MOISELLE

MOISELLE INTERNATIONAL HOLDINGS LIMITED

慕詩國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 130)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

The board of directors (the "Board") of Moiselle International Holdings Limited (the "Company") is pleased to announce that the unaudited interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2010, together with the comparative figures for the corresponding period in 2009, were as follows:

CONSOLIDATED INCOME STATEMENT

(in HK$'000)	*Note*	**Unaudited Six months ended 30 September 2010**	2009
Turnover		**201,047**	186,210
Cost of sales		**(38,739)**	(37,187)
Gross profit		**162,308**	149,023
Other revenue		**1,352**	1,019
Other net (loss)/income		**(587)**	130
Selling and distribution costs		**(113,485)**	(111,929)
Administrative and other operating expenses		**(30,615)**	(27,423)
Profit from operations		**18,973**	10,820
Finance costs		**–**	(1)
Share of losses of a jointly controlled entity		**(109)**	–
Profit before taxation	3	**18,864**	10,819
Income tax	4	**(1,860)**	(3,878)
Profit for the period		**17,004**	6,941
Attributable to:			
Equity shareholders of the Company		**17,004**	6,941
Earnings per share	6		
Basic		**HK$0.06**	HK$0.02
Diluted		**HK$0.06**	HK$0.02

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in HK$'000)	**Unaudited Six months ended 30 September 2010**	2009
Profit for the period	**17,004**	6,941
Other comprehensive income for the period (after tax and reclassification adjustments):		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	**366**	(335)
Total comprehensive income for the period	**17,370**	6,606
Attributable to:		
Equity shareholders of the Company	**17,370**	6,606

CONSOLIDATED BALANCE SHEET

(in HK$'000)	*Note*		**As at 30 September 2010 (Unaudited)**		As at 31 March 2010 (Audited)
Non-current assets					
Fixed assets					
– Investment properties			**20,220**		20,220
– Other fixed assets			**253,860**		247,752
			274,080		267,972
Interest in a jointly controlled entity			**46**		326
Other assets			**12,051**		12,929
Deferred tax assets			**5,531**		5,258
			291,708		286,485
Current assets					
Inventories		**64,717**		55,597	
Trade and other receivables	7	**47,306**		49,480	
Tax recoverable		**2**		2	
Cash and cash equivalents		**148,160**		170,140	
		260,185		275,219	
Current liabilities					
Trade and other payables	8	**58,036**		53,197	
Tax payable		**2,576**		6,393	
		60,612		59,590	
Net current assets			**199,573**		215,629
Total assets less current liabilities			**491,281**		502,114
Non-current liabilities					
Deferred tax liabilities			**27,168**		27,168
NET ASSETS			**464,113**		474,946
Capital and reserves					
Share capital			**2,821**		2,821
Reserves			**461,292**		472,125
TOTAL EQUITY			**464,113**		474,946

Notes:

1. **Basis of preparation**

These unaudited consolidated interim financial statements are prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited, including compliance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants.

2. **Principal accounting policies**

The accounting policies and methods of computation used in the preparation of these interim financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 March 2010, except in relation to the new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which term collectively includes HKASs and Interpretations) which are effective for accounting periods beginning on or after 1 January 2010 and are adopted for the first time by the Group. The adoption of the new and revised HKFRSs has had no material impact on the accounting policies of the Group and the methods of computation in the Group's consolidated financial statements for the six month ended 30 September 2010.

3. **Profit before taxation**

Profit before taxation is arrived at after charging:

	Unaudited Six months ended 30 September	
(in HK$'000)	**2010**	2009
Depreciation	**9,580**	10,686
Impairment losses on trade debtors	**295**	–
Interest on bank advances and other borrowings	**–**	1
Net loss on disposal of fixed assets	**268**	242

4. **Income tax**

	Unaudited Six months ended 30 September	
(in HK$'000)	**2010**	2009
Current tax		
Hong Kong Profits Tax	**80**	130
PRC	**2,052**	3,806
	2,132	3,936
Deferred tax		
Origination and reversal of temporary differences	**(273)**	(58)
	1,859	3,878

The provision for Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) of the estimated assessable profits for the six months ended 30 September 2010. Taxation for the People's Republic of China ("PRC") and overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

5. Interim dividend

The directors have declared an interim dividend of HK4.0 cents (2009/2010: HK2.0 cents) per share for the year ending 31 March 2011 payable to the shareholders on the register of members of the Company at the close of business on 6 January 2011. The relevant dividend warrants will be despatched to the shareholders on 13 January 2011.

6. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of approximately HK$17,004,000 (2009: HK$6,941,000) and the weighted average number of 282,030,000 (2009: 282,030,000) ordinary shares in issue during the period.

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of approximately HK$17,004,000 (2009: HK$6,941,000) and the weighted average number of 283,257,135 (2009: 282,030,000) ordinary shares after adjusting for the effects of all dilutive potential ordinary shares.

Reconciliations

	Unaudited Six months ended 30 September	
(Number of shares)	**2010**	2009
Weighted average number of ordinary shares used in calculating basic earnings per share	**282,030,000**	282,030,000
Effect of deemed issue of ordinary shares under the Company's share option scheme for nil consideration	**1,227,135**	–
Weighted average number of ordinary shares used in calculating diluted earnings per share	**283,257,135**	282,030,000

7. Trade and other receivables

Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis:

(in HK$'000)	**As at 30 September 2010 (Unaudited)**	As at 31 March 2010 (Audited)
Outstanding balances aged:		
Within 30 days	**15,331**	16,001
Between 31 to 90 days	**2,305**	2,351
Between 91 to 180 days	**270**	321
Between 181 to 365 days	**–**	382
	17,906	19,055

Customers of wholesale business are generally granted with credit terms of 30 to 90 days. Collection of sales receipts from customers of retail business is conducted on a cash basis.

8. Trade and other payables

Included in trade and other payables are trade creditors with the following ageing analysis:

(in HK$'000)	**As at 30 September 2010 (Unaudited)**	As at 31 March 2010 (Audited)
Outstanding balances aged:		
Within 30 days	**8,376**	3,328
Between 31 to 90 days	**303**	2,776
Over 90 days	**269**	393
	8,948	6,497

9. Segment reporting

The Group manages its businesses by geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

– The Hong Kong operation represents the sales of house brands and imported brands in Hong Kong.

– The outside Hong Kong operation represents the manufacture of house brands in Mainland China and sales of house brands and imported brands in Mainland China, Macau, Taiwan and Singapore.

	Unaudited Six months ended 30 September					
	Hong Kong		**Outside Hong Kong**		**Consolidated**	
(in HK$'000)	**2010**	2009	**2010**	2009	**2010**	2009
Revenue from external customers	**99,908**	92,385	**101,139**	93,825	**201,047**	186,210
Inter-segment revenue	**–**	–	**–**	–	**–**	–
Reportable segment revenue	**99,908**	92,385	**101,139**	93,825	**201,047**	186,210
Reportable segment profit	**9,933**	1,062	**8,274**	8,610	**18,207**	9,672
Other revenue and net income					**766**	1,148
Finance costs					**–**	(1)
Share of losses of a jointly controlled entity					**(109)**	–
Profit before taxation					**18,864**	10,819

REVIEW AND PROSPECTS

The Group's turnover increased by approximately 8% to approximately HK$201,047,000 (2009: HK$186,210,000) during the six months ended 30 September 2010 compared with the corresponding period last year. As the established sales network in Hong Kong has generated improved performance, the revenue of the Hong Kong region increased by 8% to approximately HK$99,908,000 (2009: HK$92,385,000) during the period under review. The segment revenue represented approximately 50% of the Group's turnover during the period which highlighted the importance of the local market to the Group.

During the period, the Group's gross profit margin was approximately 81%, which is similar to that for the corresponding period in 2009. The gross margin remained in the normal range of the brands under the Group.

Operating expenses for the six months ended 30 September 2010 totaled approximately HK$144,100,000, compared to approximately HK$139,352,000 for the same period last year with an increase of approximately 3%. The increase in operating expenses had been attributable to the increased resources employed in building up of upgraded brand images of the Group's brands in the markets during the period.

The profit for the period was approximately HK$17.0 million (2009: HK$6.9 million), approximately 145% higher than the corresponding period last year. The increase is mainly attributable to the increase in turnover and which in turn is caused by the rebound of Hong Kong retail market during the period from the impacts of the 2008 financial tsunami.

There were totally 63 *MOISELLE* (2009: 58 *MOISELLE*) stores located in various cities in the PRC as at 30 September 2010. 42 (2009: 40) out of the 63 (2009: 58) stores were operated as consignment stores and 15 (2009: 13) were retail shops. The remaining ones were operated by franchisees. The Group also operated totally 7 *mademoiselle* (2009: 12) and 2 *imaroon* (2009: 10) stores in China at the end of the period under review.

Concerning Hong Kong market, the Group operated 15 *MOISELLE*, 3 *imaroon* and 3 *mademoiselle* (2009: 16 *MOISELLE*, 7 *imaroon* and 3 *mademoiselle*) retail outlets as at 30 September 2010. There was two (2009: two) *MOISELLE* stores in Macau and 12 *MOISELLE* and 5 *mademoiselle* (2009: 7 *MOISELLE* and 4 *mademoiselle*) stores in Taiwan at the end of the period under review.

The Group opened its first retail store of *MOISELLE* in Singapore during the period. The location was chosen at the Marina Bay Sands Shoppes which had high potential of raising brand awareness when the shopping mall brought about new customers to *MOISELLE* brand.

During the period under review, the Group opened its flagship store in the mainland China in the MIXC shopping mall, Hangzhou which incorporated independent stores of *MOISELLE*, *mademoiselle*, *REISS*, *COCCINELLE* and *SEQUOIA*. The Group maintained the store of *REISS* in Sanlitun, Beijing during the period. In Hong Kong market, the Group maintained two (2009: two) retail outlets of European brands *COCCINELLE*, an Italian fashion accessories brand and two (2009: three) retail outlets of *REISS*, a UK high street fashion brand during the period. The one (2009: one) retail outlet of *SEQUOIA*, a French accessories brand was operated by the jointly controlled entity of the Group during the period under review. By establishing retail outlets in the shopping districts with high pedestrian flows, in addition to strategically launched marketing campaigns, the Group successfully expanded the brand mix and increased the brand equity of the brands under the Group.

The management has refreshed the brand image of *MOISELLE* with differentiated themes to capture new groups of customers with different niche requirements. In addition, resources would continue to be concentrated in design and development and customer services enhancement in order to provide prestige brand choice to the customers. Various measures had been implemented by the management to continuously increase efficiency of the Group's resources.

FINANCIAL POSITION

During the period, the Group financed its operations with internally generated cash flows. The Group adopts a prudent financial policy such that it can meet the financial obligations when they fall due and maintain a sufficient operating fund for the development of the Group's business. At the end of the financial period, the Group's aggregate fixed deposits and cash balances amounted to approximately HK$148 million (31 March 2010: HK$170 million). As at 30 September 2010, the Group maintained aggregate composite banking facilities of approximately HK$58 million (31 March 2010: HK$68 million) with various banks, of which approximately HK$8 million (31 March 2010: HK$7 million) was utilised.

The Group continues to enjoy healthy financial position. As at 30 September 2010, the current ratio (current assets divided by current liabilities) was approximately 4.3 times (31 March 2010: 4.6 times) and the gearing ratio (aggregate of bank borrowings and finance lease payables divided by shareholders' equity) was zero (31 March 2010: zero).

Commitments

Capital commitments outstanding at 30 September 2010 which were contracted for but not provided for in the financial statements were HK$654,000 (31 March 2010: HK$9,489,000).

Contingent liabilities

At 30 September 2010, the Company and its subsidiaries had contingent liabilities in relation to guarantees given to banks against banking facilities extended to certain wholly owned subsidiaries amounted to approximately HK$8 million (31 March 2010: HK$7 million). At 30 September 2010, the Company had also issued a single guarantee to a supplier against obligations or sums payable for goods and services supplied to a wholly owned subsidiary amounted to approximately HK$4 million (31 March 2010: 3 million).

EMPLOYEE

As at 30 September 2010, the Group employed 1,052 (31 March 2010: 1,108) employees mainly in Hong Kong and the PRC. Salaries of employees are maintained at competitive levels while bonuses are granted on a discretionary basis. Other employee benefits include mandatory provident fund, statutory and medical insurance cover, training programmes, a share option scheme and a share award scheme.

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

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the period.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions listed in the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout the period of six months ended 30 September 2010. The only exception is that Mr. Chan Yum Kit is the chairman of the Board and also assumes the role of the chief executive officer. The Board considers that the current management structure ensures consistent leadership and optimal efficiency for the operation of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the Company's directors, the directors have complied with the required standard set out in the Model Code throughout the period of six months ended 30 September 2010.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises three independent non-executive directors of the Company.

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and the unaudited consolidated financial statements of the Group for the six months ended 30 September 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 4 January 2011 to 6 January 2011, both days inclusive, during which period no transfer of shares will be effected. To qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates should be lodged with the Company's branch share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 3 January 2011.

By Order of the Board
Chan Yum Kit
Chairman

Hong Kong, 29 November 2010

As at the date of this announcement, the Company's executive directors are Mr. Chan Yum Kit, Ms. Tsui How Kiu, Shirley, Mr. Chui Hing Yee and Mr. Chan Sze Chun, and independent non-executive directors are Ms. Yu Yuk Ying, Vivian, Mr. Chu Chun Kit, Sidney and Ms. Wong Shuk Ying, Helen.