers but supplier price increases and unfavourable movements in the Euro/US$ cross rate have imposed margin pressures which have been only partially alleviated by increases in sales prices that were implemented in January 2013.

To counteract the softening in demand, the company remains committed to growing its sales by securing business with new customers and by continuing to develop a pipeline of new products and range extensions.

Looking ahead, from a company trading perspective, a strong garden season will be key to improving performance in the second half of the year. In addition, the French economy will continue to be problematic with concerns about higher unemployment and increased taxation charges driving reduced consumer demands as people focus on saving rather than spending.

Magnetic Technologies Division

The Magnetic Technologies division’s revenues of HK$67.4 million showed a 2.7% increase compared to the prior year (HK$65.6 million). PBT was HK$15.5 million (2012 — HK$14.3 million) with the division benefiting from higher revenues and also an increase in the share of profits attributable to its PRC-based associate company.

The UK industrial market struggled in the OEM and Industrial Distribution sectors in Q1. However, the distribution business recovered back to budget by the half year, recording good sales by introducing new product lines into its major channel accounts.

Industrial distribution in the European market also improved in the second quarter after a poor start. Increased listings in a major German catalogue house were secured which will provide growth in the second half of the fiscal year.

Filtration systems are still the main growth product range for the export markets in the Magnetic Technologies division. Asia is key to this growth and good repeat sales were achieved during the period in the automotive manufacturing sector in China.

India and Thailand present opportunities with global manufacturing companies which will provide the next tranche of growth potential in the second half of the year. The challenge in Asia will be to build a sustainable and regular sales pattern. The capex level filtration system sales which typically have a long enquiry to sale gestation period need to be balanced with regular distribution sales of the basic filter product.

A strategic partnership with a global oil company was established in the period and this gives access to their metal cutting fluids divisions in Europe, China and the Americas.

The business launched a new product range for the domestic and industrial heating, ventilation and air conditioning sector — “Boilermag”. The product has gained excellent market recognition and is consistently gaining sales momentum. At the current rate of growth, its sales will be above forecast by the end of the fiscal year.

The overall outlook is positive for the end of year; magnet material prices have stabilized and the principal challenge will be in recruiting high calibre sales specialists to drive the growth we are targeting.

Precision Measurement Division

Revenues for the half year at HK$94.6 million were 2.8% ahead of the same period last year (HK$92.0 million), with tough trading conditions in the Eurozone being offset by strong performances in the UK and the USA. We also experienced a softening of growth in key developing markets such as China and India.

The engineering sector in the UK continues to flourish, with automotive, aerospace and energy companies investing strongly because of a positive economic outlook. Some of this is being driven by a weaker Sterling, enabling some companies to bring work back to the UK that had previously been sub contracted to lower cost economies.

With a strategy of having clearly focused business divisions, we successfully relocated our air gauge manufacturing operation to our Bradford, UK, site in December 2012. We also announced our plans to combine all sales activities into a new UK facility in Camberley, when the lease on our current premises expires in July 2013.

The new Bowers MicroGauge is now being successfully sold by many of our distributors, with an excellent response from the UK and USA markets. We expect this to be one of our leading products in the second half of 2013 as the launch is rolled out in other key sectors.

We also implemented plans to combine the Measurement and Magnetics divisions under a single Spear & Jackson Engineering Technology Group. Geoff Jackson, previously the Baty Managing Director, has been promoted to Managing Director of the Measurement division.

The outlook for the remainder of the year is a little uncertain because of the Eurozone economic situation, but there are many sales initiatives in place to grow the business. There also several new products being launched in the second half, particularly within the high-end Baty Vision System range.

Contract Manufacturing Division (The Pantene Group)

For the six month period ended 31 March 2013, Pantene Group's performance was behind that of the same period last year. The revenue figure of HK$165.6 million was approximately 6.2% lower than that of the same period last year (HK$176.6 million). Profit before tax decreased 18.8% to HK$13.8 million (2012 — HK$17.0 million) with the fall in profit being attributable to the reduced revenues and the combination of a rise in direct labor rates in China and higher overhead expenses.

The decrease in revenues reflected a softening demand from our major customers and a generally weak market environment. The world trading environment remains unpredictable, particularly in the USA and Europe, and this instability has been reflected in sale order levels.

Overall, orders received have reduced across all existing customers although this was mitigated by securing incremental product listings with new customers. Under these circumstances, the Pantene management team has strengthened its proactive sales and marketing activity to target new customers. Additional focus has been placed on cost savings, labour efficiency, productivity improvement and streamlining operational efficiency to drive better margins and increased earnings.

With regard to profitability, there were quality problems that placed the manufacture of certain chargers on hold. This has impacted negatively on earnings in the period but new machinery has been ordered to rectify the process issues.

Additionally, during the period the division has had to bear two significant labour cost increases. The Shenzhen labour department announced that the minimum wage for workers was to be increased from RMB1,500 to RMB1,600 per month effective from 1 March 2013. Further to that, a statutory 3% increase in employee pension contributions became effective from 1 January 2013.

Since September 2012, Pantene's revenues have slowed due to weakening market demand. We expect that revenue levels will be the same or slightly better in the third quarter, when the home building sector of the US economy is anticipated to pick up. The division's sales team is working proactively on sales and marketing activity to secure new business and customers. In addition, management will focus on the control of cost and expense and will also target further labour efficiencies, ensuring that quality and performance levels are not compromised.

Consumer Electronics Division (Alford Industries)

In the six month period ended 31 March 2013, Alford recorded revenues of HK$94.6 million, an increase of 23.8% compared to the same period last year (HK$76.4 million). This growth was driven by the current year benefiting from a full six month period of digital baby monitor sales (in 2012 these came on stream part way through the period), together with the introduction of new models to its principal customers in the period.

North America remains our prime market with over 90% of our revenues attributable to this region. Customers in our other overseas markets showed a cautious approach. Europe was our second biggest market and key EU countries like UK, France, Italy and Spain remained reluctant to buy in volume. Germany displayed the most positive signs among the EU member states and we are looking to increase our sales presence there.

Five key baby monitor models were launched for our principal customer in the period and these have not only expanded the product price range but also opened access to other retail channels. One new baby monitor model was released during the period for a new customer which has also helped to improve our sales concentration.

Labour costs rose due to minimum wage increases and a shortage of workers continued to create pressures on our costings. The new minimum wage imposed in March 2013, aimed at helping to retain employees and also to promote a more competitive market for recruiting staff in the period immediately post Chinese New Year, also adversely impacted the results of the period. Nevertheless, profit before tax increased from HK$0.6 million in 2012 to HK$4.9 million in the period ended 31 March 2013.

The outlook for the remainder of FY2013 is positive with strong revenue contribution from our existing major baby monitor customers. This will be augmented by the launch of a new "Pet monitoring" line and a new baby monitor for another new customer that is expected to be brought to market during Quarter 3.

Outlook

Despite a challenging economic landscape in many of our markets, we enter the second half of fiscal 2013 with continuing strong momentum across our principal business sectors.

The first six months of the year built on the firm foundations of fiscal 2012 and we experienced improved levels of revenue and profitability. This growth in revenues and earnings was delivered by demand for new and existing products, cost reductions levered from prior year restructuring programs and the strength of our brands.

Our aim is to extend these favourable trends into the second half of the year and to maintain the positive first half results.

This will not be easily achieved given the volatile market conditions in many international arenas, but the Company's experienced management teams remain focused on delivering organic growth, increased profitability and tight working capital control.

Liquidity and Financial Resources

As at the reporting date, the Group had cash and cash equivalents of HK$150.0 million (30 September 2012 — HK$138.1 million), comprising bank and cash balances of HK$171.6 million (30 September 2012 — HK$151.3 million) less bank overdrafts of HK$21.6 million (30 September 2012 — HK$13.2 million). Total net cash (i.e. bank and cash balances less all bank and other debt) amounted to HK$75.1 million (30 September 2012 — HK$79.6 million).

The Group's net asset value was HK$434.0 million (30 September 2012 — HK$381.9 million), with a liquidity ratio (ratio of current assets to current liabilities) of 207.9% (30 September 2012 — 213.4%).

At the reporting date, the Group had zero net gearing (30 September 2012 — zero net gearing).

During the period, there was no material change in the Group's funding and treasury policy. As at 31 March 2013, the Group had sufficient levels of banking facilities from its main bankers to finance ongoing working capital requirements.

The Group remains confident that the net cash position will improve further given continuing profitability and management's continued focus on close working capital control.

For exchange risk management, the Group adopted cautious financial measures to manage and minimize exchange risk exposure, and, in this regard, the Group endeavoured to match the currencies in which its sales are denominated with those of its purchases in order to neutralize the effect of currency exposure.

It is the Group's policy not to engage in speculative activities. The management continues to actively monitor foreign exchange exposure to minimize the impact of adverse currency movements.

Capital Expenditure

Capital expenditure in the period, financed by internal resources and credit facilities, amounted to HK$4.1 million (31 March 2012 — HK$5.0 million).

Capital Commitments and Contingent Liabilities

At 31 March 2013, total capital commitments amounted to HK$1.9 million (30 September 2012 — HK$1.9 million) and there were no material contingent liabilities (30 September 2012 — nil).

Employees

At 31 March 2013, the Group employed approximately 2,268 employees worldwide.

The remuneration of such staff and workers is determined by overall guidelines within the relevant industries. The Group has also adopted certain bonus programs, share option schemes, pension provision, medical and personal accident insurance, and other employee welfare and benefit programs for its various categories of employees. Awards, under award programs, are determined annually based on certain criteria which relate to the performance of employees individually or to business divisions.

The Group has not experienced any significant problems with its employees or disruption to its operations due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff. The Group maintains a good relationship with employees.

The Group benefited from a motivated workforce and is fully committed to investing in the growth and development of its people. The Group organises training sessions in many disciplines, including SAP, for the benefit of its staff on a worldwide basis to upgrade their skills.

Interim Dividend

The Board has declared an interim dividend of 0.5 HK cents per share for the six month period ended 31 March 2013 (six month period ended 31 March 2012 — 0.5 HK cents per share). Shareholders whose names are recorded in the Register of Members on 5 July 2013 will be entitled to the interim dividend which will be payable on or about 15 July 2013.

Closure of Register of Members

The Register of Members of the Company will be closed from Wednesday 3 July 2013 to Friday 5 July 2013 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:00 pm on Tuesday 2 July 2013.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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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 13 to 49, which comprises the consolidated statement of financial position of United Pacific Industries Limited as of 31 March 2013 and the related consolidated income statement, 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 other 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" 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. This report is made 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 the 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.

BDO Limited
Certified Public Accountants

Chiu Wing Cheung Ringo
Practising Certificate Number: P04434
Hong Kong, 14 May 2013

CONSOLIDATED INCOME STATEMENT

For the six months ended 31 March 2013

	Notes	Six months ended 31 March 2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited)
Revenue	3	**725,061**	714,413
Cost of sales		**(505,487)**	(497,218)
Gross profit		**219,574**	217,195
Other income		**5,011**	1,722
Interest income		**5,798**	4,917
Selling and distribution costs		**(114,146)**	(113,195)
Administrative costs		**(67,141)**	(65,732)
Finance costs	4	**(1,544)**	(1,821)
Restructuring costs	5	**(2,950)**	(1,350)
Share of results of an associate		**3,696**	1,597
Cash flow hedge recycled from other comprehensive income		**(839)**	1,361
Profit before tax	6	**47,459**	44,694
Income tax charge	7	**(14,845)**	(14,142)
Profit for the period		**32,614**	30,552
Attributable to:			
Owners of the Company		**32,614**	30,552
Earnings per share	9		
Basic		**3.33 cents**	3.13 cents
Diluted		**3.31 cents**	3.13 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 March 2013

	2013 **HK$'000** **(unaudited)**	2012 HK$'000 (unaudited)
Profit for the period	**32,614**	30,552
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Recognition of actuarial gains/(losses) on defined benefit pension plan, net of tax	**30,243**	(13,847)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on the translation of foreign operations	**(3,099)**	8,018
Cash flow hedge gain/(loss) recognised in equity	**623**	(383)
Cash flow hedge recycled to the income statement	**839**	(1,361)
Change in fair value of available-for-sale financial assets	**215**	189
Other comprehensive income for the period, net of tax	**28,821**	(7,384)
Total comprehensive income for the period attributable to the owners of the Company	**61,435**	23,168

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	Notes	**31 March 2013 HK$'000 (unaudited)**	30 September 2012 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	10	**172,761**	187,854
Prepaid land lease payments under operating leases		**477**	494
Goodwill	11	**2,269**	2,432
Other intangible assets		**–**	164
Interest in an associate		**10,825**	7,007
Available-for-sale financial assets		**2,771**	2,593
Deferred tax assets	18	**50,907**	72,203
		240,010	272,747
Current assets			
Inventories		**283,510**	272,735
Trade and other receivables	12	**298,084**	281,915
Derivative financial instruments		**1,704**	–
Pledged bank deposits		**–**	5,000
Cash and cash equivalents		**171,637**	151,357
		754,935	711,007
Current liabilities			
Trade and other payables	13	**248,300**	251,911
Interest-bearing bank borrowings - amounts due within one year	14	**81,943**	57,103
Obligations under finance leases - amounts due within one year	15	**6,901**	8,127
Provisions	16	**4,155**	4,121
Dividends payable	8	**9,941**	–
Derivative financial instruments		**–**	2,874
Tax payable		**11,884**	9,020
		363,124	333,156
Net current assets		**391,811**	377,851
Total assets less current liabilities		**631,821**	650,598

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	Notes	**31 March 2013 HK$'000 (unaudited)**	30 September 2012 HK$'000 (audited)
Non-current liabilities			
Interest-bearing bank borrowings - amounts due after one year	14	**1,200**	2,400
Obligations under finance leases - amounts due after one year	15	**6,490**	9,104
Retirement benefit obligations	17	**179,025**	245,217
Deferred tax liabilities	18	**11,131**	11,973
		197,846	268,694
Net assets		**433,975**	381,904
Capital and reserves			
Share capital	19	**99,414**	99,338
Reserves		**334,561**	282,566
Total equity attributable to owners of the Company		**433,975**	381,904

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 March 2013

	Share capital HK$'000	Share premium* HK$'000	Treasury share reserve* HK$'000	Other reserve* HK$'000	Share option reserve* HK$'000	Capital redemption reserve* HK$'000	Capital reserve* HK$'000	Translation reserve* HK$'000	Investment valuation reserve* HK$'000	Hedging reserve* HK$'000	Accumulated profits* HK$'000	Total HK$'000
At 1 October 2011 (audited)	99,185	40,050	(5,365)	–	528	1,442	19,870	(62,342)	–	1,361	323,842	418,571
Profit for the period	–	–	–	–	–	–	–	–	–	–	30,552	30,552
Other comprehensive income:												
Change in fair value of available-for-sale financial assets	–	–	–	–	–	–	–	–	189	–	–	189
Exchange differences arising on the translation of foreign operations	–	–	–	–	–	–	–	8,018	–	–	–	8,018
Cash flow hedges - changes in fair value recognised in the period	–	–	–	–	–	–	–	–	–	(383)	–	(383)
Cash flow hedge recycled to the income statement	–	–	–	–	–	–	–	–	–	(1,361)	–	(1,361)
Recognition of actuarial losses on defined benefit pension plan, net of tax	–	–	–	–	–	–	–	–	–	–	(13,847)	(13,847)
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**8,018**	**189**	**(1,744)**	**16,705**	**23,168**
At 31 March 2012 (unaudited)	**99,185**	**40,050**	**(5,365)**	**–**	**528**	**1,442**	**19,870**	**(54,324)**	**189**	**(383)**	**340,547**	**441,739**
Dividends paid	–	–	–	–	–	–	–	–	–	–	(4,887)	(4,887)
Exercise of share options	153	145	–	–	–	–	–	–	–	–	–	298
Grant of new share options	–	–	–	–	129	–	–	–	–	–	–	129
Transactions with owners	153	145	–	–	129	–	–	–	–	–	(4,887)	(4,460)
Profit for the period	–	–	–	–	–	–	–	–	–	–	30,022	30,022
Other comprehensive income:												
Changes in fair value of available-for-sale financial assets	–	–	–	–	–	–	–	–	(302)	–	–	(302)
Exchange differences arising on the translation of foreign operations	–	–	–	–	–	–	–	1,838	–	–	–	1,838
Cash flow hedges - changes in fair value recognised in the period	–	–	–	–	–	–	–	–	–	(456)	–	(456)
Realised exchange differences on the liquidation of a subsidiary undertaking recycled to the income statement	–	–	–	–	–	–	–	(600)	–	–	–	(600)
Recognition of actuarial losses on defined benefit pension plan, net of tax	–	–	–	–	–	–	–	–	–	–	(85,877)	(85,877)
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,238**	**(302)**	**(456)**	**(55,855)**	**(55,375)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 March 2013

	Share capital HK$'000	Share premium* HK$'000	Treasury share reserve* HK$'000	Other reserve* HK$'000	Share option reserve* HK$'000	Capital redemption reserve* HK$'000	Capital reserve* HK$'000	Translation reserve* HK$'000	Investment valuation reserve* HK$'000	Hedging reserve* HK$'000	Accumulated profits* HK$'000	Total HK$'000
At 30 September 2012 (audited)	99,338	40,195	(5,365)	–	657	1,442	19,870	(53,086)	(113)	(839)	279,805	381,904
Dividends approved in respect of the previous year	–	–	–	–	–	–	–	–	–	–	(9,941)	(9,941)
Exercise of share options	76	73	–	–	–	–	–	–	–	–	–	149
Share-based compensation expense	–	–	–	–	192	–	–	–	–	–	–	192
Sale of treasury shares	–	–	212	24	–	–	–	–	–	–	–	236
Transactions with owners	76	73	212	24	192	–	–	–	–	–	(9,941)	(9,364)
Profit for the period	–	–	–	–	–	–	–	–	–	–	32,614	32,614
Other comprehensive income:												
Change in fair value of available-for-sale financial assets	–	–	–	–	–	–	–	–	215	–	–	215
Exchange differences arising on the translation of foreign operations	–	–	–	–	–	–	–	(3,099)	–	–	–	(3,099)
Cash flow hedges - changes in fair value recognised in the period	–	–	–	–	–	–	–	–	–	623	–	623
Cash flow hedge recycled to the income statement	–	–	–	–	–	–	–	–	–	839	–	839
Recognition of actuarial gains on defined benefit pension plan, net of tax	–	–	–	–	–	–	–	–	–	–	30,243	30,243
Total comprehensive income for the period	–	–	–	–	–	–	–	(3,099)	215	1,462	62,857	61,435
At 31 March 2013 (unaudited)	99,414	40,268	(5,153)	24	849	1,442	19,870	(56,185)	102	623	332,721	433,975

* The total of reserves at 31 March 2013 is HK$334,561,000 (30 September 2012 – HK$282,566,000).

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 March 2013

	2013 **HK$'000** **(unaudited)**	2012 HK$'000 (unaudited)
Cash flows from operating activities		
Profit before tax	**47,459**	44,694
Adjustments for:		
Interest income	**(527)**	(406)
Interest on interest-bearing bank borrowings and bank overdrafts	**1,146**	1,427
Interest on obligations under finance leases	**398**	394
Cash flow hedge recycled to the income statement	**839**	(1,361)
Interest credit on retirement benefit obligations	**(5,271)**	(4,511)
Retirement benefit plan expenses	**1,907**	1,647
Share of results of an associate	**(3,696)**	(1,597)
Gain on disposal of property, plant and equipment	**–**	(25)
Amortisation of other intangible assets	**63**	196
Depreciation of property, plant and equipment	**10,770**	10,312
Amortisation of prepaid land lease payments under operating leases	**17**	18
Share-based compensation expenses	**192**	–
Restructuring costs charged to the income statement	**2,950**	1,350
Impairment (gain)/loss on trade receivables	**(401)**	127
Impairment loss on inventories	**729**	366
Operating cash flows before movements in working capital	**56,575**	52,631
Increase in inventories	**(20,165)**	(1,571)
Increase in trade and other receivables	**(25,703)**	(41,588)
Increase/(decrease) in trade and other payables	**2,429**	(6,702)
Restructuring costs paid	**(2,678)**	(547)
Employer contributions to the defined benefit pension plan	**(6,501)**	(6,011)
Net cash generated from/(used in) operations	**3,957**	(3,788)
Income tax paid	**(4,055)**	(4,547)
Net cash used in operating activities	**(98)**	(8,335)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 March 2013

	2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(2,964)**	(1,588)
Deferred contingent consideration paid for the acquisition of a subsidiary	**(1,101)**	(1,503)
Interest received	**497**	406
Release of pledged bank deposits	**5,000**	–
Proceeds from exercise of share options	**149**	–
Purchase of available-for-sale financial assets	**–**	(1,967)
Proceeds from the disposal of property, plant and equipment	**–**	25
Net cash generated from/(used in) investing activities	**1,581**	(4,627)
Cash flows from financing activities		
Net cash inflow in trust receipts and export loans	**2,617**	1,011
Repayments of bank borrowings	**(1,200)**	(29,725)
New bank borrowings raised	**15,436**	31,244
Sale of treasury shares	**236**	–
Interest paid on interest-bearing bank borrowings and bank overdrafts	**(1,062)**	(1,427)
Principal repayment of obligations under finance leases	**(4,018)**	(3,558)
Interest paid on obligations under finance leases	**(398)**	(394)
Net cash generated from/(used in) financing activities	**11,611**	(2,849)
Net increase/(decrease) in cash and cash equivalents (note 22)	**13,094**	(15,811)
Effect of foreign exchange rates	**(1,250)**	1,848
Cash and cash equivalents at the beginning of the period	**138,139**	122,629
Cash and cash equivalents at the end of the period	**149,983**	108,666
Analysis of the balance of cash and cash equivalents		
Cash and cash equivalents	**171,637**	124,192
Bank overdrafts	**(21,654)**	(15,526)
	149,983	108,666

NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 31 March 2013

1. BASIS OF PREPARATION

The 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 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 2012, 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 the interim financial report in conformity with HKAS 34 requires management to make judgements, 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.

The interim financial report is unaudited, but has been reviewed by BDO Limited 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.

The 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 2012.

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 2012.

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 12 (Amendments)	Deferred Tax – Recovery of Underlying Assets

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 2013, would not have a significant impact on the Group's results of operations and financial position.

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:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle [1]
HKFRS 1 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans [1]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities [1]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Investment Entities [2]
HKFRS 9	Financial Instruments [3]
HKFRS 10	Consolidated Financial Statements [1]
HKFRS 11	Joint Arrangements [1]
HKFRS 12	Disclosure of Interests in Other Entities [1]
HKFRS 13	Fair Value Measurement [1]
HKAS 19 (2011)	Employee Benefits [1]
HKAS 27 (2011)	Separate Financial Statements [1]
HKAS 28 (2011)	Investments is Associates and Joint Ventures [1]
HKAS 32 (Amendments)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities [2]
HK (IFRIC) – Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine [1]

Notes:

1 Effective for annual periods beginning on or after 1 January 2013
2 Effective for annual periods beginning on or after 1 January 2014
3 Effective for annual periods beginning on or after 1 January 2015

The Directors of the Company 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, except for the adoption of HKAS 19 (2011) – Employee Benefits (see below), is unlikely to have a significant impact on the Group's results and financial position. However, these changes will not affect the financial statements until the year ending 30 September 2014, unless the Company's Directors elect to adopt the standard earlier.

HKAS 19 (2011) – Employee Benefits

The revised standard makes significant changes to the recognition and measurement of defined benefit expense and termination benefits, and to the disclosures for all employee benefits. Some of the key changes are on the recognition of actuarial gains and losses, past-service costs, annual expense for a funded benefit plan, taxes related to benefit plans and future-service obligation.

3. REVENUE AND SEGMENT INFORMATION

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 by following the Group's principal activities.

The Group's principal segments for internal reporting purposes are: the contract manufacturing, on OEM and EMS bases, of a wide range of power-related and electrical/electronic products ("Contract Manufacturing"); the manufacture, procurement and distribution of a broad line of hand, lawn and garden tools ("Tools"); the procurement and assembly of magnetic tools and products including the provision of magnetic-based industrial solutions ("Magnetic Technologies"); the manufacture, assembly and procurement of precision measurement tools ("Precision Measurement"); and the manufacture of electronic consumer products ("Consumer Electronics"). These five business segments are the basis on which the Group reports its operating segment information.

Revenue, which is also the Group's turnover, represents the total invoiced value of goods supplied less discounts and returns.

	Contract Manufacturing HK$'000 (unaudited)	Tools HK$'000 (unaudited)	Precision Measurement HK$'000 (unaudited)	Magnetic Technologies HK$'000 (unaudited)	Consumer Electronics HK$'000 (unaudited)	Total HK$'000 (unaudited)
For the six months ended 31 March 2013						
Revenue						
External customers	165,583	305,900	92,255	66,705	94,618	725,061
Inter-segment sales	–	721	2,377	742	–	3,840
	165,583	306,621	94,632	67,447	94,618	728,901
Profit before tax						
Segment profit	14,513	9,383	15,601	11,762	4,955	56,214
Restructuring costs	(696)	(234)	(94)	–	–	(1,024)
Share of results of an associate	–	–	–	3,696	–	3,696
Net finance income/(costs)	(44)	1,096	(72)	–	(71)	909
Reportable segment profit	13,773	10,245	15,435	15,458	4,884	59,795

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

	Contract Manufacturing HK$'000 (unaudited)	Tools HK$'000 (unaudited)	Precision Measurement HK$'000 (unaudited)	Magnetic Technologies HK$'000 (unaudited)	Consumer Electronics HK$'000 (unaudited)	Total HK$'000 (unaudited)
For the six months ended 31 March 2012						
Revenue						
External customers	176,590	307,154	89,237	65,029	76,403	714,413
Inter-segment sales	–	1,421	2,745	573	–	4,739
	176,590	308,575	91,982	65,602	76,403	719,152
Profit before tax						
Segment profit	17,144	5,878	14,307	12,417	563	50,309
Restructuring (costs)/credit	–	–	(1,595)	245	–	(1,350)
Share of results of an associate	–	–	–	1,597	–	1,597
Net finance income/(costs)	(140)	987	(74)	–	(4)	769
Reportable segment profit	17,004	6,865	12,638	14,259	559	51,325

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial information as follows:

	Six months ended 31 March	
	2013 **HK$'000** **(unaudited)**	2012 HK$'000 (unaudited)
Reportable segment revenues	**728,901**	719,152
Elimination of inter-segment revenues	**(3,840)**	(4,739)
Total revenue	**725,061**	714,413

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

	Six months ended 31 March	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Reportable segment profit	**59,795**	51,325
Cash flow hedge recycled from other comprehensive income	**(839)**	1,361
Unallocated corporate net finance credits	**3,345**	2,327
Unallocated corporate costs	**(12,916)**	(10,319)
Unallocated restructuring costs	**(1,926)**	–
Profit before tax	**47,459**	44,694

During the six month period ended 31 March 2013, there have been no changes from the last annual financial statements in the measurement methods used to determine operating segments and reported segment profit or loss.

There has been no material change in the Group's total assets since the last reporting date.

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.

Geographical information

The Group's operations are mainly located in Mainland China, Hong Kong, the United Kingdom (the "UK"), the United States of America (the "USA"), France and Australia. The following provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods:

	Six months ended 31 March	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
The People's Republic of China (the "PRC")		
Mainland China	**18,657**	17,663
Hong Kong (place of domicile)	**10,773**	16,007
	29,430	33,670
USA	**183,202**	188,600
UK	**167,913**	158,860
France	**54,581**	59,908
Australia	**110,598**	110,197
Others	**179,337**	163,178
	725,061	714,413

4. FINANCE COSTS

	Six months ended 31 March	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Finance costs comprise:		
Interest on interest-bearing bank borrowings and bank overdrafts wholly repayable within five years	**1,146**	1,427
Interest on obligations under finance leases	**398**	394
	1,544	1,821

5. RESTRUCTURING COSTS

The restructuring costs of HK$2,950,000 in the six month period ended 31 March 2013 relate to retrenchment costs in the Group's UK subsidiaries and the relocation of certain sourcing operations in the PRC.

Costs of HK$1,350,000 in the six month period to 31 March 2012 comprised a HK$1,595,000 charge in relation to manufacturing reorganisation costs offset by a HK$245,000 credit regarding an over-provision of dilapidation costs made under non-cancellable onerous operating lease commitments.

6. PROFIT BEFORE TAX

The profit before tax has been arrived at after charging/(crediting):

	Six months ended 31 March	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	**10,770**	10,312
Amortisation of other intangible assets	**63**	196
Amortisation of prepaid lease payments under operating leases	**17**	18
Impairment (gain)/loss on trade receivables	**(401)**	127
Impairment loss on inventories	**729**	366
Interest income	**(527)**	(406)
Cost of inventories recognised as expense	**505,487**	497,218
Gain on disposal of property, plant and equipment	**–**	(25)
Retirement benefit plan charge/(credit):		
Current service cost	**1,907**	1,647
Net interest receivable	**(5,271)**	(4,511)
Cash flow hedge recycled from other comprehensive income	**839**	(1,361)
Restructuring costs	**2,950**	1,350

7. INCOME TAX CHARGE

The income tax charge for the period comprises:

	Six months ended 31 March	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Current income tax:		
Hong Kong	**2,305**	–
Overseas	**5,120**	5,148
	7,425	5,148
Deferred tax (note 18)	**7,420**	8,994
	14,845	14,142

Hong Kong Profits Tax is calculated at 16.5% (31 March 2012 - 16.5%) on 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.

8. DIVIDENDS

At a Board Meeting held on 11 December 2012, the Directors recommended the payment of a final dividend of 1.0 HK cent per ordinary share for the year ended 30 September 2012. This final dividend was approved by shareholders at the Annual General Meeting held on 26 March 2013.

The final dividend of approximately HK$9,941,000 was paid on 18 April 2013 to shareholders whose names appeared in the Register of Members of the Company as at the close of business on 8 April 2013.

The final dividend has been recognised as a liability at the reporting date.

At a Board Meeting held on 14 May 2013, the Directors approved the payment of an interim dividend of 0.5 HK cents per ordinary share for the six month period ended 31 March 2013. This interim dividend will be distributed on or about 15 July 2013 to shareholders whose names are recorded in the Register of Members of the Company as at the close of business on 5 July 2013.

This interim dividend has not been recognised as a liability at the reporting date.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the profit attributable to the owners of the Company of HK$32,614,000 (31 March 2012 – HK$30,552,000) and the weighted average number of ordinary shares, for basic earnings per share purposes, of 979,204,048 shares (31 March 2012 – 977,352,107 shares).

For diluted earnings per share, a weighted average number of shares of 984,053,528 (31 March 2012 – 977,475,549) has been used.

The calculations are as follows:

(i) *Weighted average number of ordinary shares*

	31 March 2013 (unaudited)	31 March 2012 (unaudited)
Number of issued ordinary shares at 1 October	**993,376,993**	991,852,107
Effect of share options exercised (note a)	**41,055**	–
Effect of treasury shares	**(14,214,000)**	(14,500,000)
Weighted average number of ordinary shares at 31 March	**979,204,048**	977,352,107
Earnings per share (HK cents)	**3.33**	3.13

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

	31 March 2013 (unaudited)	31 March 2012 (unaudited)
Number of issued ordinary shares at 1 October	**993,376,993**	991,852,107
Effect of share options exercised (note a)	**41,055**	–
Effect of deemed issue of shares under the Company's share option scheme	**4,849,480**	123,442
Effect of treasury shares	**(14,214,000)**	(14,500,000)
Weighted average number of ordinary shares at 31 March	**984,053,528**	977,475,549
Earnings per share (HK cents)	**3.31**	3.13

Note:

(a) Relates to the share options exercised under the Company's Share Option Scheme during the period.

The comparative figures for the calculation of the basic and diluted earnings per share for 2012 have been restated to take into account the Company's treasury shares.

10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment additions in the period amounted to HK$4,134,000 (31 March 2012 – HK$4,963,000). The additions in the period include HK$1,170,000 (31 March 2012 – HK$3,375,000) in relation to assets acquired under finance leases for which there is no cash flow included in the consolidated statement of cash flows.

11. GOODWILL

	31 March 2013 HK$'000 (unaudited)	30 September 2012 HK$'000 (audited)
At 1 October 2012/1 October 2011	**2,432**	2,345
Currency realignment	**(163)**	87
At 31 March 2013/30 September 2012	**2,269**	2,432

Goodwill is attributable to the acquisition of Baty International Limited ("Baty"), a company incorporated in the United Kingdom and engaged in the design, manufacturing and procurement of precision measuring instruments, which was acquired on 10 March 2010 through the Company's UK-based subsidiary, Bowers Group Limited.

The recoverable amount of the goodwill arising on the acquisition has been tested for impairment based on value in use calculations, covering a three-year forecast period, for the relevant cash generating unit. The key assumptions were as follows: discount rate of 4.75%; and cash flows, gross margins and net profits determined by the management of Baty based on past performance and expectations for market development.

Based on the results of the impairment tests carried out, and since the recoverable amount of the cash generating units is higher that its carrying value, the Directors consider that the carrying amount at the reporting date is not impaired.

12. TRADE AND OTHER RECEIVABLES

	31 March 2013 HK$'000 (unaudited)	30 September 2012 HK$'000 (audited)
Trade receivables	**287,748**	274,506
Less : Impairment provisions	**(9,334)**	(9,959)
Trade receivables - net	**278,414**	264,547
Prepayments and other receivables	**19,670**	17,368
	298,084	281,915

At the reporting date, the aged analysis of trade receivables, based on invoice date, is as follows:

	31 March 2013 HK$'000 (unaudited)	30 September 2012 HK$'000 (audited)
0 - 60 days	**242,227**	236,125
61 - 90 days	**23,901**	16,742
91 - 120 days	**6,627**	9,964
Greater than 120 days	**14,993**	11,675
	287,748	274,506

Trade receivables that are neither past due nor impaired relate to a number of customers for whom there has been no recent history of default.

The Group allows credit periods ranging from 30 to 120 days (30 September 2012 – 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.

12. TRADE AND OTHER RECEIVABLES *(Continued)*

Movements in the provision for impairment of trade receivables are as follows:

	31 March 2013 HK$'000 (unaudited)	30 September 2012 HK$'000 (audited)
At 1 October 2012/1 October 2011	**9,959**	14,310
Impairment losses recognised	**179**	652
Impairment losses reversed	**(580)**	(491)
Currency realignment	**(212)**	157
Uncollectible amounts written off	**(12)**	(4,669)
At 31 March 2013/30 September 2012	**9,334**	9,959

The Group has provided in full against those receivables where evidence suggests that the amounts outstanding are not recoverable.

The aged analysis of the Group's trade receivables, based on due date, that were past due as at the reporting date but not impaired, is as follows:

	31 March 2013 HK$'000 (unaudited)	30 September 2012 HK$'000 (audited)
91-120 days	**5,369**	7,722
Greater than 120 days	**6,937**	4,069
	12,306	11,791

Trade receivables that are past due but not impaired relate to a number of independent customers that have a good payment track record with the Group. Based on past 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.

13. TRADE AND OTHER PAYABLES

	31 March 2013 HK$'000 (unaudited)	30 September 2012 HK$'000 (audited)
Trade payables	**144,168**	154,738
Accruals and other payables	**104,132**	97,173
	248,300	251,911

At the reporting date, the aged analysis of trade payables, based on invoice date, is as follows:

	31 March 2013 HK$'000 (unaudited)	30 September 2012 HK$'000 (audited)
0 - 60 days	**118,032**	111,425
61 - 90 days	**12,735**	22,758
Greater than 90 days	**13,401**	20,555
	144,168	154,738

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

14. INTEREST-BEARING BANK BORROWINGS

	31 March 2013 HK$'000 (unaudited)	30 September 2012 HK$'000 (audited)
Bank borrowings (all secured) comprise:		
Bank overdrafts	**21,654**	13,218
Export invoices/loan financing	**19,336**	16,720
Invoice discounting	**38,553**	24,765
HKSAR Government-backed loans	**3,600**	4,800
Total overdrafts and bank borrowings	**83,143**	59,503
Bank borrowings are repayable as follows:		
Within one year or on demand	**81,943**	57,103
More than one year, but not exceeding two years	**1,200**	2,400
	83,143	59,503
Less: Amounts due within one year shown under current liabilities	**(81,943)**	(57,103)
Amounts due after one year shown under non-current liabilities	**1,200**	2,400

The HKSAR Government-backed loans, which are all denominated in Hong Kong Dollars, carry fixed interest rates ranging from 4.5% to 7.0% per annum (30 September 2012 – 4.5% to 7.0% per annum) and are repayable in monthly instalments over various periods not exceeding five years.

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

The effective interest rates on the Group's floating rate borrowings range from 2.5% to 6.0% per annum (30 September 2012 – 2.5% to 6.0% 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.

Refer to note 21 for details of pledged assets.

15. 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 2013 HK$'000 (unaudited)	30 September 2012 HK$'000 (audited)	**31 March 2013 HK$'000 (unaudited)**	30 September 2012 HK$'000 (audited)
Amounts payable under finance leases:				
Within one year	**7,379**	8,805	**6,901**	8,127
In the second to fifth years inclusive	**6,768**	9,536	**6,490**	9,104
	14,147	18,341	**13,391**	17,231
Less: Future finance charges	**(756)**	(1,110)	**–**	–
Present value of lease obligations	**13,391**	17,231	**13,391**	17,231
Less: Amount due for settlement within one year shown under current liabilities			**(6,901)**	(8,127)
Amount due for settlement after one year shown under non-current liabilities			**6,490**	9,104

During the period, the Group has acquired certain motor vehicles under finance leases with lease terms ranging from 2 to 4 years (30 September 2012 – 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% (30 September 2012 – 3.3% to 7.0%) per annum. 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.

16. PROVISIONS

	Onerous contracts HK$'000	Manufacturing reorganisation HK$'000	Total HK$'000
At 1 October 2011 (audited)	1,859	243	2,102
Utilisation of provision	(304)	(243)	(547)
(Reversal of provision)/provision for the period	(245)	1,595	1,350
Currency realignment	45	–	45
At 31 March 2012 (unaudited)	1,355	1,595	2,950
Utilisation of provision	–	(832)	(832)
Provision for the period	1,595	339	1,934
Currency realignment	62	7	69
At 30 September 2012 (audited)	3,012	1,109	4,121
Utilisation of provision	**(60)**	**(2,618)**	**(2,678)**
Provision for the period	**–**	**2,950**	**2,950**
Currency realignment	**(202)**	**(36)**	**(238)**
At 31 March 2013 (unaudited)	**2,750**	**1,405**	**4,155**

	31 March 2013 HK$'000 (unaudited)	30 September 2012 HK$'000 (audited)
Analsyed for reporting purposes as:		
Current liabilities	**4,155**	4,121

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 and applicable dilapidations payable thereon, 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 less than one year (30 September 2012 – one year).

The manufacturing reorganisation costs in the period relate to retrenchment costs in the Group's UK subsidiaries and the relocation of certain sourcing operations in the PRC.

17. RETIREMENT BENEFIT OBLIGATIONS

The Group operates defined contribution retirement benefits schemes and a defined benefit pension 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 2012. Details of the defined benefit pension plan are described as below.

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

The last formal valuation of the Plan, for accounting valuation purposes, was carried out by the Group's actuary at that time, PricewaterhouseCoopers LLP at 30 September 2012. This valuation has been updated to 31 March 2013 by the Group's new actuary, KPMG, for the purposes of this Interim Report.

The Group's annual contributions to the Plan in the two years ended 31 March 2010 were £1.9 million (approximately HK$23 million). For the years ended 31 March 2011, 31 March 2012 and 31 March 2013 they were £0.75 million (approximately HK$9.4 million), £0.954 million (approximately HK$11.3 million) and £1.079 million (approximately HK$12.7 million), respectively. From 1 April 2013 the annual rate of contribution will be £2.1 million (approximately HK$25.2 million) and this will increase each year at a rate of 4.2% for the remainder of the recovery period, currently estimated to be 17 years.

This contribution schedule may be liable 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 strengths and cash flow requirements of the Plan's sponsoring employers. In particular, the contribution schedule will be subject to amendment following the completion of the next triennial valuation that will be carried out as of 5 April 2013.

In addition to cash contributions made into the Plan, a second legal charge has been executed in favour of the Plan representing 50% of the value of the Group's freehold land and buildings at Atlas Way, Sheffield, England (note 21).

Furthermore, 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, guarantees have been provided by Spear & Jackson Limited and Bowers Group Limited, 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.

17. RETIREMENT BENEFIT OBLIGATIONS *(Continued)*

The principal financial assumptions used for the purpose of the actuarial valuations of the Pension Plan at 31 March 2013 and 30 September 2012 are detailed below:

	31 March 2013 (unaudited)	30 September 2012 (audited)
Long term rate of increase in pensionable salaries (note a)	**0.00%**	0.00%
Rate of increase of benefits in payment (note b)	**3.30%**	2.40%
Rate of increase of benefits in payment (note c)	**2.20%**	1.60%
Discount rate	**4.40%**	4.30%
Inflation assumption (Retail Prices Index ("RPI"))	**3.40%**	2.40%
Inflation assumption (Consumer Prices Index ("CPI")) (note d)	**2.40%**	1.70%
Expected return on equities	**6.95%**	6.95%
Expected return on bonds	**4.30%**	4.30%
Expected return on diversified corporate bonds	**5.95%**	5.95%
Expected return on cash	**0.50%**	0.50%
Expected return on property	**4.30%**	4.30%
Expected return on insurance policies	**4.30%**	4.30%

Notes:

(a) Pensionable pay was frozen with effect from 5 April 2010.

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

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

(d) Following changes in applicable legislation, inflationary increases applied to the value of deferred members' pension liabilities have been recalculated using CPI rather than the RPI inflation index.

The methodology and criteria underlying the calculation and setting of the assumptions at 31 March 2013 are consistent with those used to determine the comparable assumptions disclosed in the financial statements of the Group for the year ended 30 September 2012.

17. RETIREMENT BENEFIT OBLIGATIONS *(Continued)*

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

	31 March 2013 HK$'000 (unaudited)	30 September 2012 HK$'000 (audited)
Fair value of Plan assets:		
Equities	**785,696**	825,534
Bonds	**285,834**	143,170
Diversified corporate bonds	**52,623**	181,055
Property	**138,180**	146,926
Cash	**21,874**	2,634
Insurance policies	**9,286**	10,082
	1,293,493	1,309,401
Present value of funded obligations	**(1,472,518)**	(1,554,618)
Net liabilities recognised	**(179,025)**	(245,217)

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

	Six months ended 31 March 2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited)
Current service cost	**1,907**	1,647
Expected return on assets	**(36,970)**	(38,739)
Interest cost	**31,699**	34,228
	(3,364)	(2,864)

The current service cost charge is included in administrative costs in the consolidated income statement. The net interest receivable is included in the interest income caption in the consolidated income statement.

17. RETIREMENT BENEFIT OBLIGATIONS *(Continued)*

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

	Six months ended		
	31 March 2013 HK$'000 (unaudited)	30 September 2012 HK$'000 (unaudited)	31 March 2012 HK$'000 (unaudited)
At the beginning of the period	**1,554,618**	1,427,085	1,325,145
Currency realignment	**(104,534)**	30,303	20,738
Current service cost	**1,907**	1,293	1,647
Utilisation of expense reserve	**(924)**	(963)	(589)
Interest cost	**31,699**	34,417	34,228
Member contributions	**929**	964	988
Benefit payments	**(39,857)**	(34,667)	(34,453)
Actuarial losses	**28,680**	96,186	79,381
At the end of the period	**1,472,518**	1,554,618	1,427,085

Changes in the fair values of the Plan's assets are as follows:

	Six months ended		
	31 March 2013 HK$'000 (unaudited)	30 September 2012 HK$'000 (unaudited)	31 March 2012 HK$'000 (unaudited)
At the beginning of the period	**1,309,401**	1,283,911	1,192,925
Currency realignment	**(88,389)**	27,541	18,783
Employer contributions	**6,501**	6,207	6,011
Member contributions	**929**	964	988
Expected return on assets	**36,970**	40,745	38,739
Benefit payments	**(39,857)**	(34,667)	(34,453)
Actuarial gain/(loss)	**67,938**	(15,300)	60,918
At the end of the period	**1,293,493**	1,309,401	1,283,911

17. RETIREMENT BENEFIT OBLIGATIONS *(Continued)*

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

	Six months ended		
	31 March 2013 HK$'000 (unaudited)	30 September 2012 HK$'000 (unaudited)	31 March 2012 HK$'000 (unaudited)
Actuarial gain/(loss)	**39,258**	(111,486)	(18,463)

The cumulative amount of actuarial gains recognised in the consolidated statement of comprehensive income, before tax, is HK$23,051,000 (30 September 2012 – HK$16,207,000 loss).

The history of experience adjustments is as follows:

	31 March 2013 HK$'000 (unaudited)	30 September 2012 HK$'000 (audited)
Present value of defined benefit obligation	**(1,472,518)**	(1,554,618)
Fair value of Plan assets	**1,293,493**	1,309,401
Deficit	**(179,025)**	(245,217)
Experience gain adjustment on Plan liabilities	**–**	–
Experience gain adjustment on Plan assets	**67,938**	45,618

The actuarial valuation showed that the market value of the Plan's assets at 31 March 2013 was HK$1,293,493,000 (30 September 2012 – HK$1,309,401,000) and that the actuarial value of these assets represented 88% (30 September 2012 - 84%) of the benefits that had accrued to members. The shortfall of HK$179,025,000 (30 September 2012 – HK$245,217,000) is subject to variation as, going forward, assumptions and investment conditions may change. The current deficit and any future liabilities, as calculated by the Plan actuary, will be cleared in accordance with current UK pension's legislation and after consultation with, and agreement by, the Trustees of the Plan.

18. 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 2011 (audited)	11,617	(13,148)	33,052	6,538	1,227	39,286
(Charged)/credited to profit or loss for the period (note 7)	(4,407)	220	(2,366)	(1,208)	(1,233)	(8,994)
Recognition of actuarial losses on defined benefit pension plan in other comprehensive income	–	–	4,616	–	–	4,616
Currency realignment	133	(105)	488	113	6	635
At 31 March 2012 (unaudited)	7,343	(13,033)	35,790	5,443	–	35,543
(Charged)/credited to profit or loss for the period	2,260	1,672	(4,888)	(1,415)	789	(1,582)
Recognition of actuarial losses on defined benefit pension plan in other comprehensive income	–	–	25,609	–	–	25,609
Currency realignment	719	(612)	(113)	572	94	660
At 30 September 2012 (audited)	10,322	(11,973)	56,398	4,600	883	60,230
(Charged)/credited to profit or loss for the period (note 7)	**(2,408)**	**169**	**(2,482)**	**(1,852)**	**(847)**	**(7,420)**
Recognition of actuarial gains on defined benefit pension plan in other comprehensive income	**–**	**–**	**(9,015)**	**–**	**–**	**(9,015)**
Currency realignment	**(638)**	**673**	**(3,727)**	**(291)**	**(36)**	**(4,019)**
At 31 March 2013 (unaudited)	**7,276**	**(11,131)**	**41,174**	**2,457**	**–**	**39,776**

18. 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 2013 HK$'000 (unaudited)	30 September 2012 HK$'000 (audited)
Deferred tax assets	**50,907**	72,203
Deferred tax liabilities	**(11,131)**	(11,973)
	39,776	60,230

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 23% (30 September 2012 – 23%).

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 2013 HK$'000 (unaudited)	30 September 2012 HK$'000 (audited)
Unused tax losses	**315,514**	344,195
Capital losses	**112,968**	121,127
Other temporary differences	**41,803**	45,943
Other tax credits	**388,963**	417,058
	859,248	928,323

18. 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 these unrecognised 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 and France and can be carried forward indefinitely.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries and associate established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 March 2013 and 30 September 2012, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in Mainland China. In the opinion of the Directors, it is not probable that these subsidiaries will distribute their earnings accrued after 1 January 2008 in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$3,972,000 at 31 March 2013 (30 September 2012 – HK$3,809,000).

19. SHARE CAPITAL

	31 March 2013 (unaudited)		30 September 2012 (audited)	
	Number of shares	**Amount HK$'000**	Number of shares	Amount HK$'000
Ordinary shares of HK$0.10 each				
Authorised:				
At 31 March 2013/1 October 2012	**1,500,000,000**	**150,000**	1,500,000,000	150,000
Issued and fully paid:				
At 1 October 2012/1 October 2011	**993,376,993**	**99,338**	991,852,107	99,185
Share options exercised	**762,443**	**76**	1,524,886	153
At 31 March 2013/ 30 September 2012	**994,139,436**	**99,414**	993,376,993	99,338

19. SHARE CAPITAL *(Continued)*

In March 2013, the Company approved the exercise of 762,443 (30 September 2012 – 1,524,886) Share Options under the 2004 Share Option Scheme. These options were exercised at an average price of HK$0.38 (30 September 2012 – HK$0.327).

During the period, the Group disposed of 572,000 treasury shares in the Company for sale proceeds of HK$236,000. This resulted in a gain on the disposal of the treasury shares of HK$24,000 which has been taken to the other reserve. The movements in treasury shares in the period were as follows:

	31 March 2013 (unaudited)		30 September 2012 (audited)	
	Number of shares	**Amount HK$'000**	Number of shares	Amount HK$'000
Treasury shares				
At 1 October 2012/1 October 2011	**14,500,000**	**5,365**	14,500,000	5,365
Sold during the period	**(572,000)**	**(212)**	–	–
At 31 March 2013/ 30 September 2012	**13,928,000**	**5,153**	14,500,000	5,365

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$1,170,000 (1 October 2011 to 31 March 2012 – HK$3,375,000).

21. PLEDGE OF ASSETS

At the reporting date, the banking facilities of the UK subsidiaries of Spear & Jackson Limited and Bowers Group Limited (the "UK Group") comprise a £6,500,000 Sterling (approximately HK$76,000,000) composite facility comprising confidential invoice discounting and an overdraft. This facility is secured by certain trade receivables in the UK trading operations of the UK Group, by fixed and floating charges on the other assets and undertakings of the UK Group and its trading subsidiaries and by a first fixed charge on the Group's freehold properties in the United Kingdom. The amount drawn down under the confidential invoice facility at 31 March 2013 was HK$38,553,000 (30 September 2012 – HK$24,765,000) which is secured against trade debts of the same amount in the applicable UK Group trading subsidiaries. The amount drawn down under the overdraft facility at 31 March 2013 was HK$17,337,000 (30 September 2012 – HK$8,431,000). The net book value of the Group's UK freehold properties at 31 March 2013 was approximately HK$102,000,000 (30 September 2012 – HK$110,000,000) over which there is a first fixed charge of approximately HK$60,000,000 (30 September 2012 – HK$65,000,000).

During the year to 30 September 2008, in accordance with UK pension regulatory requirements, a pension contribution schedule was agreed between the Group and the Trustees of the James Neill Pension Plan (the "Plan") covering contributions payable to the Plan. As part of this agreement, the Group executed a second charge in favour of the Plan representing 50% of the value of the Group's freehold land and buildings at Atlas Way, Sheffield, the UK, which at 31 March 2013 had a net book value of HK$42,000,000 (30 September 2012 – HK$45,000,000) (note 17).

At 30 September 2012, the Group had pledged bank deposits of HK$5,000,000 to certain banks to secure credit facilities granted by those banks to the extent of approximately HK$10,000,000. During the six months to 31 March 2013, the security has been released.

Other borrowings in the Group's Hong Kong and PRC subsidiaries of approximately HK$27,253,000 (30 September 2012 – HK$26,307,000), comprising overdrafts of HK$4,317,000 (30 September 2012 – HK$4,787,000), Hong Kong Government-backed loans of HK$3,600,000 (30 September 2012 – HK$4,800,000) and export and import loans of HK$19,336,000 (30 September 2012 – HK$16,720,000) have been secured by unlimited cross guarantees provided by the Company and certain Hong Kong and PRC trading subsidiaries and by Company corporate guarantees.

22. RECONCILIATION OF INCREASE IN CASH AND CASH EQUIVALENTS TO MOVEMENT IN NET CASH

	Six months ended 31 March 2013 HK$'000 (unaudited)	31 March 2012 HK$'000 (unaudited)
Net increase/(decrease) in cash and cash equivalents for the period	**13,094**	(15,811)
Effect of foreign exchange rates	**(1,250)**	1,848
Net movement in cash and cash equivalents	**11,844**	(13,963)
Repayment of bank borrowings	**1,200**	29,725
New bank borrowings raised	**(15,436)**	(31,244)
Net cash inflow from export loans	**(2,617)**	(1,011)
Others	**5,489**	(667)
Release of pledged bank deposits	**(5,000)**	–
Net cash at the beginning of the period	**79,623**	35,467
Net cash at the end of the period	**75,103**	18,307

	31 March 2013 HK$'000 (unaudited)	31 March 2012 HK$'000 (unaudited)
Analysis of net cash at 31 March:		
Cash and cash equivalents	**171,637**	124,192
Pledged bank deposits	**–**	5,000
Interest-bearing bank borrowings - amounts due within one year	**(81,943)**	(88,528)
Interest-bearing bank borrowings - amounts due after one year	**(1,200)**	(7,320)
Obligations under finance leases - amounts due within one year	**(6,901)**	(6,964)
Obligations under finance leases - amounts due after one year	**(6,490)**	(8,073)
	75,103	18,307

23. RELATED PARTY TRANSACTIONS

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

	Six months ended	
	31 March 2013 HK$'000 (unaudited)	31 March 2012 HK$'000 (unaudited)
Basic salaries and allowances, bonuses and benefits in kind	**6,085**	5,333
Mandatory provident fund contribution	**12**	12
	6,097	5,345

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% interest. For the six month period ended 31 March 2013, goods to the value of approximately HK$13,462,000 (31 March 2012 – HK$10,616,000) were purchased from Ningbo Hi-tech.

The Group operates a contributory defined benefit pension plan covering certain of its employees in the UK based subsidiaries of Spear & Jackson Limited and Bowers Group Limited (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 17.

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.

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

	31 March 2013 HK$'000 (unaudited)	30 September 2012 HK$'000 (audited)
Committed but not contracted for:		
Property, plant and equipment	**1,928**	1,891

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 2013 HK$'000 (unaudited)	30 September 2012 HK$'000 (audited)
Operating leases which expire:		
Within one year	**11,008**	10,579
In the second to fifth years inclusive	**11,280**	12,266
Over five years	**14,715**	16,575
	37,003	39,420

Operating lease payments represent rentals payable by the Group for its office properties and factories. The leases run for an initial period of 1 to 83 years (30 September 2012 – 1 to 84 years), with an option to renew the leases and renegotiate the terms at the expiry date or dates as mutually agreed between the Group and the respective landlords. None of the leases contain contingent rentals.

26. OPERATING LEASE COMMITMENTS *(Continued)*

The Group as Lessor

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

	31 March 2013 HK$'000 (unaudited)	30 September 2012 HK$'000 (audited)
Within one year	**72**	77
In the second to fifth years inclusive	**288**	309
Over five years	**4,884**	5,314
	5,244	5,700

Operating lease income represents the rental receivable by the Group for certain of its leased properties under sub-lease agreements. The leases run for an initial period of 1 to 83 years (30 September 2012 – 1 to 84 years), with an option to renew the leases and renegotiate the terms at the expiry date or dates as mutually agreed between the Group and the respective tenants.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 31 March 2013, the interests and short positions 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 of Hong Kong (the "SFO")) which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "SEHK"), were as follows:

Long Positions

(a) Ordinary shares of HK$0.10 each of the Company

Name of directors	Capacity	Number of ordinary shares held	Percentage interest in the Company's issued share capital
Mr. David Howard Clarke	Interest in a controlled corporation (Note)	13,117,200	1.32%
Mr. Patrick John Dyson	Beneficial owner	2,328,191	0.23%
Mr. Henry Woon-Hoe Lim	Beneficial owner	900,000	0.09%

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

(b) Share options of the Company

Name of directors	Capacity	Number of options held	Number of underlying shares
Mr. David Howard Clarke	Beneficial owner	7,906,111	7,906,111
Mr. Simon Hsu Nai-Cheng	Beneficial owner	15,897,606	15,897,606
Mr. Henry Woon-Hoe Lim	Beneficial owner	3,000,000	3,000,000

Other than as disclosed above, and except for nominee shares in certain subsidiaries held in trust for the Group at 31 March 2013, neither the Directors, nor any of their associates, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

Substantial Shareholders' Interests

As at 31 March 2013, so far as the Directors are aware, shareholders (other than Directors of the Company whose interests are disclosed above) who had interests or short positions in the shares or underlying shares of the Company, as recorded in the register required to be kept pursuant to Section 336 of the SFO, were as follows:

Long Positions

Ordinary shares of HK$0.10 each of the Company

Name of shareholders	Capacity	Number of ordinary shares held	Percentage interest in the Company's issued share capital
Mr. Anthony Lee	Beneficial owner (Note 1)	281,313,309	28.29%
Mr. Chim Pui Chung	Beneficial owner and interest in a controlled corporation (Note 2)	271,000,000	27.26%

Notes:

1. Mr. Lee is the beneficial owner of 281,313,309 shares.

2. At the reporting date, Mr. Chim held 150,000,000 shares as registered owner and 121,000,000 shares through his beneficial interest in the entire issued capital of Golden Mount Limited.

Other than disclosed above, as at 31 March 2013, no person had any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Subsequent to the reporting date, on 22 April 2013, Mr. Chim disposed of his entire holding of 271,000,000 shares in the Company.

Subsequent to the reporting date, on 14 May 2013, Mr. Lee was appointed as a Non-executive Director 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, adjusted for capital changes in 2009, are as follows:

Name	Date of Grant	Exercise Price HK$	Number of options outstanding at 1.10.2012 and 31.03.2013
Mr. Simon Hsu Nai-Cheng	23.7.2003	0.286	3,773,165

All the options granted have vested and can be exercised at any time within ten years until July 2013. No options were exercised, cancelled or lapsed under the 1994 Scheme during the period under review.

(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. Following adjustments to capital changes in 2008 and 2009 and subsequent exercise and grant of share options, the number of options available for future grants is 21,531,217, which represented approximately 2.17% of the Company's shares in issue as at the date of this report.

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.

The details of the exercise price and 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, adjusted for capital changes in 2008 and 2009, are as follows:

Name	Date of Grant	Exercise Price HK$	Outstanding at 1.10.2012	Exercised during the period	Outstanding at 31.3.2013
Mr. David Howard Clarke	28.9.2004	0.193	1,030,331	–	1,030,331
	20.12.2004	0.198	875,780	–	875,780
	18.6.2012	0.313	6,000,000	–	6,000,000
Mr. Simon Hsu Nai-Cheng	28.9.2004	0.193	4,121,320	–	4,121,320
	20.12.2004	0.198	3,503,121	–	3,503,121
	18.6.2012	0.313	4,500,000	–	4,500,000
Mr. Henry Woon-Hoe Lim	18.6.2012	0.313	3,000,000	–	3,000,000
			23,030,552	–	23,030,552
Other employees	28.9.2004	0.193	412,131	(412,131)	–
	20.12.2004	0.198	350,312	(350,312)	–
			23,792,995	(762,443)	23,030,552

The options granted on 28 September 2004 and 20 December 2004 vested for a period of three years immediately after the date of grant by one-third on each anniversary and became fully vested on 27 September 2007 and 19 December 2007, respectively. Options granted on those dates are exercisable subject to the vesting conditions stated above but not exceeding ten years from the date of grant.

The options granted on 18 June 2012 are subject to vesting in 3 equal tranches on the first, second and third anniversary of the date of the grant and will be fully vested on 17 June 2015. The options granted are exercisable subject to the vesting conditions for a period not exceeding ten years up to 17 June 2022.

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.

(c) At the Company's AGM held on 26 March 2013, the Shareholders approved the proposal to amend certain provisions of the Share Option Scheme to include employees and Non-executive Directors of the Group as participants eligible to participate in the Share Option Scheme.

Convertible Securities, Options, Warrants or Similar Rights

Other than the outstanding but unvested share options as set out above, the Company had no outstanding convertible securities, options, warrants or other similar rights as at 31 March 2013 and there has been no exercise of convertible securities, options, warrants or similar rights during the period under review.

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

The Company has not purchased, sold or redeemed any of its listed securities during the period under review. Pantronics Holdings Limited, a subsidiary undertaking of the Company, sold 572,000 of the Company's ordinary shares of HK$0.10 each ("Treasury Shares") in 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.

Corporate Governance Code

The Company has adopted and complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six month period ended 31 March 2013.

The Company complied with all applicable provisions of the CG Code except for the following deviation:

Under the CG Code provision A.4.1, Non-executive Directors should be appointed for a specific term. Under the CG 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 govemance practices are on terms no less exacting than those in the CG 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 of the Listing Rules (the "Model Code") as the code of conduct governing Directors' securities transactions. All Directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the period under review.

Employees who are likely to be in possession of unpublished price-sensitive information about the Group are also subject to compliance with guidelines on no less exacting terms than the Model Code. No incident of non-compliance of the guidelines by such employees was noted by the Company in the period under review.

Review by Audit Committee

The Audit Committee comprises three Independent Non-executive Directors: Mr. Robert Barry Machinist (Chairman), Dr. Wong Ho Ching and Mr. Ramon Sy Pascual.

The unaudited interim results for the six month period ended 31 March 2013 have been reviewed by the Company's Audit Committee. The information in these interim accounts does not include all of the information required in the annual financial statements.

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 month period ended 31 March 2013.

By Order of the Board

David Howard Clarke
Chairman

Hong Kong
14 May 2013

CORPORATE INFORMATION

Board of Directors

Executive Directors:

Mr. David Howard Clarke *(Chairman)*
Mr. Simon Hsu Nai-Cheng *(Executive Vice-chairman)*
Mr. Henry Woon-Hoe Lim *(Chief Executive Officer)*
Mr. Patrick John Dyson *(Chief Financial Officer)*

Non-executive Directors:

Mr. Chan Kin Sang
Mr. Liu Ka Lim
Mr. Anthony Lee
Ms. Kelly Lee

Independent Non-executive Directors:

Mr. Ramon Sy Pascual
Dr. Wong Ho Ching
Mr. Robert Barry Machinist
Mr. Lan Yen-Po

Audit Committee

Mr. Robert Barry Machinist *(Chairman)*
Dr. Wong Ho Ching
Mr. Ramon Sy Pascual

Remuneration Committee

Mr. Ramon Sy Pascual *(Chairman)*
Mr. Simon Hsu Nai-Cheng
Dr. Wong Ho Ching

Nominating and Corporate Governance Committee

Dr. Wong Ho Ching *(Chairman)*
Mr. Simon Hsu Nai-Cheng
Mr. Robert Barry Machinist

Chief Financial Officer

Mr. Patrick John Dyson

Registered Office

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Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

Bermuda Principal Share Registrar and Transfer Office

HSBC Securities Services (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

Auditor

BDO Limited

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

United Pacific Industries
聯 太 工 業

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