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UNAUDITED INTERIM RESULTS

The Board of Directors (the "Board") of Pico Far East Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended April 30, 2013, together with the unaudited comparative figures for the corresponding period in 2012 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended April 30, 2013

		For the six months ended April 30,	
	<i>Note</i>	2013 Unaudited HK\$'000	2012 Unaudited HK\$'000
Turnover	2	1,629,489	1,807,068
Cost of sales		(1,149,208)	(1,334,376)
Gross profit		480,281	472,692
Other income		46,074	32,471
Distribution costs		(205,430)	(189,394)
Administrative expenses		(198,772)	(204,204)
Other operating expenses		(1,037)	(2,259)
Profit from operations		121,116	109,306
Finance costs	3	(598)	(631)
Share of profits of associates		120,518	108,675
Share of profits of jointly controlled entities		12,173	13,758
		-	7
Profit before tax		132,691	122,440
Income tax expense	4	(34,523)	(33,538)
Profit for the period	5	98,168	88,902
Attributable to:			
Owners of the Company		93,539	92,903
Non-controlling interests		4,629	(4,001)
		98,168	88,902
EARNINGS PER SHARE	7		
Basic		7.70 cents	7.66 cents
Diluted		7.68 cents	7.65 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended April 30, 2013

	For the six months ended April 30,	
	2013 Unaudited HK\$'000	2012 Unaudited HK\$'000
Profit for the period	98,168	88,902
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	1,345	(336)
Release of investment revaluation reserve to profit or loss upon disposal of available-for-sale financial assets	(33)	(40)
Fair values changes of available-for-sale financial assets	97	176
Other comprehensive income for the period, net of tax	1,409	(200)
Total comprehensive income for the period	99,577	88,702
Attributable to:		
Owners of the Company	94,721	92,027
Non-controlling interests	4,856	(3,325)
	99,577	88,702

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At April 30, 2013

	<i>Note</i>	April 30, 2013 Unaudited HK\$'000	October 31, 2012 Audited HK\$'000
Non-current Assets			
Investment properties		197,907	197,657
Property, plant and equipment	8	438,755	395,763
Prepaid land lease payments		68,516	71,708
Intangible assets	8	19,627	20,474
Interests in jointly controlled entities		75	74
Interests in associates		132,985	150,057
Club membership		4,329	4,353
Available-for-sale financial assets	9	1,136	5,203
Deferred tax assets		2,400	2,769
		865,730	848,058
Current Assets			
Inventories		37,513	32,130
Contract work in progress		–	16,653
Debtors, deposits and prepayments	10	854,396	1,017,232
Amounts due from associates		24,780	11,382
Amounts due from jointly controlled entities		1,423	701
Current tax assets		13,570	13,623
Bank and cash balances		1,068,998	951,251
		2,000,680	2,042,972
Current Liabilities			
Payments received on account		254,953	285,250
Contract work in progress		27,021	–
Creditors and accrued charges	11	983,017	1,039,983
Amounts due to associates		6,328	5,469
Amounts due to jointly controlled entities		60	–
Current tax liabilities		33,320	39,243
Borrowings		23,626	12,470
Finance lease obligations		123	247
		1,328,448	1,382,662
Net Current Assets		672,232	660,310
Total Assets Less Current Liabilities		1,537,962	1,508,368

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)
At April 30, 2013

	<i>Note</i>	April 30, 2013 Unaudited HK\$'000	October 31, 2012 Audited HK\$'000
Non-current Liabilities			
Finance lease obligations		111	150
Deferred tax liabilities		34,552	35,099
		34,663	35,249
Net Assets		1,503,299	1,473,119
Capital and Reserves			
Share capital	12	60,796	60,716
Reserves		1,380,721	1,350,179
Equity attributable to owners of the Company		1,441,517	1,410,895
Non-controlling interests		61,782	62,224
Total Equity		1,503,299	1,473,119

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

For the six months ended April 30, 2012

	Attributable to owners of the Company												
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Equity-settled share-based payment reserve HK\$'000	Goodwill reserve HK\$'000	Legal reserve HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At November 1, 2011 (Audited)	60,632	719,066	854	(11,766)	6,595	(419,083)	8,778	(794)	111,031	628,023	1,303,336	70,341	1,373,677
Total comprehensive income for the period	-	-	-	-	-	-	-	136	(1,012)	92,903	92,027	(3,325)	88,702
Shares issued at premium	39	895	-	-	-	-	-	-	-	-	934	-	934
Exercise of equity-settled share-based payment	-	282	-	-	(282)	-	-	-	-	-	-	-	-
Recognition of equity-settled share-based payment	-	-	-	-	842	-	-	-	-	-	842	-	842
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	4,466	4,466
Purchase of non-controlling interests	-	-	-	353	-	-	-	-	-	-	353	(656)	(305)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(73)	(73)
Transfer	-	-	-	-	-	-	3,807	-	(604)	(4,434)	(1,231)	1,231	-
2011 final and special dividends	-	-	-	-	-	-	-	-	-	(97,074)	(97,074)	-	(97,074)
Dividend distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(6,768)	(6,768)
At April 30, 2012 (Unaudited)	60,671	720,243	854	(11,413)	7,155	(419,083)	12,585	(658)	109,415	819,418	1,299,187	65,214	1,364,401
Representing:													
2012 interim dividend proposed										48,537			
Others										770,881			
Retained profits at April 30, 2012 (Unaudited)										819,418			

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended April 30, 2013

	For the six months ended April 30,	
	2013 Unaudited HK\$'000	2012 Unaudited HK\$'000
Net cash generated from (used in) operating activities	202,420	(67,100)
Net cash (used in) generated from investing activities	(19,097)	8,735
Net cash used in financing activities	(60,078)	(59,163)
Net increase (decrease) in cash and cash equivalents	123,245	(117,528)
Cash and cash equivalents at beginning of the period	933,947	1,059,137
Effect of foreign exchange rate changes	658	4,947
Cash and cash equivalents at end of the period	1,057,850	946,556

Analysis of the balances of cash and cash equivalents

	For the six months ended April 30,	
	2013 Unaudited HK\$'000	2012 Unaudited HK\$'000
Bank and cash balances	1,057,851	946,557
Bank overdrafts	(1)	(1)
Cash and cash equivalents at end of the period	1,057,850	946,556

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended April 30, 2013

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

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

The accounting policies and basis of preparation used in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the annual accounts for the year ended October 31, 2012.

In the current interim period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on November 1, 2012. HKFRSs comprise Hong Kong Financial Reporting Standards; HKASs and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies and amounts reported for the current year and prior years except as stated below.

Amendments to HKAS 1 "Presentation of Financial Statements"

The Amendments to HKAS 1 requires additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (i) items that will not be reclassified subsequently to profit or loss; and (ii) items that may be reclassified subsequently to profit or loss. The amendments have been applied retrospectively. The adoption of Amendments to HKAS 1 has no significant impact on the Group's results and financial position.

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

2. TURNOVER AND SEGMENT INFORMATION

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

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

2. TURNOVER AND SEGMENT INFORMATION (Cont'd)

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

	Exhibition and event marketing services Unaudited HK\$'000	Brand signage and visual communication Unaudited HK\$'000	Museum, themed environment, interior and retail Unaudited HK\$'000	Conference and show management Unaudited HK\$'000	Total Unaudited HK\$'000
For the six months ended April 30, 2013					
Revenue from external customers	1,170,188	300,687	107,356	51,258	1,629,489
Intersegment revenue	96,175	415	8,627	168	105,385
Segment profits	87,820	39,273	3,373	1,990	132,456
Interest income	1,526	3,529	655	92	5,802
Interest expenses	453	-	13	132	598
For the six months ended April 30, 2012					
Revenue from external customers	1,377,718	224,698	162,168	42,484	1,807,068
Intersegment revenue	130,647	235	16,308	100	147,290
Segment profits (losses)	110,451	34,395	(19,280)	(6,322)	119,264
Interest income	2,883	2,921	53	119	5,976
Interest expenses	609	16	-	6	631

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

	For the six months ended April 30,	
	2013 Unaudited HK\$'000	2012 Unaudited HK\$'000
Revenue		
Total revenue of reportable segments	1,734,874	1,954,358
Elimination of intersegment revenue	(105,385)	(147,290)
Consolidated revenue	1,629,489	1,807,068
Profit or loss		
Total profits of reportable segments	132,456	119,264
Share of profits of associates	12,173	13,758
Share of profits of jointly controlled entities	-	7
Unallocated amounts:		
Gain on disposal of available-for-sale financial assets, net	438	156
Dividend income	72	42
Corporate expenses	(12,448)	(10,787)
Consolidated profit before tax	132,691	122,440

3. FINANCE COSTS

	For the six months ended April 30,	
	2013 Unaudited HK\$'000	2012 Unaudited HK\$'000
Interest on bank borrowings	591	611
Finance charges in respect of finance lease obligations	7	20
Total borrowing costs	598	631

4. INCOME TAX EXPENSE

	For the six months ended April 30,	
	2013 Unaudited HK\$'000	2012 Unaudited HK\$'000
The charge comprises:		
Profits tax for the period		
Hong Kong	1,374	1,303
Overseas	19,902	32,699
(Over) under provision in prior periods		
Hong Kong	(17)	61
Overseas	5,629	(1,249)
	26,888	32,814
Deferred tax	7,635	724
	34,523	33,538

Hong Kong profits tax is calculated at 16.5% (2012: 16.5%) on the estimated assessable profit for the period. A portion of the Group's profit is derived offshore and is not subject to Hong Kong profits tax.

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

5. PROFIT FOR THE PERIOD

	For the six months ended April 30,	
	2013 Unaudited HK\$'000	2012 Unaudited HK\$'000
Profit for the period has been arrived at after charging:		
Depreciation	16,776	19,356
Amortisation of intangible assets	812	831
Cost of inventories sold	88,526	104,466
Allowance for bad and doubtful debts	6,627	7,808
Loss on disposal of property, plant and equipment	228	2,200
Loss on disposal of a subsidiary	–	40
Loss on disposal of an associate	373	–
Loss on disposal of investments	306	–
Impairment on other intangible assets	–	1,575
Operating lease rentals in respect of:		
Amortisation of prepaid land lease payments	916	1,116

and crediting:

Interest income	5,802	5,976
Dividend income from available-for-sale financial assets	72	42
Gain on disposal of available-for-sale financial assets, net	438	156
Gain on disposal of property, plant and equipment	6,841	370
Gain on disposal of a subsidiary	–	32
Gain on disposal of an associate	130	–

6. DIVIDENDS PAID

	For the six months ended April 30,	
	2013 Unaudited HK\$'000	2012 Unaudited HK\$'000
2012 final dividend paid HK5.5 cents per share (2011: final dividend paid HK4.0 cents per share and special dividend paid HK4.0 cents per share)	66,872	97,074

6. DIVIDENDS PAID (Cont'd)

Notes:

- (a) The 2012 final dividend of the year ended October 31, 2012 of HK\$66,872,000 (2011: final and special dividends of HK\$97,074,000) were approved after October 31, 2012 and 2011 respectively. Under the Group's accounting policy, they were charged in the periods in which they were proposed and approved.
- (b) The Board has determined that an interim dividend of HK4.5 cents per share (2012: HK4.0 cents) be payable on Monday, July 29, 2013 to the shareholders on the register of members of the Company on Monday, July 22, 2013.

7. EARNINGS PER SHARE

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

	For the six months ended April 30,	
	2013 Unaudited HK\$'000	2012 Unaudited HK\$'000
Earnings for the purposes of calculating basic and diluted earnings per share	93,539	92,903
	For the six months ended April 30,	
	2013 Unaudited	2012 Unaudited
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,215,125,982	1,212,901,038
Effect of dilutive potential ordinary shares in respect of options	2,305,727	1,399,900
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	1,217,431,709	1,214,300,938

8. CAPITAL EXPENDITURE

	Property, plant and equipment	Intangible assets
	HK\$'000	HK\$'000
Carrying amount as at November 1, 2012 (Audited)	395,763	20,474
Additions	59,082	–
Disposals	(411)	–
Depreciation charges/amortisation	(16,776)	(812)
Exchange adjustments	1,097	(35)
Carrying amount as at April 30, 2013 (Unaudited)	438,755	19,627

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	April 30, 2013 Unaudited HK\$'000	October 31, 2012 Audited HK\$'000
Equity securities, unlisted	7,012	7,085
Less: Impairment loss recognised	(6,675)	(6,771)
	337	314
Equity securities at fair value, listed in Hong Kong	799	4,889
	1,136	5,203

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

10. DEBTORS, DEPOSITS AND PREPAYMENTS

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

Included in debtors, deposits and prepayments are trade debtors of approximately HK\$666,183,000 (as at October 31, 2012: HK\$844,697,000), an ageing analysis, based on the invoice date and net of allowance, is as follows:

	April 30, 2013 Unaudited HK\$'000	October 31, 2012 Audited HK\$'000
0 – 90 days	469,122	645,715
91 – 180 days	86,925	76,112
181 – 365 days	42,941	107,220
More than 1 year	67,195	15,650
	666,183	844,697

11. CREDITORS AND ACCRUED CHARGES

Included in creditors and accrued charges are trade creditors of approximately HK\$353,521,000 (as at October 31, 2012: HK\$387,745,000), an ageing analysis, based on the date of receipt of goods or services, is as follows:

	April 30, 2013 Unaudited HK\$'000	October 31, 2012 Audited HK\$'000
0 – 90 days	224,355	237,453
91 – 180 days	44,958	62,361
181 – 365 days	22,629	38,197
More than 1 year	61,579	49,734
	353,521	387,745

12. SHARE CAPITAL

	Number of shares		Share capital	
	April 30, 2013 Unaudited	October 31, 2012 Audited	April 30, 2013 Unaudited HK\$'000	October 31, 2012 Audited HK\$'000
Ordinary share of HK\$0.05 each (as at October 31, 2012: HK\$0.05 each)				
Authorised:				
At beginning and end of the period/year	2,400,000,000	2,400,000,000	120,000	120,000
Issued and fully paid:				
At beginning of the period/year	1,214,316,104	1,212,634,104	60,716	60,632
Exercise of share options (<i>Note</i>)	1,596,000	1,682,000	80	84
At end of the period/year	1,215,912,104	1,214,316,104	60,796	60,716

Note:

During the period, 352,000, 676,000, 28,000, 224,000, 236,000 and 80,000 shares were issued at HK\$1.240, HK\$0.970, HK\$1.416, HK\$1.570, HK\$1.648, and HK\$1.680 per share respectively as a result of the exercise of share options of the Company (year ended October 31, 2012: 422,000, 518,000, 20,000, 680,000 and 42,000 shares issued at HK\$1.240, HK\$0.970, HK\$1.416, HK\$1.570 and HK\$1.648 per share respectively).

13. PLEDGE OF ASSETS

At April 30, 2013, the following assets were pledged as collaterals for credit facilities granted to the Group by certain banks.

	April 30, 2013 Unaudited HK\$'000	October 31, 2012 Audited HK\$'000
Freehold land and buildings	17,008	16,931
Leasehold land and buildings	14,232	14,411
	31,240	31,342

14. COMMITMENTS

(a) Operating Lease Commitments

At April 30, 2013, the Group had the total future minimum lease payments under non-cancellable operating leases in respect of rented premises and equipment are payable as follows:

	April 30, 2013		October 31, 2012	
	Rented premises Unaudited HK\$'000	Equipment Unaudited HK\$'000	Rented premises Audited HK\$'000	Equipment Audited HK\$'000
Within one year	20,691	975	22,498	865
In the second to fifth year inclusive	30,468	1,273	28,167	1,363
Over five years	107,528	52	99,146	2
	158,687	2,300	149,811	2,230

(b) Capital Commitments

	April 30, 2013 Unaudited HK\$'000	October 31, 2012 Audited HK\$'000
Capital expenditure in respect of property, plant and equipment		
– contracted but not provided for	64,192	94,424
– authorised but not contracted for	29,188	45,345
	93,380	139,769

The Company did not have any other significant capital commitments at April 30, 2013.

15. CONTINGENT LIABILITIES

Financial Guarantees issued

At April 30, 2013, the Group has issued the following guarantees:

	THE GROUP		THE COMPANY	
	April 30, 2013 Unaudited HK\$'000	October 31, 2012 Audited HK\$'000	April 30, 2013 Unaudited HK\$'000	October 31, 2012 Audited HK\$'000
Guarantees given to banks in respect of banking facilities granted to – subsidiaries	-	-	525,044	422,478
Performance guarantees				
– secured	45,967	49,493	-	-
– unsecured	20,922	76,311	-	-
	66,889	125,804	-	-
Other guarantees				
– secured	1,322	2,819	-	-
– unsecured	862	-	-	-
	2,184	2,819	-	-

At April 30, 2013, the Directors do not consider it is probable that a claim will be made against the Group under any of the above guarantees.

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

16. RELATED PARTY TRANSACTIONS

	For the six months ended April 30, 2013						At April 30, 2013		
	Exhibition	Sub-	Management	Property	Property	Consultancy	Others	Receivables	Payables
	income	contracting	fee income	rental	rental paid	fee paid			
	Unaudited	fee paid	Unaudited	income	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
HK\$'000	Unaudited	HK\$'000	Unaudited	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Associates	5,008	12,060	8,256	442	-	-	22	24,780	6,328
Jointly controlled entities	1,464	-	79	-	-	-	7	1,423	60
Related companies	-	713	-	-	293	-	3	280	20

	For the six months ended April 30, 2012						At October 31, 2012		
	Exhibition	Sub-	Management	Property	Property	Consultancy	Others	Receivables	Payables
	income	contracting	fee income	rental	rental paid	fee paid			
	Unaudited	fee paid	Unaudited	income	Unaudited	Unaudited	Unaudited	Audited	Audited
HK\$'000	Unaudited	HK\$'000	Unaudited	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Associates	5,765	10,670	745	476	-	687	276	11,382	5,469
Jointly controlled entities	9	544	55	70	-	-	-	701	-
Related companies	191	948	-	-	293	-	-	8	254

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

INTERIM DIVIDEND

The Board recommends the payment of an interim dividend of HK4.5 cents per share for the six months ended April 30, 2013 (six months ended April 30, 2012: HK4.0 cents). The interim dividend will be payable on Monday, July 29, 2013 to shareholders on the register of members of the Company on Monday, July 22, 2013.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members will be closed from Wednesday, July 17, 2013 to Monday, July 22, 2013, both days inclusive, during which period no transfers of shares will be registered. In order to establish entitlements to the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Union Registrars Limited, at 18 Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, not later than 4:00 pm on Tuesday, July 16, 2013.

BUSINESS REVIEW AND PROSPECTS

Results

Group revenue for the six months ended April 30, 2013, decreased by 9.8% compared with the previous corresponding period to HK\$1,629 million.

Profit attributable to owners of the Company increased by 0.7% to HK\$93.5 million due to improvements in our gross margin which has increased by about 3% from 26% to 29%.

Basic earnings per share is HK7.70 cents compared to HK7.66 cents in the previous corresponding period. The Board has recommended an interim dividend of HK4.5 cents per ordinary share, compared with HK4.0 cents in the previous period.

BUSINESS REVIEW AND PROSPECTS (Cont'd)

Review of Operations

The performance of the Exhibition and Event Marketing Services business segment remained resilient.

Highlights of the exhibitions and events completed in the first six months of financial year 2013 include:

1. Affordable Art Fair in Hong Kong and Singapore
2. Auto Guangzhou and Auto Shanghai
3. The Bangkok International Motor Show and Motor Expo
4. China International Machinery Tool Show in Beijing
5. GITEX Gulf Information Technology Exhibition in Dubai
6. The Healthcare and Information Management Systems Society Exhibition in Riyadh
7. INMEX Maritime Vietnam in Ho Chi Minh City
8. Malaysia International Halal Showcase in Kuala Lumpur
9. The Mumbai Gem and Jewellery Show
10. Exhibition stands and events for Airbus, Amway, Audi, BAE, Bloomberg, BMW, Charriol, Chevron, Goldman Sachs, Huawei, Lexus, Maersk, Mercedes-Benz, Nissan, Peugeot, Raytheon, Toyota and Volkswagen.

We also completed several projects for event organisers or sponsors like the Barclays Singapore Open, the HSBC Golf Champions in Abu Dhabi and Singapore, the Cathay Pacific/HSBC Hong Kong Sevens, the COP 18 UN Climate Change Conference in Doha and the McDonald's China Managers' Convention in Taipei.

We have successfully completed the first five-year contract for the Formula 1 Singapore Grand Prix, which began with the inaugural F1 night race in 2008. We have now won another five-year contract until 2017 to create corporate suites, garage hospitality and team suites for the event, and a three-year contract until 2015 (with an option to extend for an additional 2 years) to provide grandstands and premier seating. We are working on pursuing additional contracts with the organiser and sponsors for the forthcoming 2013 race to be held this September.

After successfully completing a temporary overlays contract for the Sochi Winter Olympic test events held in the winter of late 2012/early 2013, our sports event specialists won the contract to provide temporary infrastructure for the competition venues at the Coastal Cluster for the Sochi 2014 Winter Olympic and Paralympic Games.

BUSINESS REVIEW AND PROSPECTS (Cont'd)

Review of Operations (Cont'd)

At the 15th Auto Shanghai, held this April, Pico handled ten exhibitors, including international automakers and local brands. Once again, the show became a platform for our strengths, illustrating Pico's ability to consistently secure contracts with major brands like Audi, Mercedes-Benz, Nissan, Peugeot and Volkswagen for other motor shows, roads shows and events in China and other regions.

The Brand Signage and Visual Communications business segment delivered growth.

The PRC Central Government policy remains focused on stimulating domestic consumption, which should deliver benefits to this segment of our business. During this period, we have secured new contracts from car brands like Chevy, Chrysler, Dodge, Jeep and Lexus; and are continuing our contracts with Jaguar, Mercedes-Benz and Shanghai General Motors. We also won global contracts with Chevy, Mercedes-Benz, Rolls-Royce and Rousseau-Peugeot. Besides, we are also maintaining our contracts with fast food chains like Burger King, Costa Coffee, Dairy Queen, KFC and Yoshinoya. We have also won new contracts in the banking sector, with firms which include Agricultural Bank of China, Bank of Shanghai, Citibank and Shanghai Rural Commercial Bank.

In Hong Kong, we have also won signage contract from the MTR Corporation.

Pico's Museum, Themed Environment, Interior and Retail segment performed better.

During the period, we successfully completed the following museum and interior fit-out projects:

1. Bahrain Defence Force Military Museum
2. Mummy: Secrets of the Tomb at Marina Bay Sands ArtScience Museum in Singapore
3. Rajamangala University of Technology Thanyaburi in Pathum Thani, Thailand
4. 'Jeongdong in 1900' in Seoul Museum of History
5. ACE Jerneh Insurance corporate office in Kuala Lumpur
6. Apple, Canon, Panasonic and Samsung showrooms in Hanoi
7. Etisalat Mushrif Mall in Abu Dhabi
8. Johnson & Johnson corporate office in Petaling Jaya, Malaysia
9. LS Mtron office and showroom in Anyang, South Korea
10. Qatar Television Studio in Doha

BUSINESS REVIEW AND PROSPECTS (Cont'd)

Review of Operations (Cont'd)

We have also commenced work on the contracts which we have been awarded by the Shanghai Disneyland, Singapore Science Centre and Marina Bay Sands' ArtScience Museum. These contracts will be completed over the next eighteen months.

The Conference and Show Management segment performed in line with our expectations.

Highlights of the first half of financial year 2013 include:

1. 14th Asia Pacific Life Insurance Congress in Manila
2. 50Plus Expo in Singapore
3. Annual Conference of India Association for the Study of Liver – INASL in Hyderabad, India
4. Asia Game Show in Hong Kong
5. Consumer Fair in Colombo, Sri Lanka
6. 7th China (Shanghai) International Wind Energy Exhibition and Conference
7. InfoComm China in Beijing
8. International Furniture Fair in Singapore

Liquidity and Financial Information

As at period end date, the total net tangible assets attributable to owners of the Company increased by 2.3% to about HK\$1,422 million (at October 31, 2012: HK\$1,390 million).

Bank and cash balances amounted to HK\$1,069 million (at October 31, 2012: HK\$951 million). Deducting interest bearing external borrowings from cash and bank balances, the net cash balance was HK\$1,045 million (at October 31, 2012: HK\$939 million).

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

Total bank borrowings were HK\$24 million at April 30, 2013 (at October 31, 2012: HK\$12 million). They are mainly denominated in Singapore dollars, Indian Rupee and Korean Won, and the interest is charged on a mix of floating and fixed rate basis.

	April 30, 2013 Unaudited HK\$' million	October 31, 2012 Audited HK\$' million
Bank and cash balances	1,069	951
Less: Bank borrowings	(24)	(12)
Net cash balance	1,045	939

For the six months ended April 30, 2013, the Group invested HK\$59 million (2012: HK\$22 million) in purchase of property, plant and equipment.

The Group has no long term borrowings at April 30, 2013 and October 31, 2012. The current ratio was 1.51 times (at October 31, 2012: 1.48 times) and the liquidity ratio was 1.48 times (at October 31, 2012: 1.44 times).

	April 30, 2013	October 31, 2012
Current ratio <i>(Current assets/Current liabilities)</i>	1.51 times	1.48 times
Liquidity ratio <i>(Current assets – excluding inventory and contract work in progress/Current liabilities)</i>	1.48 times	1.44 times
Gearing ratio <i>(Long term borrowing/Total assets)</i>	N/A	N/A

Although our subsidiaries are located in many different countries of the world, over 77% of the Group's sales and purchases were denominated in Hong Kong dollars, Renminbi, Singapore dollars and US dollars, and the remaining 23% were denominated in other Asian currencies and European currencies. We are already diversified in many different currencies, and the major Asian currencies have been quite stable throughout the period, the Group's exposure to foreign exchange risk is minimal. It is the Group's policy not to enter into derivative transactions for speculative purpose.

BUSINESS REVIEW AND PROSPECTS (Cont'd)

Employees and Emoluments Policies

At April 30, 2013, the Group employs a total of some 2,400 full time employees (at October 31, 2012: 2,400) engaged in project management, design, production, sales and marketing and administration, and is supported by a large pool of subcontractors and suppliers. The staff costs incurred in the period was HK\$298 million (six months ended April 30, 2012: HK\$274 million).

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

Prospects

Despite there being no mega-events like the Olympics, the World Expo or the World Cup occurring in 2013, the Group has been able to deliver a good set of results in the first half of the financial year.

Looking ahead, our business in Asia will continue to be a key driver of growth for the remainder of the year. In the second half of our financial year, we will deliver a number of high-profile projects including the Singapore National Day parade, the Formula 1 Singapore Grand Prix, Art Basel in Hong Kong, the Mobile Asia Expo in Shanghai and the Asian Attractions Expo in Singapore; along with ongoing events for existing clients and new clients like Amway, Audi, BMW, Huawei, Nokia, Porsche, Rolls-Royce, Samsung and Yara.

We have expanded our Beijing and Shanghai operations into two new purpose-built facilities. These are office, operation and production complexes of 17,000 square metres and 41,000 square metres respectively. When they come on stream in the second half of this financial year, these premises will double our existing capacity and enhance our ability to capture business opportunities in the PRC.

The Group will also continue to pursue business in emerging markets like the Philippines, Indonesia and Vietnam. In the Middle East, our regional headquarters in Dubai will continue to stay on top of business progress in the Arabian Gulf and North Africa markets.

While we are aware of the need to maintain a well-connected international network of operations, we have been careful in managing our operations in the weaker economies by maintaining expense control while staying on the lookout for mega international events which rotate into these countries such as the World Expo 2015 which will be held in Milan.

DIRECTORS' INTERESTS IN SHARES

At April 30, 2013, the interest of the Directors and their associates in the shares and underlying shares of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (SFO), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules were as follows:

Name of Directors	Number of shares/ underlying shares held			Approximate percentage of shareholding of the Company	
	Personal interests	Other interests	Total interests		
Mr. Lawrence Chia Song Huat	<i>(Note 1)</i>	5,658,000	-	5,658,000	0.47%
Mr. James Chia Song Heng	<i>(Note 2)</i>	2,930,000	-	2,930,000	0.24%
Mr. Mok Pui Keung	<i>(Note 3)</i>	506,000	-	506,000	0.04%
Mr. Gregory Robert Scott Crichton		-	-	-	-
Mr. James Patrick Cunningham		-	-	-	-
Mr. Frank Lee Kee Wai		-	-	-	-
Mr. Charlie Yucheng Shi		-	-	-	-

Notes:

- (1) The personal interest of Mr. Lawrence Chia Song Huat represents the interests in 5,658,000 underlying shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share options".
- (2) The personal interest of Mr. James Chia Song Heng represents the interest in 2,930,000 underlying shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share options".
- (3) The personal interest of Mr. Mok Pui Keung represents the interest in 352,000 shares and interest in 154,000 underlying shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share options".

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

DIRECTORS' INTERESTS IN SHARES (Cont'd)

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

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

SHARE OPTIONS

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

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

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

SHARE OPTIONS (Cont'd)

(i) Outstanding options

Details of outstanding options over new shares of the Company at beginning and at end of the reporting period which have been granted under the 2002 Scheme and 2012 Scheme are as follows:

2002 Scheme

	Outstanding at November 1, 2012	Number of share options granted	Number of share options exercised	Number of share options lapsed	Outstanding at April 30, 2013
Category 1: Directors					
Mr. Lawrence Chia Song Huat					
<i>(Note 3)</i>	1,800,000	-	-	-	1,800,000
<i>(Note 5)</i>	1,870,000	-	-	-	1,870,000
Mr. James Chia Song Heng					
<i>(Note 3)</i>	1,000,000	-	-	-	1,000,000
<i>(Note 5)</i>	936,000	-	-	-	936,000
Mr. Mok Pui Keung					
<i>(Notes 1, 9)</i>	42,000	-	(42,000)	-	-
<i>(Note 2)</i>	52,000	-	-	-	52,000
<i>(Note 3)</i>	8,000	-	-	-	8,000
<i>(Note 4)</i>	32,000	-	-	-	32,000
Total Directors	5,740,000	-	(42,000)	-	5,698,000
Category 2: Employees					
<i>(Notes 1, 9)</i>	476,000	-	(310,000)	-	166,000
<i>(Notes 2, 9)</i>	934,000	-	(676,000)	-	258,000
<i>(Notes 3, 9)</i>	790,000	-	(28,000)	-	762,000
<i>(Notes 4, 9)</i>	1,080,000	-	(224,000)	-	856,000
<i>(Note 5)</i>	936,000	-	-	-	936,000
Total employees	4,216,000	-	(1,238,000)	-	2,978,000
Total all categories	9,956,000	-	(1,280,000)	-	8,676,000

SHARE OPTIONS (Cont'd)

(i) Outstanding options (Cont'd)

2012 Scheme

	Outstanding at November 1, 2012	Number of share options granted	Number of share options exercised	Number of share options lapsed	Outstanding at April 30, 2013
Category 1: Directors					
Mr. Lawrence Chia Song Huat <i>(Note 7)</i>	1,988,000	-	-	-	1,988,000
Mr. James Chia Song Heng <i>(Note 7)</i>	994,000	-	-	-	994,000
Mr. Mok Pui Keung <i>(Note 6)</i>	62,000	-	-	-	62,000
Total Directors	3,044,000	-	-	-	3,044,000
Category 2: Employees					
<i>(Notes 6, 9)</i>	1,648,000	-	(236,000)	-	1,412,000
<i>(Note 7)</i>	994,000	-	-	-	994,000
<i>(Notes 8, 9)</i>	160,000	-	(80,000)	-	80,000
Total employees	2,802,000	-	(316,000)	-	2,486,000
Total all categories	5,846,000	-	(316,000)	-	5,530,000

SHARE OPTIONS (Cont'd)**(i) Outstanding options (Cont'd)***Notes:*

- (1) The exercise price is HK\$1.240. The option period during which the options may be exercised was the period from May 15, 2008 to May 14, 2013. The date of grant was May 14, 2008.
- (2) The exercise price is HK\$0.970. The option period during which the options may be exercised is the period from May 19, 2009 to May 18, 2014. The date of grant was May 18, 2009.
- (3) The exercise price is HK\$1.416. The option period during which the options may be exercised is the period from May 26, 2010 to May 25, 2015. The date of grant was May 25, 2010.
- (4) The exercise price is HK\$1.570. The option period during which the options may be exercised is the period from May 18, 2011 to May 17, 2016. The date of grant was May 17, 2011.
- (5) The exercise price is HK\$1.540. The option period during which the options may be exercised is the period from December 28, 2011 to June 23, 2016. The date of grant was June 23, 2011.
- (6) The exercise price is HK\$1.648. The option period during which the options may be exercised is the period from May 25, 2012 to May 24, 2017. The date of grant was May 24, 2012.
- (7) The exercise price is HK\$1.684. The option period during which the options may be exercised is the period from July 21, 2012 to July 20, 2017. The date of grant was July 20, 2012.
- (8) The exercise price is HK\$1.680. The option period during which the options may be exercised is the period from July 27, 2012 to July 26, 2017. The date of grant was July 26, 2012.
- (9) The weighted average closing price of share immediately before the date on which the options were exercised by employee is HK\$2.120.

SHARE OPTIONS (Cont'd)

(ii) Valuation of share options

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

Date of grant	Exercise price HK\$	Based on	Expected volatility %	Weighted	Risk-free rate %	Annual dividend yield %
		Expected life of share options Year(s)		average share price HK\$		
2002 Scheme						
May 14, 2008						
1st Tranche	1.240	2.50	55.18	1.240	2.123	5.65
2nd Tranche	1.240	2.70	53.99	1.240	2.217	5.65
3rd Tranche	1.240	3.00	53.69	1.240	2.248	5.65
4th Tranche	1.240	3.20	52.74	1.240	2.353	5.65
May 18, 2009	0.970	3.19	65.91	0.970	0.975	6.64
May 25, 2010	1.416	5.00	59.00	1.400	1.540	4.24
May 17, 2011	1.570	5.00	59.00	1.570	1.560	4.91
June 23, 2011	1.540	5.00	58.00	1.540	1.310	5.19
2012 Scheme						
May 24, 2012	1.648	5.00	57.00	1.630	0.420	4.94
July 20, 2012	1.684	5.00	57.00	1.684	0.260	5.09
July 26, 2012	1.680	5.00	56.00	1.680	0.210	5.09

- (2) Expected volatility was determined by using the historical volatility of the Company's share price over the previous three to five years. The expected life used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.
- (3) The Group recognised the total expenses of HK\$894,000 for the six months ended April 30, 2013 (six months ended April 30, 2012: HK\$842,000) in relation to share options granted by the Company.

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

SUBSTANTIAL SHAREHOLDERS

At April 30, 2013, the register of substantial shareholders maintained by the Company pursuant to Section 336 of SFO shows that other than the interest disclosed above in respect of certain Directors, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long positions in shares and underlying shares of the Company

Name of Shareholders	Number of shares/ underlying shares held	Percentage of issued share capital
Pine Asset Management Limited	462,167,186	38.01%
Denver Investment Advisors LLC (dba) Denver Investments and Clients	146,424,000	12.04%
DJE Investment S.A. (<i>Note</i>)	112,496,000	9.25%
DJE Kapital AG	112,496,000	9.25%
Dr. Jens Alfred Karl Ehrhardt	112,496,000	9.25%

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

Save as disclosed herein, the Company has not been notified of any other person (other than a director of the Company) who has an interest or a short position in the shares and underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at April 30, 2013.

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

During the period ended April 30, 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

During the six months ended April 30, 2013, the Company has complied with the code provisions (the “CG Code”) as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules, except for the following deviations:

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiry, the Company confirms that the Directors complied with the required standard set out in the Model Code for the period ended April 30, 2013.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited interim financials.

By Order of the Board

Leung Hoi Yan

Company Secretary

Hong Kong, June 24, 2013