



COSWAY CORPORATION LIMITED

(Stock Code: 288)



Interim Report
2012

EXPERIENCE

A Unique Way of Doing Business

Cosway's unique business model is empowering consumers, energizing communities and enriching people's lives all around the world.

ENJOY

Amazing yet Affordable Products

We work with the best researchers, suppliers and manufacturers from around the world to bring you an ever-growing range of top quality products at unbelievable prices.

ENGAGE

In Risk-Free Entrepreneurship

Use our platform to run a smart, risk-free business without boundaries or limitations. If you want to work in your local community, you can apply for one of our FREE STORES!

COSWAY CORPORATION LIMITED
INTERIM REPORT 2012

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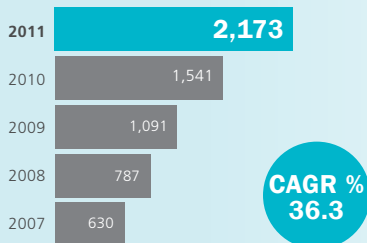
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RESULTS HIGHLIGHTS

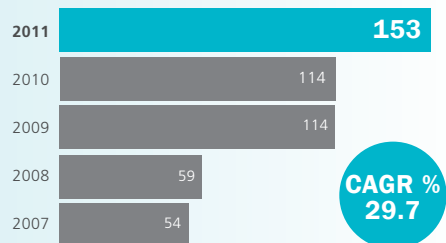
	Six months ended 31 October 2011 HK\$'000	Six months ended 31 October 2010 HK\$'000	Increase in percentage (%)
Revenue	2,172,900	1,540,642	41.0
Gross profit	875,812	637,681	37.3
Profit for the period	152,687	113,683	34.3

	As at 31 October 2011 HK\$'000	As at 30 April 2011 HK\$'000	Increase in percentage (%)
Total assets	2,660,813	2,447,187	8.7
Net current assets	373,587	296,360	26.1
Shareholders' equity	1,153,124	1,065,389	8.2

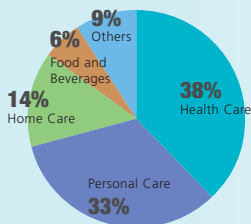
Compound annual growth rate
("CAGR") on turnover
for the six months ended 31 October
HK\$ million



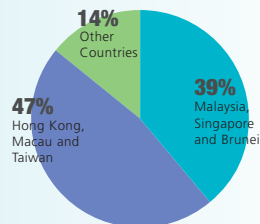
Compound annual growth rate
("CAGR") on profit
for the six months ended 31 October
HK\$ million



SALES BY PRODUCTS



SALES BY GEOGRAPHICAL REGIONS



DIRECTORS

Executive Directors

Mr. Chuah Choong Heong
(*Chairman and Chief Executive Officer*)
Mr. Tan Yeong Sheik, Rayvin

Non-Executive Directors

Mr. Chan Kien Sing
Mr. Tan Thiam Chai
Ms. Tan Ee Ling

Independent Non-Executive Directors

Mr. Leou Thiam Lai
Ms. Deng Xiao Lan, Rose
Mr. Massimo Guglielmucci

COMPANY SECRETARY

Mr. Wong Man Hong

AUTHORISED REPRESENTATIVES

Mr. Tan Yeong Sheik, Rayvin
Ms. Tan Ee Ling

AUDIT COMMITTEE

Mr. Leou Thiam Lai
Mr. Chan Kien Sing
Ms. Deng Xiao Lan, Rose
Mr. Massimo Guglielmucci

REMUNERATION COMMITTEE

Mr. Massimo Guglielmucci
Mr. Tan Yeong Sheik, Rayvin
Mr. Leou Thiam Lai
Ms. Deng Xiao Lan, Rose

AUDITORS

Ernst & Young
Certified Public Accountants

PRINCIPAL BANKERS

Malayan Banking Berhad
AmBank (M) Berhad
OCBC Bank (M) Berhad
Asian Finance Bank Berhad
DBS Bank (Hong Kong) Limited
CITIC Bank International Limited
Hong Leong Bank Berhad
CIMB Bank Berhad

REGISTERED OFFICE

Unit 1701,
17th Floor, Austin Plaza
83, Austin Road
Jordan, Kowloon
Hong Kong

SHARE REGISTRARS

Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

STOCK CODE

HKEX: 00288

WEBSITE

www.coswaycorp.com

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SUMMARY OF FINANCIAL RESULTS

Our efforts in building a competitive operating platform by taking bold steps in refining the members' compensation plan and the introduction of the "Prosumer" (profitable consumer) scheme had contributed to another impressive revenue growth for the Group for the six months ended 31 October 2011. The "Prosumer" scheme is in essence a "shopper gets shopper" programme in which members/shoppers gained incentives by just introducing new shoppers to shop at eCosway "Free Stores". With the wide array of Cosway products, new shoppers need only to switch brands on their regular purchases without having to incur additional expenditure or introduce their friends to do the same and earn a "profit".

The "Free Stores" expansion programme undertaken by the Group offering exclusively organic products under the "Country Farm Organic" brand name had also shown encouraging results and to-date, 27 new organic stores had been opened for business in both the Malaysian and Hong Kong markets.

The Group's intention to develop a wide network of physical retail chain stores in Mainland China had continued to generate tremendous response with eager shoppers crossing over to Hong Kong and Macau specifically to buy and try out our Cosway products.

Our foray into the new debutant countries, USA, New Zealand, Japan and UK in the second half of the last financial year where a total number of 90 new "Free Stores" are now fully operational, had registered moderate but steady growth amid the less than favourable economic conditions in the respective locations.

All the marketing initiatives mentioned above had contributed to the 41.0% increase in the Group's unaudited consolidated revenue for the six months ended 31 October 2011 amounted to HK\$2.17 billion against HK\$1.54 billion recorded in the same period in 2010. The Hong Kong and Macau markets benefited the most from the aggressive marketing and recruitment activities with revenue growth of more than doubled the amount recorded in the same period in 2010 from HK\$388.84 million to HK\$794.27 million.

In tandem with the higher revenue, the Group's gross profit rose 37.3% to HK\$875.81 million in the current period under review from HK\$637.68 million in the previous year.

The Group's operating expenses increased by HK\$221.19 million to HK\$691.57 million for the six months ended 31 October 2011 against HK\$470.38 million in the previous year, reflecting the growth in operations and some inflationary cost increases. Operating expenses as a proportion of sales increased marginally from 30.5% to 31.8%. The increase was mainly attributed to the pre-operating expenses, set-up costs and increased overheads to support the expansion.

Profit before tax grew 35.2% to HK\$198.83 million against HK\$147.07 million last year partly aided by the accounting for fair value gain of HK\$37.26 million on certain Group's investment properties.

RESULTS OF OPERATIONS

Six Months Ended 31 October 2011 compared to Six Months Ended 31 October 2010

a) Revenue by Business Segment

	31 October 2011		31 October 2010		% increase in sales
	HK\$' mil	%	HK\$' mil	%	%
Direct Selling/Retailing	2,166.36	99.7	1,534.78	99.6	41.2
Others	6.54	0.3	5.86	0.4	11.6
Total	2,172.90	100.0	1,540.64	100.0	41.0

The bulk of the revenue is generated by the Direct Selling/Retailing of consumer goods, which are the principal activities of the Group.

The "Others" are the revenue generated from the investment activities of the Group.

b) Direct Selling/Retailing by Region

	31 October 2011		31 October 2010		% increase in sales
	HK\$' mil	%	HK\$' mil	%	%
Malaysia, Singapore and Brunei	840.30	38.8	826.42	53.8	1.7
Hong Kong, Macau and Taiwan	1,017.08	46.9	595.32	38.8	70.8
Other Countries	308.98	14.3	113.04	7.4	173.3
Total	2,166.36	100.0	1,534.78	100.0	41.2

Malaysia, Singapore and Brunei

The Malaysia, Singapore and Brunei markets reported marginal revenue growth of 1.7% for the six months ended 31 October 2011 as we undertook a consolidation exercise to replace the old Cosway stockists with "Free Stores" to project a consistent and uniform corporate identity. At the same time, we conducted performance review on the weaker "Free Stores" and proceeded to relocate them to new places with better foot-traffic.

This productivity assessment exercise is an ongoing process to establish the areas where further marketing initiatives may be required to improve the performance of the "Free Stores".

Hong Kong, Macau and Taiwan

This Greater China markets performed remarkably well with record revenue growth of 70.8% for the six months ended 31 October 2011 with aggregate revenue surpassing the HK\$1.0 billion mark.

The Hong Kong and Macau markets responded overwhelmingly well to the new marketing initiatives with revenue of HK\$744.07 million and HK\$50.2 million, respectively being reported, for the current period under review as compared to HK\$369.93 million and HK\$18.91 million, respectively during the same period last year.

In the Taiwanese market, with the total number of “Free Stores”/stockists remained relatively constant, the revenue growth of almost 8% for the six months ended 31 October 2011 as compared to the same period last year was largely due to the gradual conversion of stockist centres to “Free Stores”.

Other Countries

The Group’s other countries comprising Australia, Indonesia, South Korea, Thailand, USA, Japan, New Zealand and UK had collectively contributed combined revenue of HK\$308.98 million for the six months period ended 31 October 2011 against HK\$113.04 million last year, representing a revenue growth of more than 100%. This favourable result showed that our hybrid business model is gradually gaining market acceptance in the respective overseas location.

Sales by Product Category

CATEGORIES	Six months ended	
	31 October	
	2011	2010
	%	%
Health Care	38.5	39.7
Personal Care	32.8	28.2
Home Care	13.7	15.2
Food & Beverage	5.9	7.6
Others	9.1	9.3
TOTAL	100.0	100.0

Product mix is consistent with previous period under review with Health Care products as the biggest sales contributor with almost 40% share of the Group’s sales. Personal Care is the next biggest contributor, with its diverse ranges of skin care, face and body care, colour cosmetics, hair care and fragrances.

FUTURE PROSPECTS

Going forward, Management is optimistic that the marketing initiatives and strategies implemented in respect of new market entries, refinement on members' compensation plan and the organic "Free Stores" concept will be the main business drivers towards the Group's future performance.

Additionally, we are moving closer to the setting up of physical presence in Mainland China and the preparatory work for our business launches in Mexico and Colombia targeted in the final quarter of the financial year ending 30 April 2012 is in the final stages.

To derive maximum benefits from our "Free Stores" which are mostly situated in relatively prime locations with the high foot-traffic, we are in the process of selectively setting up a Cosway pharmacy section within the existing "Free Stores" in a new "store within a store" concept.

This new concept is designed to attract new prospective customers who are not our members/shoppers to patronise our "Free Stores".

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The total equity of the Group was HK\$1,168 million as at 31 October 2011 (30 April 2011: HK\$1,080 million). The Group generally finances its operations with internally generated funds as well as banking facilities provided by its bankers. As at 31 October 2011, the total cash and cash equivalents were at HK\$190 million (30 April 2011: HK\$208 million). The current ratio of the Group was recorded as 1.3 times (30 April 2011: 1.3 times).

As at 31 October 2011, the interest-bearing bank loans and other borrowings of the Group repayable within one year and after one year were HK\$320 million and HK\$10 million (30 April 2011: HK\$249 million and HK\$11 million), respectively.

The Group's gearing ratio, which is interest-bearing bank borrowings less cash and cash equivalents ("Net Debt") divided by the equity attributable to owners of the parent plus Net Debt, was approximately 11% as at 31 October 2011.

During the period under review, certain ICULS holders (the "ICULS Holders") elected to convert the ICULS in the principal amount of HK\$16, in aggregate, into new shares of HK\$0.20 each. As a result of the conversion, the Company allotted and issued 80 new shares of HK\$0.20 each to the ICULS Holders.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group is exposed to risk arising from various currency exposures primarily with respect to the Ringgit Malaysia. The Group's business are predominantly located in Malaysia and Asia Pacific. All transactions are conducted in currency of the various countries of the Group's operations. These investments in foreign operations' net assets are exposed to foreign currency translation risk.

The Group is also exposed to foreign currency transaction risks for the purchase of materials and payment obligations. Such exposures are mitigated through purchases denominated in relevant currencies, whenever possible. The Group will continue reviewing its exposure to fluctuations in exchange rates regularly and to consider using the appropriate financial instruments to mitigate these exposures as and when necessary.

MATERIAL ACQUISITION, DISPOSALS AND SIGNIFICANT INVESTMENT

Other than those disclosed in the paragraph of Summary of financial result above, the Group had no other material acquisition, disposals and significant investment during the six months period ended 31 October 2011.

PLEGGED OF ASSETS

As at 31 October 2011, land and buildings, investment properties and bank deposits with a net book value of HK\$94 million, HK\$250 million and HK\$17 million (30 April 2011: HK\$97 million, HK\$231 million and HK\$7 million) respectively, were pledged to secure banking facilities for the Group.

CONTINGENT LIABILITY

Details of the contingent liability are set out in note 16 to the consolidated interim financial statements.

CAPITAL COMMITMENT

Details of the capital commitments are set out in note 17 to the consolidated interim financial statements.

The Group will continue to progressively incur capital expenditure in relation to the opening of "Free Stores" in both the new and existing markets. The actual amounts to be spent will depend on the availability of suitable sites and actual costs to be incurred in the respective markets. For the debutant markets in China, Mexico, Russia and Columbia, additional capital expenditure will be incurred on the setting up of Regional Administrative Offices and warehousing facilities.

EMPLOYEES AND REMUNERATION POLICY

The Group had a total of approximately 1,500 employees as at 31 October 2011.

The remuneration policy of the Group is to ensure that the overall remunerations are fair and competitive in order to motivate and retain existing employees and at the same time to attract prospective employees. The remuneration policy has been formulated after having taken into account local practices in various geographical locations in which the Group and its associates are operating. These remuneration packages comprise basic salaries, allowances, retirement schemes, service bonuses, fixed bonuses, performance-based incentives and share options, where appropriate.

POSSIBLE PRIVATISATION

Capitalised terms used in this section shall have the same meanings as those defined in the Company's announcements dated 18 July 2011, 18 August 2011, 16 and 19 September 2011, 18 October 2011 and 18 November 2011 (collectively refer as to the "Announcements") respectively, unless the context requires otherwise.

On 18 July 2011, the Company announced that Cosway Corporation Berhad ("CCB"), the controlling shareholder of the Company, was considering the privatisation of the Company which might result in the delisting of the Company's shares from the Main Board of The Stock Exchange of Hong Kong Limited ("Possible Privatisation"). The Company has been informed by CCB that if they are to proceed with the Possible Privatisation, it is envisaged that it would be at a cash consideration of HK\$1.10 per Company's share and HK\$1.10 per HK\$0.20 nominal amount of ICULS.

On 19 September 2011, the Company has been informed by Berjaya Corporation Berhad ("BCorp"), the ultimate holding company of CCB and the Company, that BCorp was considering a rights issue. BCorp also indicated that CCB would obtain bank borrowings to part finance the Possible Privatisation and the proceeds of the rights issue would be substantially utilised to pay down these bank borrowings.

Up to the date of this interim report, BCorp is still progressing towards getting its shareholders' approval for the Possible Privatisation at the same extraordinary general meeting of BCorp to be convened for the rights issue. The Company will continue to update its shareholders and ICULS holders on the status of the Possible Privatisation.

Further details of the Possible Privatisation are set out in the Announcements.

INTERIM DIVIDEND

The Board do not recommend the payment of any interim dividend for the period ended 31 October 2011 (2010: Nil).

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 October 2011, the interests of the directors, chief executives and their associates in the shares or underlying shares of the Company or its associated corporations (within the meaning as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Companies (the "Model Code") in the Listing Rules were as follows:

(i) Long positions in shares and underlying shares of the Company

Name of director	Capacity	Number of shares held	Number of underlying shares under the share options of the Company (Note 2)	Number of underlying shares upon conversion of the ICULS*	Total interest	Approximate percentage of shareholding
Chuah Choong Heong	Beneficial owner	-	7,500,000	-	7,500,000	0.16%
Tan Yeong Sheik, Rayvin (Note 1)	Beneficial Owner	221,506,972	500,000	227,250,000	449,256,972	9.53%
Tan Ee Ling	Beneficial Owner	-	125,000	-	125,000	0.00%
Massimo Guglielmucci	Beneficial owner	7,731,599	-	-	7,731,599	0.16%

* ICULS refers to a 10-year one to three and a half per cent. (1-3.5%) irredeemable convertible unsecured loan securities issued by the Company and listed by way of selectively marketed securities (Stock Code: 4314) on the Stock Exchange with conversion rights to convert them into shares and the conversion price is HK\$0.20 per share.

Note 1: Mr. Tan Yeong Sheik, Rayvin held a total of 449,256,972 shares including 227,250,000 underlying shares which could be issued by conversion of the ICULS and 500,000 underlying shares which will be issued upon exercise of his share options.

Note 2: Details of share options held by the directors are shown in the section of "Share Options".

(ii) Long positions in shares and underlying shares of associated corporations**(1) Berjaya Corporation Berhad (“BCorp”)**

Name of director	Capacity	Number of shares held	Number of underlying shares under derivative interest held	Total interest	Approximate percentage of shareholding
Tan Yeong Sheik, Rayvin	Beneficial owner	316,000	385,000	701,000	0.02%
Chan Kien Sing	Beneficial owner	47,688	–	47,688	0.00%
Leou Thiam Lai	Beneficial owner	300,000	–	300,000	0.01%
Tan Thiam Chai	Beneficial owner/ interests of spouse	227,458 (Note)	–	227,458	0.01%

Note: Of these shares, 104,164 shares were held by Ms. Lim Beng Poh, the spouse of Mr. Tan Thiam Chai, and were deemed to be interested by Mr. Tan Thiam Chai.

(2) Berjaya Land Berhad

Name of director	Capacity	Number of shares held	Number of underlying shares under derivative interest held	Total interest	Approximate percentage of shareholding
Tan Thiam Chai	Beneficial owner	40,000	–	40,000	0.00%

(3) Berjaya Sports Toto Berhad

Name of director	Capacity	Number of shares held	Number of underlying shares under derivative interest held	Total interest	Approximate percentage of shareholding
Chan Kien Sing	Beneficial owner	3,428	–	3,428	0.00%
Tan Yeong Sheik, Rayvin	Beneficial owner	214,000	–	214,000	0.02%
Tan Thiam Chai	Beneficial owner/ interests of spouse	229,542 (Note)	–	229,542	0.02%

Note: Of these shares, 66,000 shares were held by Ms. Lim Beng Poh, the spouse of Mr. Tan Thiam Chai, and were deemed to be interested by Mr. Tan Thiam Chai.

(4) Berjaya Food Berhad

Name of director	Capacity	Number of shares held	Number of underlying shares under derivative interest held	Total interest	Approximate percentage of shareholding
Tan Thiam Chai	Beneficial owner	100,000	100,000	200,000	0.14%

Save as disclosed above, as at 31 October 2011, none of the Directors and chief executive of the Company had or were deemed to have any interest or short position in the shares or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which has been notified to the Company pursuant to the Model Code of the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section "Directors' interests in shares and underlying shares of the Company or any associated corporation" above and in the section "Share options" below, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 31 October 2011, the Company had been notified of the following interests and short positions of the substantial shareholders in the shares and underlying shares of the Company, being 5% or more of the issued share capital of the Company. These interests are in addition to those disclosed above in respect of the Directors.

Long positions and short positions in shares and underlying shares

Name of shareholders	Capacity and nature of interest	Number of shares held	Number of underlying shares upon conversion of the ICULS*	Total interest	Long position approximate percentage of shareholding	Short position number of ordinary shares	Short position approximate percentage of shareholding
Tan Sri Dato' Seri Vincent, Tan Chee Youn ("TSVT") (Note 1-2)	Interests through controlled corporations/ Beneficial owner	3,078,191,786	7,389,258,440	10,467,450,226	222.01%	635,000,009	13.47%
Berjaya Corporation Berhad ("BCorp") (Note 2)	Interests through controlled corporations	2,652,349,505	6,824,258,440	9,476,607,945	201.00%	385,000,000	8.17%
Cosway Corporation Berhad (Note 3)	Beneficial owner	2,159,765,000	6,704,562,710	8,864,327,710	188.01%	385,000,000	8.17%
Berjaya Retail Berhad (Note 4)	Interests through controlled corporations	115,752,272	565,000,000	680,752,272	14.44%	-	-
United Industrial Services Ltd. (Note 5)	Interests through controlled corporation	429,226,447	191,559,080	620,785,527	13.17%	-	-
AMMB Holdings Berhad (Note 6)	Interests through controlled corporations	400,000,009	-	400,000,009	8.48%	-	-
Wan Ming Sun ("Mr. Wan") (Note 7)	Beneficial owner	253,636,626	75,898,805	329,535,431	6.99%	-	-

* ICULS refers to a 10-year one to three and a half per cent. (1-3.5%) irredeemable convertible unsecured loan securities issued by the Company and listed by way of selectively marketed securities (Stock Code: 4314) on the Stock Exchange with conversion rights to convert them into shares and the conversion price is HK\$0.20 per share.

Notes:

1. TSVT directly and indirectly controlled approximately 41.62% of the total issued share capital of BCorp as at 31 October 2011. TSVT was deemed to be interested in an aggregate of 10,467,450,226 shares held by BCorp, TSVT himself and Biofield Sdn. Bhd. among which 7,389,258,440 were underlying shares held in form of ICULS which could be converted into ordinary shares. 635,000,009 shares were held in form of short positions.
2. BCorp held a total of 9,476,607,945 shares indirectly through Berjaya Group (Cayman) Limited, Berjaya Leisure (Cayman) Limited, Cosway Corporation Berhad, Prime Credit Leasing Sdn. Bhd., Berjaya Sampo Insurance Berhad, Inter-Pacific Securities Sdn. Bhd. and Berjaya Hills Berhad including 6,824,258,440 underlying shares which could be issued upon conversion of the ICULS. 385,000,000 shares were held in form of short positions.
3. Cosway Corporation Berhad directly held a total of 8,864,327,710 shares including 6,704,562,710 underlying shares which could be issued upon conversion of the ICULS. 385,000,000 shares were held in form of short positions.
4. Berjaya Retail Berhad ("BRetail") held a total of 680,752,272 shares indirectly through its controlled corporations (Biofield Sdn. Bhd. and Singer Malaysia Sdn. Bhd.) including 565,000,000 underlying shares which could be issued upon conversion of the ICULS.
5. United Industrial Services Ltd. held a total of 620,785,527 shares through its controlled corporation including 191,559,080 underlying shares which could be issued upon conversion of the ICULS.
6. AMMB Holdings Berhad held 400,000,009 shares through its wholly-owned subsidiaries, namely AMFB Holdings Berhad and AmBank (M) Berhad.
7. Mr. Wan held 329,535,431 shares among which 75,898,805 were underlying shares held in form of ICULS which could be converted into ordinary shares.

Save as disclosed above, as at 31 October 2011, the Company had not been notified of any person's interests or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register required to be kept under Section 336 of Part XV of the SFO.

SHARE OPTIONS

Pursuant to an ordinary resolution of the shareholders of the Company dated 23 November 2009, a share option scheme (the "Scheme") was approved and adopted for the purpose of providing incentives and rewards to eligible participants, including executive directors, non-executive directors, independent non-executive directors, employees and any shareholder of any member of the Group for their contribution to the Group. The Scheme became effective on 29 January 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

Details of the Scheme was disclosed in the consolidated financial statements for the year ended 30 April 2011.

Movements of the share options during the six months ended 31 October 2011 were as follows:

Name or category of grantees	Notes	Date of grant of the share options	Exercise period of the share options	Number of shares under options					
				Exercise price of the share options	Outstanding as at 1.5.2011	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding as at 31.10.2011
Executive Directors									
Chuah Choong Heong	(a)	6 May 2010	6 May 2010 to 5 May 2020	HK\$1.10	7,500,000	-	-	-	7,500,000
Tan Yeong Sheik, Raywin	(b)	6 May 2010	6 May 2010 to 5 May 2020	HK\$1.10	500,000	-	-	-	500,000
					8,000,000	-	-	-	8,000,000
Non-Executive Directors									
Tan Ee Ling	(c)	6 May 2010	6 May 2010 to 5 May 2020	HK\$1.10	125,000	-	-	-	125,000
Others									
Employees	(b) and (c)	6 May 2010	6 May 2010 to 5 May 2020	HK\$1.10	9,125,000	-	-	(250,000)	8,875,000
					17,250,000	-	-	(250,000)	17,000,000

Notes:

- (a) The options granted to Mr. Chuah Choong Heong may be exercised at any time from 6 May 2010 to 5 May 2020.
- (b) Mr. Tan Yeong Sheik, Rayvin and employees categorised as Senior Management (which includes a Managing Director of a subsidiary, Senior General Managers and General Managers):
- (i) Tranche 1 – 50% of the maximum options shall vest on 6 May 2010.*
 - (ii) Tranche 2 – 30% of the maximum options plus the balance of Tranche 1 options not vested on 6 May 2010 shall vest on 6 May 2011.*
 - (iii) Tranche 3 – 20% of the maximum options plus the balance of Tranche 2 options not vested on 6 May 2011 shall vest on 6 May 2012.*
- (c) Ms. Tan Ee Ling and employees categorised as Middle Management (which includes Deputy General Managers, Assistant General Managers, Divisional Managers and Senior Managers):
- (i) Tranche 1 – 40% of the maximum options shall vest on 6 May 2010.*
 - (ii) Tranche 2 – 30% of the maximum options plus the balance of Tranche 1 options not vested on 6 May 2010 shall vest on 6 May 2011.*
 - (iii) Tranche 3 – 30% of the maximum options plus the balance of Tranche 2 options not vested on 6 May 2011 shall vest on 6 May 2012.*
- * The vesting of options granted to certain eligible participants in the vesting schedule stated in note (b) and note (c) above are additionally subject to and may be adjusted (within the limit of the maximum options) based on the Company's evaluation of work performance and contribution of such eligible participants.

DISCLOSURES PURSUANT TO RULES 13.18 AND 13.21 OF THE LISTING RULES

The following information is disclosed pursuant to rules 13.18 and 13.21 of Chapter 13 of the Listing Rules.

- (a) Pursuant to a facility agreement entered into between a wholly-owned subsidiary (the “Subsidiary”) of the Company, as borrower, and a bank on 15 July 2011 relating to a 5 years term loan facility of up to RM100,000,000 granted to the Subsidiary, BCorp should remain as the ultimate holding company of the Subsidiary throughout the tenure of the facility. Failure to comply with the undertaking will constitute an event of default under the facility agreement. Details of which have been disclosed in the Company’s announcement dated 21 July 2011.
- (b) Pursuant to another facility agreement entered into between the Subsidiary, as borrower, and a bank on 15 November 2011 relating to a 5 years Tawarruq term financing-i facility of up to RM50,000,000 and a second supplemental credit facilities agreement of up to RM20,800,000 granted to the Subsidiary (collectively, “Facilities Agreements”), BCorp should maintain a minimum direct or indirect shareholding of not less than 51% in the Company throughout the tenure of the facilities. Failure to comply with the undertaking will constitute an event of default under the Facilities Agreements. Details of which have been disclosed in the Company’s announcement dated 21 November 2011.

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

For the six months ended 31 October 2011, neither the Company nor any its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

COMPLIANCE OF THE MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has made specific enquiries to all directors of the Company who have confirmed that they have complied with the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) for the six months ended 31 October 2011.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the “Code”) contained in Appendix 14 of the Listing Rules during the six months ended 31 October 2011 except the deviations as follows:

Code Provisions A.2.1

Mr. Chuah Choong Heong is both the Chairman of the Board and Chief Executive Officer of the Company. The Board considers that although such structure deviates from Rule A.2.1 of the Corporate Governance Code, the effective operation of the Group will not be impaired since Mr. Chuah has exercised sufficient delegation in the daily operation of the Group’s business as Chief Executive Officer while being responsible for the effective operation of the Board as Chairman of the Board.

Code Provisions A.4.1

Although certain non-executive directors are not appointed for a specific term, they are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association of the Company.

Further information on the Company’s corporate governance practices is set out in the Corporate Governance Report contained in the Company’s 2011 Annual Report.

AUDIT COMMITTEE

The Audit Committee, together with the management of the Company, has reviewed the accounting principles and practices adopted by the Company as well as the internal control procedures of the Company, and discussed financial reporting matters, including the review of unaudited consolidated interim financial statements for the six months ended 31 October 2011.

APPRECIATION

The Board would like to take this opportunity to thank our shareholders for their continued support and the fellow directors and our staff for their contributions to the Group.

On behalf of the Board
Cosway Corporation Limited
Chuah Choong Heong
Chairman

Hong Kong, 19 December 2011



CONSOLIDATED INCOME STATEMENT

Six months ended 31 October 2011

	Notes	Unaudited Six months ended 31 October	
		2011 HK\$'000	2010 HK\$'000 (Restated)
REVENUE	4	2,172,900	1,540,642
Cost of sales		(1,297,088)	(902,961)
Gross profit		875,812	637,681
Other income	4	8,308	6,150
Selling and distribution expenses		(399,888)	(266,437)
General and administrative expenses		(284,149)	(203,866)
Other expenses, net		(15,838)	(6,224)
Changes in fair value of investment properties	11	37,264	–
Finance costs	5	(23,177)	(20,357)
Share of profits and losses of associates		493	124
PROFIT BEFORE TAX	6	198,825	147,071
Income tax expense	7	(46,138)	(33,388)
PROFIT FOR THE PERIOD		152,687	113,683
Attributable to:			
Owners of the parent		151,744	112,474
Non-controlling interests		943	1,209
		152,687	113,683
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted (HK cents)		1.20	0.89

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 31 October 2011

	Unaudited	
	Six months ended	
	31 October	
	2011	2010
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	152,687	113,683
OTHER COMPREHENSIVE INCOME/(LOSS)		
Share of other comprehensive income/(loss) of associates	(2,945)	767
Exchange differences on translation of foreign operations	(61,795)	10,100
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	(64,740)	10,867
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	87,947	124,550
Attributable to:		
Owners of the parent	87,735	123,077
Non-controlling interests	212	1,473
	87,947	124,550

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2011

		As at 31 October 2011 HK\$'000 (Unaudited)	As at 30 April 2011 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	399,533	388,961
Investment properties	11	355,924	351,646
Goodwill		326,703	328,363
Investments in associates		14,135	16,660
Available-for-sale investments		491	513
Deposits		73,491	64,689
Deferred tax assets		22,306	22,426
		<hr/>	
Total non-current assets		1,192,583	1,173,258
CURRENT ASSETS			
Inventories		1,063,582	895,293
Trade receivables	12	61,178	65,826
Tax recoverable		3,419	1,048
Prepayments, deposits and other receivables		131,104	94,275
Due from fellow subsidiaries		2,360	1,911
Pledged deposits		16,952	7,373
Cash and cash equivalents		189,635	208,203
		<hr/>	
Total current assets		1,468,230	1,273,929
CURRENT LIABILITIES			
Trade payables	13	374,103	388,443
Other payables and accruals		259,773	199,023
Defined benefit obligations		83	89
Deferred revenue		75,500	79,355
Interest-bearing bank and other borrowings	14	319,801	248,752
Due to an associate		2,850	2,899
Due to fellow subsidiaries		5,678	3,006
Tax payable		56,855	56,002
		<hr/>	
Total current liabilities		1,094,643	977,569
		<hr/>	
NET CURRENT ASSETS		373,587	296,360
		<hr/>	
TOTAL ASSETS LESS CURRENT LIABILITIES		1,566,170	1,469,618

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2011

		As at 31 October 2011 HK\$'000 (Unaudited)	As at 30 April 2011 HK\$'000 (Audited)
NON-CURRENT LIABILITIES			
Defined benefit obligations		1,401	1,633
Interest-bearing bank and other borrowings	14	9,780	11,229
Loan from a shareholder		12,714	12,230
Irredeemable convertible unsecured loan securities	15	309,691	302,891
Deferred tax liabilities		64,388	61,493
Other payables		393	286
		<hr/>	
Total non-current liabilities		398,367	389,762
		<hr/>	
Net assets		1,167,803	1,079,856
		<hr/>	
EQUITY			
Equity attributable to owners of the parent			
Issued capital		1,104,016	1,104,016
Equity component of irredeemable convertible unsecured loan securities	15	1,299,514	1,299,514
Reserves		(1,250,406)	(1,338,141)
		<hr/>	
		1,153,124	1,065,389
		<hr/>	
Non-controlling interests		14,679	14,467
		<hr/>	
Total equity		1,167,803	1,079,856
		<hr/>	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 31 October 2011

	Attributable to owners of the parent												
	Issued capital	Exchange fluctuation reserve	Capital reserve	Available-for-sale investment revaluation reserve	Asset revaluation reserve	Share option reserve	Reverse acquisition reserve	Equity component of irredeemable convertible unsecured			Non-controlling interests	Total equity	
								loan securities	Reserve funds	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 May 2011	1,104,016	67,779*	2,984*	2,375*	38,821*	10,917*	(2,058,762)*	1,299,514	50*	597,695*	1,065,389	14,467	1,079,856
Profit for the period	-	-	-	-	-	-	-	-	-	151,744	151,744	943	152,687
Other comprehensive income for the period:													
Change in fair value of available-for-sale investments, net of tax	-	-	-	(1,732)	-	-	-	-	-	-	(1,732)	-	(1,732)
Exchange differences on translation of foreign operations	-	(62,277)	-	-	-	-	-	-	-	-	(62,277)	(731)	(63,008)
Total comprehensive income for the period	-	(62,277)	-	(1,732)	-	-	-	-	-	151,744	87,735	212	87,947
Forfeiture of share options	-	-	-	-	-	(159)	-	-	-	159	-	-	-
At 31 October 2011	1,104,016	5,502*	2,984*	643*	38,821*	10,758*	(2,058,762)*	1,299,514	50*	749,598*	1,153,124	14,679	1,167,803

* These reserve accounts comprise the consolidated negative reserves of HK\$1,250,406,000 (30 April 2011: HK\$1,338,141,000) in the consolidated statement of financial position.

	Attributable to owners of the parent										
	Issued capital	Exchange fluctuation reserve	Capital reserve	Available-for-sale investment revaluation reserve	Share option reserve	Reverse acquisition reserve	Equity component of irredeemable convertible unsecured			Non-controlling interests	Total equity
							loan securities	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 May 2010	553,400	25,388	2,984	(2,542)	-	(2,058,762)	1,752,505	376,490	649,463	12,171	661,634
Profit for the period	-	-	-	-	-	-	-	112,474	112,474	1,209	113,683
Other comprehensive income for the period:											
Change in fair value of available-for-sale investments, net of tax	-	-	-	767	-	-	-	-	767	-	767
Exchange differences on translation of foreign operations	-	9,836	-	-	-	-	-	-	9,836	264	10,100
Total comprehensive income for the period	-	9,836	-	767	-	-	-	112,474	123,077	1,473	124,550
Conversion of irredeemable convertible unsecured loan securities	466,646	-	-	-	-	-	(383,909)	-	82,737	-	82,737
Equity settled share option arrangement	-	-	-	-	11,199	-	-	-	11,199	-	11,199
Forfeiture of share options	-	-	-	-	(159)	-	-	159	-	-	-
Final 2010 dividend paid	-	-	-	-	-	-	-	(52,424)	(52,424)	-	(52,424)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(198)	(198)
At 31 October 2010	1,020,046	35,224	2,984	(1,775)	11,040	(2,058,762)	1,368,596	436,699	814,052	13,446	827,498

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 31 October 2011

	Unaudited	
	Six months ended	
	31 October	
	2011	2010
	HK\$'000	HK\$'000
Net cash flows from operating activities	8,102	65,968
Net cash flows used in investing activities	(85,937)	(77,548)
Net cash flows from financing activities	49,786	29,717
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(28,049)	18,137
Effect on foreign exchange rate changes, net	(8,705)	(5,287)
Cash and cash equivalents at beginning of period	215,576	107,292
CASH AND CASH EQUIVALENTS AT END OF PERIOD	178,822	120,142
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	172,601	160,961
Non-pledged time deposits with original maturity of less than three months when acquired	17,034	16,681
Cash and cash equivalents as stated in the consolidated statement of financial position	189,635	177,642
Deposit with original maturity of less than three months when accepted, pledged as security for banking guarantees	16,952	1,491
Bank overdrafts	(27,765)	(58,991)
Cash and cash equivalents as stated in the consolidated statement of cash flows	178,822	120,142

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 October 2011

1. BASIS OF PREPARATION

The consolidated interim financial statements has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 30 April 2011. The consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the audited financial statements of the Group for the year ended 30 April 2011, except for the accounting policy changes that are expected to be reflected in the audited financial statements for the year ending 30 April 2012 set out in note 2.

2. CHANGE IN ACCOUNTING POLICY AND DISCLOSURES

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time adopters</i>
HKAS 24 (Revised)	<i>Related Party Disclosures</i>
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 <i>Prepayments of a Minimum Funding Requirement</i>
HK(IFRIC)-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>
<i>Improvements to HKFRSs 2010</i>	Amendments to a number of HKFRSs issued in May 2010

The adoption of the above HKFRSs has had no significant impact on the accounting policies of the Group and the methods of computation in the Group’s consolidated interim financial information.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- (a) the direct selling/retailing segment is engaged in direct selling of household, personal care, healthcare and other consumer products; and
- (b) the property investment segment is engaged in investment in prime office space for rental income potential.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 October 2011

3. OPERATING SEGMENT INFORMATION (Continued)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, share of profits and losses of associates as well as head office and corporate income and expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Period ended 31 October	Direct selling/Retailing		Property investment		Total	
	2011	2010	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue						
Sales to external customers	2,166,363	1,534,782	6,537	5,860	2,172,900	1,540,642
Intersegment sales	-	-	3,800	3,002	3,800	3,002
	2,166,363	1,534,782	10,337	8,862	2,176,700	1,543,644
<i>Reconciliation:</i>						
Elimination of intersegment sales					(3,800)	(3,002)
Revenue					2,172,900	1,540,642
Segment results	174,064	158,314	39,137	2,840	213,201	161,154
<i>Reconciliation:</i>						
Interest income					615	147
Unallocated gains					7,693	6,003
Finance costs					(23,177)	(20,357)
Share of profits and losses of associates					493	124
Profit before tax					198,825	147,071

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 October 2011

4. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents the invoiced value of goods sold, net of discounts and returns; the value of services rendered; and gross rental income received and receivable from investment properties during the period.

An analysis of revenue and other income is as follows:

	Six months ended 31 October	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Sale of goods	2,106,919	1,491,431
Membership fee income	59,444	43,351
Gross rental income	6,537	5,860
	2,172,900	1,540,642
Other income		
Interest income	615	147
Others	7,693	6,003
	8,308	6,150

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 31 October	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank loans, overdrafts and other loans wholly repayable within five years	8,503	4,910
Interest on Irredeemable Convertible Unsecured Loan Securities ("ICULS")	14,674	15,447
	23,177	20,357

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 October 2011

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 31 October	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	828,521	694,840
Depreciation	39,699	25,759
Loss on disposal of items of property, plant and equipment	1,596	227
Changes in fair value of investment properties	(37,264)	–
Impairment of trade receivables, net	1,232	3,333
Impairment/(reversal of impairment) of other receivables	500	(843)
Write-down of inventories to net realisable value	5,534	3,802
	828,521	694,840

7. INCOME TAX

Hong Kong profit tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries or jurisdictions in which the Group operates.

	Six months ended 31 October	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Group:		
Current – Hong Kong		
Charge for the period	22,287	8,576
Current – Malaysia		
Charge for the period	10,586	21,684
(Over)/underprovision in prior years	(156)	585
Current – Elsewhere		
Charge for the period	5,564	3,557
Deferred	7,857	(1,014)
	46,138	33,388
Total tax charge for the period	46,138	33,388

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 October 2011

8. DIVIDEND

The directors do not recommend the payment of any interim dividend for the period ended 31 October 2011 (2010: Nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic and diluted earnings per share is based on the following data:

Six months ended 31 October	
2011	2010
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

Earnings

Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation

151,744	112,474
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2011	2010
Number of	Number of
Shares	shares
('000)	('000)
(Unaudited)	(Unaudited)

Shares

Weighted average number of ordinary shares (inclusive of mandatorily convertible instruments) for the purpose of calculating the basic and diluted earnings per share

12,611,732	12,611,732
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No adjustment has been made to the basic earnings per share amount presented for the period ended 31 October 2011 (2010: Nil) in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amount presented.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 October 2011

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 October 2011, the Group acquired items of property, plant and equipment with a cost of HK\$77,077,000 (for the six months ended 31 October 2010: HK\$67,704,000). Depreciation for items of property, plant and equipment was HK\$39,699,000 (for the six months ended 31 October 2010: HK\$25,759,000) during the period.

Property, plant and equipment with a net book value of HK\$5,933,000 were disposed of by the Group during the six months ended 31 October 2011 resulting in a net loss on disposal of HK\$1,596,000 (for the six months ended 31 October 2010: HK\$227,000).

11. INVESTMENT PROPERTIES

The Group's investment properties were revalued on 31 October 2011 by independent professionally qualified valuers, at an aggregate balance of HK\$355,924,000 on an open market, existing use basis. A fair value gain of HK\$37,264,000 resulting from the valuation has been credited to the consolidated income statement.

12. TRADE RECEIVABLES

	31 October 2011 HK\$'000 (Unaudited)	30 April 2011 HK\$'000 (Audited)
Trade receivables	92,176	97,104
Impairment	(30,998)	(31,278)
	61,178	65,826

The Group's trading credit terms range from 1 day to 90 days. Other credit terms are assessed and approved on a case-by-case basis. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by senior management. In view of the aforementioned, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 October 2011

12. TRADE RECEIVABLES *(Continued)*

An aged analysis of trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	31 October 2011 HK\$'000 (Unaudited)	30 April 2011 HK\$'000 (Audited)
Current	52,333	56,325
1 to 2 months	3,869	855
2 to 3 months	522	4,056
Over 3 months	4,454	4,590
	61,178	65,826

13. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	31 October 2011 HK\$'000 (Unaudited)	30 April 2011 HK\$'000 (Audited)
Current	263,728	270,269
1 to 2 months	37,318	32,293
2 to 3 months	15,237	17,967
Over 3 months	57,820	67,914
	374,103	388,443

The trade payables are non-interest-bearing and are normally settled on 30-day to 90-day terms.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 October 2011

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 October 2011 (Unaudited)			30 April 2011 (Audited)		
	Effective annual interest rate (%)	Maturity	HK\$'000	Effective annual interest rate (%)	Maturity	HK\$'000
Current						
Bank overdrafts – unsecured	Malaysia Banking Institution's Base Lending Rate ("BLR") + 1.50 – 1.75	On demand	27,765	–	–	–
Bank loan – unsecured	Kuala Lumpur Interbank Offered Rate ("KLIBOR") + 0.75 – 1.00	2011	64,721	KLIBOR + 0.75 – 1.00	2011	56,119
Hire purchase contract payables – secured	2.59 – 12.26	2011 – 2012	243	3.24 – 12.26	2011 – 2012	157
Bank loans – secured	Taiwan Reuters Primary Market Commercial Paper 90 Days Rate ("TRPMCPR") + 0.43	2012	998	TRPMCPR + 0.43	2012	799
Bank loan – unsecured	Taiwan Banking Institution's Base Lending Rate (TBLR) + 0.60	2011	2,561	TBLR + 0.40	2011	2,684
Revolving credit – secured	Cost of Fund ("COF") + 2.00	2011	156,205	COF + 2.00	2011	182,306
Bank loan – secured	Cost of Fund ("COF") + 1.875	2011	60,680	–	–	–
Other bank loan – unsecured	0.1 per month	2011	553	–	–	–
Other bank loan – unsecured	–	–	–	6-month USD Singapore Interbank Offered Rate ("SIBOR") + 1.06/0.9445	2011	522
Bank loan – secured	Hong Kong Dollar Prime Lending Rate ("HKDPLR") – 0.50	On demand	6,075	HKDPLR – 0.50	On demand	6,165
			319,801			248,752
Non-current						
Hire purchase contract payables – secured	2.59 – 12.26	2012 – 2018	796	3.24 – 12.26	2012 – 2013	73
Bank loan – secured	TRPMCPR + 0.43	2012 – 2014	1,515	TRPMCPR + 0.43	2012 – 2014	1,990
Bank loan – unsecured	TBLR + 0.60	2012 – 2015	7,469	TBLR + 0.40	2012 – 2015	9,166
			9,780			11,229
			329,581			259,981

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 October 2011

14. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

	31 October 2011 HK\$'000 (Unaudited)	30 April 2011 HK\$'000 (Audited)
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	319,556	248,595
In the second year	3,558	3,494
In the third to fifth years, inclusive	5,428	3,509
Beyond five years	–	4,153
	328,542	259,751
Other borrowings repayable:		
Within one year or on demand	243	157
In the second year	155	73
In the third to fifth years, inclusive	121	–
Beyond five years	520	–
	1,039	230
	329,581	259,981

Note:

Certain of the Group's bank and other borrowings are secured by:

- (i) the pledge of the Group's investment properties, which had aggregate carrying values at the end of the reporting period of approximately HK\$250,361,000 (30 April 2011: HK\$231,284,000); and
- (ii) the pledge of certain of the Group's land and buildings, which had an aggregate carrying value at the end of the reporting period of approximately HK\$93,843,000 (30 April 2011: HK\$96,911,000).

For the six months ended 31 October 2011

15. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN SECURITIES (“ICULS”)

On 8 December 2009, the Company issued 10-year ICULS with a principal sum of HK\$2,190,000,000. The ICULS are convertible, at the option of the ICULS holders, into ordinary shares at any time until the maturity date on the basis of one ordinary share for every HK\$0.20 ICULS held. The ICULS carry interest at a rate of 1% per annum for the first and the second year and 3.5% per annum subsequently; which is payable half-yearly in arrears on 7 June and 7 December.

On issuance of ICULS, the fair value of the liability component is the present value of the future interest payments to the ICULS holders discounted at the effective interest rate of 9.61% per annum. The residual amount is assigned as the equity component and is included in shareholders' equity.

During the period ended 31 October 2011, ICULS with a principal sum of HK\$16 (2010: HK\$466,645,780) were converted into 80 (2010: 2,333,228,900) ordinary shares of HK\$0.20 each of the Company.

As at 31 October 2011, ICULS with an aggregate principal amount of HK\$1,579,384,218 remained outstanding. Upon full conversion, the ICULS shall be converted into 7,896,921,090 ordinary shares of the Company.

The ICULS were split into the liability and equity components, as follows:

	31 October 2011			31 October 2010		
	Liability component of the ICULS HK\$'000	Equity component of the ICULS HK\$'000	Total HK\$'000	Liability component of the ICULS HK\$'000	Equity component of the ICULS HK\$'000	Total HK\$'000
At beginning of year (audited)	302,891	1,299,514	1,602,405	391,831	1,752,505	2,144,336
Interest expense	14,674	-	14,674	15,447	-	15,447
Interest paid	(7,874)	-	(7,874)	(10,620)	-	(10,620)
Conversion of ICULS	-	-	-	(82,737)	(383,909)	(466,646)
At end of period (unaudited)	309,691	1,299,514	1,609,205	313,921	1,368,596	1,682,517

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For the six months ended 31 October 2011

16. CONTINGENT LIABILITY

A subsidiary of the Group, namely Cosway (HK) Limited (“CHK”), is currently a respondent in a legal claim brought by a party alleging that CHK breached and repudiated a signed courier service agreement to use certain minimum services from a service provider. The directors, based on the advice from the Group’s legal counsel, believe that CHK has a valid defense against the allegation and, accordingly, have not provided for any claim, other than the related legal and other costs.

17. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	31 October 2011 HK\$’000 (Unaudited)	30 April 2011 HK\$’000 (Audited)
Contracted, but not provided for:		
Property, plant and equipment	18,034	27,082
Others	–	1,709
	<hr/> 18,034	<hr/> 28,791
Authorised, but not contracted for:		
Property, plant and equipment	910	693
	<hr/> 18,944	<hr/> 29,484

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 October 2011

18. RELATED PARTY TRANSACTIONS

- (a) Transactions with related parties during the period:

		Six months ended 31 October	
		2011	2010
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Sales of goods to fellow subsidiaries	(i)	1,160	1,643
Leasing of aircrafts from a fellow subsidiary	(ii)	1,237	1,173
Service fees paid to fellow subsidiaries	(iii)	17,485	15,391
Purchases of goods from fellow subsidiaries	(iv)	14,296	4,353
Rental expenses paid to related companies	(v)	1,074	970

Notes:

- (i) Pursuant to the supply of goods agreements signed with fellow subsidiaries, the sales of goods were conducted based on normal commercial terms agreed between the relevant parties.
- (ii) Pursuant to the leasing agreement signed with a fellow subsidiary, the lease of aircrafts was conducted based on normal commercial terms agreed between the relevant parties.
- (iii) Pursuant to the supply of services agreements signed with fellow subsidiaries, including advertising services, mailing services, printing services, courier services, insurance services, guard services and logistic and transportation services, the arrangements were made based on normal commercial terms agreed between the relevant parties.
- (iv) Pursuant to the supply of goods agreements signed with fellow subsidiaries, the purchases of goods were conducted based on normal commercial terms agreed between the relevant parties.
- (v) During the period, the Group leased certain premises from two related companies. The major shareholder of one of the related companies is also the major shareholder of BCorp, the Group's ultimate holding company and the other related company is an associate of BCorp. Pursuant to the leasing agreements signed with these related companies, the lease of related companies' premises were conducted based on normal commercial terms agreed between the relevant parties.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 October 2011

18. RELATED PARTY TRANSACTIONS *(Continued)*

- (b) Compensation of key management personnel of the Group:

	Six months ended 31 October	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short term employee benefits	5,778	4,498
Post-employment benefits	486	417
Equity-settled share option expenses	–	5,163
Total compensation paid to key management personnel	6,264	10,078

19. COMPARATIVE AMOUNTS

During the current period, certain comparative amounts have been reclassified to confirm with the current period's presentation.