



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

INTERIM REPORT
2011-2012

Stock Code : 0113



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CORPORATE INFORMATION

Board of Directors :

Group Executive Chairman :
Dickson Poon

Executive Directors :
Raymond Lee (**Deputy Chairman and Chief Executive Officer**)
Chan Tsang Wing, Nelson (**Chief Operating Officer**)
Chan Hon Chung, Johnny Pollux
(Appointed on 1st September, 2011)
Lau Yu Hee, Gary
Ng Chan Lam

Independent Non-Executive Directors :
Bhanusak Asvaintra
Nicholas Peter Etches
Christopher Patrick Langley, OBE

Company Secretary :

Or Suk Ying, Stella

Audit Committee :

Nicholas Peter Etches (**Chairman**)
Bhanusak Asvaintra
Christopher Patrick Langley, OBE

Remuneration Committee :

Bhanusak Asvaintra (**Chairman**)
Nicholas Peter Etches
Raymond Lee

Independent Auditor :

KPMG
Certified Public Accountants,
Hong Kong.

Head Office and Principal Place of Business :

4th Floor, East Ocean Centre,
98 Granville Road,
Tsimshatsui East,
Kowloon, Hong Kong.

Registered Office :

Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda.

Principal Bankers :

BNP Paribas
Crédit Agricole Corporate and Investment Bank
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

Share Registrar in Hong Kong :

Tricor Tengis Limited
26th Floor,
Tesbury Centre,
28 Queen's Road East,
Wanchai, Hong Kong.

Share Registrar in Bermuda :

Codan Services Limited
Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda.

Place of Share Listing :

The Stock Exchange of Hong Kong Limited

Stock Code :

The Stock Exchange of Hong Kong Limited :
0113

Website :

<http://www.dickson.com.hk>

The board of directors (“the Board”) of Dickson Concepts (International) Limited (“the Company”) announces that the Group’s unaudited consolidated results for the six months ended 30th September, 2011 together with the comparative figures are as follows :-

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the period ended 30th September, 2011

	NOTE	Six months ended 30th September,	
		2011 (unaudited) HK\$'000	2010 (unaudited) HK\$'000
Turnover	2	1,856,966	1,450,335
Cost of sales		<u>(837,988)</u>	<u>(663,056)</u>
Gross profit		1,018,978	787,279
Other (loss) / income	3	(1,410)	16,724
Selling and distribution expenses		(766,071)	(581,072)
Administrative expenses		(117,172)	(102,872)
Other operating expenses		<u>(44,926)</u>	<u>(40,499)</u>
Operating profit		89,399	79,560
Finance costs		(689)	(238)
Share of profits less losses of associated companies		<u>11,606</u>	<u>4,857</u>
Profit before taxation	4	100,316	84,179
Taxation	5	<u>(37,797)</u>	<u>(22,938)</u>
Profit for the period		<u><u>62,519</u></u>	<u><u>61,241</u></u>
Attributable to :-			
Equity shareholders of the Company		62,520	61,073
Non-controlling interests		<u>(1)</u>	<u>168</u>
Profit for the period		<u><u>62,519</u></u>	<u><u>61,241</u></u>
Earnings per share (basic and diluted)	6	<u><u>16.8 cents</u></u>	<u><u>16.4 cents</u></u>

The notes on pages 9 to 18 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company attributable to the profit for the period are set out in Note 7.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30th September, 2011

	Six months ended 30th September,	
	2011	2010
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Profit for the period	62,519	61,241
Exchange differences on translation of accounts of overseas subsidiary and associated companies (Note)	<u>(2,166)</u>	<u>19,621</u>
Total comprehensive income for the period	<u><u>60,353</u></u>	<u><u>80,862</u></u>
Attributable to :-		
Equity shareholders of the Company	60,354	80,542
Non-controlling interests	<u>(1)</u>	<u>320</u>
Total comprehensive income for the period	<u><u>60,353</u></u>	<u><u>80,862</u></u>

Note :-

There is no tax effect relating to the above component of the comprehensive income.

The notes on pages 9 to 18 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET

At 30th September, 2011

	NOTE	30/9/2011 (unaudited) HK\$'000	31/3/2011 (audited) HK\$'000
Non-current assets			
Fixed assets		258,345	253,327
Intangible asset	8	141,495	150,928
Goodwill		13,900	13,900
Associated companies		131,512	125,784
Deferred tax assets		15,066	22,414
Other financial assets	9	<u>323,881</u>	<u>346,532</u>
		884,199	912,885
Current assets			
Inventories		866,840	777,585
Debtors, deposits and prepayments	10	469,352	380,605
Bills receivable		1,091	477
Tax recoverable		6,412	3,747
Cash and cash equivalents		<u>833,764</u>	<u>1,093,495</u>
		<u>2,177,459</u>	<u>2,255,909</u>
Current liabilities			
Bank loans		72,973	54,587
Bills payable		22,450	9,884
Creditors and accruals	11	626,556	754,445
Taxation		<u>12,065</u>	<u>12,878</u>
		<u>734,044</u>	<u>831,794</u>
Net current assets		<u>1,443,415</u>	<u>1,424,115</u>
Total assets less current liabilities		2,327,614	2,337,000
Non-current liabilities			
Deferred tax liabilities		<u>37,433</u>	<u>32,710</u>
Net assets		<u>2,290,181</u>	<u>2,304,290</u>
Capital and reserves			
Share capital	12	111,693	111,693
Reserves		<u>2,171,133</u>	<u>2,185,241</u>
Total equity attributable to equity shareholders of the Company		2,282,826	2,296,934
Non-controlling interests		<u>7,355</u>	<u>7,356</u>
Total equity		<u>2,290,181</u>	<u>2,304,290</u>

The notes on pages 9 to 18 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30th September, 2011

	Attributable to equity shareholders of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Exchange reserve	Retained profits	Total		
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)		
At 1st April, 2011	111,693	431,200	144,520	1,609,521	2,296,934	7,356	2,304,290
Dividends approved / paid in respect of prior year (Notes 7(b) and 7(c))	—	—	—	(74,462)	(74,462)	—	(74,462)
Profit for the period	—	—	—	62,520	62,520	(1)	62,519
Other comprehensive income for the period	—	—	(2,166)	—	(2,166)	—	(2,166)
At 30th September, 2011	<u>111,693</u>	<u>431,200</u>	<u>142,354</u>	<u>1,597,579</u>	<u>2,282,826</u>	<u>7,355</u>	<u>2,290,181</u>

The comparative figures for 2010 are set out as follows :-

	Attributable to equity shareholders of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Exchange reserve	Retained profits	Total		
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)		
At 1st April, 2010	111,693	431,200	87,090	1,445,118	2,075,101	6,908	2,082,009
Dividends approved / paid in respect of prior year (Notes 7(b) and 7(c))	—	—	—	(134,032)	(134,032)	—	(134,032)
Profit for the period	—	—	—	61,073	61,073	168	61,241
Other comprehensive income for the period	—	—	19,469	—	19,469	152	19,621
At 30th September, 2010	<u>111,693</u>	<u>431,200</u>	<u>106,559</u>	<u>1,372,159</u>	<u>2,021,611</u>	<u>7,228</u>	<u>2,028,839</u>

The notes on pages 9 to 18 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the period ended 30th September, 2011

	Six months ended 30th September,	
	2011 (unaudited) HK\$'000	2010 (unaudited) HK\$'000
Operating profit before changes in working capital	162,538	111,420
Changes in working capital	<u>(300,011)</u>	<u>(17,694)</u>
Cash (used in) / generated from operations	(137,473)	93,726
Tax paid (net)	<u>(29,564)</u>	<u>(17,305)</u>
Net cash (used in) / generated from operating activities	(167,037)	76,421
Net cash used in investing activities	(42,071)	(101,215)
Net cash used in financing activities	<u>(54,298)</u>	<u>(120,858)</u>
Net decrease in cash and cash equivalents	(263,406)	(145,652)
Cash and cash equivalents at 1st April	1,093,495	1,003,548
Effect of foreign exchange rate changes	<u>3,675</u>	<u>6,893</u>
Cash and cash equivalents at 30th September	<u><u>833,764</u></u>	<u><u>864,789</u></u>

Note :-

a. Cash and cash equivalents at 30th September

Cash and cash equivalents represent cash at bank and on hand at the end of the period.

The notes on pages 9 to 18 form part of this interim financial report.

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 2011 annual accounts.

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 2011 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 on page 19. 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, 2011 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, 2011 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, 2011.

(b) Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. The adoption of these developments has no material impact on the Group's operating results.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2. TURNOVER / SEGMENTAL INFORMATION

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

Business Segment

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

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the goods delivered.

	Six months ended 30th September,	
	2011 HK\$'000	2010 HK\$'000
Hong Kong (place of domicile)	<u>937,721</u>	<u>772,222</u>
China	401,149	322,687
Taiwan	305,677	235,029
Other territories (Mainly Asia)	<u>212,419</u>	<u>120,397</u>
	<u>919,245</u>	<u>678,113</u>
Total	<u>1,856,966</u>	<u>1,450,335</u>

The following table sets out information about the geographical location of the Group's fixed assets, intangible asset, goodwill and interests in associated companies. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of fixed assets, the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and the location of operations, in the case of interests in associated companies.

	30/9/2011	31/3/2011
	HK\$'000	HK\$'000
Hong Kong (place of domicile)	<u>287,580</u>	<u>298,320</u>
China	132,404	125,254
Taiwan	85,241	77,331
Other territories (Mainly Asia)	<u>40,027</u>	<u>43,034</u>
	<u>257,672</u>	<u>245,619</u>
Total	<u><u>545,252</u></u>	<u><u>543,939</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, *Operating segments*.

3. OTHER (LOSS) / INCOME

	Six months ended 30th September,	
	2011	2010
	HK\$'000	HK\$'000
Interest income	4,902	2,173
Loss on disposal of fixed assets	(1,075)	(649)
Net foreign exchange gain	1,967	5,300
Realised and unrealised (losses) / gains from financial assets designated at fair value through profit or loss :-		
— interest income	10,956	7,980
— net fair value (losses) / gains	<u>(18,160)</u>	<u>1,920</u>
	<u><u>(1,410)</u></u>	<u><u>16,724</u></u>

4. PROFIT BEFORE TAXATION

	Six months ended 30th September,	
	2011	2010
	HK\$'000	HK\$'000
Profit before taxation is arrived at after charging :-		
Amortisation of intangible asset	9,433	9,433
Depreciation	46,307	33,851
Impairment loss on fixed assets (Note)	14,021	—
Interest on bank overdrafts and loans repayable within five years	689	238
Share of associated companies' taxation	<u>2,518</u>	<u>1,589</u>

Note :-

During the period ended 30th September, 2011, management performed an impairment assessment on certain fixed assets of the Group's more recent retail store investment in accordance with the accounting policy on impairment of assets. Based on the assessment, impairment loss of HK\$14,021,000 was recognised in respect of the respective fixed assets and charged to the consolidated profit and loss account. The recoverable amounts of these fixed assets were determined based on the forecast future cash flows generated from this retail store investment. The pre-tax discount rate used in estimating the recoverable amounts was 8.7 per cent..

5. TAXATION

	Six months ended 30th September,	
	2011	2010
	HK\$'000	HK\$'000
Current tax — Hong Kong Profits Tax		
Provision for the period	37	—
Under-provision in respect of prior years	<u>214</u>	<u>345</u>
	----- 251	----- 345
Current tax — Overseas		
Provision for the period	26,547	19,486
Over-provision in respect of prior years	<u>(857)</u>	<u>(128)</u>
	----- 25,690	----- 19,358
Deferred tax		
Origination and reversal of temporary differences	<u>11,856</u>	<u>3,235</u>
Total income tax expense	<u>37,797</u>	<u>22,938</u>

Taxation in the consolidated profit and loss account includes provision for Hong Kong Profits Tax at 16.5 per cent. (2010 : 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.

6. 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\$62,520,000 (2010 : HK\$61,073,000) and the weighted average number of 372,311,338 ordinary shares (2010 : 372,311,338 ordinary shares) in issue during the period.

7. DIVIDENDS

	Six months ended 30th September,	
	2011	2010
	HK\$'000	HK\$'000
(a) Interim dividend declared after the interim period end : 13.0 cents (2010 : 13.0 cents) per ordinary share	<u>48,400</u>	<u>48,400</u>
(b) Final dividend in respect of the previous financial year, approved and paid during the interim period, of 20.0 cents (for the year ended 31st March, 2010 : 18.0 cents) per ordinary share	<u>74,462</u>	<u>67,016</u>
(c) No special dividend in respect of the previous financial year was approved and paid during the interim period (for the year ended 31st March, 2010 : 18.0 cents per ordinary share)	<u>—</u>	<u>67,016</u>

8. INTANGIBLE ASSET

	30/9/2011	31/3/2011
	HK\$'000	HK\$'000
Cost :-		
At 1st April, 2011 and 1st April, 2010	<u>322,607</u>	<u>322,607</u>
At 30th September, 2011 and 31st March, 2011	<u>322,607</u>	<u>322,607</u>
Accumulated amortisation :-		
At 1st April, 2011 and 1st April, 2010	171,679	152,814
Amortisation for the period / year	<u>9,433</u>	<u>18,865</u>
At 30th September, 2011 and 31st March, 2011	<u>181,112</u>	<u>171,679</u>
Net book value :-		
At 30th September, 2011 and 31st March, 2011	<u>141,495</u>	<u>150,928</u>

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

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

9. OTHER FINANCIAL ASSETS

Other financial assets comprise debt securities issued by corporations and are classified as financial assets designated at fair value through profit or loss. The debt securities, which are listed, bear fixed or variable interest rates and are denominated in United States dollars. All of the debt securities held by the Group are also traded over the counter.

10. 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 :-

	30/9/2011 HK\$'000	31/3/2011 HK\$'000
Current	<u>118,616</u>	<u>119,629</u>
1 to 30 days overdue	1,731	3,360
31 to 60 days overdue	768	431
Over 60 days overdue	<u>258</u>	<u>1,671</u>
Amounts overdue	<u>2,757</u>	<u>5,462</u>
	<u><u>121,373</u></u>	<u><u>125,091</u></u>

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

11. CREDITORS AND ACCRUALS

Included in creditors and accruals are trade creditors of HK\$196,134,000 (at 31st March, 2011 : HK\$206,403,000) and their ageing analysis is as follows :-

	30/9/2011 HK\$'000	31/3/2011 HK\$'000
Current	183,211	193,927
1 to 30 days overdue	5,586	5,609
31 to 60 days overdue	4,438	5,381
Over 60 days overdue	<u>2,899</u>	<u>1,486</u>
	<u><u>196,134</u></u>	<u><u>206,403</u></u>

12. SHARE CAPITAL

	30/9/2011		31/3/2011	
	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>

13. MATERIAL RELATED PARTY TRANSACTIONS

The following material transactions with related parties were in the opinion of the directors carried out in the ordinary and usual course of business and on normal commercial terms :-

- (a) Transactions with associated companies :-

	Six months ended 30th September,	
	2011 HK\$'000	2010 HK\$'000
Sales of goods	—	12,816
Purchases of goods	6,889	2,504
Income from the provision of management and supporting service	125	118
Rental expenses	<u>1,086</u>	<u>1,644</u>

The amount due from these associated companies at 30th September, 2011 was Nil (at 31st March, 2011 : HK\$3,964,000) and the amount due to these associated companies at 30th September, 2011 amounted to HK\$744,000 (at 31st March, 2011 : HK\$47,000), which are interest free, unsecured and have repayment terms ranging from 20 days to 60 days.

(b) Transactions with companies in which a director of the Company has beneficial interests :-

	Six months ended 30th September,	
	2011	2010
	HK\$'000	HK\$'000
Sales of goods	9,204	21,933
Purchases of goods	11,228	7,430
Management and supporting service expenses	194	196
Income from the provision of management and supporting service	4,560	4,922
Rental expenses	1,306	1,180
Rental income	1,634	4,307
Advertising and promotion service expenses	4,273	4,424
Commission expenses	16,051	13,262

The amount due from these companies at 30th September, 2011 amounted to HK\$7,105,000 (at 31st March, 2011 : HK\$12,665,000) and the amount due to these companies at 30th September, 2011 amounted to HK\$19,157,000 (at 31st March, 2011 : HK\$50,762,000), which are interest free, unsecured and have repayment terms ranging from 20 days to 90 days.

14. CAPITAL COMMITMENTS

Capital commitments outstanding at 30th September, 2011 not provided for in the accounts were as follows :-

	30/9/2011	31/3/2011
	HK\$'000	HK\$'000
Contracted for	77,694	31,217
Authorised but not contracted for	5,624	3,619
	83,318	34,836

15. CONTINGENT LIABILITIES

At 30th September, 2011, the Company had the following contingent liabilities in respect of :-

- (a) Guarantees of HK\$1,053,255,000 (at 31st March, 2011 : HK\$1,017,271,000) given to banks to secure facilities granted to certain subsidiary companies. The facilities were utilised to the extent of HK\$188,404,000 (at 31st March, 2011 : HK\$169,631,000) 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\$9,510,000 (at 31st March, 2011 : HK\$11,655,000) 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, 2011 and 31st March, 2011 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.

16. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING YEAR ENDING 31ST MARCH, 2012

Up to the date of issue of this interim financial report, the HKICPA has issued a number of amendments and new standards which are not yet effective for the accounting year ending 31st March, 2012 and which have not been adopted in this interim financial report.

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

In addition, the following developments may result in new or amended disclosures in the accounts :-

	Effective for accounting periods beginning on or after
Amendments to HKAS 1, Presentation of financial statements	1st July, 2012
HKFRS 10, Consolidated financial statements	1st January, 2013
HKAS 27 (2011), Separate financial statements	1st January, 2013
HKAS 28 (2011), Investments in associates and joint ventures	1st January, 2013
HKFRS 9, Financial instruments	1st January, 2013
HKFRS 12, Disclosure of interests in other entities	1st January, 2013
HKFRS 13, Fair value measurement	1st January, 2013
Revised HKAS 19, Employee benefits	1st January, 2013

17. POST BALANCE SHEET EVENT

In April 2011, a share transfer agreement was entered into between the Group and the joint venture partner ("the Transferee") of an associated company of the Group, whereby the Group agreed to transfer its entire equity interest in the associated company to the Transferee for a cash consideration of RMB78,000,000 (about HK\$95,306,000). The Group's share of net assets of that associated company as at 30th September, 2011 amounted to HK\$72,101,000. Subsequent to the balance sheet date, the share transfer was completed and the cash consideration was received in November 2011.

REVIEW REPORT TO THE BOARD OF DIRECTORS OF DICKSON CONCEPTS (INTERNATIONAL) LIMITED (incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 4 to 18 which comprises the consolidated balance sheet of Dickson Concepts (International) Limited as of 30th September, 2011 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors are responsible for the preparation and presentation of the interim financial report in accordance with HKAS 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity” issued by the HKICPA. A review of the interim financial report consists of making enquiries, 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 as at 30th September, 2011 is not prepared, in all material respects, in accordance with HKAS 34 “Interim financial reporting”.

KPMG

Certified Public Accountants
8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong

Hong Kong, 30th November, 2011

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the six months ended 30th September, 2011, the Group's existing businesses performed satisfactorily. Turnover increased by 28 per cent. to HK\$1,857.0 million compared with the same period last year. Excluding discontinued businesses, comparable turnover increased by 22 per cent..

Profit attributable to equity shareholders was HK\$62.5 million, compared with HK\$61.1 million in the previous year. This was achieved despite the expiration of our Tommy Hilfiger licensed business for China, the cessation of our Seibu store at Pacific Place Hong Kong in June 2011 in preparation for the opening of our Harvey Nichols Asian flagship store in October 2011, and our investments into new businesses including American Eagle Outfitters and our new fashion jewellery brand Dreams. This profit performance is a clear illustration of the underlying strength of the Group's core businesses.

Following our substantial investments into the Group's new businesses during the period, the Group's net cash position amounted to HK\$760.8 million as at 30th September, 2011.

BUSINESS REVIEW

The Group continues to demonstrate its commitment to and confidence in its markets with the opening of 60 new stores so far this financial year, with a further 21 new stores to be opened by 31st March, 2012. Our 60 new stores include 11 in Hong Kong and Macau, 40 in China, and 9 in Taiwan. Our plan is to open 2 new stores in Hong Kong, 7 in China, 10 in Taiwan, and 2 in Malaysia in the remainder of the current financial year.

In addition to opening shops for its core brands like Brooks Brothers, Tommy Hilfiger, Dickson Watch & Jewellery, S.T. Dupont, Tod's, etc., the Group will continue its roll-out plan for American Eagle Outfitters in Hong Kong and China, and it has introduced new brands including Dreams, the Group's first fashion jewellery brand catering to sophisticated female consumers.

Our new 83,000 sq. ft. Harvey Nichols Asian flagship store at Pacific Place in Hong Kong opened on 18th October, 2011. Our new store has been well received by our customers and the media alike, with sales performance above our expectations. Together with our Harvey Nichols store at The Landmark, these two stores will reinforce Harvey Nichols' leadership in the luxury retailing market in the region and provide the Group with a major growth engine in the years ahead.

With the opening of our 60 new stores, the Group's retail network currently totals 338 stores as of 30th November, 2011. This comprises 54 stores in Hong Kong, 172 in China, 4 in Macau, 83 in Taiwan, 19 in Singapore, and 6 in Malaysia. Geographically, Hong Kong represented 50 per cent. of sales, China was 22 per cent., Taiwan was 16 per cent. and the rest of Asia was 12 per cent..

The Group will continue to place a significant focus on the expansion of its Asian and China operations through the expansion of our existing brands as well as the introduction of new brands and new retail concepts.

FULL YEAR PROSPECTS

The global economy remains extremely volatile. While our businesses continue to benefit from a solid consumer following, the Group will continue to adopt a prudent approach to all aspects of its business activities. With its comprehensive retail network of 338 stores throughout the region, its strong net cash position of HK\$760.8 million and strong recurrent income base, the Group continues to be well positioned to take advantage of any economic recovery and any investment opportunities of exceptional value.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30th September, 2011, the Group had 2,853 (2010 : 2,634) employees. Total staff costs (including directors' emoluments) amounted to HK\$281.7 million (2010 : HK\$221.6 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 2011 annual report ("the 2011 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, 2011, the Group's net cash from operating activities was utilised to fund increased working capital requirements mainly arising from additional inventory holdings and prepayments due to new store openings. Together with related capital expenditure and payment of the final dividend for the previous year, net cash utilisation totalled HK\$263.4 million.

As a result, the Group's net liquid financial resources as at 30th September, 2011 stood at HK\$760.8 million represented by cash and bank deposits of HK\$833.8 million less short-term bank borrowings of HK\$73.0 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 Singapore Dollars by an operating subsidiary company.

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, New Taiwan Dollars, Hong Kong Dollars and Renminbi with the majority placed on short-term deposits with established international banks and invested in debt securities issued by corporations with acceptable credit ratings.

As at 30th September, 2011, the Group's current ratio, being current assets divided by current liabilities, was 3.0 times compared to 2.7 times as at 31st March, 2011. 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, 2011 : Nil).

DISCLOSURE OF INTERESTS

DIRECTORS' INTERESTS

As at 30th September, 2011, the interests and short positions of the directors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“the SFO”)) as recorded in the register required to be kept by the Company under Section 352 of the 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 Directors’ Model Code”) as set out in Appendix 10 of the Listing Rules were as follows :-

Dickson Concepts (International) Limited

Name of Director	Capacity	Ordinary shares of HK\$0.30 each				Total	Percentage ⁽ⁱⁱ⁾
		Personal Interests	Family Interests	Corporate Interests	Other Interests		
Dickson Poon	Beneficial owner and trust founder	14,040	—	—	149,395,699 ⁽ⁱ⁾	149,409,739	40.13
Christopher Patrick Langley, OBE	Beneficial owner	50,000	—	—	—	50,000	0.01

Notes :-

- (i) These shares are held through two trusts.
- (ii) Percentage which the aggregate long position in shares represents to the issued share capital of the Company.

In addition, Mr. Dickson Poon is deemed to be interested in the share capital of all the subsidiary and associated companies of the Company by virtue of his interest in the Company.

Save as referred to above, as at 30th September, 2011, none of the directors had any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which are recorded in the register required to be kept by the Company under Section 352 of the SFO or which are notified to the Company and the Stock Exchange pursuant to the Directors’ Model Code.

As at 30th September, 2011, no share options had been granted to the directors under the share option scheme which was adopted on 26th August, 2003.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

As at 30th September, 2011, the interests and short positions of the persons (other than the directors) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows :-

Dickson Concepts (International) Limited

Name of shareholder	Ordinary shares of HK\$0.30 each	Percentage ⁽ⁱⁱⁱ⁾	Capacity
Yu Kwai Chu, Pearl	149,409,739 ⁽ⁱ⁾	40.13	Interest of spouse
Dickson Investment Holding (PTC) Corporation ("DIHPTC")	149,395,699 ⁽ⁱⁱ⁾	40.13	Trustee
Paicolex Trust Company (BVI) Limited ("Paicolex BVI")	149,395,699 ⁽ⁱⁱ⁾	40.13	Trustee
Paicolex Trust Management AG ("Paicolex AG")	149,395,699 ⁽ⁱⁱ⁾	40.13	Trustee

Notes :-

- (i) These shares refer to the family interest attributable to Mr. Dickson Poon, the spouse of Ms. Yu Kwai Chu, Pearl.
- (ii) These shares refer to the same block of shares. DIHPTC, Paicolex BVI and Paicolex AG are trustees of two trusts. These shares are also included in the 149,395,699 shares which were disclosed as "Other Interests" of Mr. Dickson Poon in the "Directors' Interests" section of this report. Mr. Dickson Poon is a director of DIHPTC.
- (iii) Percentage which the aggregate long position in shares represents to the issued share capital of the Company.

Save as disclosed above and in the "Directors' Interests" section of this report, the Company has not been notified by any person who had an interest or short position in the shares or underlying shares of the Company as at 30th September, 2011 which is required to be notified to the Company pursuant to Part XV of the SFO or which is recorded in the register required to be kept by the Company under Section 336 of the SFO.

OTHER INFORMATION

INTERIM DIVIDEND

In view of the results, the Board has resolved to declare an interim dividend of 13.0 cents (2010 : 13.0 cents) per ordinary share, the same as last year. The interim dividend represents a dividend payout ratio of 77.4 per cent. and will absorb a total of about HK\$48.4 million (2010 : HK\$48.4 million). Shareholders whose names appear in the Register of Members of the Company on Friday, 6th January, 2012 will be entitled to the interim dividend which will be paid on Friday, 20th January, 2012.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 5th January, 2012 to Friday, 6th January, 2012, 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, 4th January, 2012.

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.

SHARE OPTION SCHEME

As at 30th September, 2011, no share options had been granted to any of the directors or employees of the Company or any of its subsidiary companies under the share option scheme which was adopted on 26th August, 2003.

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 2011 Annual Report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Directors' Model Code as set out in Appendix 10 of the Listing Rules as the code for securities transactions by the directors. Having made specific enquiry of all directors, all directors confirmed that they have complied with the required standard set out in the Directors' Model Code throughout the period under review.

AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited consolidated interim results of the Group for the six months ended 30th September, 2011 with the Board.

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

Executive Directors:

Dickson Poon (*Group Executive Chairman*)

Raymond Lee (*Deputy Chairman and
Chief Executive Officer*)

Chan Tsang Wing, Nelson

(*Chief Operating Officer*)

Chan Hon Chung, Johnny Pollux

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, 30th November, 2011