

Chairman's Statement

RESULTS



A luxury brand store recently completed by the Group's retail fixture division
本集團之裝置分銷組最近完成之豪華品牌店鋪

I am both happy and very proud to report to you that the Group's full year results for 2006/2007 are the best ever achieved in the Group's history. Records were set for total revenue, total profits and return on shareholders' funds. Revenue for the year ended 31 March 2007 was HK\$636.8 million, up 31.4% as compared with the previous year. Net profits were HK\$78.3 million, up 101.9% as compared with the previous year. And, return on shareholders' funds was 26.4% compared to 17.2% for the previous year. These results are gratifying because the furniture industry has not grown significantly over the past year and reinforced the position of Decca as a diversified industry leader.

BUSINESS REVIEW

All sectors of business and geographic areas contributed to these record results. North America continues to be the largest market for the Group accounting for approximately HK\$385.6 million of revenue or 60.6% of the Group's total turnover. Strong results were also achieved by the Projects Department and in Europe.

The Kerzner Inter'l Development Group's Atlantis project was the largest source of revenue in America adding HK\$33.2 million to the Group's turnover. This project is approximately 60% complete and will make a significant contribution to next year's results. The Projects Department's contribution went from HK\$95.6 million in 2006 to HK\$133.2 million for 2007 mainly due to the completion of the Mandarin Oriental Hotel-Hong Kong renovation in February. The results for Europe grew largely due to the completion of furniture packages for the Ritz Carlton - Moscow and the Ritz Carlton - Dublin.

During the year, the Group established regional headquarters for Europe in Copenhagen Denmark. Subsequent to the year-end, a showroom was established in London, another showroom will be established in Paris soon. With this network in place, we feel that the Group's European business will grow significantly over the next three years.

Subsequent to the year-end, the Group completed the purchase of assets from Classic Gallery, Inc. (an independent third party) located in High Point, NC. The new company, Decca Classic Upholstery, LLC is positioned to expand the Group's activities in the North American market by enabling the three U.S. divisions to supply a complete range of upholstery to the residential, hospitality and office contract markets.

主席報告

業績

本人欣然及榮幸報告本集團二零零六／二零零七年度的全年業績是歷來最好的，總收入、總溢利及股東回報均創記錄。截至二零零七年三月三十一日止年度收入為6.368億港元，較去年增加31.4%，純利為7,830萬港元，較去年增加101.9%。股東回報為26.4%，去年則為17.2%。其實去年傢私行業並無顯著增長，上述業績使人欣慰，亦強化達藝在此多變行業的領導地位。

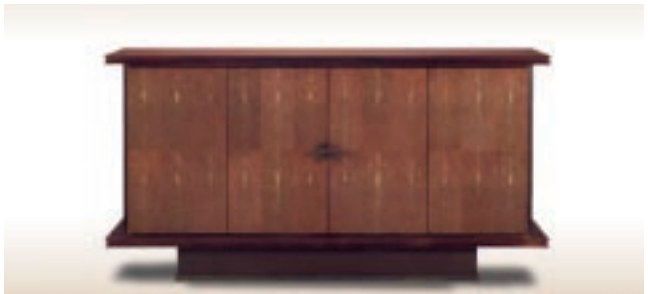
業績回顧

所有業務及地區對此破紀錄的業績均有貢獻。北美洲繼續為本集團的最大市場，佔本集團總營業額60.6%，約為收入3.856億港元，工程部及歐洲亦有良好業績。

美洲最大收入來自The Kerzner Inter'l Development Group's Atlantis 工程，為本集團帶來3,320萬港元的營業額。因本工程只完成60%，將會為明年的業績帶來重大貢獻。工程部營業額由二零零六年的9,560萬港元增至二零零七年的1.332億港元，主要來自於二月份完成翻新的香港文華東方酒店。歐洲業績的增長主要來自完成莫斯科Ritz Carlton 及都柏林Ritz Carlton 的傢私供應。

於本年度，本集團於丹麥哥本哈根設立歐洲地區總部。於本年度結束後，倫敦的陳列室已成立，另巴黎的陳列室亦快將成立。藉此網絡，深信本集團的歐洲業務於未來三年會有顯著增長。

在本年度結束後，本集團已完成收購位於北卡羅萊納州High Point的Clasic Gallery, Inc. (獨立第三者) 的資產。新公司Decca Classic Upholstery, LLC 的成立將使本集團在北美洲市場的業務擴大，讓三個美國部門可以供應一個完整的布藝系列給住宅、酒店及辦公室市場。



The Kata Collection of the Group's Bolier & Co. furniture line
本集團之Bolier & Co. 傢私產品中之Kata系列

Chairman's Statement

PROSPECTS



The Classics Collection of the Group's Bolier & Co. furniture line
本集團之Bolier & Co. 傢私產品中之Classics 系列

Once again, the Group enters the next year with a record backlog. Orders totaling over HK\$303.3 million were already signed as of March 31, 2007. The overall number of inquiries from Europe and the continued interest generated in the U.S. hospitality sector lead us to believe that the Group should continue to enjoy double-digit growth in both revenue and profits.

Besides the new U.S. upholstery operation, the Group is investigating the possibility of establishing a second manufacturing base outside China. We feel this would be a prudent development given the continued uncertainties surrounding possible trade sanctions and/or duties on China-made goods exported to the U.S.

In summary, the Group's positive trends look set to continue for the foreseeable future. We will continue to diversify our revenue sources and add strategic manufacturing locations in order to maximize the Group's opportunities. And, the Group will continue to invest in new technology to solidify its position as one of the most advanced wood working company in the world.

APPRECIATION

The Board would like to extend its gratitude to all the Group's customers for their continued support. It would like to extend its appreciation to its bankers and financial advisors for maintaining their belief in the Group over the past five years. And, the Board would like to thank all of the employees of the Group around the world for the contributions they have made and their tireless effort. Without this effort, the record results we are announcing would not have been possible.

By Order of the Board

Tsang Chi Hung

Chairman

Hong Kong, 16 July 2007

主席報告

展望

本集團帶着破紀錄的未完成工程進入下年度。於二零零七年三月三十一日，已簽署的訂單總額超過3.033億港元，總計歐洲的查詢及美國酒店界對本集團持續的興趣，使我們相信本集團會繼續在收入及溢利方面有雙位數的增長。

除在美國新設的布藝生產外，本集團會探討在中國以外建立第二生產基地的可行性。我們相信在持續不明朗因素環繞下之可能性貿易制裁及／或對出口美國的中國制品征收關稅下，此乃穩健發展。

總括而言，本集團在可見將來會繼續此正確方向。我們會繼續分散收入來源及增加策略性的生產地點以擴大本集團的機遇。本集團會繼續投資發展新技術以鞏固在全球最先進木制品公司之一的地位。



Typical Guestroom at the Mandarin Oriental Hotel, Hong Kong, one of the fitting out projects undertaken by the Group.
本集團承接香港文華東方酒店內標準客房之室內裝飾工程

致謝

董事會謹向各客戶致深切謝意。同時對往來銀行及財務顧問於過去五年對本集團的信賴非常感激。董事會對集團的全體員工的不懈努力及貢獻深表謝意，如無員工的努力，不可能有上述破紀錄的業績。

承董事會命

主席
曾志雄

香港，二零零七年七月十六日