



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, 2008**

- * Turnover for the six months ended 30th September, 2008 was HK\$1,859.8 million, an increase of 8.2 per cent. compared with the same period last year.
- * Gross margins increased from 56.3 per cent. up to 58.2 per cent..
- * Profit attributable to equity shareholders was HK\$77.2 million, an increase of 2.1 per cent. compared with the corresponding period last year. However, the global credit crisis and the rapid deterioration in economic conditions around the world has resulted in a sharp decline in consumer sentiment which will undoubtedly have a negative impact on the Group's turnover and profits performance for the second half of the year.
- * Interim dividend of 11.0 cents per ordinary share declared by the Board.
- * With a net cash position of HK\$356.2 million and a strong balance sheet, the Group is in a very strong position to weather this global credit crisis, exploit any future recovery in economic conditions and take advantage of any investment opportunities of exceptional value.

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, 2008 together with the comparative figures are as follows :-

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the period ended 30th September, 2008

		Six months ended 30th September,	
		2008	2007
	NOTE	(unaudited) HK\$’000	(unaudited) HK\$’000
Turnover	2	1,859,763	1,719,016
Cost of sales		<u>(777,613)</u>	<u>(750,608)</u>
Gross profit		1,082,150	968,408
Other (loss) / income		(1,866)	5,258
Selling and distribution expenses		(805,839)	(713,887)
Administrative expenses		(135,418)	(129,885)
Other operating expenses		<u>(52,425)</u>	<u>(52,542)</u>
Operating profit		86,602	77,352
Finance costs		(1,376)	(3,355)
Share of profits less losses of associated companies		<u>9,006</u>	<u>5,913</u>
Profit before taxation	3	94,232	79,910
Taxation	4	<u>(16,739)</u>	<u>(4,144)</u>
Profit after taxation		<u><u>77,493</u></u>	<u><u>75,766</u></u>
Attributable to :-			
Equity shareholders of the Company		77,209	75,645
Minority interests		<u>284</u>	<u>121</u>
Profit after taxation		<u><u>77,493</u></u>	<u><u>75,766</u></u>
Earnings per share (basic and diluted)	5	<u>20.7 cents</u>	<u>24.4 cents</u>
Dividend per share – Interim dividend declared after the balance sheet date	6	<u>11.0 cents</u>	<u>13.8 cents</u>

CONSOLIDATED BALANCE SHEET

At 30th September, 2008

	NOTE	30/9/2008 (unaudited) HK\$'000	31/3/2008 (audited) HK\$'000
Non-current assets			
Fixed assets		377,176	411,284
Intangible asset	7	233,466	254,690
Goodwill		13,900	13,900
Associated companies		148,851	140,330
Deferred tax assets		<u>56,328</u>	<u>55,781</u>
		829,721	875,985
Current assets			
Stocks		1,165,356	954,250
Debtors, deposits and prepayments	8	393,224	420,999
Bills receivable		720	226
Tax recoverable		7,361	7,723
Cash and cash equivalents		<u>454,993</u>	<u>687,694</u>
		<u>2,021,654</u>	<u>2,070,892</u>
Current liabilities			
Bank loans and overdrafts		98,803	97,166
Bills payable		25,162	23,109
Creditors and accruals	9	736,864	797,048
Taxation		<u>22,347</u>	<u>33,346</u>
		<u>883,176</u>	<u>950,669</u>
Net current assets		<u>1,138,478</u>	<u>1,120,223</u>
Total assets less current liabilities		1,968,199	1,996,208
Non-current liabilities			
Deferred tax liabilities		<u>13,475</u>	<u>6,176</u>
Net assets		<u>1,954,724</u>	<u>1,990,032</u>
Capital and reserves			
Share capital	10	111,693	111,693
Reserves		<u>1,835,770</u>	<u>1,871,573</u>
Total equity attributable to equity shareholders of the Company		1,947,463	1,983,266
Minority interests		<u>7,261</u>	<u>6,766</u>
Total equity		<u>1,954,724</u>	<u>1,990,032</u>

NOTES ON THE INTERIM ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES

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 2008 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 2008 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, 2008 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, 2008 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 23rd June, 2008.

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 business segment which is the sale of luxury goods. Accordingly, the segment information for this sole business segment is equivalent to the consolidated figures.

Geographical segments

In presenting information on the basis of geographical segments, segment turnover is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	For the six months ended 30th September, 2008		At 30/9/2008
	Turnover HK\$'000	Capital expenditure HK\$'000	Total assets HK\$'000
Hong Kong	1,045,143	24,149	1,396,301
Taiwan	292,119	11,026	476,409
China	346,459	15,809	624,638
Other territories (Mainly Asia)	<u>176,042</u>	<u>8,251</u>	<u>205,176</u>
	<u>1,859,763</u>	<u>59,235</u>	2,702,524
Associated companies			<u>148,851</u>
Total assets			<u>2,851,375</u>
	For the six months ended 30th September, 2007		At 31/3/2008
	Turnover HK\$'000	Capital expenditure HK\$'000	Total assets HK\$'000
Hong Kong	939,775	30,341	1,484,581
Taiwan	348,563	16,893	497,054
China	262,215	15,311	619,968
Other territories (Mainly Asia)	<u>168,463</u>	<u>6,527</u>	<u>204,944</u>
	<u>1,719,016</u>	<u>69,072</u>	2,806,547
Associated companies			<u>140,330</u>
Total assets			<u>2,946,877</u>

3. PROFIT BEFORE TAXATION

	Six months ended 30th September,	
	2008	2007
	HK\$'000	HK\$'000
Profit before taxation is arrived at after charging / (crediting) :-		
Amortisation of intangible asset	21,224	21,224
Depreciation	91,767	60,726
Interest income	(4,121)	(1,461)
Interest on bank overdrafts and loans repayable within five years	1,376	3,355
Share of associated companies' taxation	<u>2,902</u>	<u>1,003</u>

4. TAXATION

	Six months ended 30th September,	
	2008	2007
	HK\$'000	HK\$'000
Current tax - Hong Kong Profits Tax		
Provision for the period	—	2,292
Under / (over)-provision in respect of prior years	<u>521</u>	<u>(1,265)</u>
	<u>521</u>	1,027
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Current tax - Overseas		
Provision for the period	14,511	15,543
(Over) / under-provision in respect of prior years	<u>(3,641)</u>	<u>1,262</u>
	<u>10,870</u>	16,805
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Deferred tax		
Origination and reversal of temporary differences	5,348	(13,688)
	<u>5,348</u>	<u>(13,688)</u>
	<u>16,739</u>	<u>4,144</u>

Taxation in the consolidated profit and loss account includes provision for Hong Kong Profits Tax at 16.5 per cent. (2007 : 17.5 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\$77,209,000 (2007 : HK\$75,645,000) and the weighted average number of 372,311,338 ordinary shares (2007 : 310,311,338 ordinary shares) in issue during the period.

6. DIVIDENDS

	Six months ended 30th September,	
	2008	2007
	HK\$'000	HK\$'000
(a) Interim dividend declared after the interim period end : 11.0 cents (2007 : 13.8 cents) per ordinary share	<u>40,954</u>	<u>51,379</u>
(b) Final dividend in respect of the previous financial year, approved and paid during the interim period, of 27.5 cents (for the year ended 31st March, 2007 : 27.5 cents) per ordinary share	<u>102,386</u>	<u>85,336</u>

7. INTANGIBLE ASSET

	30/9/2008	31/3/2008
	HK\$'000	HK\$'000
Cost :-		
At 1st April, 2008 and 1st April, 2007	<u>322,607</u>	<u>322,607</u>
At 30th September, 2008 and 31st March, 2008	<u>322,607</u>	<u>322,607</u>
Accumulated amortisation :-		
At 1st April, 2008 and 1st April, 2007	<u>67,917</u>	25,468
Amortisation for the period / year	<u>21,224</u>	<u>42,449</u>
At 30th September, 2008 and 31st March, 2008	<u>89,141</u>	<u>67,917</u>
Net book value :-		
At 30th September, 2008 and 31st March, 2008	<u>233,466</u>	<u>254,690</u>

On 25th August, 2006, the Group acquired the entire issued capital of Tommy Hilfiger Asia-Pacific Limited together with its branch and subsidiary companies. The intangible asset represents the portion of the purchase consideration attributable to 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 :-

	30/9/2008	31/3/2008
	HK\$'000	HK\$'000
Current	112,599	135,993
	-----	-----
1 to 30 days overdue	8,841	12,535
31 to 60 days overdue	3,748	3,025
Over 60 days overdue	<u>3,601</u>	<u>1,867</u>
Amounts overdue	16,190	17,427
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	<u>128,789</u>	<u>153,420</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\$207,136,000 (at 31st March, 2008 : HK\$254,647,000) and their ageing analysis is as follows :-

	30/9/2008	31/3/2008
	HK\$'000	HK\$'000
Current	173,285	232,069
1 to 30 days overdue	23,943	14,897
31 to 60 days overdue	3,386	4,378
Over 60 days overdue	<u>6,522</u>	<u>3,303</u>
	<u>207,136</u>	<u>254,647</u>

10. SHARE CAPITAL

	30/9/2008		31/3/2008	
	Number of shares Thousands	Nominal value HK\$'000	Number of shares Thousands	Nominal value HK\$'000
Authorised :-				
Ordinary shares of HK\$0.3 each	<u>518,000</u>	<u>155,400</u>	<u>404,000</u>	<u>121,200</u>
Issued and fully paid :-				
Ordinary shares of HK\$0.3 each				
Balance brought forward	372,311	111,693	310,311	93,093
Shares issued	<u>—</u>	<u>—</u>	<u>62,000</u>	<u>18,600</u>
Balance carried forward	<u>372,311</u>	<u>111,693</u>	<u>372,311</u>	<u>111,693</u>

Notes :-

By an ordinary resolution passed at the annual general meeting held on 21st August, 2008, the Company's authorised share capital was increased to HK\$155,400,000 by the creation of an additional 114,000,000 ordinary shares of HK\$0.3 each, ranking pari passu with the then existing issued shares of the Company.

A placing of 62,000,000 existing ordinary shares of nominal value of HK\$0.3 each in the share capital of the Company at a price of HK\$7.37 per ordinary share was made by a shareholder to independent investors on 11th October, 2007. The same number of new ordinary shares were subscribed for on 18th October, 2007 by the shareholder of the aforesaid placing at approximately HK\$7.26 per new ordinary share which was equivalent to the placing price after deduction of commission and related expenses net of interest income earned.

11. CAPITAL COMMITMENTS

Capital commitments outstanding at 30th September, 2008 not provided for in the accounts were as follows :-

	30/9/2008 HK\$'000	31/3/2008 HK\$'000
Contracted for	30,217	20,449
Authorised but not contracted for	<u>927</u>	<u>174</u>
	<u>31,144</u>	<u>20,623</u>

12. CONTINGENT LIABILITIES

At 30th September, 2008, the Company had the following contingent liabilities in respect of :-

- (a) Guarantees of HK\$989,168,000 (at 31st March, 2008 : HK\$1,011,450,000) given to banks to secure facilities granted to certain subsidiary companies. The facilities were utilised to the extent of HK\$214,912,000 (at 31st March, 2008 : HK\$183,626,000) 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\$18,578,000 (at 31st March, 2008 : HK\$29,198,000) 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, 2008 and 31st March, 2008 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.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

Turnover for the six months ended 30th September, 2008 was HK\$1,859.8 million, an increase of 8.2 per cent. compared with the same period last year.

As a result of exercising tight controls on sale and discount policies, gross margins increased from 56.3 per cent. up to 58.2 per cent..

Profit attributable to equity shareholders was HK\$77.2 million, an increase of 2.1 per cent. compared with the corresponding period last year.

At the commencement of the current financial year, the Group was confident that with the continued strong turnover and profits growth of its existing core operations, the expansion of its retail network and the introduction of new brands, the Group would achieve strong and sustained growth in the immediate and longer term.

However, the global credit crisis and the rapid deterioration in economic conditions around the world has resulted in a sharp decline in consumer sentiment which will undoubtedly have a negative impact on the Group's turnover and profits performance for the second half of the year.

BUSINESS REVIEW

The Group's retail network currently totals 495 shops. This comprises 70 in Hong Kong, 268 in China, 3 in Macau, 116 in Taiwan and 38 in Singapore, Malaysia and the Philippines.

In September, the Group entered into an exclusive long term agreement to distribute Alexandre de Paris, the luxury French hair accessories brand, in Hong Kong and other South East Asia territories. The first three Alexandre de Paris corners have now been opened at Pacific Place Seibu, Kowloon Hotel Seibu and Harvey Nichols in Hong Kong with locations in Singapore, Malaysia and Taiwan to open by the end of the current financial year. Given the established international popularity of this brand and the expected high sales density to be achieved by such products, the Group remains confident that Alexandre de Paris will be a successful addition to the Group's brand portfolio despite the financial turmoil.

In Hong Kong, 6 new shops have been opened so far this year. Although its businesses performed well during the first few months of the current financial year, the Group witnessed a sharp decline in consumer sentiment in subsequent months. However, by maintaining a healthy inventory position and exercising tight cost controls together with the popularity of its brands, the Group is well placed to confront and overcome the challenges ahead.

In China, the Group has opened 50 new shops so far this year under brands such as Polo Ralph Lauren, S.T. Dupont, Brooks Brothers, Tommy Hilfiger and Vertu. As the Chinese economy is expected to continue to grow at about 8 per cent. per annum and is the market with the most growth potential in the longer term, the Group intends to cautiously continue its expansion in China.

In Taiwan, the election of a new government has improved relations with China, and the Group experienced strong sales growth in the first few months of the current financial year. However, sales slowed significantly as the economy deteriorated. The Group will continue to monitor political and economic developments in Taiwan and adjust its development strategies accordingly.

In the rest of Asia, the Group operates a retail network of 41 shops in Macau, Singapore, Malaysia and the Philippines. A very cautious approach will be taken regarding future development of these markets.

FULL YEAR PROSPECTS

Despite a promising start to the current financial year's performance for the Group, the global credit crisis has had an unprecedented negative effect on economic conditions and consumer sentiment worldwide.

Unlike the Asian financial crisis of 1997 or SARS in 2003, this latest crisis has caused significant damage to the global economy affecting consumers in all markets. This will undoubtedly have a negative effect on markets such as Hong Kong which rely on both domestic and international consumers. Given this situation, the Group will exercise tight controls on its inventory position and cost structure, and adopt a very cautious approach to its further expansion and development strategies.

However, the Group will continue to illustrate its unswerving commitment to the retail industry by opening additional stores around the region should prime locations become available on very attractive terms. This will enable the Group to enhance shareholder value in the longer term and demonstrate to brand principals the Group's ability to develop and maximise the potential of its brands even under the most difficult economic climate.

With a net cash position of HK\$356.2 million and a strong balance sheet, the Group is in a very strong position to weather this global credit crisis, exploit any future recovery in economic conditions and take advantage of any investment opportunities of exceptional value.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30th September, 2008, the Group had 3,303 (2007 : 3,020) employees. Total staff costs (including directors' emoluments) amounted to HK\$256.6 million (2007 : HK\$232.1 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 2008 annual report ("the 2008 Annual Report"). No share options were granted or exercised during the period under review.

LIQUIDITY AND FINANCIAL RESOURCES

During the period under review, the Group's net cash from operating activities was utilised to fund increased working capital requirements mainly arising from additional stock holdings 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\$236 million.

As a result, the Group's net liquid financial resources as at 30th September, 2008 stood at HK\$356.2 million represented by cash and bank deposits of HK\$455 million and short-term bank borrowings of HK\$98.8 million.

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

FOREIGN CURRENCY EXPOSURE AND FINANCIAL MANAGEMENT

The cost of merchandise purchased by the Group is mainly denominated in United States Dollars, Euros, Swiss Francs and Pound Sterling and where appropriate, forward foreign exchange contracts are utilised to purchase the relevant currency to settle amounts due. It is the Group's policy that 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 in cash 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, Singapore Dollars and Japanese Yen by the respective operating subsidiary companies.

The Group's financial risk management is the responsibility of its treasury function based in Hong Kong which implements the policies and guidelines established from time to time by the Board. Surplus cash is held mainly in United States Dollars, Hong Kong Dollars and Renminbi with the majority placed on short-term time deposits with international financial institutions.

As at 30th September, 2008, the Group's current ratio, being current assets divided by current liabilities, was 2.3 times compared to 2.2 times as at 31st March, 2008. 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, 2008 : Nil).

OTHER INFORMATION

INTERIM DIVIDEND

In view of the results, and bearing in mind the expected difficult trading conditions for the second half of the year, the Board has resolved to declare an interim dividend of 11.0 cents (2007 : 13.8 cents) per ordinary share. The interim dividend, which will be paid on Friday, 16th January, 2009, will absorb a total of about HK\$41.0 million (2007 : HK\$51.4 million) and will be paid to the shareholders whose names appear in the Register of Members of the Company on Tuesday, 6th January, 2009.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 5th January, 2009 to Tuesday, 6th January, 2009, 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 Friday, 2nd January, 2009.

SHARE PURCHASE, SALE AND REDEMPTION

During the six months ended 30th September, 2008, there was no 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 2008 Annual Report.

AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited consolidated interim results of the Group for the six months ended 30th September, 2008 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, 4th December, 2008

** For identification purposes only*