DECCA 達藝

DECCA HOLDINGS LIMITED

達藝控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 997)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2010

RESULTS

The Board of Directors (the "Board") of Decca Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2010, together with the comparative figures for 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2010

	Notes	**2010** *HK$'000*	2009 *HK$'000*
Revenue	*3*	**592,796**	927,177
Cost of sales		**(428,815)**	(617,100)
Gross profit		**163,981**	310,077
Other income, gains and losses	*5*	**797**	3,838
Selling and distribution costs		**(39,424)**	(76,944)
Administrative expenses		**(150,481)**	(157,151)
Impairment loss recognised on accrued revenue		**(2,618)**	(1,300)
Loss on disposal of property, plant and equipment		**(1,802)**	(935)
Write-back/allowance of bad and doubtful debts, net		**2,753**	(21,186)
Share of result of an associate		**(1,361)**	(340)
Finance costs	*6*	**(4,974)**	(7,746)
(Loss) profit before taxation		**(33,129)**	48,313
Income tax credit (charge)	*7*	**4,492**	(8,945)
(Loss) profit for the year	*8*	**(28,637)**	39,368

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(continued)*

for the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Other comprehensive (expense) income			
Exchange difference arising on translation of foreign operations and to presentation currency		**(3,602)**	9,154
Share of translation reserve of an associate		**(161)**	434
Other comprehensive (expense) income for the year		**(3,763)**	9,588
Total comprehensive (expense) income for the year		**(32,400)**	48,956
(Loss) profit for the year attributable to:			
Owners of the Company		**(28,637)**	39,724
Non-controlling interests		**—**	(356)
		(28,637)	39,368
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(32,400)**	49,312
Non-controlling interests		**—**	(356)
		(32,400)	48,956
(Loss) earnings per share — Basic	*10*	**HK(14.32) cents**	HK19.86 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment		**311,837**	337,585
Prepaid lease payments		**7,334**	7,806
Investment in an associate		**9,791**	11,313
Deferred tax assets		**6,630**	7,721
Deposits paid for acquisition of property, plant and equipment		**170**	2,463
		335,762	366,888
Current assets			
Inventories		**123,339**	165,541
Accrued revenue		**34,850**	22,084
Trade receivables	*11*	**54,999**	125,453
Other deposits and prepayments		**19,075**	19,269
Amount due from an associate		**352**	352
Prepaid lease payments		**401**	404
Tax recoverable		**12,449**	4,834
Bank balances and cash		**53,013**	42,735
		298,478	380,672
Current liabilities			
Deferred revenue		**5,829**	3,073
Trade payables	*12*	**48,960**	67,177
Receipts in advance		**50,862**	40,092
Other payables and accruals		**34,284**	47,491
Provision for warranty		**4,143**	9,942
Obligations under finance leases — due within one year		**—**	394
Tax payable		**16,073**	20,259
Bank borrowings		**86,968**	107,234
Bank overdrafts		**—**	2,961
		247,119	298,623
Net current assets		**51,359**	82,049
Total assets less current liabilities		**387,121**	448,937

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
At 31 March 2010

	Notes	**2010** **HK$'000**	2009 *HK$'000*
Non-current liabilities			
Bank borrowings		**31,514**	61,179
Deferred tax liabilities		**249**	—
		31,763	61,179
		355,358	387,758
Capital and reserves			
Share capital		**20,000**	20,000
Reserves		**335,358**	367,758
Equity attributable to owners of the Company		**355,358**	387,758

Notes:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments to standards and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 32 &1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK (IFRIC) — INT 9 & HKAS 39 (Amendments)	Embedded derivatives
HK (IFRIC) — INT 13	Customer loyalty programmes
HK (IFRIC) — INT 15	Agreements for the construction of real estate
HK (IFRIC) — INT 16	Hedges of a net investment in a foreign operation
HK (IFRIC) — INT 18	Transfers of assets from customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvement to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

<u>New and revised HKFRSs affecting presentation and disclosure only</u>

HKAS 1 (Revised 2007) Presentation of financial statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

HKFRS 8 Operating segments

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 *(see note 4)*.

<u>New and revised HKFRSs affecting the reported results and/or financial position</u>

HKAS 23 (Revised 2007) Borrowing costs

In previous years, the Group expensed all borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset when they were incurred. HKAS 23 (Revised 2007) removes the option previously available to expense all borrowing costs when incurred. The adoption of HKAS 23 (Revised 2007) has resulted in the Group changing its accounting policy to capitalise all borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the qualifying asset. The Group has applied the revised accounting policy to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009 in accordance with the transitional provisions in HKAS 23 (Revised 2007). The revised accounting policy has been applied prospectively from 1 April 2009 and does not have any effect on the reported results and financial position of the Group for the current or prior accounting periods.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs October 2008 [1]
HKFRSs (Amendments)	Improvements to HKFRSs May 2009 [2]
HKFRSs (Amendments)	Improvements to HKFRSs May 2010 [3]
HKAS 24 (Revised)	Related party disclosures [7]
HKAS 27 (Revised)	Consolidated and separate financial statements [1]
HKAS 32 (Amendment)	Classification of rights issues [5]
HKAS 39 (Amendment)	Eligible hedged items [1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters [4]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters [6]
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions [4]
HKFRS 3 (Revised)	Business combinations [1]
HKFRS 9	Financial instruments [8]
HK (IFRIC) — INT 14 (Amendment)	Prepayments of a minimum funding requirement [7]
HK (IFRIC) — INT 17	Distributions of non-cash assets to owners [1]
HK (IFRIC) — INT 19	Extinguishing financial liabilities with equity instruments [6]

[1] Effective for accounting periods beginning on or after 1 July 2009.
[2] Amendments that are effective for accounting periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
[3] Effective for accounting periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
[4] Effective for accounting periods beginning on or after 1 January 2010.
[5] Effective for accounting periods beginning on or after 1 February 2010.
[6] Effective for accounting periods beginning on or after 1 July 2010.
[7] Effective for accounting periods beginning on or after 1 January 2011.
[8] Effective for accounting periods beginning on or after 1 January 2013.

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations with have no material impact on the consolidated financial statements.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis and in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

3. REVENUE

Revenue, which is also the turnover of the Group, represents the sales value of goods supplied to customers and service revenue from interior decoration work, and is analysed as follows:

	2010	2009
	HK$'000	*HK$'000*
Sales of furniture and fixtures	**377,713**	777,656
Service revenue from interior decoration work	**215,083**	149,521
	592,796	927,177

4. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 April 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM"), represented by the executive directors of the Company, for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor standard, HKAS 14 "Segment Reporting", required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's operating segments as compared with the primary segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

No segment assets or liabilities is presented as the CODM does not review segment assets and liabilities.

The Group currently organised into two operating segments based on the types of goods supplied and services provided by the Group. These revenue streams are the basis of the internal reports about components of the Group that are regularly reviewed by the CODM in order to allocate resources to segments and to assess their performance. The Group's reportable and operating segments under HKFRS 8 are therefore as follows:

— Sales of furniture and fixtures
— Interior decoration work

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating segment:

	Year ended 31 March 2010		Year ended 31 March 2009	
	Segment revenue	**Segment profit for the year**	Segment revenue	Segment profit for the year
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Sales of furniture and fixtures	**377,713**	**16,761**	777,656	118,076
Interior decoration work	**215,083**	**43,019**	149,521	32,835
Total	**592,796**	**59,780**	927,177	150,911
Other income, gains and losses		**797**		3,838
Unallocated corporate expenses		**(87,371)**		(98,350)
Share of result of an associate		**(1,361)**		(340)
Finance costs		**(4,974)**		(7,746)
(Loss) profit before taxation		**(33,129)**		48,313

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of other income, central administration costs, directors' emoluments, share of result of an associate and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Other segment information

Amounts included in the measure of segment profit or loss:

	2010			2009		
	Sales of furniture and fixtures	**Interior decoration work**	**Total**	Sales of furniture and fixtures	Interior decoration work	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Depreciation of property, plant and equipment	**31,895**	**8,833**	**40,728**	35,018	4,533	39,551
Write-back/allowance of bad and doubtful debts, net	**(2,951)**	**198**	**(2,753)**	22,809	(1,623)	21,186
Allowance for slow moving inventories	**5,078**	**—**	**5,078**	3,820	—	3,820
Loss on disposals of property, plant and equipment	**1,802**	**—**	**1,802**	924	11	935
Impairment loss recognised on accrued revenue	**—**	**2,618**	**2,618**	—	1,300	1,300

Note: During the year ended 31 March 2010, allowance for slow moving inventories and loss on disposal of property, plant and equipment of approximately HK$1,334,000 and HK$1,667,000 are recognised due to cease of operation of Decca Classic Upholstery.

Geographical information

The Group's operations are located in United States of America, Hong Kong SAR and Macau SAR, Europe, Mainland China and other countries in Asia.

The Group's revenue from continuing operations from external customers by geographical location of customers irrespective of the origin of the goods, and information about its non-current assets from continuing operations by geographical location of the assets are detailed below:

	Revenue from external customers		**Non-current assets**	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
United States of America	**218,095**	479,163	**26,480**	31,717
Hong Kong SAR and Macau SAR	**174,901**	139,814	**1,789**	2,785
Europe	**35,707**	70,300	**663**	934
Mainland China	**110,799**	166,064	**240,746**	253,728
Other countries in Asia	**53,294**	71,836	**49,663**	58,690
	592,796	927,177	**319,341**	347,854

Note: Non-current assets excluded deferred tax assets and investment in an associate.

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2010	2009
	HK$'000	*HK$'000*
Customer A [1]	**95,168**	— [3]
Customer A [2]	**23,536**	— [3]

1 Revenue from interior decoration work

2 Revenue from sales of furniture and fixtures

3 The corresponding revenue does not contribute over 10% of the total revenue of the Group in the respective year

5. OTHER INCOME, GAINS AND LOSSES

	2010	2009
	HK$'000	*HK$'000*
Discount on acquisition of additional interest in a subsidiary	**—**	614
Interest income	**85**	254
Net foreign exchange (loss) gain	**(923)**	779
Sundry income	**1,635**	2,191
	797	3,838

6. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Interest on:		
Bank loans wholly repayable within five years	**4,930**	6,961
Bank loans not wholly repayable within five years	**—**	763
Finance leases	**44**	22
	4,974	7,746

7. INCOME TAX CREDIT (CHARGE)

	2010 HK$'000	2009 HK$'000
Current tax:		
Hong Kong Profits Tax	**(1,002)**	(5,163)
PRC Enterprise Income Tax	**(1,065)**	(7,251)
Other jurisdictions *(Note)*	**7,392**	(4,261)
	5,325	(16,675)
Over (under) provision in prior years		
Hong Kong Profits Tax	**507**	(95)
Other jurisdictions	**—**	—
	5,832	(16,770)
Deferred taxation		
Current year	**(1,340)**	7,825
	4,492	(8,945)

Note: The tax loss generated by subsidiaries in United States of America is carried back and offset against prior years' tax charge (with five years carry back period) and thus resulting in significant tax credit for the year ended 31 March 2010.

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Taxation arising in the PRC and other jurisdictions are calculated at the rates prevailing in the respective PRC regions and the relevant jurisdictions respectively.

The taxation for the year can be reconciled to the (loss) profit before taxation per the consolidated statement of comprehensive income as follows:

	2010 HK$'000	2009 HK$'000
(Loss) profit before taxation	**(33,129)**	48,313
Taxation at the PRC Enterprise Income Tax rate of 25% (2009: 25%)	**(8,282)**	12,078
Tax effect of expenses not deductible for tax purposes	**1,891**	3,376
Tax effect of income not taxable for tax purposes	**(675)**	(1,775)
(Over) underprovision in respect of prior years	**(507)**	95
Tax effect of tax losses not recognised	**4,875**	1,503
Utilisation of tax losses previously not recognised	**(2,860)**	(4,083)
Tax effect of share of result of an associate	**340**	85
Effect of different tax rates of subsidiaries operating in other jurisdictions	**693**	(2,057)
Others	**33**	(277)
Taxation (credit) charge	**(4,492)**	8,945

8. (LOSS) PROFIT FOR THE YEAR

	2010	2009
	HK$'000	*HK$'000*
(Loss) profit for the year has been arrived at after charging:		
Amortisation of prepaid lease payments (included in administrative expenses)	**401**	404
Depreciation of property, plant and equipment		
Owned assets	**40,540**	39,101
Assets held under finance leases	**188**	450
Provision for warranty	**696**	11,152
Cost of inventories recognised as expenses *(Note)*	**419,177**	582,764
Operating lease rentals paid in respect of rented properties	**6,533**	7,470

Note: Cost of inventories recognised as expenses includes allowance for slow moving inventories of approximately HK$5,078,000 (2009: HK$3,820,000).

9. DIVIDENDS

	2010	2009
	HK$'000	*HK$'000*
Prior year final dividend paid — nil in respect of year 2009 (2009: HK7.2 cents per share in respect of year 2008)	**—**	14,400
Current year interim dividend paid — nil in respect of year 2010 (2009: HK3.5 cents per share in respect of year 2009)	**—**	7,000
	—	21,400

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 March 2010.

10. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to the owners of the Company is based on the following data:

(Loss) earnings

	2010	2009
	HK$'000	*HK$'000*
(Loss) earnings for the purposes of basic and diluted (loss) earnings per share ((loss) profit for the year attributable to owners of the Company)	**(28,637)**	39,724

Number of shares

	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**200,000**	200,000

There was no diluted (loss) earnings per share presented as there were no potential shares outstanding for both years.

11. TRADE RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	**64,537**	155,117
Less: Allowances for bad and doubtful debts	**(9,538)**	(29,664)
	54,999	125,453

The following is an aged analysis of trade receivables (net of allowance for bad and doubtful debts) presented based on the invoice date at the end of the reporting period:

	2010	2009
	HK$'000	*HK$'000*
0 — 30 days	**20,137**	47,938
31 — 90 days	**17,020**	44,413
> 90 days	**17,842**	33,102
	54,999	125,453

The Group's credit terms for its contracting business are negotiated with its customers and are usually 6 months to 1 year. The credit terms granted by the Group to other trade debtors are normally 30 days.

12. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2010	2009
	HK$'000	*HK$'000*
0 — 30 days	**22,158**	28,586
31 — 90 days	**9,234**	14,970
> 90 days	**17,568**	23,621
	48,960	67,177

The credit periods on purchases of goods are usually from 1 month to 3 months. The Group has financial risk management policies in place to ensure that all payables within the credit timeframe.

DIVIDENDS

The directors of the Company do not recommend the payment of final dividend for the year ended 31 March 2010 (2009: nil).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 26 August 2010 to Tuesday, 31 August 2010, both days inclusive. During this period, no transfer of shares will be effected. In order to qualify for the attendance and voting at the forthcoming Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar, Tricor Standard Limited on 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by 4:00 p.m. on Wednesday, 25 August 2010.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Results

During the year under review, the consolidated revenue decreased to HK$592.8 million (2009: HK$927.2 million), while net loss after tax was amounted to HK$28.6 million (2009: net profit after tax: HK$39.4 million. The decrease in revenue is a result of the decrease in hospitality furniture sector's revenue which had previously accounted for 60% of the Group's revenue. In addition, the economic downturn in the United States of America ("US") had also affected the Group's US contract furniture and residential furniture revenue marginally. The gross margin decreased from 33.4% to 27.7%. The decline in profitability was mainly due to the increased competition in various market sectors.

The Group's cost of sales decrease by 30.5%. The total for this year was HK$428.8 million (72.3% of the revenue) compared to last year's HK$617.1 million (66.6% of the revenue). There was a write back of bad and doubtful debts of HK$2.8 million as compared to an allowance of bad and doubtful debts of HK$21.2 million in the previous year as the Group was able to recover receivables that had difficulty to recover in the previous year.

The US market continued to be the principal market of the Group accounted for 36.8% of the Group's revenue. Revenue in the Hong Kong and Macau markets grew significantly by 25.1% from HK$139.8 million to HK$174.9 million. Both the Luxury Residential and the Retail Store Fixtures businesses experienced increase in revenue of 17.3% and 13.6% respectively. Revenue in the US markets decreased by 54.5% to HK$218.1 million compared with the previous year's of HK$479.2 million as the economic recession in the US continued to affect business in this geographical sector.

The Group's top five customers for the year ended 31 March 2010 were LVMH Group for several stores in Hong Kong, China, Macau and Japan accounted for HK$118.7 million in revenue which represented 20.0% of the Group's revenue, KUD International LLC — 7.3% of revenue, Happy Field Limited — 4.0% of revenue, Hermes Group — 3.9% of revenue and Woodmont Investments Limited — 3.0% of revenue.

Projects currently in progress include furniture supply contracts for Four Seasons Hotel — London, The Metropole Corinthia Hotel — London, Park Hyatt Hotel — Ningbo, interior fitting out project for and retail fixtures supply contract for several Louis Vuitton stores in China.

Liquidity, Financial Resources and Capital Structure

The Group continued to maintain a conservative financial structure during the year. There is no seasonal borrowing requirements. The Group's funding requirements to a certain extent depend on the value of the contracts awarded to the Group by its customers. As at 31 March 2010, the total bank borrowing amounting to HK$118.5 million (2009: HK$171.4million), out of which HK$87.0 million (2009: HK$110.2 million) would mature in one year or on demand. The borrowings include bank loans and overdrafts are mainly in Hong Kong dollars which will be matched by the inflow of funds from the Group's projects in Hong Kong. Having taken into account of the Group's net worth of HK$355.4 million (2009: HK$387.8 million), such borrowing level is acceptable. Finance costs were maintained at an acceptable level of HK$5.0 million (2009: HK$7.7 million) representing 0.8% (2009: 0.8%) of the Group's revenue. Net current assets stood at HK$51.4 million (2009: HK$82.0 million).

The Group's cash holding is mainly denominated in Hong Kong dollars. The interest rates of the Group's borrowings are usually floating in nature. The Group generally finances with internally generated resources and credit facilities by banks in Hong Kong

Gearing Ratio and Foreign Exchange Exposure

As at 31 March 2010, the gearing ratio (total borrowings divided by net assets) was 0.33 (2009: 0.44). As the Group's revenue and expenses are mainly in Hong Kong dollars. Renminbi and United States dollars and its cash holding was mainly denominated in Hong Kong dollars, foreign exposure of the Group was minimal as long as the policy of the Government of the HKSAR to link the Hong Kong dollars to the United States dollars remained in effect, Renminbi's exchange rate remained stable as Mainland China would also like to maintain a stable exchange rate between Hong Kong dollars and Renminbi which would be beneficial to the Hong Kong economy.

Employees

As at 31 March 2010, the Group employed 139, 1392, 3, 31, 171 and 12 staff in Hong Kong, Mainland China, Singapore, US, Thailand and Europe respectively (2009: 154, 1930, 3, 85, 217 and 12 respectively). The Group remunerated its employees based on their performance, working experience and the prevailing market conditions. Bonus may be given to staff of outstanding performance on a discretionary basis. For the primary purpose of retaining high caliber executives and employees, share options may be granted to eligible employees. Other employee benefits include mandatory provident fund and training programs.

Prospects

The Group's second half results were far worse that expected. The decline in revenue and the rate of winning new contracts was steeper and deeper then most financial analysis had predicted. In particular, Group sales in the U.S. hospitality sector in the second half of the year totaled less than HK$40 million down from the first half total of HK$108 million and substantially down from the previous year's second half sales of HK$188 million. The outlook for a recovery in the U.S. hospitality sector continues to look bleak due to the lack of availability of construction financing for new hotels. Although occupancy rates have recovered, until financing is available, the construction of new hotels will continue to be low. The most optimistic predictions indicate a return to growth occurring in the last quarter of 2010 with most economists saying that we will need to wait until the first quarter of 2011 to see positive signs.

The orders on hand of the Group as at 31 March 2010 were approximately HK$213 million. With the above prospect, the Group is concentrating its efforts in the fast developing luxury retail store construction and fixture supply areas in China, India and the Middle East. In addition, the Group is expanding its presence in the China market specifically to promote its office furniture and residential furniture sales. The Group feels both areas offer potential to expand its turnover in the short term without compromising profitability.

Liquidity will remain as one of the most important objectives for the coming year. Although the Group recorded a loss for the year, it is in a better financial position that it was at the end of 2008/2009. Earnings before interest, taxes, depreciation expenses and amortization expenses (EBITDA) remain positive, Bank Borrowings have been reduced, Cash Balance have increased and Bad and Doubtful Accounts have declined. The Group will continue to make sure that reasonable payment terms are adhered to by clients and will watch all discretionary expenses.

The Group will continue to reduce its overhead in line with the reduced sales levels. Although, Administration Expenses did not appear to contract in the second half of 2009/2010, recurring expenses were actually down. The Group will try all efforts to further reduce Administration Expenses in 2010/2011.

CORPORATE GOVERNANCE

During the year ended 31 March 2010, the Company was in compliance with the code provision of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") except for the following:

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The roles of chairman and managing director of the Company have been performed by Mr. Tsang Chi Hung. The Board considered that the non-segregation would not result in considerable concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company (the "Model Code"). Having made specific enquiry of the directors of the Company, all the directors confirmed that they complied with the required standards as set out in the Model Code during the year ended 31 March 2010.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors namely: Mr. Chu Kwok Man, Mr. Cheng Woon Kam and Mr. Pak Wai Tun, Wallace. The Audit Committee has reviewed the Group's consolidated financial statements for the year end 31 March 2010 and discussed the internal control and financial reporting matters.

PUBLIC FLOAT

Based on the information that is publicly available to the Company as at the date of this announcement and within the knowledge of the directors, there was a sufficiency of public float the Company's securities as required under the Listing Rules.

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 years. And, the Board would like to thank all of the employees of the Group around the world for their tireless effort and contributions to the Group.

PUBLICATION OF ANNUAL REPORT

This announcement is published on the website of the Stock Exchange and the Company (http://www.decca.com.hk).

The 2009/2010 Annual Report of the Company will be dispatched to the shareholders of the Company as well as made available on the aforesaid website in due course.

By Order of the Board
Tsang Chi Hung
Chairman

Hong Kong, 12 July 2010

** For identification purpose only*

As at the date of this announcement, the directors of the Company comprise of seven executive directors, namely: Mr Tsang Chi Hung, Mr Liu Hoo Kuen, Mr Richard Warren Herbst, Ms Kwan Yau Choi, Ms Fung Sau Mui, Mr Tai Wing Wah, Mr Wong Kam Hong and three independent non-executive directors namely: Mr Chu Kwok Man, Mr Cheng Woon Kam, and Mr Pak Wai Tun, Wallace.