United Pacific Industries

United Pacific Industries Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 00176)
(www.irasia.com/listco/hk/upi)

FINAL AUDITED RESULTS
For the year ended 30th September 2007

UPI REPORTS RECORD ANNUAL PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF HK$76.4 MILLION

HIGHLIGHTS

	Year Ended 30th September 2007 *HK$ million*
Turnover	1,402.3
Discount on acquisition	60.1
Profit attributable to shareholders	76.4
Bank balances, deposits and cash	110.0
Earnings per share (in HK cents):	
Basic	13.71
Fully Diluted	13.61

- Acquisition of remaining 38.2% minority interest in Spear & Jackson, Inc. ("S&J") completed in the year ended 30th September 2007.

- The profit attributable to shareholders benefits from the full year inclusion of UPI's 61.8% share of S&J's trading results and the discount on acquisition of HK$60.1 million relating to the acquisition of the S&J minority. 2008 trading performance should, barring unforeseen circumstances, be further enhanced year on year.

- Net assets significantly increased following elimination of minority interest and reduction in defined benefit pension plan liability, but shareholders are strongly advised to note the pension plan liability may increase substantially as financial markets and mortality expectations change.

- The Directors are not recommending a dividend for the financial year ended 30th September 2007. Subject to the results for the half year ending 31st March 2008, the Directors intend to declare an interim dividend for payment in July 2008.

The Board of Directors (the "Directors") of United Pacific Industries Limited ("United Pacific Industries", "UPI" or the "Company") is pleased to announce the audited consolidated results of UPI and its subsidiaries (the "Group") for the year ended 30th September 2007 compared with the audited consolidated results for the six month period ended 30th September 2006 as set out below.

Shareholders are therefore asked to note that the trading results presented below are not comparable as:

- **The trading periods are of differing lengths; and**

- **Although the Group's consolidated income statement for the year ended 30th September 2007 includes S&J's results for the whole period, the six month comparative consolidated income statement includes only two months of S&J's results being the post acquisition period from 28th July 2006 to 30th September 2006.**

CONSOLIDATED INCOME STATEMENT

	NOTES	**Full Year Results 1.10.2006 to 30.9.2007** *HK$'000*	**Six Months Results 1.4.2006 to 30.9.2006** *HK$'000*
Turnover	3	1,402,305	390,189
Cost of sales		(1,060,451)	(335,056)
Gross Profit		341,854	55,133
Other income		15,225	4,916
Gain on sale of land and buildings		1,447	—
Selling and Distribution costs		(219,314)	(31,590)
Administrative costs		(93,099)	(33,600)
Finance costs		(8,773)	(2,533)
Share of results of an associate		1,528	236
Discount on acquisition (1)		60,095	26,201
Profit before taxation	4	98,963	18,763
Income tax (charge) credit	5	(7,581)	815
Profit for the year/period		91,382	19,578
Attributable to:			
Equity holders of the Company		76,370	19,009
Minority interests		15,012	569
		91,382	19,578
Earnings per share	7		
- Basic		13.71 cents	3.41 cents
- Diluted		13.61 cents	N/A

'Note (1): *The discount on acquisition in the year ended 30th September 2007 arises on the purchase of 38.2% of Spear & Jackson, Inc.. The discount arising in the prior period relates to the acquisition of 61.8% of that company in July 2006.*

CONSOLIDATED BALANCE SHEET

	Note	**30.09.2007** *HK$'000*	**30.09.2006** *HK$'000* *(restated)*
Non-current assets			
Property, plant and equipment		252,478	230,305
Prepaid lease payments		642	659
Interest in an associate		3,577	3,142
Available-for-sale investments		807	870
Deferred tax assets		104,842	116,628
		362,346	351,604
Current assets			
Inventories		285,452	256,312
Debtors and prepayments	9	301,397	261,132
Taxation recoverable		3,771	1,845
Pledged bank deposits		5,000	5,000
Bank balances and cash		104,977	159,547
		700,597	683,836
Current liabilities			
Creditors and accrued charges	10	270,406	254,624
Bank overdraft	11	—	—
Bank borrowings			
- amounts due within one year		72,986	54,568
Obligations under finance leases		8,330	5,612
- amounts due within one year			
Provisions		4,733	15,561
Taxation payable		2,867	1,325
		359,322	331,690
Net current assets		341,275	352,146
Total assets less current liabilities		703,621	703,750
Non-current liabilities			
Bank borrowings			
- amounts due after one year		43,742	22,801
Obligations under finance leases		8,732	4,708
- amounts due after one year			
Provisions		14,720	15,856
Retirement benefit obligations		277,199	411,776
Deferred tax liabilities		22,033	21,781
		366,426	476,922
Net assets		337,195	226,828
Capital and reserves			
Share capital		55,706	55,706
Reserves		281,489	127,111
Total equity attributable to equity holders of the Company		337,195	182,817
Minority interests		—	44,011
Total equity		337,195	226,828

NOTES TO THE CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET

1. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year/period are included in the consolidated 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 into line with those used by other members of the Group.

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

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

From 1st October 2006, the Group has adopted all the new and amended Hong Kong Financial Reporting Standards ("HKFRSs") which are effective from 1st October 2006 and which are applicable to the Group. The adoption of these HKFRSs has resulted in the changes to the Group's accounting policies on financial guarantee contracts. The adoption of this and other new and amended HKFRSs did not result in significant changes in the Group's accounting policies but has given rise to additional disclosures.

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The directors anticipate that the application of these HKFRSs will have no material impact on the financial statements of the Group.

HKAS 1 (Revised)	Presentation of Financial Statements[(2)]
HKAS 1 (Amendment)	Capital disclosures[(1)]
HKFRS 7	Financial instruments: Disclosures[(1)]
HKFRS 8	Operating segments[(2)]
HK (IFRIC) — INT 10	Interim financial reporting and impairment[(3)]
HK (IFRIC) — INT 11	HKFRS 2 — Group and Treasury Share Transactions[(4)]
HK (IFRIC) — INT 12	Service concession arrangements[(5)]
HK (IFRIC) — INT 13	Customer Loyalty Programmes[(6)]
HK (IFRIC) — INT 14	HKAS19 — The Limit on a Defined Benefit Asset, Minimum funding Requirements and their Interaction [(5)]
HKAS 23 (Revised)	Borrowing costs [(6)]

Notes:

1 Effective for annual periods beginning on or after 1st January 2007

2 Effective for annual periods beginning on or after 1st January 2009

3 Effective for annual periods beginning on or after 1st November 2006

4 Effective for annual periods beginning on or after 1st March 2007

5 Effective for annual periods beginning on or after 1st January 2008

6 Effective for annual periods beginning on or after 1st July 2008

3. SEGMENT INFORMATION

Business Segments

The Group's four principal business divisions are organized under Contract Manufacturing, Tools, Magnetics and Metrology/Measurement. This is reflected in the table below:

	Contract manufacturing OEM products[1]	Tools	Metrology	Magnetics	Corporate/ Elimination	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 30 September 2007						
Turnover						
External sales	529,663	613,999	158,395	100,248	—	1,402,305
Inter-segment sales	—	10,452	3,412	676	(14,540)	—
	529,663	624,451	161,807	100,924	(14,540)	1,402,305
Profit						
Segment profit	3,446	1,583	14,725	12,988	—	32,742
Unallocated corporate expenses						7,969
Interest and other income						3,955
Gain on sale of land and buildings						1,447
Share of results of associate						1,528
Discount on acquisition						60,095
Finance costs						(8,773)
Profit before taxation						98,963
Income tax charge						(7,581)
Profit for the year						91,382
Other information						
Additions of property, plant and equipment	9,447	14,766	4,806	2,289	320	31,628
Depreciation of property, plant and equipment	8,802	9,622	2,746	915	3,589	25,674
Share-based payment expenses	—	—	—	—	516	516

Note

(1) This segment is the combination of two segments previously called contract manufacturing OEM products and contract manufacturing rechargeable battery products.

	Contract manufacturing OEM products	Tools	Metrology	Magnetics	Corporate/ Elimination	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the period from 1 April 2006 to 30 September 2006						
Turnover						
External sales	273,900	79,635	22,981	13,673	—	390,189
Inter-segment sales	—	2,817	2,493	251	(5,561)	—
	273,900	82,452	25,474	13,924	(5,561)	390,189
Profit/(Loss)						
Segment profit/(loss)	(5,966)	7	2,884	1,401	—	(1,674)
Unallocated corporate expenses						(5,221)
Interest and other income						1,754
Share of results of associate						236
Discount on acquisition						26,201
Finance costs						(2,533)
Profit before taxation						18,763
Income tax credit						815
Profit for the period						19,578
Other information						
Additions of property, plant and equipment	4,279	1,962	546	—		6,787
Depreciation of property, plant and equipment	4,407	1,224	738	265		6,634
Share-based payment expenses	126	—	—	—		126

The Group's operations are mainly located in Mainland China, Hong Kong, Mainland Europe, the United Kingdom, Australasia and elsewhere in Asia. The following table provides an analysis of the Group's turnover by geographical market, irrespective of the origin of the goods:

Turnover by Geographical Market

	1.10.2006 to 30.9.2007	**1.4.2006 to 30.9.2006**
	HK$'000	*HK$'000*
The People's Republic of China (the "PRC")		
Mainland China	61,791	24,617
Hong Kong	42,521	46,922
	104,312	71,539
United States of America, South America and Canada	254,802	95,461
Mainland Europe	317,703	87,579
United Kingdom	404,567	70,679
Australasia	139,098	20,812
Asia (excluding Mainland China and Hong Kong)	109,351	27,960
Others	72,472	16,159
	1,402,305	390,189

4. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging/(crediting):

	1.10.2006 to 30.9.2007	**1.4.2006 to 30.9.2006**
	HK$'000	*HK$'000*
Directors' remuneration	2,463	1,131
Staff salaries, allowances and welfare	162,562	44,163
Provident fund contributions	2,716	1,294
Mandatory provident fund obligations	616	474
Share-based payment expenses to other employees	82	39
Retirement benefit plan expenses	10,540	2,316
Direct labour costs	121,727	26,909
	300,706	76,326
Release of prepaid lease payments	17	9
Auditors' remuneration	3,425	3,009
Depreciation of property, plant and equipment	25,674	6,634
(Credit)/allowance for bad and doubtful debts	(3,728)	1,619
Write-off of inventories	1,784	5,239
Minimum lease payments in respect of rented premises	10,385	4,133
Cost of inventories recognised as expenses	1,060,451	335,056

During the six month period to 30th September 2006, raw materials and finished goods amounting to approximately HK$5,239,000 were written off by the Group as a result of a deficiency in the quality control process.

5. INCOME TAX (CHARGE)/CREDIT

	1.10.2006 to 30.9.2007 *HK$'000*	1.4.2006 to 30.9.2006 *HK$'000*
The (charge)/credit for the year/period comprises:		
Current taxation		
Hong Kong	(232)	—
Mainland China	(1,462)	(116)
France	(821)	73
New Zealand	(104)	(44)
	(2,619)	(87)
Deferred taxation	(4,962)	902
	(7,581)	815

Hong Kong Profits Tax is calculated at 17.5% (2006-17.5%) on the estimated assessable profit for the year. Taxation arising in other jurisdictions is provided on the estimated taxable profits arising in those jurisdictions at the prevailing local rates.

The total (charge)/credit for the year/period can be reconciled to the profit per the consolidated income statement as follows:

	1.10.2006 to 30.9.2007 *HK$'000*	1.4.2006 to 30.9.2006 *HK$'000*
Profit before taxation	98,963	18,763
Tax at the average income tax rate of 23.25% (1.4.2006 to 30.9.2006: 18.46%)	(23,005)	(3,464)
Tax effect of expenses not deductible for tax purposes	(5,211)	(748)
Tax effect of income not taxable for tax purposes	16,597	5,177
Tax effect of tax losses not recognised	(6,223)	(261)
Utilisation of tax losses previously not recognised	14,744	111
Effect of prior year adjustments	263	—
Effect of different tax rates applicable to subsidiaries operating in non Hong Kong jurisdictions	680	—
Decrease on recoverable amount of UK deferred tax assets	(5,024)	—
Others	(402)	—
Taxation (charge)/credit for the year/period	(7,581)	815

6. DIVIDEND

The directors of the Company do not recommend the payment of a dividend for the year.

7. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares, 557,058,400 (2006: 557,058,400). The earnings per share for the year under review was HK13.71 cents (1.4.2006 to 30.9.2006: HK3.41 cents). Diluted earnings per share has been calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares, as above, increased by the assumed exercise of relevant share options. The diluted earnings per share for the year under review was HK13.61 cents. Diluted earnings per share has not been presented for the period from 1st April 2006 to 30th September 2006 because the exercise price of the Company's share options was higher than the average market price of shares for the period.

8. 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 Group'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, will not have a material adverse effect on the consolidated financial position or results of operations of the Group.

9. DEBTORS AND PREPAYMENTS

At 30th September 2007 the balance of debtors and prepayments included trade debtors of HK$285,438,000 (2006 - HK$248,588,000). The aged analysis of trade debtors at the reporting date is as follows:

	2007	2006
	HK$'000	*HK$'000*
GROUP		
0-60 days	222,000	205,849
61-90 days	24,455	13,210
91-120 days	15,525	5,668
Greater than 120 days	23,458	23,861
	285,438	248,588

The Group allows credit periods ranging from 30 to 120 days to its trade customers depending on their credit status and geographical location.

The directors consider that the carrying amount of the debtors and prepayments approximates its fair value.

10. CREDITORS AND ACCRUED CHARGES

Creditors and accrued charges include trade creditors of HK$186,700,000 (2006 - HK$166,002,000). The aged analysis of trade creditors at the reporting date is as follows:

	2007	2006
	HK$'000	*HK$'000*
GROUP		
0-60 days	174,762	160,091
61-90 days	6,692	3,720
Greater than 90 days	5,246	2,191
	186,700	166,002

The directors consider that the carrying amount of the creditors and accrued charges approximates its fair value.

11. BANK OVERDRAFTS

	2007	2006
	HK$'000	*HK$'000*
		Restated
Bank overdrafts	—	—

In the consolidated balance sheet included within the financial statements for the six months ended 30th September 2006 the Group's bank accounts held with the HSBC Bank plc by the UK subsidiaries of S&J, were presented on a gross form with those accounts in credit, totaling HK$170,790,000 included within bank overdrafts. The accounts held with the HSBC form a pooled fund and as part of this arrangement the individual companies concerned have entered into a cross guarantee with the HSBC Bank plc to guarantee any bank overdraft of the entities within the pool. The resultant balance at 30th September 2006 was a net in hand balance of HK$42,333,000.

The financial statements at 30th September 2006 have been restated to reclassify the previously reported bank overdrafts of HK$170,790,000 as part of bank balances and cash. Management considers that this method of accounting for the pooled cash balances more appropriately reflects the commercial substance of the pooling arrangement.

BUSINESS REVIEW AND PROSPECTS

Group Overview

UPI acquired 61.8% of Spear & Jackson, Inc. ("S&J") on 28th July 2006. The financial results for the period from 1st April 2006 to 30th September 2006 include the Company's share of the financial results of S&J from the date of acquisition to 30th September 2006.

To align the Company's financial year-end date with that of S&J, the Company changed its financial year end date from 31st March to 30th September with effect from 2006.

The acquisition of the remaining 38.2% shares of S&J was accomplished in the financial year ended 30th September 2007 by a merger of S&J with a wholly-owned subsidiary of the Company, Pantene Global Acquisition Corp. ("PGAC"). PGAC was the survivor corporation resulting from the merger while S&J ceased to exist after the merger.

Financial Review

The Group (UPI & S&J) recorded a turnover during the year ended 30th September 2007 of HK$1,402.3 million.

As at 30th September 2007, bank balances, deposits and cash of the Group amounted to HK$110.0 million with bill financing, bank borrowings and obligations under finance leases amounting to HK$133.8 million (net borrowings of HK$23.8 million), while the Group's net asset value as at 30th September 2007 was HK$337.2 million.

The working capital position of the Group remains healthy. As at 30th September 2007, the liquidity ratio (ratio of current assets to current liabilities) was 195%, with a gearing ratio of 7.1% (ratio of net bank debt to net asset value). It is the intention of the Group to maintain an appropriate mix of equity and debt to ensure an efficient capital structure.

Business Review

The Company's four principal business units and their product offerings can be summarized as follows:

Contract Manufacturing Division Pantene Industrial Co. Ltd, our original contract manufacturing business, is based in Shenzhen, China. Pantene is proud of its long standing record as an OEM supplier to some of the world's best known companies and brands. We base our approach on design, quality, price, delivery and service. Now we are moving towards total design solutions for our customers and we feel we will be able to meet the requirements of the most discerning. From our corporate office in Hong Kong, we have developed complete design and production facilities in China employing approximately 2,200 employees. We serve a World-Wide clientele and have opened an office in Chicago and now have commercial representation in the European Union.

Our product range is widespread. The development of these products is controlled by our dedicated management team. Lee Kong Meng as Chief Operating Officer is supported by a management team with a considerable depth of experience and expertise, covering engineering and design, production and sales and marketing.

Pantene was founded in 1978. Our core business from the outset has been electronic power supplies covering a wide product range which includes voltage converters, power tool chargers, battery chargers, high frequency transformers, coils and solenoids. Increasingly, we are utilizing new technologies including laser/optics, ultrasonic, RF (radio frequency), and magneto-electric technologies to produce more sophisticated and complex product lines such as digital laser measurement devices, laser beam units, ultrasonic detection devices, thermostat controls, RF alert systems, portable magnetic generators (Mag Gen) and Mag Gen-powered products. Rechargeable battery chargers are sold to the consumer market under the Powerhaus brand name.

Our Engineering Department has a multi-disciplinary engineering approach. Our engineers and technicians are involved in design, testing and qualification of new products from concept through production, transforming customer's ideas into reality. This department is fully equipped with modern tools and facilities.

Tools Division Our tools division comprises the principal operating subsidiaries, Spear & Jackson Garden Products Ltd and Neill Tools Ltd, the independently managed business of Robert Sorby and a number of non-UK subsidiaries that act as distributors.

With a heritage dating back to the 1760s, Spear & Jackson Garden Products Ltd and Neill Tools Ltd offer a broad range of premium quality, well known product brands. The division has facilities in Sheffield, England and St. Chamond, France, and distribution facilities in Australia and New Zealand. The division sells in over 100 countries world-wide under globally recognized brands such as Spear and Jackson, WHS and Tyzack. The Division's policy is to support its core product offering with a pipeline of new products and range extensions.

These companies procure, manufacture, distribute and sell hand hacksaws, hacksaw blades, hacksaw frames, builders' tools, riveter guns, wood saws and lawn, garden and agricultural tools, all non-powered. Neill Tools continues to supplement its UK manufactured products with factored products from Far Eastern suppliers. Neill Tools' product offering now includes a full range of hand power tools and a portfolio of electric powered garden tools that were added in 2005.

Robert Sorby is a manufacturer of hand held wood working tools and complementary products. The products are handcrafted with strong aesthetic appeal. In addition, companies in France (Spear & Jackson France S.A.) and Australasia (Spear & Jackson (Australia) Pty. Ltd and Spear & Jackson (New Zealand) Ltd) act as distributors for Spear & Jackson and Bowers manufactured products and complementary products sourced from third party suppliers.

Magnetics Division Eclipse Magnetics Ltd ("Eclipse") has a rich history of leading edge innovation in magnetic tool technology while maintaining its foundation in a core product range that goes back to the early 20th century. Eclipse's strong management team, led by Lee Wells, continues to embrace the many challenging opportunities to ensure continued growth in its operations.

Its key products are permanent magnets (cast alloy), magnetic tools, magnetic chucks and turnkey magnetic systems. Products range from very simple low-cost items to technically complex high value added systems. In addition, Eclipse supplies the market with other magnetic devices, sourced from the Far East. It provides both complete factored items to end-customers, as well as sales of component parts to UK manufacturers. Eclipse is also involved in applied magnetics and supplies many areas of manufacturing with products such as separators, conveyors, lifting equipment and material handling solutions. The Eclipse name represents a guarantee of quality and performance and support from a team of highly skilled engineering specialists who continue to innovate new products from the UK incorporating patented technology.

In the 1990s the Engineered Products Division was formed to focus on developing higher technology magnetic products and equipment to serve an increasingly demanding manufacturing and processing industry in a wide number of markets.

In the Separation and Filtration group, Eclipse has seen a surge in new products with patented designs that lead the way in separating ferrous contamination from all powder, granulate, slurry and liquid materials in the processing industry. The Food, Pharmaceutical and Plastics industries are targeted by the division as potentially large customers for new product additions as they are developed.

The Eclipse's products are supplied worldwide and through major industrial distribution channels with the UK, Europe and the USA being the strongest markets.

Metrology / Measurement Division During the year, our Metrology Division has comprised four principal companies: Bowers Metrology Ltd, Bowers Metrology (UK) Ltd, CV Instruments Europe BV and Bowers Eclipse Equipment Shanghai Co. Ltd. These businesses are based in Bradford UK, Bordon UK, Maastricht, The Netherlands and Shanghai, P.R.C. respectively.

The Metrology Division, led by Steve White as managing director, is engaged in the design, manufacturing and distribution of precision measuring instruments for the Automotive, Aerospace and Defence markets. These products range from simple engineers' hand tools such as gauges for checking the threads, diameters and tapers of machined components to highly sophisticated and specialized measuring systems such as precision bore gauges and hardness testing equipment. Our products are sold to industrial customers and are exported to more than 50 countries worldwide, including the United States, Germany, and France.

The main manufacturing facility in Bradford, UK, is equipped with the latest in modern manufacturing machinery and techniques. The core product manufactured here being the 3-point internal micrometer range, known as the "Bowers XT", a product sector in which Bowers is the market leader. The UK sales division in Bordon offers a "one-stop-shop" to the UK industrial marketplace, selling predominantly to industrial end-users, with its technical sales team offering solutions to high precision measuring problems.

The Bowers business is complemented by the well-known brand of Moore & Wright and a manufacturing facility in Shanghai. The Shanghai manufacturing facility, which commenced trading in 2006, manufactures several of the Group's testing instruments, while also acting as a sourcing and quality control centre for products sold internationally. In addition, Bowers Shanghai acts as a distribution centre offering in the rapidly expanding Chinese market the entire product range of the Bowers Group. In January 2008 the Division completed the sale of CV Instruments Europe BV to a team led by its former managing director. This company was involved in the sale and distribution of a range of portable hardness testing equipment.

Brands

A significant part of the Group's operations is branding and brands strategy, principally through Spear & Jackson and its subsidiaries.

Spear & Jackson has held leading brand names in its core business since 1760. Neill Tools is one of the largest British based manufacturers of hand tools with leading brand names such as Neill Tools, Eclipse, Elliott Lucas and Spear & Jackson, while Robert Sorby is a well recognized premium brand for specialist wood turning tools. In the metrology division, the Moore & Wright brand has been recognized for over 100 years for its traditional craftsmanship while the Bowers name has been at the forefront of international precision measuring equipment for over 50 years. Eclipse Magnetics is a recognized brand name in the UK manufacturing industry because of its long history of supplying quality magnetic tools.

Pantene manufactures a range of chargers coupled with factored rechargeable batteries which are sold worldwide under the Powerhaus brand name.

Major Factors Affecting the Group

Trading performance continued to be adversely affected by soft retail demand and increasing competition in many of the mature markets in which we operate. These challenging market conditions were made more difficult by: rises in raw material and other costs; the continued weakness of the US Dollar; and severe downward pricing pressures from customers.

The negative impact of these factors has been mitigated, however, by strong trading results recorded by Robert Sorby (good US sales performance), the Magnetics division (increased separation and handling sales), Metrology (buoyant markets especially in respect of export sales) and the Australasian distribution subsidiaries in the Tools division (new products launched coupled with successful promotions).

The contract manufacturing division, in particular, has experienced reduced gross profit margins due to increases in labour, utility and raw material costs and adverse currency fluctuations. Likewise, the Tools division has continued to face difficult trading conditions across its major UK multiple retail, industrial and trade accounts where private label brands have been promoted at the expense of branded suppliers. It is widely recognized that the UK hand tool market in particular is now mature and will come under increasing attack from cheap overseas imports.

The Group has addressed these problems by implementing operational efficiencies and on-going cost cutting measures. Additionally, the restructuring programmes, which were initiated in S&J in prior years, have significantly restructured the cost base in our UK Tools and Magnetics divisions and left us better positioned to deal with the increasing threat from cheap imports and competitive sales markets.

Prospects and Strategies

Each of the Group's divisions continues to operate under extremely competitive market conditions. This is a situation that we expect to continue, particularly in our largest sectors being the tool and contract manufacturing divisions. This competitive environment is made more challenging by increasing raw material and labour costs and the threat of cheap imports which put margins under constant pressure.

Our major competition is not only from low cost developing economies but from many established companies. The trend towards DIY, Big Box and one-stop shops has placed significant pressure upon the maintenance of market share.

Although certain of our competitors are substantially larger than us, and have greater financial resources, we believe that we compete favourably across the whole range of our activities because of the quality of our products, their pricing and imaginative design. Our reputation, customer service, combined with unique brand offerings enable us to build and maintain customer loyalty.

Neill Tools continues to experience particularly tough trading conditions in both its export and home markets. Management is seeking to improve its trading position by continuing to focus on new product development and brand exploitation.

Pantene is adversely affected by both the downward pressures on pricing and increased costs. Competition is becoming ever stronger and there is no current indication that this situation will improve. We supply some of the world's great names in the consumer product industry. We are proud to be associated with such companies but with this goes the need to reduce costs, increase flexibility and supply an ever-widening list of products.

Our on-going business strategy is to expand our product lines and customer base so that our product base is continually refreshed and improved and sales concentration is spread more effectively. Allied to this, excellent customer service and competitive pricing will support these initiatives. Additionally, the Group will continue to explore initiatives to reduce the cost of its operating base in order to maintain margins and to retain its competitive edge.

The significant development during the year was the acquisition of the remaining 38.2% of S&J. We are working to realize the potential synergies that can be achieved for the Group from the acquisition.

Following the completion of the acquisition of S&J, our Executive Directors and the Group Management team will look to extend the Group's activities by further suitable acquisitions.

In 2007 the profit attributable to shareholders benefits from the full year inclusion of UPI's 61.8% share of S&J's trading results and the discount on acquisition of HK$60.1 million relating to the acquisition of the S&J minority. 2008 trading performance should, barring unforeseen circumstances, be further enhanced year on year. We look forward to the future with confidence.

Post Balance Sheet Events

Disposal of an indirect subsidiary

On 7th January 2008, UPI's UK subsidiary, Bowers Metrology Limited, sold its wholly owned subsidiary, CV Instruments Europe BV, a company incorporated in the Netherlands. The shares were sold for 38,000 Euros (approximately HK$465,000) and the settlement, prior to closing, of inter-company balances amounted to 705,000 Euros (approximately HK$8,627,000).

PRC enterprise income tax

Pursuant to the PRC Enterprise Income Tax Law (the "New Law") passed by the Tenth National People's Congress on 16th March 2007, the new PRC income tax rates for domestic and foreign enterprises are unified at 25% effective from 1st January 2008. Under the New Law, entities that are currently entitled to preferential tax rates may continue to enjoy the tax benefits. Detailed measures concerning the tax incentives have been issued by the State Council. The Group is in the process to assess the impact if any.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 26th March 2008 at the Corporate Office at Suite 2705-6, 27/F., Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Friday, 21st March 2008 to Wednesday, 26th March 2008, 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 share registrar in Hong Kong, Tricor Secretaries Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00pm on Thursday, 20th March 2008.

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 with the knowledge of the directors of the Company throughout the period under review and up to the date of this report, 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 its own Code for Securities Transactions by Officers (the "Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under Appendix 10 to the Listing Rules. 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 and the Code during 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 audited consolidated financial statements for the year ended 30th September 2007.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance that properly protect and promote the interests of its shareholders. The monitoring and assessment of certain governance matters are allocated to three committees: Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee which operate under defined terms of reference and are required to report to the full Board on a regular basis. Full details of the Corporate Governance Report are set out in the Annual Report for the year ended 30th September 2007.

In the opinion of the directors, the Company has complied with the code provisions listed in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 30th September 2007, 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 should not be performed by the same individual. Mr Brian C Beazer has combined the role of Chairman and Chief Executive Officer. The Group considers this structure will not impair the balance of power and authority between the Group and the management and both the Board and senior management of the Group has significantly benefited from the leadership, support and experience of Mr Beazer. Therefore, the Board does not currently propose to separate the functions.

Under the code provision A.4.1, non-executive directors should be appointed for a specific term. Under 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. This constitutes a deviation from code provision A.4.1. However, they are subject to retirement by rotation at least once every three years at each annual general meeting under the Byelaws 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 FINAL AUDITED RESULTS ANNOUNCEMENT

This announcement is published on the website of the Stock Exchange at www.hkex.com.hk and on the Company's websites at www.irasia.com/listco/hk/upi and www.upi.com.hk.

By Order of the Board
BRIAN C BEAZER
Executive Chairman

Hong Kong, 25th January 2008

As at the date of this announcement, the executive directors of the Company are Mr Brian C Beazer, Mr David H Clarke, and Mr Simon N Hsu; the non-executive director is Mr Teo Ek Tor; and the independent non-executive directors are Dr Wong Ho Ching, Chris, Mr Henry W Lim and Mr Ramon Sy Pascual.