United Pacific Industries

United Pacific Industries Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 176)
Website: www.irasia.com/listco/hk/upi

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2010

CHAIRMAN'S REPORT

TO OUR SHAREHOLDERS,

I am pleased to report that, for our fiscal year ended 30 September 2010, your company achieved a satisfactory result and returned to operating profitability. In 2010 world economic conditions showed steady, although slower than desired, improvement. However, Europe and North America, where many of our products are sold, continued to lag the growth in Asia and much of the smaller economies. We expect this trend to continue into 2011.

On an overall basis, the Group showed a profit after tax from continuing operations of HK$27.0 million on a turnover of HK$1,145.5 million, giving earnings per share from continuing operations of HK2.75 cents. Shareholder funds at 30 September 2010 were HK$351.6 million. Our return on capital, in respect of continuing operations, is 8.9% (including restructuring charges) and 13.8% (excluding restructuring charges). This is below our long term goals but very respectable in 2010's difficult environment.

Management has spent considerable effort over recent years to reduce costs and make the UPI divisions more streamlined, cost competitive and efficient. The primary thrust of this has been to move productive capacity from the UK and Europe to Asia and also to establish good long-term supply arrangements with Asian suppliers. As mentioned in our Interim Report, management's most recent decision has been to move the hacksaw blade manufacturing operation from the UK to Jiangmen in the PRC. Spear & Jackson owns Eclipse, the leading brand of high-quality hacksaw blade product in England, but the cost of UK manufacture became prohibitively high resulting in an inability to be profitable. Rather than abandon a leading brand, management decided to relocate the manufacturing operation to a lower cost location. We are in the midst of this move at the present time and expect to have it completed and fully operational by the end of our fiscal year.

I mention this latest move of hacksaw manufacturing as an example to help explain why we have seen so many extraordinary restructuring charges come through our income statement in recent reports. All of these moves and charges have been designed to improve our operations. Most importantly, the hacksaw relocation is the last of our big moves and I anticipate we will be seeing far less of these charges in future. Also important, we are beginning to see the financial benefits of these moves come through.

Turning to a different subject, we have mentioned before that our Board of Directors is continuously reviewing the operations and strategy of the Group. We are very aware that the businesses we own produce items which are needed but are in highly competitive industries. Our basic strategy is to emphasize areas where we have strong brands by innovating with new and improved products coupled with a never-ending drive to reduce costs. However, we have some areas where we have decided we have no particular market advantage or market share. After a thorough review of our Singapore based operation, Jade Precision Engineering Pte Ltd. ("Jade" or "JPE"), your Board of Directors has decided to sell this company and re-deploy the funds elsewhere. As at 31 December 2010 we entered into an agreement to sell Jade to Rokko Holdings Ltd. ("Rokko"), a Singapore based company, for approximately HK$47.2 million in cash. Completion is expected by the end of February 2011. As a result, Jade has been treated as an asset held for sale in the statement of financial position and as a discontinued operation in the consolidated income statement. While this has resulted in a book loss in the Group's consolidated income statement, much of this is a non-cash reversal of the discount on acquisition we recorded at the time we purchased Jade in 2008. More importantly, if the original purchase price of Jade is added to the funds we invested in the company and this is compared to the gross sales proceeds, UPI will have made a cash profit of approximately HK$22 million, assuming that the sale is completed, as anticipated, in February.

PROSPECTS

We are continuing to see improved operating performance throughout most of the UPI divisions during the first quarter of Fiscal 2011. While there is still much economic uncertainty throughout the world, particularly in the West, we are optimistic that the trend is for continued slow improvement. Barring any unforeseen developments during the remainder of 2011, UPI should achieve a significant improvement in overall profitability and earnings per share.

I would like to thank all who contributed to our company during 2010: our customers, suppliers, financiers, our Board of Directors and our dedicated employees. It takes the support of many for any company to succeed in the long run. We look forward to continuing to work together with all our interested friends and associates during 2011.

In closing, I would like to mention the retirement of Mr. Brian C Beazer, who served for many years as Chairman and Chief Executive Officer of our Company. It is under his leadership that UPI was developed from a one-line contract manufacturing business, based in the PRC, into a true multi-divisional business, with significant operations not only in the PRC, but also in the UK, Europe and Australia. Brian remains a large shareholder of UPI, a good friend of the Company and myself personally, and assists management on a number of issues in which he has particular expertise.

DAVID H CLARKE
Chairman
Hong Kong, 6 January 2011

FINANCIAL HIGHLIGHTS

- Turnover from continuing activities up 19.2% from HK$962.6 million in 2009 to HK$1,145.5 million in 2010.
- After the difficult economic conditions experienced in 2009, especially in the Group's Contract Manufacturing and UK Tools and Metrology divisions, 2010 witnessed a general demand upturn with a corresponding increase in earnings.
- Gross margins from continuing operations increased from 26.1% in 2009 to 29.5% in 2010.
- Acquisition of Baty International Limited ("Baty") successfully completed in March 2010. Baty contributed post acquisition sales of HK$17.6 million and an operating profit of HK$2.3 million.
- Restructuring and other non-operating costs of HK$23.1 million, including HK$17.8 million in relation to the relocation of the Group's hacksaw blade manufacturing plant from the UK to the PRC.
- Net profit after tax attributable to continuing activities of HK$27.0 million (2009 – HK$7.2 million).
- Basic earnings per share from continuing activities of 2.75 HK cents per share (2009: HK$ 0.86 cent).
- On 31 December 2010, the Group entered into an agreement to sell its Singapore-based leadframe business, Jade Precision Engineering Pte Ltd. ("Jade") for S$8 million (approximately HK$47.2 million). The deal is expected to close by 28 February 2011 and the results and net assets of the Jade business are shown as a discontinued operation in the 2010 financial statements and the 2009 comparatives.
- 2010 consolidated income statement includes a loss of HK$ 30.6 million attributable to the discontinued operation. This comprises the trading loss for the year of HK$4.3 million (2009 – HK$6.4 million) and a HK$26.3 million write-down of the Jade assets to their recoverable amount (2009 – HK$nil).
- After deduction of the loss on discontinued operation of HK$30.6 million (2009: HK$6.4 million), net loss after tax attributable to owners of HK$3.6 million (2009: HK$0.8 million profit).
- Basic loss per share from continuing and discontinued operations of 0.36 HK cent per share (2009: earnings per share of 0.09 HK cent per share).
- After providing for the write-down of Jade's assets to their recoverable amount, Group net assets decreased by HK$18.1 million year on year to HK$351.6 million.
- Despite restructuring spend and increased working capital requirements for the relocation of the Group's hacksaw blade plant, low gearing remains a fundamental feature of a strong statement of financial position. Gearing ratio of 4.42% in 2010 compared to 6.22% in 2009.

RESULTS

The Board of Directors (the "Board") of United Pacific Industries Limited ("United Pacific Industries", "UPI" or the "Company") is pleased to announce the consolidated results of UPI and its subsidiaries (the "Group") for the year ended 30 September 2010 as set out below compared with the audited consolidated results for the year ended 30 September 2009.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2010

	Note	2010	2009
		HK$'000	*HK$'000*
Continuing operations			
Revenue	3	**1,145,529**	962,622
Cost of sales		**(807,472)**	(711,786)
Gross profit		**338,057**	250,836
Other income		**24,578**	9,817
Selling and distribution costs		**(191,733)**	(167,666)
Administrative costs		**(100,704)**	(63,409)
Restructuring costs		**(21,047)**	(6,779)
Other non-operating costs		**(2,015)**	—
Finance costs		**(6,915)**	(16,454)
Share of results of an associate		**1,959**	664
Costs on acquisition of a subsidiary		**(772)**	—
Cash flow hedge recycled from other comprehensive income		**(1,502)**	—
Discount on acquisition of a subsidiary		**—**	10,616
Impairment loss on available-for-sale financial assets		**—**	(3,813)
Profit before tax		**39,906**	13,812
Income tax charge	4	**(12,877)**	(6,587)
Profit for the year from continuing operations		**27,029**	7,225
Discontinued operation			
Net result from discontinued operation	9	**(30,608)**	(6,441)
(Loss)/profit for the year		**(3,579)**	784
Attributable to:			
Owners of the Company:			
Continuing operations		**27,029**	7,225
Discontinued operation		**(30,608)**	(6,441)
		(3,579)	784

	Note	2010	2009
		HK$'000	*HK$'000*
(Loss)/earnings per share from continuing and discontinued operation	6		
Basic		**(0.36 cents)**	0.09 cents
Diluted		**N/A**	N/A
Earnings per share from continuing operations	6		
Basic		**2.75 cents**	0.86 cents
Diluted		**2.74 cents**	N/A
Loss per share from discontinued operation	6		
Basic		**(3.11 cents)**	(0.77 cents)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2010

	Note	2010	2009
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**178,717**	243,044
Prepaid land lease payments under operating leases		**581**	598
Goodwill		**2,357**	—
Other intangible assets		**1,074**	1,623
Interest in an associate		**4,922**	3,556
Available-for-sale financial assets		**879**	632
Deferred tax assets		**75,241**	81,212
		263,771	330,665
Current assets			
Inventories		**255,894**	233,516
Trade and other receivables	7	**255,834**	249,448
Tax recoverable		**1,246**	1,437
Derivative financial instruments		**637**	2,345
Pledged bank deposits		**5,000**	5,000
Cash and cash equivalents		**114,029**	107,203
		632,640	598,949
Assets classified as held for sale	10	**84,476**	—
		717,116	598,949
Current liabilities			
Trade and other payables	8	**227,877**	199,122
Interest-bearing bank borrowings - amounts due within one year		**101,256**	101,691
Obligations under finance leases - amounts due within one year		**4,753**	6,941
Provisions		**22,056**	6,095
Derivative financial instruments		**3,359**	1,029
Tax payable		**5,908**	3,714
		365,209	318,592
Liabilities classified as held for sale	10	**38,023**	—
		403,232	318,592
Net current assets		**313,884**	280,357
Total assets less current liabilities		**577,655**	611,022

	Note	2010	2009
		HK$'000	*HK$'000*
Non-current liabilities			
Interest-bearing bank borrowings - amounts due after one year		**24,014**	20,600
Obligations under finance leases - amounts due after one year		**4,534**	5,961
Provisions		**1,698**	7,173
Retirement benefit obligations		**179,304**	189,552
Deferred tax liabilities		**16,466**	18,001
		226,016	241,287
Net assets		**351,639**	369,735
Capital and reserves			
Share capital		**99,185**	98,400
Reserves		**252,454**	271,335
Total equity attributable to owners of the Company		**351,639**	369,735

NOTES

1. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (together referred to as "the Group") made up to 30 September each year. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities.

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

For business combinations up until 1 October 2009, the acquisition of subsidiaries was accounted for using the purchase method. The cost of the acquisition was measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that met the conditions for recognition under HKFRS 3 "Business Combinations" were recognised at their fair values at the acquisition date. Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the business combination, the excess was recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree was initially measured as the minority's proportion of the net fair value of all identifiable assets, liabilities and contingent liabilities recognised.

For business combinations on or after 1 October 2009, the acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in the consolidated income statement as incurred.

At the acquisition date, the acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 (Revised) are recognised at their fair values, except that: deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively; liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payments awards are measured in accordance with HKFRS 2 Share-based Payment; and assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain. Non-controlling interests may be initially measured either at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual financial period beginning on 1 October 2009.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39	Embedded derivatives
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement-Eligible Hedge Items
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or an Associate
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 2 (Amendment)	Share-based Payments - Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK (IFRIC) - Int 2 (Amendments)	Members' Shares in Co-operative Entities and Similar Instruments
HK - Int 5	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HK (IFRIC) - Int 15	Agreements for the Construction of Real Estate
HK (IFRIC) - Int 17	Distribution of Non-cash Assets to Owners
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2008
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009

The adoption of the above new and revised HKFRSs have had no material effect on the reported results or financial position of the Group for both the current and prior reporting periods, except for the following changes:

HKAS 1 (Revised) Presentation of Financial Statements
The adoption of HKAS 1 (Revised) makes certain changes to the format and titles and primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses are unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income, for example, exchange differences arising on the translation of financial statements of foreign operations. HKAS 1 affects the presentation of changes in equity and introduces a "Statement of Comprehensive Income". Comparatives have been restated to conform with the revised standard.

HKFRS 3 (Revised) Business Combinations

HKFRS 3 (Revised) has been applied prospectively from 1 October 2009 and its application has affected the accounting for the Group's acquisition of subsidiaries during the year. The adoption of HKFRS 3 (Revised) requires acquisition-related costs of business combinations to be accounted for as expenses. As a result, the Group has recognised HK$772,000 of such costs as an expense in the consolidated income statement, whereas previously they would have been accounted for as part of the cost of the acquisition.

During the year, these changes in policies have affected the accounting for the acquisition of subsidiaries and resulted in lower amount of goodwill recognised in the consolidated statement of financial position of HK$772,000 and a corresponding increase in loss for the year in the consolidated income statement arising on the recognition of acquisition-related costs when incurred as result of the application of HKFRS 3 (Revised).

Early Adoption of HKFRS 8 Operating Segments

The adoption of HKFRS 8, Operating Segments, has not affected the identifiable and reportable operating segments of the Group. However, reported segment information is now based on internal management reporting information that is regularly reviewed by the executive directors and other chief operating decision makers. As a result, the adoption of HKFRS 8 has resulted in the presentation of the segment information in a manner that is more consistent with regular internal financial information. Corresponding amounts have been provided on a basis consistent with the revised segment information.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKAS 1	Presentation of Financial Statements (1)
HKAS 7	Statement of Cash Flows (1)
HKAS 12 (Amendment)	Deferred Tax - Recovery of Underlying Assets (8)
HKAS 17	Leases (1)
HKAS 24 (Revised)	Related Party Disclosures (5)
HKAS 32 (Amendment)	Financial Instruments: Presentation - Classification of Rights Issues (2)
HKAS 36	Impairment of Assets (1)
HKAS 39	Financial Instruments - Recognition and Measurement (1)
HKFRSs (Amendments)	Improvements to HKFRSs 2010 (7)
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions (1)
HKFRS 5 (Revised)	Non-current Assets Held for Sale and Discontinued Operations (1)
HKFRS 7 (Amendment)	Disclosures - Transfers of Financial Assets (4)
HKFRS 9	Financial Instruments (6)
HK (IFRIC) - Int 14 (Amendment)	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (5)
HK (IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments (3)

Notes:

[1] Effective for annual periods beginning on or after 1 January 2010
[2] Effective for annual periods beginning on or after 1 February 2010
[3] Effective for annual periods beginning on or after 1 July 2010
[4] Effective for annual periods beginning on or after 1 July 2011
[5] Effective for annual periods beginning on or after 1 January 2011
[6] Effective for annual periods beginning on or after 1 January 2013
[7] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
[8] Effective for annual periods beginning on or after 1 January 2012

The Directors of the Group anticipate that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements.

The Directors are currently assessing the impact of other new and amended HKFRSs upon initial application. So far, the Directors have preliminarily concluded that the initial application of these HKFRSs is unlikely to have a significant impact on the Group's results and financial position.

3. REVENUE AND SEGMENT INFORMATION

The Group's principal segments for internal reporting purposes are: the contract manufacturing, on OEM and EMS bases, of a wide range of power-related and electrical/electronic products ("Contract Manufacturing"); and the manufacturing, procurement and distribution of a broad line of hand, lawn and garden tools ("Tools"), magnetic tools and products including the provision of magnetic-based industrial solutions ("Magnetics"), and metrology or measurement tools ("Metrology"). Following the acquisition of Alford Industries Limited ("Alford") in January 2009, there was a further expansion of the principal segments to include electronic consumer products ("Consumer Electronics"). These five business segments are the basis upon which the Group reports its primary segment information. During the year the operations of Jade, the manufacturing and distribution of stamped, etched and plated leadframes for the semi-conductor industry, ("Leadframes") have been re-classified as discontinued.

Operating segments

	Continuing operations						Discontinued operation	
	Contract Manufacturing	Tools	Metrology	Magnetics	Consumer Electronics	Sub-total	Leadframes	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 30 September 2010								
Revenue								
External customers	261,313	562,111	114,197	90,790	117,118	1,145,529	130,461	1,275,990
Inter-segment sales	354	3,161	3,179	868	–	7,562	–	7,562
	261,667	565,272	117,376	91,658	117,118	1,153,091	130,461	1,283,552
Profit/(loss) before tax								
Segment profit/(loss)	16,211	24,837	9,498	12,170	(758)	61,958	(3,508)	58,450
Restructuring costs	(448)	(17,291)	–	–	–	(17,739)	–	(17,739)
Other non-operating costs	–	–	–	(2,015)	–	(2,015)	–	(2,015)
Share of results of an associate	–	–	–	1,959	–	1,959	–	1,959
Net finance costs	(2,266)	1,264	(207)	–	94	(1,115)	(1,695)	(2,810)
	13,497	8,810	9,291	12,114	(664)	43,048	(5,203)	37,845
Assets								
Segment assets	119,429	396,479	133,287	109,583	100,337	859,115	110,824	969,939
Liabilities								
Segment liabilities	83,556	343,220	56,226	70,576	41,743	595,321	59,402	654,723
Other information								
Additions of property, plant and equipment	–	773	264	181	954	2,172	1,519	3,691
Depreciation of property, plant and equipment	6,494	3,121	1,919	201	1,547	13,282	2,778	16,060
Amortisation of other intangible assets	–	–	359	156	–	515	–	515
Amortisation of prepaid land lease payments under operating leases	17	–	–	–	–	17	–	17
Net (credit)/charge for bad and doubtful debts	365	(1,082)	(189)	–	(546)	(1,452)	(145)	(1,597)
Impairment loss/(gain) in inventories	1,753	992	1,089	(1,135)	3	2,702	736	3,438

Inter-segment sales are charged at prevailing market rates.

	Continuing operations						Discontinued operation	
	Contract Manufacturing	Tools	Metrology	Magnetics	Consumer Electronics	Sub-total	Leadframes	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 30 September 2009								
Revenue								
External customers	229,010	480,838	93,300	75,775	83,699	962,622	79,384	1,042,006
Inter-segment sales	2,539	2,159	2,524	642	—	7,864	—	7,864
	231,549	482,997	95,824	76,417	83,699	970,486	79,384	1,049,870
(Loss)/profit before tax								
Segment profit/(loss)	(14,055)	4,220	2,504	14,155	5,870	12,694	(7,400)	5,294
Restructuring costs	(4,069)	(1,192)	(1,367)	(151)	—	(6,779)	1,491	(5,288)
Share of results of an associate	—	—	—	664	—	664	—	664
Net finance costs	(2,520)	(2,285)	(349)	(288)	(1)	(5,443)	(1,321)	(6,764)
	(20,644)	743	788	14,380	5,869	1,136	(7,230)	(6,094)
Assets								
Segment assets	141,966	397,266	112,033	93,661	94,074	839,000	85,130	924,130
Liabilities								
Segment liabilities	59,309	325,880	39,484	60,309	18,622	503,604	17,332	520,936
Other information								
Additions of property, plant and equipment	854	3,379	36	202	389	4,860	1,053	5,913
Depreciation of property, plant and equipment	8,301	2,791	2,332	136	1,070	14,630	2,362	16,992
Amortisation of other intangible assets	—	—	360	29	—	389	—	389
Amortisation of prepaid land lease payments under operating leases	27	—	—	—	—	27	—	27
Net (credit)/charge for bad and doubtful debts	(504)	526	(246)	(456)	574	(106)	(405)	(511)
Impairment (gain)/loss in inventories	(4,940)	(714)	3,426	216	(1,051)	(3,063)	(2,774)	(5,837)

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

	2010	2009
	HK$'000	*HK$'000*
Reportable segment revenues	**1,283,552**	1,049,870
Discontinued operation	**(130,461)**	(79,384)
Elimination of inter-segment revenues	**(7,562)**	(7,864)
Total revenue	**1,145,529**	962,622

	2010	2009
	HK$'000	HK$'000
Reportable segment profit/(loss)	**37,845**	(6,094)
Segment loss from discontinued operation	**5,203**	7,230
Inter-company transactions with discontinued operation	**(943)**	(789)
Cash flow hedge recycled from other comprehensive income	**(1,502)**	—
Costs on acquisition of a subsidiary	**(772)**	—
Unallocated corporate restructuring costs	**(3,308)**	—
Unallocated corporate net finance credits/(costs)	**761**	(9,393)
Unallocated corporate income	**2,622**	16,055
Discount on acquisition of a subsidiary	**—**	10,616
Impairment loss on available-for-sale fiancial assets	**—**	(3,813)
Profit from continuing operations before income tax	**39,906**	13,812

	2010	2009
	HK$'000	*HK$'000*
Reportable segment assets	**969,939**	924,130
Segment assets of discontinued operation	**(110,824)**	(85,130)
Assets classified as held for sale	**84,476**	—
Deferred tax assets	**75,241**	81,212
Goodwill	**2,357**	—
Other intangible assets	**1,074**	1,623
Interest in an associate	**4,922**	3,556
Available-for-sale financial assets	**879**	632
Consolidation and Group assets	**(47,177)**	3,591
Total assets	**980,887**	929,614

	2010	2009
	HK$'000	*HK$'000*
Reportable segment liabilities	**654,723**	520,936
Segment liabilities of discontinued operation	**(59,402)**	(17,332)
Liabilities classified as held for sale	**38,023**	—
Deferred tax liabilties	**16,466**	18,001
Consolidation and Group liabilities	**(20,562)**	38,274
Total liabilities	**629,248**	559,879

Geographical Segments

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

Revenue by geographical market

	Continuing operations		Discontinued operation		Total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
The People's Republic of China (the "PRC")						
Mainland China	**25,320**	27,929	**—**	—	**25,320**	27,929
Hong Kong (place of domicile)	**32,284**	29,026	**—**	—	**32,284**	29,026
	57,604	56,955	**—**	—	**57,604**	56,955
United States of America	**260,112**	188,065	**—**	—	**260,112**	188,065
UK	**253,194**	223,702	**—**	—	**253,194**	223,702
France	**97,411**	94,710	**—**	—	**97,411**	94,710
Australia	**188,455**	130,318	**—**	—	**188,455**	130,318
Others	**288,753**	268,872	**130,461**	79,384	**419,214**	348,256
	1,145,529	962,622	**130,461**	79,384	**1,275,990**	1,042,006

The following is an analysis of the carrying value of non-current assets (excluding deferred tax assets and financial assets) analysed by the geographical areas in which the assets are located:

Carrying value of non-current assets:

	2010	2009
	HK$'000	*HK$'000*
UK	**132,493**	135,040
Singapore	**—**	49,396
Mainland China	**28,822**	33,645
France	**17,586**	20,219
Hong Kong	**6,691**	8,563
Others	**2,059**	1,958
	187,651	248,821

4. INCOME TAX CHARGE

The income tax charge for the year comprises:

	Continuing operations		Discontinued operation		Total	
	2010	2009	2010	2009	2010	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current income tax:						
Hong Kong	**575**	1,446	**—**	—	**575**	1,446
Australia	**1,924**	—	**—**	—	**1,924**	—
Mainland China	**287**	(758)	**—**	—	**287**	(758)
Canada	**322**	—	**—**	—	**322**	—
United Kingdom	**—**	(455)	**—**	—	**—**	(455)
France	**811**	925	**—**	—	**811**	925
New Zealand	**328**	304	**—**	—	**328**	304
	4,247	1,462	**—**	—	**4,247**	1,462
Deferred tax	**8,630**	5,125	**—**	—	**8,630**	5,125
	12,877	6,587	**—**	—	**12,877**	6,587

(a) Hong Kong profits tax is calculated at 16.5% (2009 - 16.5%) on the estimated assessable profits for the year. Taxation arising in other jurisdictions is provided on the estimated taxable profits arising in those jurisdictions at the prevailing local rates.

(b) The income tax charge for the year can be reconciled to the profit/(loss) per the consolidated income statement as follows:

	2010	2009
	HK$'000	*HK$'000*
Profit/(loss) before tax:		
Continuing operations	**39,906**	13,812
Discontinued operation	**(30,608)**	(6,441)
	9,298	7,371
Tax at domestic rates applicable to profits or losses in the jurisdictions concerned	**(6,544)**	(3,560)
Tax effect of expenses not deductible for tax purposes	**(6,277)**	(5,726)
Tax effect of income not taxable for tax purposes	**1,540**	4,115
Tax effect of losses not recognised	**(6,197)**	(3,061)
Utilisation of tax losses previously not recognised	**6,866**	1,702
Effect of prior year adjustments	**(940)**	(899)
Decrease in recoverable amount of UK deferred tax asset (note c)	**(2,875)**	—
Others	**1,550**	842
Tax charge for the year	**(12,877)**	(6,587)

(c) The majority of the Group's deferred tax assets relate to temporary differences originating in its UK subsidiaries. Such deferred tax balances have been provided at 27% (2009 - 28%). Legislation formally enacted during the year has had the effect of reducing the effective tax rate from 28% to 27% from April 2011. Included in the HK$8,630,000 deferred charge for the year is a charge of HK$2,875,000 to reflect this change in tax rates.

(d) On 16 March 2007 the PRC promulgated the Law of the People's Republic of China on Corporate Income Tax ("the New Law"). On 6 December 2007 the State Council of the PRC issued Implementation Regulations of the New Law. Pursuant to the New Law and Implementation Regulations the corporate income tax rate for domestic and foreign invested enterprises will be unified at 25% from 1 January 2008. There will be a transitional period for the PRC's subsidiaries that are currently entitled to preferential tax treatments granted by the relevant tax authorities. The PRC subsidiaries currently subject to a corporate income tax rate lower than 25% will continue to enjoy the lower tax rate and will be gradually transitioned to the new unified rate of 25% within five years after 1 January 2008.

5. DIVIDENDS

Dividend declared and paid during the year:

	2010	2009
	HK$'000	*HK$'000*
Final dividend relating to the year to 30 September 2009 declared and paid of 0.5 HK cent per ordinary share (note a)	**4,924**	—
Interim dividend relating to the year to 30 September 2009 declared and paid of 0.5 HK cent per ordinary share (note b)	**—**	4,100
Final dividend relating to the year to 30 September 2008 declared and paid of 0.5 HK cent per ordinary share (note c)	**—**	3,600
	4,924	7,700

(a) At a Board Meeting held on 6 January 2010, the Directors recommended the payment of a final dividend of HK$4,923,600 (0.5 HK cent per ordinary share) for the year ended 30 September 2009, subject to shareholders' approval which was granted at the Annual General Meeting held on 12 March 2010. This final dividend was distributed on 17 March 2010 to shareholders whose names appeared on the share register of members of the Company as at the close of business on 12 March 2010.

(b) At a Board Meeting held on 25 June 2009, the Directors approved the payment of an interim dividend of 0.5 HK cent per ordinary share for the six months ended 31 March 2009. This interim dividend was distributed on 28 August 2009 to shareholders whose names appeared on the share register of members of the Company as at the close of business on 21 July 2009.

(c) At a Board Meeting held on 12 January 2009, the Directors recommended the payment of a final dividend of 0.5 HK cent per ordinary share for the year ended 30 September 2008, subject to shareholders' approval which was granted at the annual general meeting on 27 February 2009. This final dividend was distributed on 5 March 2009 to shareholders whose names appeared on the share register of members of the Company as at the close of business on 27 February 2009.

The Board does not recommend the payment of a final dividend for the year ended 30 September 2010 (2009 - 0.5 HK cent per ordinary share).

6. EARNINGS PER SHARE

(a) From continuing and discontinued operations

The calculation of the basic and diluted earnings per share is based on the loss attributable to the owners of the Company of HK$3,579,000 (2009 - HK$784,000 profit) and the weighted average number of ordinary shares, for basic earnings per share purposes, of 984,915,993 (2009 - 839,871,173). For diluted earnings per share, a weighted average number of shares of 991,245,347 has been used.

The diluted loss per share has not been presented for the year ended 30 September 2010 because the deemed exercised share options and issue of shares are anti-dilutive. Diluted earnings per share have not been presented for the year to 30 September 2009 because the exercise price of the Company's share options was higher than the average market price of the shares for the period.

The calculations are as follows:

Weighted average number of ordinary shares

	2010	2009
Issued ordinary shares at 1 October	**984,000,000**	720,000,000
Effect of share options exercised (note a)	**915,993**	—
Effect of new shares issued (note b)	**—**	66,575,342
Effect of Rights Issue (note c)	**—**	53,295,831
Weighted average number of ordinary shares at 30 September	**984,915,993**	839,871,173
Basic (loss)/earnings per share (HK$)	**(0.36 cents)**	0.09 cents
Diluted earnings per share (HK$)	**N/A**	N/A

(a) Relates to the share options exercised under the Company' share option scheme during the year.

(b) Relates to consideration shares issued in respect of the acquisition of Alford Industries Limited on 30 January 2009.

(c) Relates to Rights Issue shares issued in respect of a 1 for 5 Rights Issue on 5 August 2009.

(b) From continuing operations

The calculation of the basic and diluted earnings per share is based on the profit for the year from continuing operations of HK$27,029,000 (2009 - HK$7,225,000) and the weighted average number of ordinary shares, for basic earnings per share purposes, of 984,915,993 (2009 - 839,871,173). For diluted earnings per share, the weighted average number of shares of 991,245,347 has been used. Diluted earnings per share have not been presented for the year to 30 September 2009 because the exercise price of the Company's share options was higher than the average market price of the shares for the period.

	2010	2009
Basic earnings per share (HK$)	**2.75 cents**	0.86 cents

Weighted average number of ordinary shares (diluted)

	2010
Issued ordinary shares at 1 October	**984,000,000**
Effect of share options exercised (note a)	**915,993**
Effect of deemed issue of shares under the Company's share option scheme	**6,329,354**
Weighted average number of ordinary shares at 30 September	**991,245,347**

	2010	2009
Diluted earnings per share (HK$)	**2.74 cents**	N/A

(c) From discontinued operation

The calculation of the basic and diluted earnings per share is based on the loss for the year from discontinued operation of HK$30,608,000 (2009 - HK$6,441,000) and the weighted average number of ordinary shares, for basic earnings per share purposes, of 984,915,993 (2009 - 839,871,173). For diluted earnings per share, the weighted average number of shares 991,245,347 has been used.

The diluted loss per share has not been presented for the year ended 30 September 2010 because the deemed exercise of the share options and issue of shares are anti-dilutive. Diluted earnings per share have not been presented for the year to 30 September 2009 because the exercise price of the Company's share options was higher than the average market price of the shares for the period.

	2010	2009
Basic loss per share (HK$)	**(3.11 cents)**	(0.77 cents)
Diluted loss per share (HK$)	**N/A**	N/A

7. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	**254,451**	245,957	**—**	—
Less: impairment provisions	**(10,294)**	(12,356)	**—**	—
Trade receivables - net	**244,157**	233,601	**—**	—
Prepayments and other receivables	**11,677**	15,847	**852**	476
	255,834	249,448	**852**	476

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

GROUP

	2010	2009
	HK$'000	*HK$'000*
0 - 60 days	**226,976**	210,371
61 - 90 days	**7,272**	8,609
91 - 120 days	**3,979**	5,166
Greater than 120 days	**16,224**	21,811
	254,451	245,957

The Group allows credit periods ranging from 30 to 120 days (2009 - 30 to 120 days) to its trade customers depending on their credit status and geographical location. The Directors consider that the carrying value of the trade and other receivables approximate to their fair values.

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

GROUP

	2010	2009
	HK$'000	*HK$'000*
At 1 October	**12,356**	13,747
Impairment losses recognised	**3,641**	1,206
Impairment losses reversed	**(5,238)**	(1,717)
Currency realignment	**229**	(880)
Transfer to assets classified as held for sale	**(876)**	—
Acquisition of a subsidiary	**182**	—
At 30 September	**10,294**	12,356

The provision relates to individually impaired trade debtors that were in default of settlement terms and, in respect of which, no portion of the receivables is expected to be recovered.

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

	2010	2009
	HK$'000	*HK$'000*
91 - 120 days	**3,979**	5,166
Greater than 120 days	**5,930**	9,455
	9,909	14,621

Debtors that are past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality.

8. TRADE AND OTHER PAYABLES

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables	**145,812**	84,930	**—**	—
Accruals and other payables	**82,065**	114,192	**5,944**	5,397
	227,877	199,122	**5,944**	5,397

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

GROUP

	2010	2009
	HK$'000	*HK$'000*
0 - 60 days	**130,098**	76,286
61 - 90 days	**5,446**	3,896
Greater than 90 days	**10,268**	4,748
	145,812	84,930

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

9. DISCONTINUED OPERATION

On 31 December 2010, the Company entered into an agreement for the sale of its 100% equity interest in Jade Precision Engineering Pte Ltd. ("Jade") to Rokko Holdings Ltd. ("Rokko"), for a total consideration of S$8 million (equivalent to approximately HK$45.2 million, after applicable costs on disposal), payable in cash.

Jade had been acquired by the Company in July 2008 and is principally involved in the manufacture and distribution of stamped, etched and plated leadframes for the semi-conductor industry.

The sale is expected to conclude on or before 28 February 2011 following an EGM convened by Rokko at which shareholder approval for the acquisition will be sought. An irrevocable undertaking has been received from Rokko's majority shareholder, holding 68% of that company's issued share capital, to vote in favour of the acquisition.

The comparative consolidated income statement and related notes have been re-presented as if the operation discontinued during the year was discontinued at the beginning of the comparative period. The revenues and results and cash flows of Jade were as follows:

	2010	2009
	HK$'000	*HK$'000*
Revenue	**130,461**	79,384
Cost of sales	**(126,222)**	(81,815)
Gross profit	**4,239**	(2,431)
Other income	**367**	1,752
Selling and distribution costs	**(1,634)**	(2,459)
Administrative costs	**(6,480)**	(4,262)
Restructuring costs	**—**	1,491
Finance costs	**(752)**	(532)
	(4,260)	(6,441)
Loss on remeasurement to fair value less costs to sell	**(26,348)**	—
Loss before tax from discontinued operation	**(30,608)**	(6,441)
Income tax charge	**—**	—
Net result from discontinued operation	**(30,608)**	(6,441)

The cash flows from the discontinued operation are as follows:

	2010	2009
	HK$'000	*HK$'000*
Net cash generated from/(used in) operating activities	**548**	(7,888)
Net cash generated from/(used in) investing activities	**917**	(4,218)
Net cash (used in)/ generated from financing activities	**(275)**	4,110
Net increase/(decrease) in cash and cash equivalents	**1,190**	(7,996)

10. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

On 31 December 2010, the Company entered into an agreement for the sale of its 100% equity interest in Jade Precision Engineering Pte Ltd. ("Jade") to Rokko Holdings Ltd. ("Rokko"), an independent third party, for a total consideration of S$8 million (equivalent to approximately HK$45.2 million, after applicable costs on disposal), payable in cash.

Jade was acquired by the Company in July 2008 and is principally involved in the manufacture and distribution of stamped, etched and plated leadframes for the semi-conductor industry.

The assets and liabilities attributable to Jade, which have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position, are as follows:

	Carrying amount as at 30 September 2010	**Carrying amount upon being classified as held for sale**
	HK$'000	*HK$'000*
Assets of disposal group classified as held for sale:		
Property, plant and equipment	**25,306**	51,654
Inventories	**20,450**	20,450
Trade and other receivables	**36,539**	36,539
Cash and cash equivalents	**2,181**	2,181
	84,476	110,824
Liabilities of disposal group classified as held for sale:		
Trade and other payables	**21,296**	21,296
Bank overdrafts	**5,872**	5,872
Other interest bearing bank borrowings	**8,460**	8,460
Obligations under finance leases	**2,395**	2,395
	38,023	38,023

Cumulative income/(expense) recognised directly in equity relating to disposal group classified as held for sale:

	2010	2009
	HK$'000	*HK$'000*
Exchange differences arising on translation of foreign operations	**242**	(3,473)

11. CONTINGENT LIABILITIES

The Group is, from time to time, subject to legal proceedings and claims arising from the conduct of its business operations, including litigation related to personal injury claims, customer contract matters, employment claims and environmental matters.

The PRC tax authorities are carrying out an examination of the tax returns of the Company's PRC based subsidiaries in respect of the fiscal years 2000 to 2004. No provision has been made by the Group since the examination has not yet been completed and the amounts of the liabilities, if any, cannot be reliably determined.

While it is impossible to ascertain the ultimate legal and financial liability with respect to contingent liabilities including lawsuits, the Directors of the Company believe that the aggregate amount of such liabilities, if any, in excess of amounts accrued or covered by insurance, will not have a material adverse effect on the consolidated financial position or results of operations of the Group.

12. EVENTS SINCE THE REPORTING DATE

On 31 December 2010, the Company entered into an agreement for the sale of its 100% equity interest in Jade Precision Engineering Pte Ltd. ("Jade") to Rokko Holdings Ltd. ("Rokko"), an independent third party, for a total consideration of S$8 million (equivalent to approximately HK$45.2 million, after applicable costs on disposal), payable in cash.

Jade was acquired by the Company in July 2008 and is principally involved in the manufacture and distribution of stamped, etched and plated leadframes for the semi-conductor industry.

The sale is expected to conclude on or before 28 February 2011 following an EGM convened by Rokko at which shareholder approval for the acquisition will be sought. An irrevocable undertaking has been received from Rokko's majority shareholder, holding 68% of that company's issued share capital, to vote in favour of the acquisition.

In the financial statements for the year ended 30 September 2010, Jade has accordingly been presented as a discontinued operation and as an asset held for sale.

13. COMPARATIVE FIGURES

As a result of the application of HKAS 1 (Revised), Presentation of Financial Statements, certain comparative figures have been adjusted to conform to the current year's presentation. In addition, the comparative consolidated income statement has been restated in respect of the discontinued operation as if the operation discontinued during the current year had been discontinued at the beginning of the comparative period.

BUSINESS REVIEW AND PROSPECTS

Financial and Operations Review

After the turmoil experienced in 2009, especially in the Group's UK Tools, Contract Manufacturing, Metrology and Leadframe divisions, 2010 witnessed a general market upturn with a corresponding increase in earnings.

As part of the Group's continuing strategy to migrate expensive UK manufacturing operations to lower cost locations, the announcement was made in the year that the UK's hacksaw blade manufacturing operation would close and production would be transferred to a newly formed subsidiary operating from new, purpose built premises in the PRC. Closure and relocation provisions in respect of this initiative have been made in the 2010 financial statements.

In addition to such internal reorganisation initiatives, the Group's activities were also expanded by external acquisition through the purchase, in March 2010, of Baty International Limited ("Baty"). This company was both profit and cash positive post acquisition.

On 31 December 2010, the Group entered into an agreement to sell its Singapore-based leadframes business, Jade Precision Engineering Pte Ltd ("Jade"). The disposal is expected to close by 28 February 2011 and the results and net assets of the Jade business are shown as a discontinued operation in the 2010 financial statements and the 2009 comparatives.

Group Results

In the year ended 30 September 2010, the Group recorded a turnover of HK$1,145.5 million from continuing operations, an increase of 19.2% when compared to the turnover of HK$962.6 million for the year ended 30 September 2009.

Gross margins increased from 26.06% in the prior year to 29.51% in the current year, reflecting improved procurement, beneficial sales mixes and the favourable impact of restructuring initiatives.

The Group's operating profit from continuing operations before net finance costs, share of associate's profits, other non-operating items and taxation increased to HK$64.6 million in the year ended 30 September 2010, up by HK$35.9 million, or 124.6%, from the prior year.

Consistent with the increase in operating profit, the Group's EBITDA from continuing operations (i.e. earnings before net finance costs, share of associate's profits, non-operating items, taxation, depreciation and amortisation) for the year under review amounted to HK$86.0 million (2009 – HK$51.5 million), an increase of HK$34.5 million, or 67%, over the prior year.

The acquisition of Baty was completed in March 2010. The purchase consideration represented a 26% premium to the adjusted fair value of the company's assets at acquisition, resulting in a goodwill on acquisition of HK$2.3 million.

The Group's net profit from continuing operations before tax was HK$39.9 million. This compares to a net profit in the prior year of HK$13.8 million. 2010's result includes restructuring costs and other non-operating costs of HK$23.1 million, including HK$17.8 million in relation to the relocation of the Group's hacksaw blade manufacturing plant from the United Kingdom to the PRC. 2009 benefited from the inclusion of a HK$10.6 million discount on acquisition arising on the acquisition of Alford Industries Limited in January 2009.

The tax charge for the year ended 30 September 2010 was HK$12.9 million (2009 – HK$6.4 million).

The profit attributable to continuing activities was HK$27.0 million (2009 – HK$7.2 million), an increase of 274% compared to the prior year.

2010 earnings per share from continuing operations were 2.75 HK cents compared to earnings per share of 0.86 HK cents in 2009.

As a result of classifying Jade as an asset held for sale, the net result from this discontinued operation for the year was a loss of HK$30.6 million (2009 – HK$6.4 million). After deducting the result attributable to the discontinued operation, the total Group net loss for the year was HK$3.6 million (2009 – HK$0.8 million profit).

The 2010 loss per share from continuing and discontinued operations was 0.36 HK cents compared to earnings per share of 0.09 HK cents in 2009.

Divisional Results Overview

Contract Manufacturing Division (Pantene Group)

After the difficult trading conditions experienced by Pantene in the prior year, the division's operating performance improved significantly in fiscal 2010. Management focus on obtaining new customers and business has borne fruit with sales increasing overall by HK$30 million to HK$262 million (+13%).

Gross margin rose to 16% from 7% in the prior year thanks to careful control of material prices, the successful renegotiation of selling prices and the savings resulting from the reorganization initiatives implemented in fiscal 2009. These benefits were, however, diluted by mandatory wage increases and labour rate increases driven by manpower shortages.

The sales and demand improvements experienced in the current year are anticipated to continue in fiscal 2011, but despite the opportunities for increased business across all our major customers, there are still a number of unpredictable variables such as raw material price increases, US$ depreciation against the RMB, electronic component material shortages, adverse exchange rate movements and fragile consumer confidence that could restrict the growth potential.

Tools Division

UK Tools (Neill Tools Ltd./Spear & Jackson Garden Products Ltd.)

Fiscal 2010 saw tough trading conditions across all sectors within the UK industrial markets as a result of the ailing UK economy. Demand in the UK retail and building sectors was particularly subdued, although this subdued demand was mitigated by new listings and gains in market share within the independent channel for our hand and garden tools and also by the introduction of new products. Overall, our home market showed sales 11% better than the previous year, this being an exceptional performance taking into consideration the lack of confidence and poor economic outlook.

Performance in our overseas markets was driven by new product introductions taking market share from our competitors, particularly within Far and Middle East markets. Europe remained stagnant with continuous price reduction pressure as customers attempted to offset poor volumes with demands for reduced prices. Overall, our export business was 11% better than the previous year and a good reflection of the success of our new product development process.

Total sales were 11% better than last year. However, exchange rate pressure and material cost increases put pressure on our margins during the year. This was offset by sales price increases and the division also benefited from the reorganization initiatives implemented last year which delivered a 7 point gross profit % increase. Overheads were managed effectively and, as a result, the business reported improvements in its operating profit.

One of the main challenges during the year related to the management of the closure of our remaining manufacturing plant in Sheffield, UK. This facility was closed at the end of September and in the first quarter of fiscal 2011 production was transferred to a new, wholly owned subsidiary based in purpose built, leased premises in Jiangmen, PRC. We expect PRC production to commence during April 2011.

The outlook for 2011 remains uncertain within the UK market following the government's recent announcement of public expenditure cuts. To combat weakening demand, our strategy is to drive new product development into key export markets, develop Asia further with our existing products and to focus on stepping into new channels with the UK market.

Robert Sorby

Trading conditions for Robert Sorby were extremely challenging throughout the year. Not only did we have to contend with the low level of consumer confidence worldwide but, most specifically, the continued low level of interest rates on savings which impacted adversely on the disposable income available to retirees who represent by far our largest consumer segment.

Against this background worldwide sales fell by 4%. This was particularly evident in the UK where our dealers were reluctant to invest in anything more than basic inventory. Even our own retail store was not immune from the effect of the market decline. However, we did see a shift in segmentation with internet orders growing significantly, partly as a result of the up-grading of our website. The downturn was further mitigated by the introduction of an important new product, a hollowing tool, which almost immediately gained distribution worldwide, enabling us to maintain product margins.

Despite the decline in sales, operating profit improved by 4% thanks to prudent management of overhead expenses. This included the non-replacement of staff leavers and bringing more manufacturing and marketing work in-house, together with an increased use of digital technology. Additionally, operating efficiencies were levered from the retail store's new premises.

The immediate outlook is far from clear. New products introduced will generate incremental business. However, the UK faces a period of austerity, including an increase in sales tax, which is likely to put further pressure on sales levels. On an international scale, the gradual weakening of the US$ against the pound Sterling could bring about a decline in sales, especially in the USA.

Spear & Jackson France

As in the previous year, fiscal 2010 exhibited unpredictable demand levels but, unlike fiscal 2009, was marked by a difficult spring as a result of adverse weather conditions allied to a difficult economic landscape in France which made consumers very cautious.

The company's results were good up to the end of February 2010 with successful sales campaigns in autumn 2009 and in January and February 2010. At that point, the company had increased turnover by 9% over the previous year. However, the second part of the year was much more problematic with poor results in quarter three of the fiscal year, although sales activity in the summer months of quarter four improved, mainly due to the launch of a new private label garden tools range in June 2010. Overall, turnover was in line with budget and the improved gross profit margins experienced in fiscal 2009 were maintained in the current year despite severe price pressure being exerted by our major suppliers.

Similar to last year, the period has seen smaller competitors failing and going into administration or being acquired by larger rivals. Additionally the trend towards the amalgamation and rationalisation of both customers and suppliers, creating a number of larger, more powerful businesses has continued. This has served to intensify competition with our rival suppliers and place increased pressure on us to secure listings and sales with a decreasing number of potential customers.

A number of new products were launched in the year. New product development is the life blood of the company and this, allied to continuous improvement in procurement processes, particularly via increased sourcing from the PRC, are seen as the main drivers in maintaining sales and margins as we move into fiscal 2011.

Spear & Jackson Australia

During fiscal 2010, the Australian business traded strongly with sales increasing 17% on the prior year. While trading conditions were less volatile than the prior year, the business continued to increase sales and market share despite weakening consumer demand after the wash through of the Australian Government's prior year economic stimulus.

This resilient sales performance is attributable to the ongoing success of new product releases, range extensions and aggressive promotional sales offers across all market segments in which we compete. In addition, a stronger Australian dollar, tight working capital management and the initiatives taken in fiscal 2009 to underpin our trading margins, delivered the desired profit outcome for the business with the operating profit for the year up 264% on the prior year.

Spear & Jackson New Zealand

The New Zealand business traded poorly in fiscal 2010 in one of the most challenging economic times for the New Zealand economy given the pace and volatility of change. In addition, the loss of business with a major retail group in the second half of the year, together with a slowing consumer market, restricted our sales efforts resulting in sales declining 14% on the prior year. Despite the decline in sales revenue, management was successful in offsetting the negative impact of the declining sales base by bringing overheads into line with sales and restoring trading margins to pre 2009 levels through selective price increases and cost reductions from suppliers. These measures reduced the fiscal 2010 loss by 168% when compared to the prior year.

Metrology Division (Bowers Group)

The trading conditions for the first half of the financial year continued to be very challenging, but we saw a marked improvement in the second half. Highlights were the return to pre-recessionary order levels from our key USA distributors; a strong rebound in capital sales in the UK, and an excellent performance from our new group member, Baty. Although showing a small improvement in the second half, our key European markets remain subdued.

Sales on a like-for-like basis, excluding Baty, were up 3% year-on-year. This is a considerable achievement given the comparison to an extremely strong quarter 1 in fiscal 2009 and the fact that sales were 20% down at the half year stage. Profitability in the final few months of the year was back to levels experienced prior to the recession, although this is due to the cost base being much lower, rather than sales being back to normal levels.

One of the key challenges in the year was the productivity level at the key Bradford manufacturing site. With 35% of the work-force laid off in 2009, maintaining efficiencies proved difficult in the first half of the year, but significant improvements were made by management during the second half. With a strong increase in order levels in the second six months of the year, deliveries of components and products from suppliers became extended, with this problem likely to continue into the new financial year.

New products launched during the year included the Bowers XTL Lever Bore Gauge and the XT500 large diameter gauge. Baty showed strong growth with the new Venture Plus and SM350 Profile Projector ranges, finishing the 7 months of ownership well above expectations.

The closing order book at the year end was relatively strong, therefore the first quarter of the new financial year looks positive. Opportunities for growth exist with the European market likely to recover in 2011 and with new distribution possibilities in the Asian markets, particularly China and India. Outside of sales growth, maintaining productivity levels throughout 2011 will be one of the key drivers of profitability.

Magnetics Division (Eclipse Magnetics)

The year saw tough trading conditions within the UK manufacturing sector as the adverse macro economic factors had a direct impact on our Engineered Products section where discretionary spend on larger capital projects reduced. However, the food processing sector remained strong and we continued to develop new customers with strong year on year growth in this area.

Our overseas markets were developed as we targeted new business in the European food processing sector and the North America manufacturing sector. Against this, our commodity based business slowed during the year as a direct result of the poor manufacturing outlook.

Despite this challenging environment, sales, overall, were 20% better than last year. Margins remained under pressure as a result of the weakness of the pound and continued material cost increases due to the volatility of cobalt and nickel, not all of which could be passed onto our customers.

The outlook for 2011 remains uncertain within the UK market following the government's announcement of public sector cost cuts. Our strategy is to continue to develop our European business and to focus on establishing higher sales within the Asia Pacific region via our existing magnetic filtration and separation ranges.

Consumer Electronics Division (Alford Industries)

While the global economic environment improved in fiscal 2010 compared to the previous year, competition remained intense in the consumer electronics market sector, which resulted in a dilution of profit margin in the current period.

The division's sales volumes are concentrated on the supply of baby monitoring equipment to the USA. Up until quarter four of fiscal 2010, sales into this sector were strong and ahead of budgeted levels. However, in last quarter of the year there was a sharp decline in the demand for analogue baby monitors prior to the introduction of the digital version. The transition from analogue to digital will last into quarter two of 2011, although thereafter, we anticipate a steady growth in digital baby monitor sales.

Our headphone business was adversely affected in fiscal 2010 by increasing price competition and major customers downsizing, implementing re-structuring initiatives and rationalizing product range mixes. However, a new series of Alford OBM/ODM Bluetooth headphones is planned for launch in fiscal 2011 in both overseas and mainland China markets where it is seen as a hedge against the decline in the older technology VHF / UHF headphone business.

The sound magnifier business was sluggish in fiscal 2010 as demand softened for one of our key products which had been subject to a massive Spotlight Grande TV promotion in 2009. In contrast to the low-end sound magnifier range, hearing aids will play a key role in fiscal 2011 as we plan to penetrate into Europe, South America, the United States and the Middle-East.

Fiscal 2011 will be a challenging year. To deal with these challenges, the Alford management team will continue to focus on the implementation of state-of-the-art technology and manufacturing know-how to position itself as one of the most competitive EMS providers in the industry, particularly with regard to its flagship baby monitor range.

Leadframes Division (Jade Precision)

As a result of the Group entering into an agreement to sell Jade on 31 December 2010, the Lead Frames division has been classified in the consolidated statement of financial position at 30 September 2010 as an asset held for sale and its result for the year included within a separate caption "Net result from discontinued operation" in the consolidated income statement.

The division's trading performance in the previous year was severely hit by the world-wide fall in demand in the consumer electronics sector and sales to all major customers were adversely affected. Sales in fiscal 2010 improved significantly, reflecting improving trends in the global leadframe market.

Although sales demand has increased, margins have remained under great pressure as a result of oversupply in the market, rapidly rising raw material prices (copper, silver and gold, our primary materials, have more than doubled in price) and adverse fluctuations in foreign currencies, particularly the Singapore dollar's continuous strengthening against the US$.

Offsetting these cost increases were labour cost savings following the introduction of a shorter 4 day working week, the favourable impact of the savings resulting from the restructuring initiatives implemented in fiscal 2009, the further savings arising from consolidating our manufacturing operations from three plants down to two and the transfer of more of our stamping tools operation to the Pantene operation in the PRC.

Despite the strengthening sales position and cost savings initiatives that have been implemented, the company still sustained losses in the year although these were significantly less than those suffered in the prior year. Management is focused on generating incremental sales and delivering further cost savings so that the company can return to profitability as soon as possible.

Prospects and Strategies

The year ended 30 September 2009 saw each of the Group's divisions operate under increasingly competitive market conditions as the full effects of the turmoil in financial markets and a deepening economic downturn took hold. The period was typified by reduced demand and continuous margin pressure. Market conditions in the current year were more benign and the Group saw an improving trading position in each of its principal divisions.

The Tool and Contract Manufacturing divisions were badly affected in fiscal 2009 where significant reductions in sales and orders persisted throughout the period. In 2010, we experienced sales improvements during the year as a result of new product launches, new customers being secured and a general market upturn. Earnings correspondingly increased as a result of the improved sales, additional overhead reduction, improved product procurement and significant price increases within certain UK channels.

Moving forward, a sustainable profit base allied to a positive cash flow will be key requirements for these businesses. In recent times the Tool division has implemented a number of significant restructuring initiatives to systematically improve profitability, principally via the migration of its manufacturing operations. As the final element of this program, in November 2009 the UK hand tool division announced the closure of its hacksaw blade manufacturing operation in Sheffield.

Following the build of approximately HK$21 million of buffer inventories, production ceased in the UK in October 2010. The transfer of these operations to a newly formed, wholly owned subsidiary based in leased premises located in Jiangmen in the Guangdong province of the PRC began in quarter 1 of fiscal 2011. Production is forecast to commence in April 2011 with full production capacity being reached in July. This relocation will enable the division to reduce costs whilst retaining the manufacture of a flagship product within the Group.

The Contract Manufacturing division has experienced increases in sales demand and this trend looks to continue into fiscal 2011 but, as with other businesses in the PRC, the division will face margin pressures as a result of labour rate increases and manpower shortages.

Robert Sorby escaped the worst of the 2009 recessionary environment and the 2010 results showed further improvements in operating profitability. Fiscal 2011 will, however, present particular challenges to the business as a result of the adverse impact that falling interest rates in the US and UK will have on the levels of disposal income of the company's principal customer sector.

Spear & Jackson France enjoyed a successful 2010 and the company will continue to develop sales in new sectors of the French market through expansions in both the customer base and product range. Additionally, management will continue to seek improved procurement processes particularly via the increased sourcing of key products and components from the PRC.

In Australasia, management has been successful in restoring margins to prior year levels through selected price increases and product cost reductions from suppliers. Despite the competitive trading conditions, these factors, together with favourable exchange movements, the ongoing streamlining of sourcing and supply chain activities and cost minimisation programs, the division's trading performance should further improve in fiscal 2011.

The Magnetics division produced excellent results in 2009 despite the bleak trading environment worldwide. However, the first months of fiscal 2010 saw a softening in demand with markets in the magnetic product sector remaining cautious during the first quarter of the 2010 fiscal year. Nevertheless, the company returned profits in line with those generated in fiscal 2009.

The Group's Metrology division was particularly hard hit by a sudden demand downturn in the second half of fiscal 2009. Profits generated in the first six months were fully absorbed by trading losses and restructuring cost sustained in the second six months. The results for fiscal 2010 significantly improved and although the return to fiscal 2008 sales levels will be a gradual process, fiscal 2011 is still expected to show an improvement over 2010. The company's product offering and brand portfolio have been expanded through the acquisition of Baty in March 2010. Baty has been profit generative and cash positive since acquisition.

In our Consumer Electronics division falling demand in the final quarter of fiscal 2010 depressed the result for the year. This sales decline relates to the fall in demand for analog baby monitors prior to the introduction of a digital version. The transition period from the older to the latest version of the monitor will last into quarter two of fiscal 2011 and sales will be adversely affected in that period.

Of all the Group's divisions, the Leadframes operation was the most severely affected by falling demand. JPE was acquired by the Company in July 2008 and during 2009 JPE was severely hit by the world-wide fall in demand in the consumer electronics sector. Results in the current year demonstrate an improving position but the division remains loss-making. Management remained focused on driving cost reductions and manufacturing efficiencies and securing incremental sales in order to return the division to profitability as soon as is possible.

After a full strategic review of the business, the Board decided to sell the division and, on 31 December 2010, entered into an agreement to dispose of the company. The Board is of the view that the sale is beneficial to the Group strategically, operationally and financially, that the business of JPE no longer represents a core activity of the Group and that the future of the JPE business would be best secured under new ownership.

The Board believes that the disposal will allow the Group to focus management time and cash resources on developing key elements of the remaining businesses in the Group and also to explore investment and other opportunities as they arise.

The sale is expected to close by 28 February 2011.

Our individual businesses were affected to differing degrees and at different times in the year but the overall theme of reduced demand and margin pressure was consistent.

The Group's operational strategy is to drive incremental sales through new product development and the penetration of new markets. Restructuring initiatives implemented in the current and prior years have delivered cost savings and we continue to explore opportunities to further reduce and rationalize the cost of the Group's operating base in order to maintain margins and to retain its competitive edge.

Expansion through mergers and acquisitions remains a key driver in our overall business strategy. Following the successful completion of the acquisition of Baty in March 2010, our Executive Directors and the Group Management team continue to look for value accretive opportunities to extend the Group's activities by further suitable synergistic acquisitions.

Entering 2011, the economic landscape is far from certain. We believe, however, that the Group's product diversity and the geographical spread of its sales markets will leave the Group well positioned to avoid the worst effects of any future global recession and to benefit from improvements in world markets as and when these occur.

The Group considers it is well placed for the future with a portfolio of good companies having a strong asset base backed by sound cash flow. With our wide-range of activities we will be able to take advantage of opportunities as they arise to develop the Group for the benefit of all its stakeholders. Accordingly, we are expecting, in the ordinary course of business and barring unforeseen circumstances, an improving situation in 2011.

SCOPE OF WORK OF BDO LIMITED ON THE ANNOUNCEMENT

The figures in respect of the announcement of the Group's results for the year ended 30 September 2010 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagement or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the announcement.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Tuesday 15 March 2011 at Plaza 1 - 2, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Friday 11 March 2011 to Tuesday 15 March 2011, both days inclusive, during which period no transfer of shares will be registered. In order to determine the identity of members who are entitled to attend and vote at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Thursday 10 March 2011.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company throughout the year under review up to the date of this announcement, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as the code of conduct governing directors' securities transactions. All directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the year under review.

Employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with guidelines on no less exacting terms than the Model Code.

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 consolidated financial statements for the year ended 30 September 2010.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 30 September 2010, with the exception of the following deviations:

Under the code provision A.2.1, the roles of Chairman and Chief Executive Officer should be separate and not performed by the same individual. For the period from 1 October 2009 to 30 June 2010, the roles of both Chairman and Chief Executive Officer were performed by Mr. Brian C Beazer. During that time, the Group considered that this structure did not impair the balance of power and authority between the Group and the management and both the Board and senior management of the Group significantly benefited from the leadership, support and considerable management experience of Mr. Brian C Beazer. Since 30 June 2010, the roles of Chairman and Chief Executive Officer have been performed by Mr. David H Clarke and Mr. Henry W Lim, respectively.

Under the code provision A.4.1, non-executive directors should be appointed for a specific term. Under the code provision A.4.2, every director should be subject to retirement by rotation at least once every three years. Currently, non-executive directors are not appointed for a specific term. However, all directors are subject to retirement by rotation at least once every three years at each annual general meeting under the Bye-Laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

PUBLICATION OF DETAILED ANNUAL RESULTS ON THE STOCK EXCHANGE'S WEBSITE

This announcement is published on the Company's website (www.irasia.com/listco/hk/upi and www.upi.com.hk) and on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk).

By Order of the Board
United Pacific Industries Limited
DAVID H CLARKE
Chairman

Hong Kong, 6 January 2011

As at the date hereof, the Executive Directors of the Company are Mr. David H Clarke, Mr. Simon N Hsu, Mr. Henry W Lim and Mr. Patrick J Dyson; and the Independent Non-executive Directors are Mr. Robert B Machinist, Mr. Ramon S Pascual and Dr. Wong Ho Ching, Chris.