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DICKSON CONCEPTS (INTERNATIONAL) LIMITED
迪生創建(國際)有限公司*
(incorporated in Bermuda with limited liability)

(Stock Code: 0113)

**GROUP INTERIM RESULTS
FOR THE SIX MONTHS ENDED
30TH SEPTEMBER, 2009**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30th September, 2009

	Six months ended 30th September,	
	2009	2008
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Profit for the period	81,401	77,493
Exchange differences on translation of accounts of overseas subsidiary and associated companies	<u>29,045</u>	<u>(10,415)</u>
Total comprehensive income for the period	<u>110,446</u>	<u>67,078</u>
Attributable to :-		
Equity shareholders of the Company	110,195	66,583
Minority interests	<u>251</u>	<u>495</u>
Total comprehensive income for the period	<u>110,446</u>	<u>67,078</u>

CONSOLIDATED BALANCE SHEET

At 30th September, 2009

	NOTE	30/9/2009 (unaudited) HK\$'000	31/3/2009 (audited) HK\$'000
Non-current assets			
Fixed assets		189,540	203,061
Intangible asset	7	191,018	212,241
Goodwill		13,900	13,900
Associated companies		127,475	146,661
Deferred tax assets		<u>39,135</u>	<u>52,106</u>
		561,068	627,969
Current assets			
Stocks		938,588	1,012,056
Debtors, deposits and prepayments	8	391,560	400,512
Bills receivable		868	646
Tax recoverable		5,753	5,828
Cash and cash equivalents		<u>756,027</u>	<u>579,302</u>
		<u>2,092,796</u>	<u>1,998,344</u>
Current liabilities			
Bank loans		24,807	48,281
Bills payable		8,617	21,170
Creditors and accruals	9	685,207	665,872
Taxation		<u>21,456</u>	<u>24,876</u>
		<u>740,087</u>	<u>760,199</u>
Net current assets		<u>1,352,709</u>	<u>1,238,145</u>
Total assets less current liabilities		1,913,777	1,866,114
Non-current liabilities			
Deferred tax liabilities		<u>8,696</u>	<u>4,463</u>
Net assets		<u>1,905,081</u>	<u>1,861,651</u>
Capital and reserves			
Share capital	10	111,693	111,693
Reserves		<u>1,785,765</u>	<u>1,742,586</u>
Total equity attributable to equity shareholders of the Company		1,897,458	1,854,279
Minority interests		<u>7,623</u>	<u>7,372</u>
Total equity		<u>1,905,081</u>	<u>1,861,651</u>

NOTES ON THE INTERIM ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

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

This interim financial report has been prepared in accordance with the same principal accounting policies adopted in the 2009 annual accounts, except for the accounting policy changes that are expected to be reflected in the 2010 annual accounts. Details of these changes in accounting policies are set out in note 1(b).

The preparation of an 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 expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated accounts and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2009 annual accounts. The condensed consolidated interim accounts and notes thereon do not include all of the information required for a full set of accounts prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”, which term collectively includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA).

This interim financial report is unaudited, but has been reviewed by KPMG 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. KPMG’s review report to the Board is included in the interim report to be sent to shareholders. In addition, this interim financial report has been reviewed by the Company’s Audit Committee.

The financial information relating to the financial year ended 31st March, 2009 that is included in the interim financial report as being previously reported information does not constitute the Company’s statutory accounts for that financial year but is derived from those accounts. Statutory accounts for the year ended 31st March, 2009 are available from both the Stock Exchange’s website and the Company’s website. The auditors have expressed an unqualified opinion on those accounts in their report dated 22nd June, 2009.

(b) Changes in accounting policies

HKICPA has issued one new HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial report :-

(i) HKAS 1 (Revised 2007), *Presentation of financial statements*

Entities can choose either to present one performance statement (the statement of comprehensive income) or two statements (the profit and loss account and statement of comprehensive income). The Group has elected to present two statements. The interim financial report has been prepared under the revised disclosure requirements.

(ii) HKFRS 8, *Operating segments*

An operating segment is a component of the Group that engages in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal financial reports that are provided to and regularly reviewed by the Group's chief operating decision maker in order to allocate resources and assess performance of the segment. For the periods presented, management has determined that the Group has a single reportable segment as the Group is only engaged in the sale of luxury goods.

2. TURNOVER / SEGMENTAL INFORMATION

Turnover represents the invoiced value of goods sold less discounts and returns, and income from concession and consignment sales.

The Group has a single reportable segment which is the sale of luxury goods. Accordingly, the segment information for this sole operating segment is equivalent to the consolidated figures.

Geographical information

Turnover by geographical location is based on the location of the customers.

	Six months ended 30th September,	
	2009	2008
	HK\$'000	HK\$'000
Hong Kong	978,388	1,045,143
China	377,208	346,459
Taiwan	293,978	292,119
Other territories (Mainly Asia)	<u>128,719</u>	<u>176,042</u>
Total	<u>1,778,293</u>	<u>1,859,763</u>

Non-current assets by geographical location are based on the location of the assets.

	30/9/2009	31/3/2009
	HK\$'000	HK\$'000
Hong Kong	218,262	239,992
China	211,660	235,712
Taiwan	87,769	89,083
Other territories (Mainly Asia)	<u>4,242</u>	<u>11,076</u>
Total	<u><u>521,933</u></u>	<u><u>575,863</u></u>

Information about major customers

The Group sells goods to numerous individual customers without concentration of reliance. There is no disclosable information of major customers under HKFRS 8.

3. PROFIT BEFORE TAXATION

	Six months ended 30th September,	
	2009	2008
	HK\$'000	HK\$'000
Profit before taxation is arrived at after charging / (crediting) :-		
Amortisation of intangible asset	21,223	21,224
Depreciation	51,981	91,767
Interest income	(1,636)	(4,121)
Interest on bank overdrafts and loans repayable within five years	388	1,376
Share of associated companies' taxation	<u>2,418</u>	<u>2,902</u>

4. TAXATION

	Six months ended 30th September,	
	2009	2008
	HK\$'000	HK\$'000
Current tax — Hong Kong Profits Tax		
Provision for the period	45	—
Under-provision in respect of prior years	<u>—</u>	<u>521</u>
	45	521
Current tax — Overseas		
Provision for the period	16,439	14,511
Over-provision in respect of prior years	<u>(6,164)</u>	<u>(3,641)</u>
	10,275	10,870
Deferred tax		
Origination and reversal of temporary differences	<u>18,154</u>	<u>5,348</u>
Total income tax expense	<u>28,474</u>	<u>16,739</u>

Taxation in the consolidated profit and loss account includes provision for Hong Kong Profits Tax at 16.5 per cent. (2008 : 16.5 per cent.) on the estimated assessable profits for the period. Taxation for overseas subsidiary companies is charged at the appropriate current rates of taxation ruling in the relevant countries.

5. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share in the current period is based on the profit attributable to ordinary equity shareholders of the Company of HK\$81,157,000 (2008 : HK\$77,209,000) and the weighted average number of 372,311,338 ordinary shares (2008 : 372,311,338 ordinary shares) in issue during the period.

6. DIVIDENDS

	Six months ended 30th September,	
	2009	2008
	HK\$'000	HK\$'000
(a) Interim dividend declared after the interim period end : 13.0 cents (2008 : 11.0 cents) per ordinary share	<u>48,400</u>	<u>40,954</u>
(b) Final dividend in respect of the previous financial year, approved and paid during the interim period, of 18.0 cents (for the year ended 31st March, 2008 : 27.5 cents) per ordinary share	<u>67,016</u>	<u>102,386</u>

7. INTANGIBLE ASSET

	30/9/2009	31/3/2009
	HK\$'000	HK\$'000
Cost :-		
At 1st April, 2009 and 1st April, 2008	<u>322,607</u>	<u>322,607</u>
At 30th September, 2009 and 31st March, 2009	<u>322,607</u>	<u>322,607</u>
Accumulated amortisation :-		
At 1st April, 2009 and 1st April, 2008	110,366	67,917
Amortisation for the period / year	<u>21,223</u>	<u>42,449</u>
At 30th September, 2009 and 31st March, 2009	<u>131,589</u>	<u>110,366</u>
Net book value :-		
At 30th September, 2009 and 31st March, 2009	<u>191,018</u>	<u>212,241</u>

The intangible asset represents the exclusive distribution rights for Tommy Hilfiger apparel and other approved merchandise in Hong Kong, Taiwan, Singapore, Malaysia, Macau and certain cities in China.

The amortisation charge for the period is included in "Administrative expenses" in the consolidated profit and loss account.

8. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in debtors, deposits and prepayments are trade debtors (net of allowance for doubtful debts) with the following ageing analysis as at the balance sheet date :-

	30/9/2009	31/3/2009
	HK\$'000	HK\$'000
Current	<u>114,110</u>	<u>114,012</u>
1 to 30 days overdue	4,063	4,377
31 to 60 days overdue	1,968	2,280
Over 60 days overdue	<u>2,276</u>	<u>2,488</u>
Amounts overdue	<u>8,307</u>	<u>9,145</u>
	<u>122,417</u>	<u>123,157</u>

Trade debtors are due within 30 to 90 days from the date of billing.

9. CREDITORS AND ACCRUALS

Included in creditors and accruals are trade creditors of HK\$182,036,000 (at 31st March, 2009 : HK\$177,887,000) and their ageing analysis is as follows :-

	30/9/2009	31/3/2009
	HK\$'000	HK\$'000
Current	159,280	155,402
1 to 30 days overdue	14,280	12,487
31 to 60 days overdue	5,477	7,322
Over 60 days overdue	<u>2,999</u>	<u>2,676</u>
	<u>182,036</u>	<u>177,887</u>

10. SHARE CAPITAL

	30/9/2009		31/3/2009	
	Number of shares Thousands	Nominal value HK\$'000	Number of shares Thousands	Nominal value HK\$'000
Authorised :-				
Ordinary shares of HK\$0.30 each	<u>518,000</u>	<u>155,400</u>	<u>518,000</u>	<u>155,400</u>
Issued and fully paid :-				
Ordinary shares of HK\$0.30 each				
Balance brought forward and carried forward	<u>372,311</u>	<u>111,693</u>	<u>372,311</u>	<u>111,693</u>

11. CAPITAL COMMITMENTS

Capital commitments outstanding at 30th September, 2009 not provided for in the accounts were as follows :-

	30/9/2009 HK\$'000	31/3/2009 HK\$'000
Contracted for	7,248	24,321
Authorised but not contracted for	<u>—</u>	<u>—</u>
	<u>7,248</u>	<u>24,321</u>

12. CONTINGENT LIABILITIES

At 30th September, 2009, the Company had the following contingent liabilities in respect of :-

- (a) Guarantees of HK\$968,681,000 (at 31st March, 2009 : HK\$979,543,000) given to banks to secure facilities granted to certain subsidiary companies. The facilities were utilised to the extent of HK\$117,306,000 (at 31st March, 2009 : HK\$158,107,000) at the balance sheet date.
- (b) Guarantees given to licensors to guarantee the performance by certain subsidiary companies of obligations under certain agreements. The amount due under the agreements was HK\$9,081,000 (at 31st March, 2009 : HK\$11,264,000) at the balance sheet date.

As at the balance sheet date, the directors do not consider it probable that a claim will be made against the Company under any of the guarantees. No provision was therefore made in this respect at 30th September, 2009 and 31st March, 2009 respectively.

The Company has not recognised any deferred income in respect of the guarantees given as their fair value cannot be reliably measured and their transaction price was Nil.

13. COMPARATIVE FIGURES

As a result of the application of HKAS 1 (revised 2007), *Presentation of financial statements*, and HKFRS 8, *Operating segments*, certain comparative figures have been provided to conform to the current period's presentation in respect of items disclosed for the first time in the current period. Further details of these developments are disclosed in note 1(b).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

Turnover for the six months ended 30th September, 2009 was HK\$1,778.3 million, a decrease of 4.4 per cent. compared with the same period last year.

At the beginning of the financial year, the Group faced unprecedented economic volatility and uncertainty in all its markets. As a result, the Group took an extremely prudent approach to all aspects of the Group's activities including cost and inventory controls as well as business investments.

By adopting such an approach, the Group's operating profit for the six months ended 30th September, 2009 was HK\$104.1 million, an increase of 20.2 per cent. compared with the corresponding period last year.

The Group's profit attributable to equity shareholders was HK\$81.2 million, an increase of 5.1 per cent. compared with the same period last year.

As at 30th September, 2009, the Group's net cash position stood at HK\$731.2 million, an increase of 37.7 per cent. compared with the figure at 31st March, 2009.

BUSINESS REVIEW

The Group has opened 83 new shops so far this year with a further 15 new shops to be opened by the end of the current financial year. In addition to opening shops for its core brands such as Brooks Brothers, Tommy Hilfiger and S.T. Dupont, the Group is also opening shops for new brands which it has secured exclusive distribution rights for various markets such as Roger Vivier, Versus, 1^A Classe Alviero Martini, Arté and Henry Cotton's.

In Hong Kong, the Group opened the first exclusive global boutique for Bertolucci, the luxury Swiss watch brand owned by the Group, at Manning House, Central. The boutique showcases all of Bertolucci's fine timepiece collections to its discerning clientele in comfortable, contemporary surroundings. It also represents the future model and direction for any potential expansion of the Bertolucci brand in China and South East Asia.

In China, 61 new shops have been opened so far this year under brands such as Brooks Brothers, Tommy Hilfiger, S.T. Dupont, 1^A Classe Alviero Martini and Henry Cotton's. With the Chinese economy continuing to achieve significant year-on-year growth, the Group will continue to place a significant focus on the expansion of its China operations.

In Taiwan, trading conditions have stabilised after a prolonged period of economic weakness. The Group has opened 14 shops in Taiwan including the exclusive launch of Roger Vivier and Christofle at the new Bellavita mall, and Arté jewellery at BR4 Sogo department store.

Elsewhere, the Group has also opened 2 shops in Singapore and will closely monitor economic developments throughout South East Asia.

With the opening of these 83 new shops, the Group's retail network currently totals 531 shops. This comprises 70 in Hong Kong, 296 in China, 3 in Macau, 124 in Taiwan and 38 in Singapore, Malaysia and the Philippines.

Geographically, Hong Kong represented 55 per cent. of sales, China was 21 per cent., Taiwan was 17 per cent. and the rest of Asia was 7 per cent..

The extended license agreement for the 'Polo' and 'Ralph Lauren' trademarks will expire on 31st December, 2009, and the Group will be paid US\$18.2 million on expiration as per the agreement. Excluding the Polo Ralph Lauren shops, the Group will continue to have a very meaningful retail network of in excess of 400 shops throughout the region.

FULL YEAR PROSPECTS

Global economic conditions seem to have stabilised, and should begin to show signs of improvement and a return to economic growth. The Group is therefore cautiously optimistic about its prospects for the second half of the year. Nevertheless, the Group will continue with its prudent approach until there is more certainty about the economic recovery.

With its comprehensive retail network of 531 shops throughout the region, and its net cash position of HK\$731.2 million and strong balance sheet, the Group is perfectly positioned to exploit any economic recovery and take advantage of any investment opportunities of exceptional value.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30th September, 2009, the Group had 3,373 (2008 : 3,303) employees. Total staff costs (including directors' emoluments) amounted to HK\$239.4 million (2008 : HK\$256.6 million). Remuneration policies are reviewed regularly by the Board and by the Remuneration Committee in respect of directors and senior management. Remuneration packages are structured to take into account the level and composition of pay and the general market conditions in the respective countries and businesses in which the Group operates. Details of the share option scheme were disclosed in the Company's 2009 annual report ("the 2009 Annual Report"). No share options were granted or exercised during the period under review.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30th September, 2009, the Group generated net cash from operating activities of HK\$302.9 million which was derived from operating cash flow of HK\$177.0 million and taking into account working capital changes net of tax payments which generated HK\$125.9 million.

The net cash from operating activities funded capital expenditure during the period under review and repayment of certain short-term bank borrowings totalling HK\$61.6 million and dividend paid of HK\$67.0 million leaving a net balance of HK\$174.3 million.

Accordingly, the Group's net liquid financial resources as at 30th September, 2009 totalled HK\$731.2 million represented by cash and bank deposits totalling HK\$756.0 million and short-term bank borrowings of HK\$24.8 million.

The Group also maintains substantial uncommitted short-term loan facilities with selected international banks for day-to-day requirements and funding flexibility. Utilisation of these facilities over and above prevailing levels during the second half of the current financial year is not anticipated given the Group's net cash position and continuing positive cash flow generated by operations.

FOREIGN CURRENCY EXPOSURE AND FINANCIAL MANAGEMENT

Merchandise purchased by the Group is mainly denominated in United States Dollars, Euros, Pounds Sterling and Swiss Francs. Where appropriate, forward foreign exchange contracts are utilised to purchase the relevant currency to settle amounts due and it is the Group's policy that such foreign exchange contracts or foreign currency purchases are strictly limited to approved purchase budget amounts or actual purchase commitments.

Exposure to fluctuations in the exchange rate of regional currencies in respect of the Group's overseas operations is minimised by utilising local currency borrowings, where necessary, to fund working capital and capital expenditure requirements with repayment from funds generated from local sales. The Group's outstanding foreign currency bank borrowings are a result of the application of this policy and comprise short-term bank loans drawn in New Taiwan Dollars and Singapore Dollars by the respective operating subsidiary companies.

Financial risk management for the Group is the responsibility of the treasury department based in Hong Kong which implements the policies and guidelines issued by the Board. Surplus cash is held mainly in United States Dollars, Hong Kong Dollars and Renminbi with the majority placed on short-term deposits with established international banks.

As at 30th September, 2009, the Group's current ratio, being current assets divided by current liabilities, was 2.8 times compared to 2.6 times as at 31st March, 2009. The Group has maintained a net surplus cash position throughout the period under review and its gearing ratio, being total bank borrowings net of cash balances as a percentage of consolidated capital and reserves is Nil (as at 31st March, 2009 : Nil).

OTHER INFORMATION

INTERIM DIVIDEND

In view of the results, the Board has resolved to declare an interim dividend of 13.0 cents (2008 : 11.0 cents) per ordinary share, an increase of 18.2 per cent. compared with the interim dividend paid per ordinary share last year. The interim dividend represents a dividend payout ratio of 59.6 per cent. and will absorb a total of about HK\$48.4 million (2008 : HK\$41.0 million). Shareholders whose names appear in the Register of Members of the Company on Friday, 8th January, 2010 will be entitled to the interim dividend which will be paid on Friday, 22nd January, 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 7th January, 2010 to Friday, 8th January, 2010, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 6th January, 2010.

SHARE PURCHASE, SALE AND REDEMPTION

At no time during the period under review was there any purchase, sale or redemption by the Company, or any of its subsidiary companies, of the Company's shares.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance. The Company recognises that corporate governance practices are fundamental to the smooth, effective and transparent operation of a company and its ability to attract investment, protect the rights of shareholders and enhance shareholder value.

The Company has complied with all the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the period under review. Detailed information on the Company's corporate governance practices was set out in the corporate governance report included in the 2009 Annual Report.

AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited consolidated interim results of the Group for the six months ended 30th September, 2009 with the Board.

As at the date of this announcement, the Board comprises :-

Executive Directors:

Dickson Poon (*Group Executive Chairman*)
Raymond Lee (*Deputy Chairman
and Chief Executive Officer*)
Chan Tsang Wing, Nelson
Edwin Ing
Lau Yu Hee, Gary
Ng Chan Lam

Independent Non-Executive Directors:

Bhanusak Asvaintra
Nicholas Peter Etches
Christopher Patrick Langley, OBE

By Order of the Board
Or Suk Ying, Stella
Company Secretary

Hong Kong, 9th December, 2009

** For identification purposes only*